

# Eden District Council Response to Barton Willmore Position Statement Objectively Assessed Need for Eden District

August 2016

## Eden District Council Policy LS2 – Housing Targets and Distribution, OAN

- 1.1 The Eden Local Plan 2014-32 Submission Draft proposes in Policy LS2 that a minimum of 200 homes per year (a total of 3,600) will be built in Eden across the eighteen year plan period.
- 1.2 The OAN is assessed within the Council's Strategic Housing Market Assessment (SHMA). It represents the overall demand for new housing regardless of any planning constraints on development across the Local Plan Period running from 2014 to 2032. It is used as the basis for determining the housing target for the District, which is set out in Local Plan Policy LS2 – Housing Targets and Distribution. It is therefore essential to ensure that the OAN is robust and transparent in its assessment of housing need.
- 1.3 There is no overriding national methodology for how an OAN assessment should be carried out beyond the principles set out in national policy. As such by applying different methodologies and assumptions it is possible to end up with different OAN figures that are 'correct' as long as their methodology is rational. It is therefore possible to argue for either higher or lower housing targets.
- 1.4 Following the Local Plan hearings that took place between the 19<sup>th</sup> of July and the 21<sup>st</sup> of July 2016 the Inspector raised a number of issues regarding the methodology used by the Council to calculate its Objectively Assessed Need (OAN).
- 1.5 The aim of the Council's OAN assessment was to establish a fit for purpose OAN based on clear 'workings out'. The Council's SHMA was intended to do just this.
- 1.6 At the July hearings the Inspector instructed the Council that the CLG 2014-based household projections should be used as the basis for all OAN assessments from this point on. This had the effect of rendering both the

Council's assessment of OAN and the alternative OAN assessment put forward by Barton Willmore out of date.

- 1.7 In response to the outcome of the hearings and the round up session the Inspector advised that the Council should seek to address the following issues:
- i. Recalculate the OAN's demographic assessment using the CLG 2014 based household projections as a basis.
  - ii. Recalculate the OAN using the CLG 2014 based household projections as a basis applying a 10 year migration trend.
  - iii. Remove the figures relating to net commuters set out in the economic/ job led OAN assessment.
  - iv. The Inspector asked that the Council consider if the OAN should be uplifted to meet its development aspirations.
- 1.8 The Council reviewed its SHMA which was produced in-house, and concluded that to update the SHMA would require significant bespoke modelling work to be carried out. An alternative to this approach was suggested by Cumbria County Council. This option was for the County Council to provide a demographic OAN based on the CLG 2014 based household projections applying a 10 year migration trend. This work has now been provided by Cumbria County Council and indicates that the demographic OAN for the District is 85 dwellings per annum. This number increases to 111dpa using a 10 year migration trend. It can also be increased to 122 if the Council were to apply the 10% market signals uplift at this stage, but this final approach will still need to be confirmed with the Inspector. What is clear from the work is that the demographic projections have decreased significantly when compared to the CLG 2012 household projections.
- 1.9 The Council has interrogated the data that is available and while this is discussed in more detail below the Council agrees with the point made by Barton Willmore in their response paragraph 2.36, in so far as a demographic OAN based on the 2014 figures, even inclusive of a 10 year migration trend and/or uplifted household formation rates would not be likely to produce an OAN of greater than 200 dpa and certainly would not produce a figure anywhere close to Barton Willmore's suggested figure of 277 or 289 dpa.
- 1.10 The Council's conclusion is therefore that the figure identified in its jobs based OAN should be the one which is applied.
- 1.11 The Council's proposed OAN figure is 200 dpa and represents an ambitious target for the Council both in terms of available housing supply, past completion rates and indications in nationally accepted population

projections that the District's population is likely to increase only slightly over the plan period. Indeed population projections provided by County Council indicate that based on a 5 year trend the population of the District is likely to increase from 52,630 to 52,805 and based on a 10 year trend it is projected to increase to 53,716.

