REPORT TO:	Planning Cabinet Member –Regeneration Cabinet
DATE:	9 March 2011 16 March 2011 14 April 2011
SUBJECT:	Study to Review the Regional Spatial Strategy Housing Requirement Figure for Sefton – Final Findings
WARDS AFFECTED:	All
REPORT OF:	Director of Built Environment
CONTACT OFFICER:	Alan Young – Strategic Planning and Information Manager Tel: 0151 934 3551
EXEMPT/ CONFIDENTIAL:	No

PURPOSE/SUMMARY:

To report on the final 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.

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

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RECOMMENDATION(S):

That:

(I)   Planning Committee and Cabinet Member – Regeneration note the key findings of the study to review the Regional Spatial Strategy Housing Figure for Sefton and the sub-district split; and

(II)   Cabinet endorses the key findings of the study to review the Regional Spatial Strategy Housing Figure for Sefton, and the sub-district split, and confirms that they be used as part of the housing evidence base to inform the Core Strategy Options Consultation which will start in May 2011

KEY DECISION:	Yes
FORWARD PLAN:	Yes
IMPLEMENTATION DATE:	Following the expiry of the call in period after Cabinet meeting

ALTERNATIVE OPTIONS:
None

IMPLICATIONS: None

Budget/Policy Framework: None

Financial: There are no additional cost implications of this study as the costs have been paid.

CAPITAL EXPENDITURE	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £	2013/ 2014 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
REVENUE IMPLICATIONS				
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: No comments

Risk Assessment: N/A

Asset Management: N/A

CONSULTATION UNDERTAKEN/VIEWS
The Interim Head of Corporate Finance & Information Services has been consulted and his comments have been incorporated into this report - **FD680 /2011** The Head of Corporate Legal Services has been consulted and has no comments on the report - **LD67/11**. The study findings will inform the Core Strategy Options Consultation

CORPORATE OBJECTIVE MONITORING:

Corporate Objective		Positive Impact	Neutral Impact	Negative Impact
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, other than the NLP Study referred to in the report below

Study to Review the Regional Spatial Strategy Housing Requirement Figure for Sefton – Final Findings

1   Background

1.1   The background and context to this important study is set out in full in the report to Planning Committee on 9th February 2011 which is appended to this report as Annex A below. For this reason it is not repeated in this report.

1.2   Nathaniel Lichfield and Partners' (NLP) final study report is currently available to view on the Council website at: www.sefton.gov.uk/planningstudies

1.3   As anticipated and importantly the headline findings already reported to the Planning Committee remain unaltered but are expanded on in this report, principally with regard to the various scenarios examined and the proposed disaggregation of the 'preferred' Borough housing figure.

1.4   After considering all the background data and the wide range of options NLP firmly recommends a revised housing target of 480 net new dwellings per year for Sefton. A figure lower than this would prejudice our ability to meet our demographic, housing and employment needs.

2.   Key Study Findings

(i) Borough Level

2.1   As previously advised and in accordance with the study brief and subsequent discussions with Council Officers, NLP have tested a broad range of possible scenarios to reflect a wide range of possible outcomes. In total eleven different scenarios [six demographic (scenarios a-f), three economic (g-i) and two housing factors (j-k)] have been appraised in accordance with the best practice approach to undertaking such studies. The analysis looks first to 2027 (consistent with the Core Strategy plan period, and then further forward by 5 years to 2032 to allow for any potential slippage in the Core Strategy timetable. Full details covering the period to 2027 to 2032 are set out in the study report but are not repeated here. The annualised figures for housing requirements for most scenarios for the post 2027 period are lower because of changes in the demographic structure of the population. Consequently, the summary below only relates to the period base dated from 2003 (unless otherwise stated) to 2027 for Sefton.

2.2   A summary of the key findings of each of the scenarios is set out below, although full details are set out in the NLP study report.

a. Baseline scenario

2.3   Under this scenario NLP have run their bespoke PopGroup model and used ONS (Office for National Statistics) assumptions for natural change, using projected fertility and mortality rates and ONS 2008-based sub-national

projections for migration, the latter reflecting consistent high levels of net international out-migration. These factors taken together lead to a population decline of approximately 6,900 residents. However, when combined with the strong trend toward reduced average household size (reflecting ONS headship rates) this scenario would lead to a growth of households of about 7,780 to 2027. Taking account of the need for a stock vacancy component this generates a requirement for 8,185 dwellings 2010 to 2027 and taking this back to a 2003 base date gives total requirement of 11,555 dwellings. But it would also imply, a loss of 18,500 economically active people from Sefton's labour pool, with the estimated 10,745 jobs that they occupy (based on existing commuting rates and estimated unemployment rates) either lost to the Borough or filled by in-commuters. <u>This scenario would result in a dwelling requirement of 11,555 dwellings 2003 to 2027 equivalent to 481 dwellings per annum.</u>

