



Report of	Meeting	Date
Director of Early Intervention and Support, Chorley Council	Central Lancashire Strategic Planning Joint Advisory Committee	28 January 2020

## CONSULTATION OF THE REVISED JOINT MEMORANDUM OF UNDERSTANDING

### PURPOSE OF REPORT

1. To update Members on the consultation responses and officers responses to the revised Joint Memorandum of Understanding (MOU).

### RECOMMENDATION(S)

2. That the report be noted.

### EXECUTIVE SUMMARY OF REPORT

<b>Confidential report</b> Please bold as appropriate	Yes	No
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### BACKGROUND

3. The first MOU for Central Lancashire was prepared and adopted in 2017 following the publication of new housing evidence, namely the Strategic Housing Market Assessment (SHMA). The SHMA produced a housing need and distribution which reflected the existing distribution of housing as specified within policy 4 of the Central Lancashire Core Strategy 2012. Further, as the aggregated annual housing need identified within the SHMA exceeded the figure within policy 4, it was appropriate that the three councils commit to continuing the annual housing distribution of 417, 417 and 507 for Chorley, South Ribble and Preston Councils respectively.
4. The introduction of the Standard Housing Method for Local Housing Need by the government has changed how the annual housing requirement is to be calculated.
5. Following the publication of the Icen Central Lancashire Housing Study:
  - A Council decision was taken by Chorley Council on 19th November 2019 to seek approval to adopt a revised joint Memorandum of Understanding (MOU) which will inform plan-making and planning decisions across Central Lancashire.

*It was recommended that the principles of the enclosed revised MOU are approved and that final approval of the revised MOU (minor none material changes) be delegated to the Deputy Chief Executive/Director of Early Intervention in consultation with the Executive Member for Public Sector Reform and Economic Development, and that the Council adopts the MOU upon formal approval by all three councils (in accordance with their respective*

*scheme of delegation) and provisions be implemented for plan-making and decision-making purposes.*

- For South Ribble Borough Council, the MOU went to Full Council on 27 November 2019. It was recommended:
  1. *That the decision whether to approve the revised MOU be delegated to the Director of Planning and Property in consultation with the Cabinet Member for Planning, Regeneration and City Deal following completion and consideration of a detailed responses report.*
  2. *That if approved, the Council will formally adopt the MOU upon formal approval by all three Central Lancashire Councils.*
- For Preston City Council the MOU was scheduled to go to 19 December 2019 Council but was withdrawn. The MOU will go to 27th February 2020 for approval.

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## **JOINT MEMORANDUM OF CONSULTATION AND STATEMENT OF CONSULTATION**

6. The relevant development plan policy relating to the supply of housing in Central Lancashire was adopted in 2012, the Central Lancashire authorities proposed to apply the standard method formula to calculate the aggregate minimum number of homes needed across the area. This is in accordance with the National Planning Policy Framework and National Planning Practice Guidance.
7. The standard method housing requirement figure for the Central Lancashire equates to 1,026 per annum (provision of 18,268 dwellings over the period 2018 -2036), it is recognised this is a minimum figure.
8. This would be achieved by a **Joint Memorandum of Understanding (MOU)** and **Statement of Co-operation (SOC)** and when approved, the Councils will work together to monitor housing completions and five-year housing land supply positions against these requirements.
9. The three Councils intend to implement a distribution of housing based on robust evidence. The evidence contained within the Central Lancashire Housing Study produced by consultants Icenl recommends that the most appropriate distribution of the minimum number of homes needed in the area is as follows, this will be reviewed as the new local plan emerges and the spatial development policies are prepared.

Preston City Council	40%
South Ribble Borough Council	32.5%
Chorley Council	27.5%
<b>Total</b>	<b>100%</b>
10. This results in a local housing need of 1,026 per annum comprising:
  - 410 homes per annum in Preston;
  - 334 homes per annum in South Ribble; and
  - 282 homes per annum in Chorley.

This is intended to provide an interim basis for agreeing how the HMA's housing needs might be distributed.

## MOU CONSULTATION

11. The Central Lancashire Authorities consulted on the revised Joint Memorandum of Understanding over a period of 7 weeks. The first consultation was between 4<sup>th</sup> November 2019 and 15<sup>th</sup> November 2019 (2 full calendar weeks, 10 working days). Feedback from this initial consultation suggested the consultation period was too short. These comments were taken on board. The consultation was re-opened between 9<sup>th</sup> December 2019 and 13<sup>th</sup> January 2020 (5 calendar weeks, 22 working days).
12. The following stakeholders were consulted for both consultations:
  - Developers and agents (as registered on the Central Lancashire Developer Forum mailing list);
  - All Parish Councils within Preston, South Ribble and Chorley;
  - All Elected Members within Preston, South Ribble and Chorley;
  - All County Councillors representing Preston, South Ribble and Chorley.
13. The consultation was also publicised on the Central Lancashire Planning Policy Team website and on the websites of the 3 Central Lancashire authorities.