- 1.12 In terms of the economic OAN assessment the net commuting figure has been removed following the Inspector's instruction. This has the effect of reducing the range of total new jobs to between 2,293 and 2,429. This gives a range of 194 to 200 dpa.
- 1.13 The above statement sets out the Council's position with regards to its OAN figure at present in response to the instructions of the Inspector which were made in July. Below are the Council's responses to the matters raised by Barton Willmore following on from the hearings in July.

## **2.0 Starting point estimation of need**

- 2.1 Barton Willmore has provided a paper on behalf of Story Homes in order to provide a Position Statement in respect of the methodology for objectively assessing housing need in Eden District.
- 2.2 The paper initially reiterates how Barton Willmore produced their original OAN assessment based on the CLG 2012 household projections. The Council considers that this section of the report does not necessarily require a response as it is the view of the Inspector that the CLG 2014 household projections should be used as the basis for all further demographic OAN assessments. Planning Practice Guidance, the Inspector, Barton Willmore, and the Council all concur that this is the correct approach, and starting point.
- 2.3 Barton Willmore state that the 2014 projections indicate a starting point of 80 households per annum over the plan period (2014-2032) should be used. Furthermore they consider that after applying an allowance for vacancy and second home rates this number should be increased to 88 dwellings per annum.
- 2.4 The work provided by Cumbria County Council indicates that 77 households per annum and not 80 should be used as the starting point. This would then equate to 85 dwellings per annum.

## **3.0 Adjusting demographic starting point estimate**

- 3.1 Barton Willmore proposes that the demographic starting point estimate be adjusted to take account of factors affecting underlying demographic projections and household formation rates. They consider that the CLG 2014 household projections require an adjustment to take account of lower projected rates of household formation as a result of the recession. They propose applying an identical procedure as they applied to the CLG 2012 household projections. Barton Willmore has not provided any new

calculations in this regard. Table 1.2 on page 14 of their Position Statement includes an amended starting point but nothing further.

- 3.2 The Inspector made it clear at the hearings in July that an adjustment to the demographic OAN assessment was needed. To this end the Inspector advised the Council to apply a 10 year migration trend in calculating the demographic OAN using the CLG 2014 projections. The Council has done this. The Council was not instructed by the Inspector to amend household formation rates as part of this work.
- 3.3 The Council's position regarding alterations to the household formation rates provided by CLG remains unchanged. Indeed the Council considers that the 2014 household projections should be seen as further evidence that the CLG 2012 figures and indeed the 2011 interim figures not only represent a short term fluctuation as a result of the recession in 2006/7 but rather that they, considered alongside the CLG 2014 household projections are representative of a longer term trend that must be taken into account.
- 3.4 Barton Willmore summarise in paragraph 2.29 of their Position Statement that they still consider the demographic led housing need for Eden District to be between 148 and 157 dwellings per annum based on a 10 year migration trend. The Council question whether this is correct given that it is based on an assessment of the CLG 2012 household projections and not the most up to date set of data? If Barton Willmore have recalculated their OAN assessment using the 2014 projections it seems unlikely that the output would remain unchanged.
- 3.5 The only assessment of the need to uplift the CLG 2014 household projections, provided by Barton Willmore is set out in paragraph 2.30 of their Position Statement. This assessment states that the annual net migration shown in the CLG 2014 household projections is based on the 5 year period 2009-2014 and showed an average annual net migration figure of 86 per annum compared to 164 net migrants per annum over the 5 year period (2007-2012) shown in the CLG 2012 household projections. Barton Willmore suggests this is a justification for the use of a 10 year migration trend.
- 3.6 Given that the Inspector instructed the Council to apply a 10 year migration trend to the 2014 figures at the end of the July hearings, the Council agrees with the view of the Inspector that a 10 year migration trend should be applied.
- 3.7 To summarise the Council's position regarding the demographic OAN assessment, the application of a 10 year migration trend to the CLG 2014 household projections is agreed. The work provided by the County Council gives a figure of 111 dpa as the demographic OAN.
- 3.8 The Council does not consider it appropriate to uplift the household formation rates for the reasons set out in its SHMA – Objectively Assessed Need Review of 13 July 2016. Particularly that Planning Practice Guidance

and guidance provided by the Planning Advisory Service (PAS) indicates that this would represent a return to trend approach.