b. Natural change scenario

2.4   Under this scenario NLP model a situation where domestic and international migration is assumed to be zero (i.e. there is no in or out migration to/from the Borough whatsoever) enabling the examination of the potential housing requirement that Sefton would face if it were only to provide for the needs of existing residents providing none left the borough. Although unrealistic, this provides a benchmark that balances the housing need for existing residents with those resulting from net-in migration. This would lead to a population decline of 1,355 people, a growth of households of about 12,034 to 2027 or 12,655 allowing for the stock vacancy rate. <u>This scenario results in a dwelling requirement of 12,655 dwellings 2003 to 2027 equivalent to 527 dwellings per annum</u>

c. Zero net migration scenario

2.5   Under this scenario NLP model a situation that <u>net</u> domestic and international in/out is set at zero (i.e. allows for domestic/international migration, but the 'ins' equal the 'outs'). Whilst this give rise to relatively limited difference between this scenario and scenario b above, population growth tends to be higher as in migrants tend to have a higher proportion of residents in the 18 plus age bracket as this has positive population implications. This scenario has a population loss of 3,389 people although 9,056 new households would still be created. <u>Taking account of the stock vacancy rate, this scenario would give a total dwelling requirement of 13,445 new dwellings over the period, equivalent to 560 dwellings per annum</u>.

d. Past migration trends scenario

2.6   Under this scenario NLP model a situation based on long term migration trends (over the eleven years previously i.e. equivalent to a net internal out migration of 91 dwellings per annum and net international out migration of 425 people per year). This scenario results in very high levels of population loss

due to net out migration, leading to a population decline of 13,780 people, equivalent to 4,859 households. <u>Taking account of the stock vacancy rate this generates a housing requirement of 7,215 dwellings over the period, equivalent to 301 dwellings per annum.</u>

e. Stable population scenario

2.7 Under this scenario (as specifically requested by Sefton) NLP model the housing implications of a stable population over the plan period keeping the 2010 borough population of 272,100 constant over the long term. <u>This gives a household growth figure of 10,630 and allowing for a stock vacancy rate, a total dwelling requirement of 11,177 units from 2003 to 2027, equivalent to about 657 dwellings per annum</u>

f. 2008 based ONS population projections/2008 based CLG household projections scenario

2.8 Under this scenario ONS 2008-based sub-national, the most recent demographic projections that have been published, are used. Following these, CLG published their 2008-based household estimates. Using these, the 2008 based ONS population projections show that Sefton's population will decline by 9,024 people to about 264,800 by 2033. <u>Applying CLG household projections this would lead to a rise in households from 117,000 to about 124,000 over the period to 2028, equivalent to an additional 280 dwellings per annum, which when adjusted for the stock vacancy rate, gives rise to 294 dwellings per annum to 2027.</u>

g. Zero job growth scenario

2.9 Under this scenario NLP assume that the 2010 level of jobs (equal to 88,880) is maintained to 2027. <u>Based on NLP modelling there would need to be an increase in resident population of circa 30,171, which would lead to a dwelling requirement of 28,825 over the period to 2027, equivalent to 1,201 dwellings per annum</u>.

h. Past trends job growth scenario

2.10 Under this scenario NLP carry forward past borough jobs loss (i.e. not growth) over the last 10 years of 283 jobs per annum, equivalent to a jobs loss 2003 to 2027 of 5,940 jobs. The modelling of this scenario would require an in-migration of circa 8,770 people to 2027. <u>Combined with indigenous household growth this would generate a need for 21,035 dwellings over the period to 2027, equivalent to 876 dwellings per annum.</u>

i. National rates of unemployment scenario

2.11 Under this scenario NLP model the implications of reducing the level of unemployment in Sefton to the national average of 5.75% by 2027. This would

increase the number of jobs required by 2027 from 78,118 to 78,618. However, the dwelling requirement is unaltered from the baseline scenario of 481 per annum since it merely adjusts the unemployment rate of existing citizens. The requirement figure for this scenario is 481 per annum to 2027.

j. Past housing delivery trends scenario

2.12   Under this scenario population and household change is not modelled. Rather past (net) house building rates over the last 20 years are taken as a proxy for the future (whilst recognising that they may have been artificially reduced by the application of Sefton's housing restraint policy between 2003 and 2008). On this basis an annual housing requirement of 427 dwellings per annum is derived up to 2027.

k. RSS housing delivery scenario

2.13   This scenario simply assumes the current RSS housing figure for Sefton of 500 dwellings per annum.

The Treatment of Vacant Dwellings in the Study

2.14   In examining all the above scenarios, except j and k, NLP assume that the current stock vacancy rates for the borough at 4.9% rate will remain the same in the future. Unless there were clear evidence that this figure would change significantly over time, which there is not, this approach is correct. In this regard, Members should be aware the target vacancy rate should be 3%, which is widely regarded as the level necessary to ensure the efficient recycling of the existing stock. This would mean that we should be aiming to bring back up to 2,500 vacant dwellings back into use. However, as a report elsewhere on the Cabinet agenda on empty homes concludes:

'It is accepted that it is very important that we bring back into uses as many long term vacant homes as possible, in order to both secure the most efficient use of existing stock and minimise local dereliction. Such an approach needs to be complementary to (although it cannot replace) housing polices in a Core Strategy, which makes adequate provision. However, given current budget constraints it is unlikely we could increase service levels to bring back into use a large number of empty homes each year.'