## RESPONSES RECEIVED

14. A total of 37 responses have been received to this consultation including members of the public, parish councils, councillors, neighbouring authorities, housebuilders, agents and organisations. 27 of these were received during the initial consultation, and 10 further responses were received during the 2<sup>nd</sup> consultation. In addition to this, three additional responses were also received during the 2<sup>nd</sup> consultation which provided additional or replacement comments to previous submissions. The full list of respondents is shown at Appendix 1.
15. Of the 37 responses received 5 generally supported the approach, whilst 32 put forward comments covering a number of key issues/themes, as shown at paragraph 16 of this report. Further analysis of the responses showed that 5 responses agreed with the proposed housing distribution, 22 responses disagreed, and the remaining 10 did not clearly specify either way. 18 responses disagreed with the adequacy of the consultation (e.g. length/methodology etc.), whilst 19 responses didn't clearly specify either way. 18 responses also raised concerns that the evidence base was not sufficiently robust to justify the proposed distribution, whilst 19 didn't clearly specify either way.
16. The key themes identified in the consultation are shown below. These issues are expanded upon in the Response Document at Paragraph 17 of this Report, with an Officer response to each issue raised.
  - **Failure to consult properly:**
    - The consultation fails to meet the Sedley principles (meaningful & fair);
    - The length/period of consultation was inadequate;
    - The scope of the consultation / number of people consulted was insufficient and unjustified; and
    - The purpose / intention of the consultation was confused and unclear.
  - **Pre-determination of the outcome of consultation:**
    - Insufficient time was allowed for to consider the responses to the consultation before decisions to adopt the MOU were made at the Cabinet(s);
    - Adoption of the MOU would conflict with the current stage of the Local Plan and would pre-determine the outcome of the Issues and Options consultation.

- **The soundness of the new Local Plan will be brought into question.**
  - Any new housing requirement should be set out in Local Plan policies and have been subject to examination, and sustainability appraisal. An “MOU” circumvents this approach and is not the correct procedure for decisions which will result in policy consequences. It is unlawful promulgation of policy (which ought to be within a DPD), through an unrecognized, non-statutory mechanism.
  - An MOU is not the correct procedure for decisions which result in policy consequences and is therefore unlawful.
  - PPG refers instead to a Statement of Common Ground (SOCG), which has to include certain elements.
- **The housing need/requirement/distribution set out in the MOU is not in accordance with either an up to date Local Plan or the standard method.**
  - Exceptional circumstances to deviate from the standard method (the MOU is a deviation) have not been demonstrated, and it is therefore unlawful.
  - The MOU cannot be used for measuring five year housing land supply, or the Housing Delivery Test.
- **Failure to establish a true housing “requirement”**
  - The MOU is only a partial review - there is a lack of robust evidence to justify the overall housing need for Central Lancashire, or to justify the re-distribution to/from each individual district.
  - The Local housing need figure should be a “policy off” figure for each Council – not a “policy on” figure which has incorrectly considered policy constraints when assessing housing need (a local housing need figure must be derived without the application of any additional exercise of policy).
  - The assumption that Central Lancs still operates as a single HMA needs to be re-visited.
- **The proposed housing distribution is imbalanced and unjustified.**
  - The identified housing need is too low & needs increasing - for Central Lancashire as a whole, and for the individual districts (Chorley in particular).
  - It is contrary to the Core Strategy and national policy.
  - The standard method for assessing local housing need only provides a minimum starting point in determining the number of homes needed in an area. The housing needs are greater than the standard method indicates.
  - Consideration should be given to growth strategies and strategic infrastructure projects such as the City Deal, etc.
  - A lower figure than the Core Strategy will stifle sustainable economic growth and does not align with the growth ambitions of the LEP & the City Deal etc.
  - A lower figure will also render Policies 1 and 4 out of date, which will engage the tilted balance in favour of sustainable development for decision taking.
- **The MOU does not adequately take into consideration key elements** such as;
  - Historic under-delivery;
  - Meeting un-met need from other areas; affordable housing need (especially where it is most needed, e.g. Chorley); and
  - Specialist housing such as homes for older people, etc.
  - There is also a need to concurrently bring forward alternative avenues to home ownership, and
  - Further evidence is needed in terms of the scale and geography of demand.
- **The Councils should not rely on the Pear Tree Lane appeal decision.**
  - Further, the more recent Chain House Lane appeal decision does not take precedence over all other appeal decisions.
- **Brownfield land has not been adequately considered.**

- There are inaccuracies in the Icen report.

