

This report is a supplementary report to Agenda Item 11 for Cabinet on 3rd July 2015.

1. Introduction

1.1 On 22nd January 2015 the Council resolved to approve the draft Local Plan for publication and then submission to the Secretary of State for examination unless there was any material change to circumstances.

1.2 Section 6 of the main report outlines such a material change in circumstances - updated household projections released by the Department of Communities and Local Government (CLG) in February 2015. These projections had been anticipated, and it was expected that the housing requirement figure contained in the draft Plan would be able to accommodate any modest change which might result from these updated projections.

1.3 The 2012-based household projections were published by CLG in February 2015. Over the full 25 year period 2012-2037, they project annual household growth in Sefton of 533 per annum. This is a significant increase on the previous 2011-based (Interim) projections (400 household per annum [hpa] between 2011 and 2021) and the 2008-based household projections (323 hpa) between 2008 and 2033. When comparing the 2012-based projections (533hpa) with the 2008-based projections (323hpa) – the last full set of household projections - this is a 65% increase, one of the highest rises experienced by any authority in the country (the information can be obtained at this web-site:

<https://www.gov.uk/government/collections/household-projections>: the relevant part is headed 'detailed data for modelling and analytical purposes').

1.4 This unexpected rise relates in large part to under-recording of population in Liverpool during previous population projections and the incremental net migration to Sefton arising therefrom. This only came to light as information from the 2011 Census fed through into the most recent projections. This has been compounded by an ageing population and other trends in household formation in Sefton which has resulted in a growth in smaller households. The cumulative effect of all of these various factors has been significantly higher levels of household growth in the borough than shown in previous household projections.

1.5 The Council's consultants NLP have previously calculated the level of "objectively assessed needs" for housing in Sefton. They updated their analysis to take account of the latest household projections. However, any update of this kind should also reflect latest employment forecasts, as required by paragraph 158 of the National Planning Policy Framework (NPPF). These employment forecasts, and the consequent labour supply implications, have also gone up significantly since earlier

forecasts which were reflected in the housing land requirement contained in the draft Local Plan.

1.6 These employment forecasts and the consequent labour supply implications have gone up very significantly since earlier forecasts which were reflected in the housing land requirement contained in the draft Plan. Specifically, the Cambridge Econometrics economic forecasts used in the 2012 Employment Land and Premises Study Refresh which informed previous NLP work, were based on a suggested borough employment increase of some 3,400 jobs over the period 2011-2031. In comparison the “blended average” of the most recent 2015 Experian and Oxford Economics forecast models used in the latest NLP work predict 10,099 jobs growth in Sefton in the period 2012 to 2030. This is an increase of almost 300% and reflects the current much more positive outlook for the economy, compared to the position in 2012. In particular, it reflects the expected sharp period of growth projected for 2013-2016 as the UK recovers from recession.

1.7 The Council’s current housing land requirement is 615 a year. The consequence of the various factors identified above is that the objectively assessed needs for housing rises to 690 a year (based on a purely demographic assessment unrelated to any economic growth). If the latest employment scenarios are factored in, this rises to between 710 to 1,290 a year, depending upon the extent of that growth. These are the figures (710 – 1,290) which NLP conclude should provide the range of objectively assessed needs for Sefton, and within which the Council should determine its “housing requirement figure”.

1.8 These updates have provided the Council with very significant new information which it could not reasonably have anticipated when approving the Plan in January 2015, a view confirmed in an email exchange with the Chief Statistician from the Department of Communities and Local Government in March 2015. This suggests a revised housing requirement which is significantly in excess of the current housing requirement of 615 dwellings a year, as hitherto agreed by the Council.

1.9 Although the suggested new range is much greater than the figure in the draft Local Plan, and seems difficult to reconcile with previous assessments, this range is not disproportionate when compared to the housing requirement of other north-west metropolitan authorities, as set out in the table below.

NW Local Authority	Population (2011 Census)	Housing Requirement (per annum)
Sefton	273,790	
Wigan	317,849	1,000
Trafford	226,578	678
Cheshire West & Chester	329,608	1,100
St Helens	175,308	570

2. Possible options

2.1 There are three potential options as to how the Council might respond to this updated analysis of objectively assessed needs for housing:

OPTION 1 - Withdraw the Plan.