2.15   Given this context, NLP take the precautionary view and assume current stock vacancy levels will remain the same because they have no basis to take a different view. The more so because any reduction in vacant dwellings achieved must be a net figure after allowing for other stock that may fall into vacancy over time. Notwithstanding this, NLP highlight that it is important that changes in vacancy rates are monitored over time by the Council, as significant reductions in net vacancy rates would reduce any housing requirements.

NLP Conclusions

2.16 On the basis of the NLP work they have forecast a range of potential housing requirements ranging from a low of 294 per annum based on Scenario f to a high of 1,201 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.

2.17 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 data (including land supply) etc, in their view the evidence shows that the dwelling requirement for Sefton '*should sit around the 480 dwellings per annum mark to the 2027'.*

2.18 This conclusion is primarily justified 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 Sefton's Strategic Housing Market Assessment.

2.19 Importantly, although it would imply a housing growth of at least 7,780 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 of about 6,900, from its present level of 272,100 to about 265,200 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, equivalent to a loss of 10,745 jobs. (This suggests a possible need for a reduction of out-commuting, 'smarter economic growth' and encouraging, among other things, a greater mix of family homes to retain the economically active population.)

2.20 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 (Option Two of the paper approved by Cabinet in February 2011).

(ii) Sub District Split

2.21 The explanation of this set out in the Report to Planning Committee (Annex A) is not repeated here. However, the summary implications of the suggested sub district split of the 480 dwellings per annum over the period 2010 to 2027 (taking no account of any backlog or under provision which is estimated at about a further 360 units) are set out in the table below.

Possible Division of the Proposed NLP Borough-wide housing requirement 480 dwellings per annum

Sub Area	New Dwellings Per Area (%)	Potential Dwellings per Year	Total Notional New Dwellings over the period 2010 to 2027 (i.e. 17 years @480 pa)
Southport	35	168	2856
Formby	7.5	36	612
Maghull/Aintree	12.5	60	1020
Crosby	15	72	1224
Bootle	15	72	1224
Netherton	15	72	1224
Sefton Total	**100**	**480**	**8160**

3. Comments of the Planning and Economic Development Director

3.1 My earlier comments made in the Planning Committee report remain valid and are not repeated here.

3.2 What is very important is to acknowledge that this is an essential study which will be required as we take forward the Core Strategy process, the more so because the borough housing figures will be challenged vigorously (by those arguing for a higher figure and by those arguing for a lower figure) once RSS has been abolished following the enactment of the Localism Bill later this year. In this regard, I am confident that it is a very robust piece of work that has been undertaken by one of the leading consultancies in this field. Therefore, I strongly recommend Cabinet to endorse this study as part of the evidence base to underpin the emerging Core Strategy Options process and the 480 net dwellings per annum, and the sub-district split, should inform one of the options. I also recommend Cabinet to endorse the NLP recommended housing figure of 480 net dwellings per annum for Sefton as the basis for assessing the 5-year borough housing requirement, once RSS has been abolished later this year.

ANNEX A: PLANNING COMMITTEE REPORT

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.

CAPITAL EXPENDITURE	2009/ 2010 £	2010/ 2011 £	2011/ 2012 £	2013/ 2014 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
REVENUE IMPLICATIONS				
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:

Corporate Objective		Positive Impact	Neutral Impact	Negative Impact
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 6th 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 1.3 and 1.4 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 Nathanial Lichfield and Partners (NLP) were appointed to undertake this work in November 2010.

3.3 The tender brief for the study required them to:

(iv) 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.

(v) 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

2.21   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, <u>which will not change</u>, are reported below.

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

(i) Review of Sefton's housing requirement figure

2.23   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*'.

2.24   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.

2.25   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.

2.26   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.

2.27   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:

(vi)   a. Baseline scenario
(vii)   b. Natural change
(viii)   c. Zero net migration
(ix)   d. Past migration trends
(x)   e. Stable population
(xi)   f.   2008 based ONS population projections/2008 based CLG household projections
(xii)   g. Zero job growth
(xiii)   h. Past trends job growth
(xiv)   i.   National rates of unemployment
(xv)   j   Past housing delivery trends
(xvi)   k   RSS housing delivery scenario

2.28   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.

2.29   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'.*

2.30   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.

2.31   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.

2.32   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

2.33   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).

2.34   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)

2.35   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).

2.36   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 1.3 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.