#### **4.0 Assess labour force capacity**

- 4.1 Barton Willmore has made several comments about the assessment of labour force capacity in the district, and the Council's economic OAN assessment. The Council's responses are set out below.
- 4.2 Paragraph 2.33 of Barton Willmore's Position Statement states that the PPG requires plan makers to make an assessment of the likely change to job numbers based on past trends and / or economic forecasts, also having regard to the growth of the working age population. Where the working age population that is economically active is less than projected job growth, plan makers will need to consider how the location of new housing or infrastructure could help address these problems (ID 2a-018). They consider that the implication of this is that the housing numbers should be increased where this will enable labour force supply to match projected job growth.
- 4.3 The Council does not disagree with this statement in principle but we would draw the Inspector's attention to the fact that building houses does not guarantee that new workers will come to an area, even if jobs are available. The Council also considers that this goal is achieved by its own OAN.
- 4.4 In paragraph 2.34 of their Position Statement Barton Willmore state that at the July hearings the Inspector stated that he agreed with Eden District Council's jobs per annum figure of 135 jobs per annum.
- 4.5 The Council has several points regarding this statement.
- 4.6 Firstly, as a point of clarity the figure of 135 jobs per annum was not provided by the Council. Rather it was arrived at by Barton Willmore and is a midpoint of 127 and 142 jobs per annum, which are themselves derived from the Council's range of 2,293 to 2,564 jobs required over the plan period. These figures are used by the Council as the basis for its jobs to dwellings calculation set out in table 21 of the SHMA<sup>1</sup>.
- 4.7 Secondly, the Council query why Barton Willmore wishes to discard their proposed figure of 66 jobs per annum? Both figures are presumably based on valid sources of data; in the Council's case the 2011 census; NOMIS data; Job seeker allowance data, ONS 2012 SNPP, and Experian Data and in the case of Barton Willmore Experian Economics; Cambridge Econometrics; and Oxford Economics.
- 4.8 It is somewhat contradictory that Barton Willmore considers the Council's evidence for the number of jobs required over the plan period to be accurate but not the rest of the methodology. We assume this is because a figure of 135 when input into a POPGROUP model will produce significantly higher

---

<sup>1</sup> SHMA- Taking Stock – Parts 1-4 pp.53-54

output than if a figure of 66 were to be input, i.e. 277-289 rather than 225-236.

- 4.9 Thirdly, following the conclusion of the July hearing sessions the Council's understanding was that subject to the removal of the net commuters figure from the jobs to dwellings calculations the Inspector considered the jobs to dwellings calculations made by the Council to be methodologically sound, and further that he did not consider it a matter of which methodology was superior, as there is no specific guidance on what method a Local Planning Authority should use to assess its potential OAN.
- 4.10 Fourthly, as the Inspector requested that the Council remove the net commuting element from its economic OAN assessment methodology the figure of 135 jobs per annum is no longer quite accurate, as the range of total new jobs needed in the district has changed to between 2,293 and 2,430. This in turn gives a range of 127 to 135 and a midpoint of 131 jobs per annum.
- 4.11 Based on the new range of 2,293 and 2,430 jobs that are expected over the plan period the Council has calculated that it will require between 194 and 200 dwellings per annum and that this figure can be accommodated by the Council's original proposed OAN of 200 dpa. This figure is ambitious when compared to historic delivery rates in Eden and represents an uplift compared to the demographic OAN.
- 4.12 Barton Willmore proposes that a figure of 277 and 289 dwellings per annum is required to meet predicted jobs growth.
- 4.13 Notwithstanding the fact that Barton Willmore's figure of 135 will have to be amended slightly to reflect the changes in the Council's expected jobs per annum figure from which it is derived, the Council has several other points to make regarding Barton Willmore's statement in support of their proposed uplift.
- 4.14 Barton Willmore opines that their model which is based on POPGROUP is more robust than that used by the Council.
- 4.15 The Council considers that this issue was discussed at the hearings in July and has not changed its view regarding the use of a POPGROUP model. These are set out in the Council's SHMA - Objectively Assessed Need review (EL4.017).
- 4.16 Eden District Council's criticism of jobs led POPGROUP models are also set out in the SHMA<sup>2</sup> paragraph 4.103 to 4.106.
- 4.17 It is the Council's understanding that Cumbria County Council and Experian are no longer advising the production of employment-led scenarios from POPGROUP utilising the output from their Experian employment model

