

**Report to Planning and Infrastructure
Overview and Scrutiny Committee**

30 January 2014

Subject:	Basingstoke and Deane Annual Housing Requirement
Status:	Open
Report Ref:	
Ward(s):	All
Key Decision:	Yes 868/PL
Report of:	Policy Manager – Planning Policy and Infrastructure, Andrew Hunter
Contact:	Andrew Hunter –email andrew.hunter@basingstoke.gov.uk Tel. 01256 845318 Victoria Potts – email victoria.potts@basingstoke.gov.uk Tel. 01256 845464
Appendices:	Appendix 1: Edge Analytics Addendum Report
Papers relied on to produce this report	Papers on housing number presented to Planning and Infrastructure Overview and Scrutiny Committee – 12 March 2013 and 4th June 2013 Edge Analytics –Demographic Analysis and Forecasts June 2013 Recent Local Plan Inspector’s letters and examination reports

SUMMARY

1 This Report

1.1 This report provides committee with the results of additional housing number work, following consultation on the Pre submission Local Plan in autumn 2013. This report sets out the additional research undertaken by Edge Analytics and outlines the findings and recommends changes in the assumptions used to derive the annual housing requirement. It also sets out a recommended way forward.

2 Recommendation

It is recommended that:

In the light of further information set out in section 4 of this report that the committee provides comments to the Portfolio Holder for Planning on the proposed increase to the annual housing requirement from 748 dwellings per annum to 807 dwellings per annum.

CONTRIBUTION TO COUNCIL PRIORITIES

This report accords with the council's Budget and Policy Framework and directly supports the Council Plan priorities of;

- *Improving economic vitality*
- *Planning policies that safeguard local distinctiveness*
- *Creating neighbourhoods where people feel safe and want to live*

GLOSSARY OF TERMS

Term	Definition
P&IOSCOM	Planning and Infrastructure Overview and Scrutiny Committee
SNNP	Sub National Projection

MAIN CONSIDERATIONS

3 The Proposal

- 3.1 Council agreed the Pre Submission Local Plan for consultation at its meeting on the 25 July 2013. The Pre Submission Local Plan contained an annual housing figure of 748 dwellings per year totalling a figure of 13,464 homes to be built between 2011-2029. This figure was considered through the Committee Cabinet and Council meetings and was agreed as the figure to take forward for consultation.
- 3.2 Following consultation the council received representations on the housing number from a number of developers and adjoining Local Authorities. They questioned whether the figure included within the plan met Basingstoke and Deane's objectively assessed housing need. In particular the figures were challenged on the assumptions used to arrive at the housing figure of 748 per annum, (including discounting international migration and using the 2011 headship rates) and also the level of jobs that would be supported by the resident population. Alternative housing number reports were submitted as part of the evidence to support these representations.
- 3.3 In response to these reports and representations the council commissioned Edge Analytics to review the submissions received and to re-run the previously tested scenarios with newly available economic activity data (Census 2011) and unemployment assumptions. A need for this work was set out in the report to this committee in November 2013.
- 3.4 Appendix 1 sets out the addendum to the original Edge Analytics report (June 2013). The report has considered the same set of scenarios so that the various figures can be considered in the round.

4 Options Analysis

- 4.1 Three key scenarios were originally used in the June 2013 study, using the following starting points:

- (A) CLG 2011-based headship rates, with the 2011-21 trend continued after 2021
- (B) CLG 2011-based headship rates, with the 2021 values fixed thereafter
- (C) CLG 2008-based headship rates, scaled to be consistent with the 2011 Census but following the original trend thereafter

4.2 Under each of these scenarios a number of varying approaches were tested against different starting inputs so that the implications could be considered. These assumptions were:

- 'SNPP 2010' - this trend scenario used the latest official projection from ONS, for which the indicative 2010 mid-year population estimate provided a base. The scenario was scaled to ensure consistency with the 2011 census population.
- 'Migration related scenarios- using a number of different assumptions to consider the effects of migration on the level of growth anticipated.
- 'Net-Nil' - in-migration, out-migration, immigration and emigration were maintained in this scenario, but the net migration balance was set at zero.
- 'Economic scenario- considered the effect of 600 jobs per annum on the final housing number.