## RESPONSE DOCUMENT

17. A summary of the Main Issues and Officers responses is shown below:

<p><b>Theme: Failure to consult properly:</b></p>
<p><b><u>Issue 1: The consultation fails to meet the Sedley principles (meaningful &amp; fair).</u></b></p> <p>It is established law that where consultation takes place upon documentation which will inform administrative decisions, then such consultation must be both meaningful and fair. The Sedley principles established that:</p> <ul style="list-style-type: none"> <li>- First, that consultation must be at a time when proposals are still at a formative stage.</li> <li>- Second, that the proposer must give sufficient reasons for any proposal to permit of intelligent consideration and response.</li> <li>- Third, ... that adequate time must be given for consideration and response and,</li> <li>- Fourth, that the product of consultation must be conscientiously taken into account in finalising any statutory proposals.</li> </ul> <p>The MOU approach would fail all 4 of the Sedley principles.</p>
<p><u>Officer response to the above issue:</u></p> <p>The consultation exercise undertaken is considered to have been proportionate and adequate for the purposes intended by the three councils. It was both meaningful and fair, and it is considered that all 4 of the Sedley principles have been met. See also response to 2 below.</p>
<p><b><u>2.The length/period of consultation was inadequate.</u></b></p> <p>The MOU will introduce a fundamental change to the adopted development plan and the short time that was given to consider and respond (including reviewing the evidence to support it - i.e. the Icen Report) was wholly inadequate.</p> <p>[Should be a minimum (uninterrupted?) period of 4 weeks? / <b>6 weeks?</b> / 12 weeks? .. all suggested].</p> <p>The extended period of consultation also ran over the Christmas period, and a general election was also held in December.</p>
<p><u>Officer response:</u></p> <p>There is no statutory requirement to consult on the proposed content of a MOU.</p> <p>Consultation on the proposed housing distribution took place between 1st November 2019 and 15th November 2019. Feedback from this consultation suggested the initial consultation period was too short. This was taken on board, and the consultation was re-opened between 9th December 2019 and 13th January 2020.</p> <p>This is considered a reasonable approach given the 3 authorities are seeking an interim position in terms of housing land supply prior to adoption of the new Local Plan.</p> <p>The length / period of consultation is therefore considered to be adequate and reasonable.</p>
<p><b><u>3. The scope of the consultation / number of people consulted was insufficient and unjustified.</u></b></p>

The consultation was highly selective, and only a very small number (35 organisations) were consulted.

Officer response:

There is no statutory requirement to consult on the proposed content of a MOU, and the consultation was targeted at developers who had registered an active interest in the Central Lancashire Developer Forum (CLDF).

The bespoke CLDF database had previously been put together by contacting everyone on the generic master Central Lancashire consultation mailing list and inviting people to register on the CLDF mailing list.

In addition, Councillors (at District level, and at County level), Parish Councils, and Neighbouring Authorities were also consulted, and the consultation was publicised on the Central Lancashire website as well as the websites of the 3 Central Lancashire local authorities, and anyone could submit comments.

When the consultation period was re-opened on 9<sup>th</sup> December 2019, anyone who was subsequently added to the CLDF database was also consulted.

The scope of the consultation is therefore considered to have been sufficient and justified.

**4. The purpose / intention of the consultation was confused and unclear.**

The true motives and policy consequences of the consultation were not made clear, and the housing study evidence was pre-supposed to be “robust” without having been tested or consulted upon.

The previous MOU was not displayed on the website, nor the text of the proposed new MOU.

The consultation was only seeking comments on the proposed approach/distribution, and not the evidence, which was pre-supposed to be robust. Nor does the website draw the reader’s attention to earlier versions of the Strategic Housing Market Assessment.

The consultation page of the website does not actually explain the policy consequences of the intended adoption of the distribution in the draft MoU or SoC (the actual intention / motive is to establish real policy consequences outside of the Local Plan process).

Officer response:

The purpose of the consultation was clear. The consultation was intended to seek comments about the proposed housing distribution to be included in the proposed MOU - it was not a consultation seeking detailed comments on the Icen report. It is not common practice to consult on evidence. The Icen evidence was published concurrently as that evidence has informed the MOU and the proposals for the redistribution of housing across Central Lancashire. Local Planning Authorities do not routinely consult on evidence.

The news page of the website was updated in a timely fashion, and the previous MOU was also subsequently added to the website.