2.2 This would allow for the new figures to be fully considered in a revised Local Plan. However, this approach would lead to significant delay and uncertainty, and potentially to 'planning by appeal' as a new plan is prepared. It would result in an unacceptable delay in plan-making with all the attendant problems of not being able to guide development to appropriate locations. There would be a consequent and significant need for evidence to be updated. It would also mean that all the housing (including affordable housing) and employment development which is ready to take place as soon as the Plan is adopted would be put on hold for a minimum of 18 months.

2.3 The consequences of withdrawing the Plan at this far advanced stage are of a major delay in getting an adopted Plan for Sefton by 18 months – 2 years, risk of not being able to guide development to appropriate locations through not having an up-to-date plan, cost of up-to-dating evidence and delay in securing the new homes and employment (to meet the borough's needs) which are contingent on the Plan being adopted. This is considered to be an unacceptable option and should not be pursued, unless there is no other option.

OPTION 2 - Proceed with 615 dwellings a year as the Council's 'objectively assessed need'.

2.4 This would be a very high risk approach as the housing requirement figure of 615 is now out of date and based on national projections that have been superseded, notwithstanding that it comprised the objectively assessed need at the time of the

resolution in January 2015. The figure of 615 was the appropriate housing requirement figure at the time the draft Plan was approved, but this is no longer the case. To continue with the figure of 615 would almost certainly lead to an unsound Local Plan as it would not comply with the National Planning Policy Framework, (NPPF), paragraph 158, which requires up to date and relevant evidence to support a Local Plan.

2.5 An Inspector would be likely to find that a Plan submitted on this basis would be 'unsound', and would ask the Council to re-do its Plan to take account of a higher housing requirement. The Inspector would be likely to advise the authority of this following an "exploratory meeting" which is expected to be in September. (S)he would almost certainly ask the authority to go back and review the Plan to take account of objectively assessed needs. This has happened to many authorities who have failed to base their plans on the most recent evidence of housing needs.

2.6 The consequences of this Option would be very similar to Option 1, but would be delayed until the Inspector formally advises the authority of this course of action. It is therefore recommended that this option should also not be pursued.

OPTION 3 - Submit the Local Plan as it stands on the basis that it would be impossible to meet needs in full, at least in the short term, but commit to an immediate review linked to wider sub-regional work

2.7 It is open to the Council to promote a plan which does not meet the full objectively assessed needs provided that to do so would be consistent with other policies in the NPPF. This approach still carries risks, but there are a number of arguments which can be advanced in its favour:

- Environmental limits: If Sefton had to meet a significantly higher housing requirement inside the Borough boundaries it would have an unacceptable impact on the environment – there is a limit to what the Borough can reasonably accommodate. The land required to meet this would have to be found almost entirely through additional Green Belt release. In practical terms there are no or very few potential additional sites that could be allocated in Southport, Bootle, Netherton, or Crosby, and only a small number in Formby. The vast majority of potential additional sites are in Sefton East (Maghull/Lydiat, Aintree, and Melling), which is already proposed to take the largest proportionate share of the housing allocations relative to its existing population. There is a point at which the local market in this area would become saturated and unable to absorb the number of houses required, even if additional sites were identified. Therefore, in order to meet a significantly higher land requirement it would be likely that land would have to be identified in adjacent Boroughs.

- Duty to Co-operate: Further to Section 110 of The Localism Act 2011, local planning authorities have a statutory duty to co-operate with each other in relation to planning of sustainable development, with specific reference to co-operation in relation to plan-making. This “duty to co-operate” is clearly set out in the NPPF:

Para 178: “Public bodies have a duty to cooperate on planning issues that cross administrative boundaries, particularly those which relate to the **strategic priorities** set out in paragraph 156 (*this includes ‘the homes and jobs needed in the area’*). The Government expects joint working on areas of common interest to be diligently undertaken for the mutual benefit of neighbouring authorities.

Para 179: “ ... Joint working should enable local planning authorities to work together to meet development requirements which cannot wholly be met within their own areas - for instance, because of a lack of physical capacity or because to do so would cause significant harm to the principles and policies of this Framework”.

As part of a well-established commitment to cooperate to meet this obligation, the officers of the Liverpool City Region authorities are currently finalising a ‘Statement of Cooperation’ committing them to undertake a joint assessment of housing need, and to review respective Local Plans following this if required. This process is already in motion and would provide the mechanism for adjacent districts to explore the potential for addressing those needs which cannot be met in Sefton.