4.3 The Addendum report (Appendix 1) considers these scenarios but uses two additional variances with regard to economic activity rates arising from new 2011 census data not available at the time of the initial report. These are

- **EA1:** 2011 Census economic activity rates, fixed throughout the forecast period.
- **EA2:** 2011 Census economic activity rates modified to take more explicit account of proposed changes to State Pension Age over the forecast period. These are relatively modest changes but result in the following modifications to the economic activity rates:
 - Women aged 60-64: 40% increase by 2020, fixed thereafter
 - Women aged 65-69: 20% increase by 2020, fixed thereafter
 - Men aged 60-64: 5% increase by 2020, fixed thereafter
 - Men aged 65-69: 10% increase by 2020, fixed thereafter

A further change has been to use an unemployment rate of 5.6% reduced to 4.6% by 2019 and remains fixed thereafter for these scenarios rather than it being fixed at 5.6% across the plan period as was used when the initial report and its scenarios were developed. This approach is designed to reflect a period of economic recovery.

Job creation

4.4 The updated economic activity rate information has not affected the range of estimated dwellings required per annum for each scenario. The number of dwellings continues to range from 550-1084 per annum. However, the number

of jobs supported by the various scenarios has changed and Table 1 below identifies the job numbers as set out in the addendum report identifying the rates as previously calculated and then applying the two additional sets of assumptions (outlined in para 4.3 above) and the results of these for each housing scenario.

Table 1

Scenario	Estimated jobs per year 2011-29								
	Economic activity rates - original			Economic activity rates - Census 2011 fixed (EA1)			Economic activity rates - Census 2011 with SPA uplift (EA2)		
	A	C	Average	A	C	Average	A	C	Average
Mig-led5yrs	663	663	663	633	633	633	723	723	723
Employment600	600	600	600	600	600	600	600	600	600
Mig-led10yrs	496	496	496	459	459	459	545	545	545
Mig-led10yrs-5yrs	401	401	401	361	361	361	446	446	446
Mig-led10yrs-5yrs80%	361	361	361	320	320	320	406	406	406
SNPP-2010	360	360	360	319	319	319	409	409	409
Dwellings770	375	256	316	338	215	277	425	302	364
Dwellings735	328	211	269	289	169	229	376	255	316
NetNil	99	99	99	46	46	46	131	131	131

- 4.5 From the above table it is clear that the updated economic activity rates with the State Age Pension uplift show an increase in the level of jobs created per annum under each of the various scenarios. For example, the agreed 748 housing figure (Mig-led10yrs-5yrs 80% scenario) has increased from the creation of 361 jobs per annum in the original report to 406 jobs per annum in the addendum report, an increase in 675 jobs over the plan period. These new assumptions are robust and should be used for the basis of moving forward on this element of the housing number work.

Economy

- 4.6 In the report to this committee on the 4 June 2013 it was recommended that option A (CLG 2011-based headship rates, with the 2011-21 trend continued after 2021) be used to set the housing figure. Since this time there has been a general improvement in the economy and a more optimistic outlook for economic growth. The Option A approach was based wholly on the 2011 census which records information at a time of low economic growth. The June 2013 Edge Analytics report also looked at the 2008 headship rates which were based upon more optimistic economic projections. These two options were considered together and an average between the two was put forward as an option which would overcome the issue of having data reflecting both the high and low points in the economy. See table 2.

Table 2

Scenario	A (CLG 2011-based headship rates, with the 2011-21 trend continued after 2021)	C (CLG 2008-based headship rates, scaled to be consistent with the 2011 Census but following the original trend thereafter)	Average dwelling per annum
Mig-led5Yrs	983	1,084	1,034
Employment600	890*	990*	940*
Mig-led10Yrs	819	915	867
SNPP-2010	792	882	837
Mig-led10Yrs-5Yrs	761	853	807
Mig-led10Yrs-5Yrs80%	748	835	791
Dwellings770	770	770	770
Dwellings735	735	735	735
NetNil	550	634	592

*Figures updated by addendum report December 2013

- 4.7 It is now considered this approach would be better suited to setting a robust 'objectively assessed need' as it anticipates an overall improvement in the economy over the life of the plan. Further this change in approach is supported by the recommendations in Inspector's reports and letters to local authorities progressing Examinations in Public who have been steered towards the use of more optimistic projections when assessing 'Objectively Assessed Need'.
- 4.8 One of the key objections to the housing figure from the consultation relates to the need to support economic growth and balancing this with additional housing. One submission suggested that using Experian Economic projections would lead to the need for 1,400 homes per year. It is considered that this level of housing would be difficult to deliver, achieve and sustain over the plan period due to the number of housing sites that would be required, the number of these which could actually be delivered during the plan period and their suitability for housing development. However it is likely that this economy led approach to setting the housing number would be rigorously explored at the Examination in Public.

Options to consider

- 4.9 The first option Cabinet could consider would be to remain using the agreed 748 figure. The preceding paragraphs of this report set out why this is no

longer considered the most robust approach to setting the annual housing requirement.

