

REPORT TO	ON
COUNCIL	27 <sup>th</sup> November 2019



TITLE	PORTFOLIO	REPORT OF
Central Lancashire Memorandum of Understanding on Housing Provision and Distribution	Cabinet Member (Planning, Regeneration and City Deal)	Director of Planning and Property

Is this report a <b>KEY DECISION</b> (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	Yes
Is this report on the <b>Statutory Cabinet Forward Plan</b> ?	Yes
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council? This should only be in exceptional circumstances.	Yes
Is this report confidential?	No

## PURPOSE OF THE REPORT

1. The purpose of the report is to provide Cabinet with an update on housing numbers in relation to the Central Lancashire Local Plan and to seek Cabinet approval to agree a Memorandum of Understanding on the approach across Central Lancashire.

## PORTFOLIO RECOMMENDATIONS

2. That the principles of the Central Lancashire Memorandum of Understanding (MOU) on Housing Provision (Appendix A to this report) are approved.
3. That final approval of the revised MOU (minor nonmaterial changes) be delegated to the Director of Planning and Property in consultation with the Portfolio Holder for Planning, Regeneration and City Deal.
4. That the Council formally adopts the MOU upon formal approval by all three councils (in accordance with their respective scheme of delegation).
5. That at the point of adoption the MOU is used for Development Management purposes.

## REASONS FOR THE DECISION

6. It is important that a revised and up to date position on housing requirements for the Central Lancashire area is established. Government challenges authorities to ensure a 5 years supply of deliverable homes and also ensure delivery matches the need. It is felt that the current provision and distribution in the Central Lancashire Core Strategy needs updating to reflect the most up to date circumstances prior to the adoption of a new Local Plan in 2022.

## EXECUTIVE SUMMARY

7. Housing numbers are a keystone of the Planning system and will be one of the key issues for the new Central Lancashire Local Plan. The current housing requirement for Central Lancashire dates back to Regional Spatial Strategy of 2008 with evidence for that dating back to 2003. The recent Government Standard Method has provided a new approach and this has been developed further by new evidence. Given that the new Local Plan will not be adopted for at least 2 years it is imperative that a Memorandum of Understanding between the 3 Central Lancashire authorities is agreed to cover the interim period.

## CORPORATE OUTCOMES

8. The report relates to the following corporate priorities: (tick all those applicable):

Excellence, Investment and Financial Sustainability	
Health, Wellbeing and Safety	
Place, Homes and Environment	✓

Projects relating to People in the Corporate Plan:

Our People and Communities	
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## BACKGROUND TO THE REPORT

9. Housing numbers are a keystone of the Local Plan process. The current housing number for South Ribble was established in the Central Lancashire Core Strategy which was adopted in 2012 and confirmed in a Memorandum of Understanding from September 2017. Since then there have been significant changes in national government policy through changes to the National Planning Policy Framework (NPPF) and Guidance (NPPG). There has also been the introduction of a Government standard method of calculation of housing need. The new Local Plan for Central Lancashire is, however, only at an early stage with Issues and Options being consulted upon from November 2019. The new Local Plan will take at least another 2 years to be adopted therefore it is imperative to establish an interim position on housing numbers across the Central Lancashire area. A short period of consultation with interested parties such as house builders, developers and planning agents was commenced on Friday 1<sup>st</sup> November 2019. The responses to this will be reported to Full Council on 27<sup>th</sup> November 2019.

## PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)

10. The current Central Lancashire Core Strategy adopted in 2012 provides for the following distribution of housing across the three partner authorities:

### Core Strategy 2012 Housing Requirement

Preston:	507 dwellings pa
South Ribble:	417 dwellings pa
Chorley:	417 dwellings pa

**Total: 1,341 dwellings pa**

11. It is worth highlighting that the above numbers are based on evidence which underpinned Policy L4 of the former North West Regional Spatial Strategy (RSS) to 2021, adopted in 2008. The plan period commencement for the RSS was 2003, and therefore the housing requirements set out in Policy 4 of the Central Lancashire Core Strategy are applicable from 2003 onwards. Given this it is clear that the housing figures in the current Core Strategy are dated and are now superseded by more recent more policy approaches.
12. The Central Lancashire Strategic Housing Market Assessment (SHMA) was published in August 2017 and identified that the Objectively Assessed Need (OAN) for new homes in Central Lancashire was 1,184 dwellings per annum, from a base date of April 2014, with a distribution as follows:

**Central Lancashire SHMA 2017 Housing Requirement**

Preston:	225 dwellings pa
South Ribble:	440 dwellings pa
Chorley:	519 dwellings pa
<b>Total:</b>	<b>1,184 dwellings pa</b>

13. Given that the above figures were not radically different to the adopted Core Strategy it was felt that continuing with the Core Strategy figures was the most appropriate way forward. On that basis a Memorandum of Understanding (MoU) was adopted by the 3 Councils in September 2017.
14. Subsequently there have been changes regarding identifying housing need which stem from a revised NPPF issued in February 2019. The basis of this is that the Government introduced a standard method of calculating housing need which would set the “minimum” requirement for new homes.
15. The standard formula uses the latest Office for National Statistics (ONS) household growth projections from 2014, and, applies an affordability adjustment, based on an authority’s median workplace-based affordability ratio. Using the standard method would provide for the following:

**NPPF Standard Method of Housing Need 2019**

Preston:	241 dwellings pa
South Ribble:	206 dwellings pa
Chorley:	579 dwellings pa
<b>Total:</b>	<b>1,026 dwellings pa</b>