The primary purpose of the revised joint MOU is to arrive at an agreed percentage distribution of figures. The overall purpose and effect, in planning terms, of this revised joint MOU is clear. The Central Lancashire authorities have aggregated the minimum annual local housing need figure calculated using the standard method and redistributed this to reflect the most sustainable pattern of development in the sub-region, as well as to align with City Deal growth aspirations in Preston and South Ribble specifically.

**Theme: Pre-determination of the outcome of consultation: Insufficient time was allowed for to consider the responses to the consultation before decisions to adopt the MOU were**

**made at the Cabinet(s). Adoption of the MOU would conflict with the current stage of the Local Plan and would pre-determine the outcome of the Issues and Options consultation.**

**5. Insufficient time was allowed for to consider the responses to the consultation before decisions to adopt the MOU were made at the Cabinet(s).**

The MOU consultation closed on 15/11/19, yet Cabinet meetings were held at:

- Chorley Council on 19th November 2019,
- South Ribble Council on 27th November 2019, and
- Preston Council on 19th December 2019.

Before the Icen report was considered at the 3 Council meetings it should have been finalised & amended where necessary, to take into consideration the findings of the consultation.

Officer response:

In response to initial representations, the Councils subsequently agreed to extend the consultation to enable further representations. The MOU will be approved through the relevant delegation/ Full Council approval processes for each Council.

**6. Adoption of the MOU would conflict with the current stage of the Local Plan and pre-determine the outcome of the Issues and Options consultation.**

The Icen report is effectively still a draft because it is still being consulted on through the Issues and Options consultation, so the MOU cannot be adopted until after that consultation closes in Feb 2020. Adopting the MOU in advance of the closure of the I&O consultation on the foundation for the “approach” of the proposed housing distribution derived from it undermines the credibility of such consultation. Adopting new housing requirements outside the plan making process before the end of the Issues and Options consultation would conflict with the position set out in the Issues and Options and it pre-determines this aspect of the Local Plan review process.

Officer response:

Adopting new interim housing requirements in an MOU outside the plan making process before the end of the I&O consultation does not conflict with the position set out in the I&O and does not pre-determine this aspect of the Local Plan review process. As preparation of the new Local Plan progresses, further assessments and other evidence may influence both the scale and distribution of housing development in the forthcoming Local Plan. These issues will thus be reviewed in due course and will be reflected in the new Local Plan. The housing requirement / need for the new Local Plan Period will therefore emerge as the plan progresses through the key stages and preferred policy options are developed and will be assessed at the Local Plan Examination.

The I&O consultation is a separate consultation to the MOU consultation, therefore the timescales for the I&O consultation are not material to this MOU consultation.

**Theme: The soundness of the new Local Plan will be brought into question. Any new housing requirement should be set out in Local Plan policies and have been subject to examination, and sustainability appraisal. An MOU is not the correct procedure for decisions which result in policy consequences and is unlawful. PPG refers instead to a Statement of Common Ground (SOCG).**

**7. The soundness of the new Local Plan will be brought into question. It is unlawful promulgation of policy (which ought to be within a DPD), through an unrecognized, non-statutory mechanism. Any new housing requirement should be set out in Local Plan policies and have been subject to examination, and sustainability appraisal. The MOU circumvents this approach.**

The MOU could have significant implications on the evidence base and overall soundness of the forthcoming Local Plan. The MoU effectively seeks to introduce a new interim housing requirement / strategic policy for the 3 authorities outside of the development plan process. There is no support in the Framework or Guidance for doing this, and such an approach is **unlawful**. To promulgate what should be a DPD, through a non-statutory route, is to unlawfully circumvent the statutory regime and has been repeatedly held to be unlawful, e.g.

*R (Miller Homes) v Leeds CC [2014] EWHC 82*

*RWE v Milton Keynes [2013] EWHC 751 (Admin)*

*R (Abdul Wakil) v Hammersmith and Fulham LBC [2012] EWHC 1411(QB)*

*R (Howsmoor) v South Gloucestershire [2008] EWHC 262(Admin)*

*R (on the application of Houghton and Wyton PC) v Huntingdonshire DC [2013] EWHC 1476(Admin)*

*Westminster v Great Portland Estates [1985] AC 661*

Any new housing requirement for the three authorities should be properly assessed through the Local Plan process & be set out in strategic policies, with the policies and evidence having been tested through rigorous **examination** and found sound by an Inspector.

Further, a **Sustainability Appraisal** would require the express consideration of **reasonable alternatives** (which have not been considered as part of the MOU).