- 4.10 Having considered the representations on the Local Plan, recent Inspector's reports and letters to local authorities on their Local Plans, in addition to the Edge Analytics addendum report, there are now three suggested changes in approach which make the borough's housing number more robust in moving forward. These are;
- To take the average between the 2011 and 2008 headship rates as set out in table 2 above and use the average figure to define 'objectively assessed need'.
 - To use the EA2 (2011 Census economic activity rates modified to take more explicit account of proposed changes to State Pension Age over the forecast period) to identify the level of Jobs which will accompany the given housing figure.
 - Revert to the international migration trend rather than discounting this in the light of recent increases in international migration to the country.
- 4.11 If the above changes in assumptions were agreed this would identify the (Mig-led10Yrs-5Yrs) scenario as being the option to take forward. This would lead to 807 dwellings per annum (14,526 over the life of the plan) with a resultant 446 jobs per annum (8028 jobs over the life of the plan). This approach would overcome some of the concerns likely to be raised at examination and provide a simple set of assumptions to explain, providing a robust figure to move forward with. It is therefore suggested that this is one of the two approaches the Council should move forward with. If the migration assumptions were not amended, but the change in assumptions on headship rates and economic activity rates were accepted this would lead to a figure of 791 dwellings per annum and 406 jobs per annum this would be an alternative approach to take forward.
- 4.12 On balance it is suggested that the 807 figure is based upon the most robust assumptions and as such should be taken forward and agreed as the Council's Annual Housing requirement. If agreed by Cabinet, the 807 figure would be used for the purposes of the Local Plan and for 5-year land supply calculations, and would be used as the Council's 'objectively assessed need'. It should, however, be noted that this approach and the assumptions behind it would be thoroughly explored at examination in public, alongside the economic led scenarios (including the Employment600 scenario and those suggested in representations to the Pre Submission local plan) which suggest housing requirements of over 1000 dwellings per annum.
- 4.13 If this figure were adopted a further 1062 dwellings over the plan period would need to be accommodated upon sites not currently allocated in the Pre Submission Local Plan (August 2013). This figure does not include the 450 dwellings that also needs to be found on other sites as a result of the reduced yield on the East of Basingstoke site.

5 Corporate Implications

5.1 Financial Implications

5.1.1 At this stage the only financial implications arising from the report are with regard to New Homes Bonus which is directly related to the number of homes built per annum.

5.2 Risk Issues

5.2.1 If the council were to proceed with an annual housing target which would not meet 'objectively assessed need' and there was no justifiable reason for doing so, the Local Plan would fail to be found sound and would leave the Borough without an up to date set of planning policies against which it could demonstrate a 5 year housing land supply and against which development proposals could be assessed.

5.2.2 Currently very few Local Plans are making it through Examination in Public and authorities are routinely sent back to re-assess housing figures and 'objectively assessed need'. Currently the need to enable strong economic growth is linked to the level of housing being provided and this will remain a risk for the council in moving forward with the figure as suggested in this report.

5.2.3 If there are sound and justifiable reasons as to why 'objectively assessed need' could not be met, the council under 'duty to cooperate' would need to explore ways in which any shortfalls could be met in other administrative areas. Failure to demonstrate that this process had taken place and had identified how needs were to be met elsewhere would also create issues of soundness at the Local Plan Examination.

5.3 HR Issues

5.3.1 None arising from this report

5.4 Equalities

5.4.1 None arising from this report

5.5 Legal Implications

5.5.1 The findings of the Edge Analytics Addendum report create further evidence to be used in support of the Local Plan, and the council's considerations with regards to 'objectively assessed need' with regard to housing provision.

5.6 Any Other Implications

5.6.1 Depending upon the agreed housing number for the Borough, it will be important to ensure that the right level of deliverable housing sites are identified in the Local Plan and that there is a level which provides a buffer to deal with any matters of non-delivery during the plan period.

6 Portfolio Holder comment

The Portfolio Holder for Planning is seeking the views of committee on the recommended increase in the annual housing requirement from 748 dpa to 807dpa, to help inform the decisions of Cabinet on the 18 February 2014.

7 Communication and Consultation

- 7.1 Once Cabinet have agreed the housing number to be taken forward in the Local Plan, this will enable the preparation of the modifications to the Pre-submission Local Plan which will be considered for public consultation by Council in March 2014 with statutory public consultation taking place during Spring 2014.

8 Conclusion

- 8.1 Committee are requested to consider the Edge Analytics Addendum housing number report and make comments on the recommended increase in the housing number as set out in paras 4.10-4.13 of this report.