16. All three authorities have considered the above standard method approach through the Central Lancashire Joint Advisory Committee. All three authorities are concerned that the standard method does not truly reflect their needs moving forward. For example, in South Ribble's case the long term housing delivery trend is around 347 units per annum since 2003 therefore the standard method is around 140 units short and is largely influenced by under delivery in recent years.
17. Given the concern over the standard method the Central Lancashire authorities commissioned a study on housing requirements from the consultancy IcenI. A draft study has now been issued and this looks at the overall Central Lancashire picture and a more rational distribution of housing within it. IcenI's starting point is the 1,026 Central Lancashire need and then they look to distribute that figure between the authorities on a more evidential basis. The method of distribution looks at the following factors:
- *Population Distribution:* With Preston accounting for 38% of the Central Lancashire population.
  - *Workforce Distribution:* Proportionally, the distribution of workforce replicates that of the population.
  - *Jobs Distribution:* Almost half (48%) of jobs are located in Preston, less than a quarter (22%) are located in Chorley.
  - *Affordability:* Preston is the most affordable place to live of the three authorities.
  - *Constraints:* Chorley has the highest proportion of land covered by significant constraints, such as Green Belt.
  - *Urban Capacity:* Taking account of land and site availability across Central Lancashire, there is potentially capacity for over 77,000 homes, with the highest proportions being in Preston and South Ribble.
18. Using the methodology outlined above provides the following distribution.

**IcenI Proposed Distribution of Housing Across the Central Lancashire Area**

	<b>CBC</b>	<b>PCC</b>	<b>SRBC</b>	<b>Total</b>
Local Housing Need (Standard Method)	579	241	206	1,026
% of Local Housing Need (Standard Method)	57%	23%	20%	100%
<b>Recommended Distribution (%)</b>	<b>27.5%</b>	<b>40%</b>	<b>32.5%</b>	<b>100%</b>
<b>Local Housing Need (IcenI Analysis)</b>	<b>282</b>	<b>410</b>	<b>334</b>	<b>1,026</b>

19. Officers consider that the IcenI approach to redistribution provides for a more refined and realistic approach to identifying housing requirements in each of the three authorities whilst also ensuring the total provision across the Central Lancashire area is aligned to the standard method.
20. It is also worth highlighting that the adoption of the above approach would wipe out any under-delivery of housing from previous years as this has already been taken account of in the calculation. For South Ribble the under-delivery from 2003 using the current Local Plan figure would equate to 1,110 homes.
21. It is therefore proposed to adopt a Memorandum of Understanding between the three authorities (Appendix A) with a new housing need figure for each authority using the IcenI approach. This would therefore provide a new minimum housing need figure for

South Ribble of 334 homes per annum as opposed to the current 417 homes per annum.

## **CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION**

22. The issue has been considered by the Central Lancashire Joint Advisory Committee which met on 28<sup>th</sup> October 2019.

23. A short period of consultation with interested parties such as house builders, developers and planning agents was commenced on Friday 1<sup>st</sup> November 2019. The responses to this will be reported to Full Council on 27<sup>th</sup> November 2019.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

24. The only other alternative option considered was to continue with the current Local Plan figure of 417 homes per annum. This would however put South Ribble at risk against measures on supply and delivery and it is felt does not reflect the housing needs arising in the Borough.

## **FINANCIAL IMPLICATIONS**

25. Work on the Central Lancashire Local Plan is catered for within existing budgets.

## **LEGAL IMPLICATIONS**

26. Arguments over housing requirement and housing supply can be quite common in planning appeals. By adopting this Memorandum of Understanding that will help to bring some clarity and certitude to these issues. That hopefully should strengthen our hand when it comes to contesting planning appeals. Ultimately it will be for full Council to approve this document.

## **AIR QUALITY IMPLICATIONS**

27. There are no air quality implications to this report.

## **HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS**

28. None.

## **ICT/TECHNOLOGY IMPLICATIONS**

29. None.

## **PROPERTY AND ASSET MANAGEMENT IMPLICATIONS**

30. None.

## **RISK MANAGEMENT**

31. The key risks to the authority are continuing without establishing an up to date position on housing numbers. The supply and delivery of new homes is a key government

measure and if South Ribble is not meeting those targets then Government policy is in favour of developers in planning appeal situations. This could lead to developments happening in locations where South Ribble does not want housing.

## **EQUALITY AND DIVERSITY IMPACT**

32. The provision of housing is a key requirement of the Local Plan process. Housing provision is aimed at all in society. The Local Plan itself will go through a full detailed combined impact assessment which will assess equality and diversity in more detail.

## **RELEVANT DIRECTORS RECOMMENDATIONS**

33. Housing requirements are a keystone to the Local Plan process and an important measure for both supply and delivery. It is critical that the housing requirement used is the right figure for South Ribble and that we meet that figure. Failure to meet the figures adopted can lead to sanctions from Central Government. The proposed approach in the Memorandum of Understanding provides for a fairer and evidence based approach between the three authorities. For South Ribble the proposed figure of 334 reflects the long term housing delivery trends for the Borough. Given that the adoption of a new Local Plan will be around 2 years away it is important that we establish a revised figure for the interim period.

## **COMMENTS OF THE STATUTORY FINANCE OFFICER**

34. There are no direct budgetary implications of this proposal, however establishing a more realistic and deliverable target will provide a basis for forecasting future income streams which derive from housing growth in the borough.

## **COMMENTS OF THE MONITORING OFFICER**

35. There are a number of very good reasons why we should adopt this Memorandum of Understanding – please see the Legal Implications above.

## **BACKGROUND DOCUMENTS**

None.

## **APPENDICES**

Appendix A – Draft Central Lancashire Memorandum of Understanding on Housing Provision

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