- Commitment to immediate review of Plan: The draft Plan already contains a commitment to an early review of the Plan to take account of a sub-regional study of Port related uses, and paragraph 4.44 of the Plan states:

‘This early review will also be able to take account of the findings of a future sub-regional strategic housing market assessment, should this imply a significantly higher housing requirement’.

This commitment therefore already exists, and can be strengthened to include reference to an immediate review which could take place as soon as the findings of the sub-regional study have been finalised (late 2016 onwards).

- Implications of delay for investment in homes and jobs: The latest NLP report, and the statistics that underpin it, have emerged very late in the Plan preparation process. We could not have foreseen this magnitude of change in advance. The implications of delaying further at this stage for housing delivery and investment in the Borough would be severe. If the Inspector were to allow the Plan to proceed in its current form, with a commitment to immediate review, it would allow for the identified sites to be removed from

Green Belt and developed for the benefit of the local housing market and economy thereby meeting short term needs.

- Legal precedent: There is legal precedent to support this approach. In the case of Grand Union Investments Ltd -v - Dacorum BC [2014], the High Court considered whether a local planning authority could lawfully adopt its local plan without first having assessed the full housing needs of its area and whether those needs could be met but committing itself to an early review in which that work will be done. The High Court held that a local planning authority could lawfully do so. Inspectors have found other plans sound subject to an early review in co-operation with neighbouring authorities, to fully address objectively assessed needs for housing (e.g. Hertsmere 'Revised Core Strategy', December 2012, and Suffolk Coastal 'Core Strategy and Development Management Policies Development Plan Document', June 2013).

2.8 Risks:

- There have been discussions by the Liverpool City Region authorities about participating in a joint Green Belt study consequent on the outcome of the sub-regional Strategic Housing Market Assessment, though no formal timetable has yet been agreed.
- The Inspector may take the view that, for the reasons outlined above, this is a reasonable approach which enables a Plan to be adopted and allows important development to go ahead while further work is being undertaken. Alternatively the Inspector might decide that it is essential for Sefton to agree a revised housing requirement to take account of the recently available household projections before the Plan can be examined.

2.9 Further work to support this option:

- The Council carried out a Consequences Study in 2013 to identify the implications for Sefton and adjoining authorities of various options, before the Council decided on its Preferred Option. It is recommended that the Council commission an update of this study to fully assess the implications of meeting or not meeting a significantly higher housing requirement in the Borough. This should be undertaken urgently to be available before the examination hearings start (anticipated to be November).
- A further piece of work should also be commissioned, specifically to review the robustness of the economic forecasts for Sefton and the related labour supply issues, to help the Council determine where the housing land requirement figure should be within the range of 710 – 1,290.

3. Conclusions

3.1 Having taken legal advice, Option 3 is the recommended Option. This Option has the lowest level of risk, albeit it still carries a significant risk. This offers the best chance of getting a Plan in place and it will allow the Council to further address its objectively assessed needs, through an immediate review of the Plan, in a co-ordinated manner across the Liverpool City Region.

3.2 The Local Plan should therefore be submitted for examination using the current agreed objectively assessed needs for housing of 615 a year. At the same time it is acknowledged that a higher range of objectively assessed needs has been recommended for Sefton, based on economic needs, which the Plan will not meet.

4. Required action

4.1 If the Council agrees to proceed with Option 3, it is important that this is followed up with specific action, as set out below.

4.2 The Liverpool City region authorities are already committed at officer level to carrying out a sub-regional strategic housing market assessment and employment study. The Council will continue to work closely with the other authorities to urgently agree a timetable for these studies including a sub-regional review of the Green Belt.

4.3 The Council will commission, without delay, further studies as set out in paragraph 2.9. These comprise updating the Consequences Study and assessing in more detail the implications of the economic forecasts for the need for new homes in the Borough.

Recommendations

It is therefore **recommended** that Cabinet recommends to Council to:

- submit the Local Plan for examination using the current agreed objectively assessed needs for housing of 615 a year
- commit to an immediate review of the draft Plan
- as part of the Duty to Co-operate, collaborate with the other Liverpool City Region authorities to carry out a sub-regional Housing study, Employment study and Green Belt study
- urgently review and update the 'Consequences Study', and undertake further work reviewing the economic forecasts and related labour supply issues.

Background papers:

Email exchange between Alan Young, Sefton Council, and Bob Garland, Chief Statistician, Department of Communities and Local Government, 10th and 16th March 2015

NLP HEaDROOM Update Report: Non-technical summary. Review of the Objectively Assessed Need for Housing. Sefton Council, June 2015.