---

<sup>2</sup> SHMA Taking Stock – Parts 1-4, p.55



because of the potential for circularity. While the Council do not claim expertise in POPGROUP it is considered that this development supports the criticism of a jobs led POPGROUP model that is set out in the SHMA<sup>3</sup> and which were raised at the July hearings. The Council's view on this matter is based on ongoing discussion with Cumbria County Council officers responsible for working with POPGROUP.

- 4.18 Barton Willmore set out the other aspects of their methodology in paragraphs 2.42, 2.43 and 2.44. Taking each in turn the Council's position on each is set out below.
- 4.19 In paragraph 2.42 which deals with commuting, Barton Willmore point out that the Council's jobs to dwellings calculator does not include a net commuting ratio. This is true. The calculations did take into account the net migration figure of 1,466 set out in the SHMA<sup>4</sup>. In fact the calculations likely over estimated the number of dwellings to jobs needed because of the inclusion of incoming commuters into the District as part of its calculation. This figure is factored into the starting point for the jobs to dwellings calculator. However in the July hearings the Inspector indicated that this figure should be removed.
- 4.20 Paragraph 2.43 covers unemployment, Barton Willmore factor unemployment into their calculation, while the Council does not. Eden has one of the lowest unemployment rates in the country - 0.7% of all workers in December 2014. This indicates that there is very little in the way of an untapped workforce in the District to take up new jobs. It also means that very few new dwellings would be taken up by unemployed people.
- 4.21 Paragraph 2.44 deals with Barton Willmore's position on economic activity. Barton Willmore's methodology increases the economic activity rates over the plan period to account for possible increases in the state pension age. The Council does not do this directly. The reason given in the SHMA for holding economic activity rates constant is that while some methods assume a higher future economic activity rate due to increasing retirement ages, the Council thinks that to do so without factoring in an ageing population to possibly offset this would not be methodologically robust. It is however accepted that this is a possible weakness in the methodology.
- 4.22 Barton Willmore concludes that their methodology is therefore robust. Notwithstanding the decision by Cumbria County Council and Experian to stop advising the use of jobs led POPGROUP models discussed above, the Council does not necessarily consider Barton Willmore's approach to be unsound. However as the Inspector has pointed out establishing an OAN, and in particular a jobs led OAN is by no means an exact science.

---

<sup>3</sup> SHMA Taking Stock – Parts 1-4, p.55

<sup>4</sup> SHMA Taking Stock – Parts 1-4, pp.47, 51 & 53

## **5.0 Assess market signals**

- 5.1 Barton Willmore point out the need for plan makers to consider six market signals indicators, which state that a worsening trend in any indicator will require an upward adjustment to planned housing numbers compared to ones based solely on household projections.
- 5.2 Barton Willmore identified affordability as one such signal in which there is a worsening trend. The Council also identified affordability to be an issue in the District in its SHMA.
- 5.3 Barton Willmore do not apply an uplift to their OAN because they feel that their suggested figure of between 277 and 289 dpa will provide a 73-81% uplift against past delivery, although the Council takes this to refer to the 2012 based calculations. The Council's approach is to apply a 10% uplift to its demographic OAN, which is supported by PAS guidance.
- 5.4 While it is true that Barton Willmore's suggested OAN would provide a significant uplift on previous delivery rates it does raise the issue of deliverability itself. In preparation for the July hearing sessions the Inspector requested that the Council should be able to demonstrate that the OAN is deliverable in the District. This issue is discussed in Section 12 of the Council's SHMA Objectively Assessed Need review (EL4.017).
- 5.5 It is clear from this discussion that once the Council begins to approach a figure of 220 dpa its ability to deliver a five year housing land supply becomes tenuous. Table 1 below shows the Council's position regarding land supply. Therefore a figure of 277-289 would, if applied, have the effect of rendering the Local Plan out of date. It would also place the council in a similar position as was the case when its housing target was set by the North West Regional Spatial Strategy (RSS) at 239 dpa. The RSS established this housing target based on an ambitious goal of encouraging job growth in the District; however completion rates rarely ever achieved this target.



Table 1: Land Supply Indicative Table (April 2016)

	<b>New Local Plan</b>	<b>250</b>	<b>245</b>	<b>240</b>	<b>235</b>	<b>230</b>	<b>225</b>	<b>220</b>	<b>215</b>	<b>210</b>	<b>205</b>
Local Plan Target (18 Years)	3600	4500	4410	4320	4230	4140	4050	3960	3870	3780	3690
Completions to Date	385	385	385	385	385	385	385	385	385	385	385
Target Completions	400	500	490	480	470	460	450	440	430	420	410
Undersupply	15	115	105	95	85	75	65	55	45	35	25
Undersupply + 20%	45	138	126	114	102	90	78	66	54	42	6
5 Year Requirement	1000	1250	1225	1200	1175	1150	1125	1100	1075	1050	1025
5 Year Requirement + 20%	1200	1500	1470	1440	1410	1380	1350	1320	1290	1260	1230
Requirement + Undersupply	1245	1638	1596	1554	1512	1470	1428	1386	1344	1302	1236
Annual Requirement	249	327.6	319.2	310.8	302.4	294	285.6	277.2	268.8	260.4	247.2

Total Units	1,534	1534	1534	1534	1534	1534	1534	1534	1534	1534	1534
<b>Supply (Years)</b>	<b>6.16</b>	<b>4.7</b>	<b>4.8</b>	<b>4.9</b>	<b>5.1</b>	<b>5.2</b>	<b>5.4</b>	<b>5.5</b>	<b>5.7</b>	<b>5.9</b>	<b>6.2</b>

## 6.0 Conclusions

- 6.1 Barton Willmore concludes that the full OAN for the District should take account of the need to encourage jobs growth and should therefore be based on the economic OAN assessment. The Council concurs with this view. Furthermore the Council points out that the figure of 200 dpa does indeed represent a significant uplift on the demographic OAN assessment figure to take account of the need to meet demand for jobs.
- 6.2 In their conclusion Barton Willmore point out that POPGROUP is well established whereas the Council's methodology was produced in-house and relied on the 2011 Census data to support its methodology. The Council does not dispute this, although it does not consider the 2011 Census to be an unsuitable source of data. The Council also used other data sources as set out in the SHMA<sup>5</sup>. It also tests its preferred methodology against several other methodologies, including POPGROUP, concluding that its approach is reasonable.
- 6.3 We would also point out that there is no single established method for calculating an OAN. Further Barton Willmore has acknowledged that they support the figure of 135 jobs per annum, which itself comes from the Council's own jobs based assessment and in-house work. Therefore clearly Barton Willmore cannot consider the Council's method and data to be totally unsound, or they would be defending their own suggested figure of a need for 66 jobs per annum.
- 6.4 Barton Willmore opine that while a demographic OAN assessment inclusive of a 10 year migration trend is needed, that it is the jobs based OAN assessment which should be discussed at the September hearings. They argue that this is the case because neither a 2012 or 2014 demographic OAN assessment with or without a 10 year migration trend applied would meet the jobs based aspirations of either the Council or Barton Willmore.
- 6.5 The Council agrees that the OAN should include an uplift to account for the Council's economic aspirations. The difference of opinion lies in that Barton Willmore consider that in effect as the projected number of residents in the district decreases more houses should be built rather than less. This is based on the assumption that as the number of people living in the District decreases, the number of jobs that need to be filled from outside the district will have to increase. The Council considers that this is a slightly counter intuitive argument and may result in a significant over estimation of the number of houses that it should build. The Council's view is that its OAN figure of 200 dpa represents a balanced and proportional approach to meeting both the housing needs of current residents of the District while also including a significant proportion of new dwellings to support the Council's aspiration to encourage new workers to take up residence in the District.

---

<sup>5</sup> SHMA Taking Stock- Parts 1-4; PP.41-50