*[refer to paragraph 68-028 of the PPG]*

#### Officer response:

National policy and guidance now requires the starting point for determining housing requirement to be the standard method. The MOU is an interim position, based on the standard method, and distributed in accordance with an up to date housing study (the Icen report). Given the relatively recent introduction of the standard method for assessing housing need, and given the current Local Plan is over 5 years old. The MOU will be an interim material consideration, prior to adoption of new housing policies in the new Local Plan. The evidence contained within the Icen report is considered robust justification for the proposed re-distribution.

This is not a “new” policy. The MoU simply updates the split provided in the existing one (and supported during recent planning appeal decisions) pending the progression of the Local Plan. The evidence base for the 2017 MoU has changed and it is appropriate to amend the figures. There have been no challenges put forward on the principle of the existing MoU. The MoU will not therefore introduce a new housing requirement / strategic policy for the 3 authorities outside of the development plan process. The Icen study, which underpins the suggested distribution in the MOU, doesn’t say that 1,026 is the local housing need or housing requirement. It says it is the minimum starting point, as per national policy and guidance.

The housing requirement for the new Local Plan Period will emerge as the plan progresses through the key stages and preferred policy options are developed. It is for the plan-making process in due course to consider/ test alternative housing requirement scenarios; and to assess whether a housing requirement in the new Local Plan should be above/ below the standard method. As preparation of the new Local Plan progresses, further assessment of land availability, urban capacity and other sources of supply, alongside other evidence may influence both the scale and distribution of housing development in the forthcoming Local Plan. These issues will thus be reviewed in due course.

The new Local Plan will consider reasonable alternatives and will be subject to sustainability appraisal and public examination before adoption.

**8. A MOU is not the correct procedure for decisions which will result in policy consequences and is therefore unlawful. PPG refers instead to a Statement of Common Ground (SOCG).**

PPG has not been followed. The approach of simply recording an agreement in a MoU is an approach no longer favoured in national guidance in PPG.

Further, a SOC (Statement of Co-operation) is not a term which is described anywhere in national planning policy or practice guidance.

Instead of an MOU, a SOCG (Statement of Common Ground) is advised in PPG.

Officer response:

The NPPF is supportive of the preparation of joint local plans (NPPF Para 17). The adoption of the MOU will result in the application of a policy to redistribute the housing requirement across Central Lancashire. It is reasonable and appropriate for local authorities to work together in plan-making and in meeting the housing requirement across the Central Lancashire housing market.

Although MOU is no longer a term used in PPG, Planning authorities are subject to the Duty to Cooperate, and is expected to happen throughout the plan-making process. Councils are required to both develop and maintain Statements of Common Ground by Para 27 in the NPPF which makes reference to these being available throughout the plan-making process. The PPG states that these are expected to address the distribution of needs in the area as agreed through the plan-making process (PPG 61-005, Bullet f) and record agreements which have been reached. The proposed MOU will demonstrate effective and ongoing joint working consistent with Para 27 in the Framework.

In the recent Chain House Lane appeal decision [APP/F2360/W/19/3234070], the Inspector endorsed the use of the standard method as the minimum housing figure for Central Lancashire, and recognized the approach being taken in the MOU.

**9. A SOCG has to include certain elements.**

The substantive elements to be contained within a SOCG includes;

- What **each district's capacity** actually is; and
- Evidence of the extent to which each authority has capacity to meet its own needs, and the extent of **unmet need** which can't be met within its area.

SOCG's are not intended to be simply a memorandum of what has been agreed, but rather are intended to contain specific matters which are expressly directed towards plan-making. A check list of what should be contained in a SOCG is set out which includes:

*"e. ..., the housing requirements in any adopted and (if known) emerging strategic policies relevant to housing within the area covered by the statement;*

*f. distribution of needs in the area as agreed through the plan-making process, or the process for agreeing the distribution of need (including unmet need) across the area;*

*g. a record of where agreements have (or have not) been reached on key strategic matters, including the process for reaching agreements on these;"*

PPG states: "What information will a statement of common ground be expected to contain about the distribution of identified development needs?"

*When authorities are in a position to detail the distribution of identified needs in the defined area, the statement will be expected to set out information on:*

- a. the capacity within the strategic policy-making authority area(s) covered by the statement to meet their own identified needs;*
- b. the extent of any unmet need within the strategic policy-making authority area(s); and*
- c. agreements (or disagreements) between strategic policy-making authorities about the extent to which these unmet needs are capable of being redistributed within the wider area covered by the statement.”*

[refer to PPG Paragraph: 011 Reference ID: 61-011-20190315]

Officer response:

The MOU is not a Statement of Common Ground, the 3 Councils will look to prepare a Statement of Common Ground when the evidence has been finalised, and any agreements have been formalised. Any SOCG in respect of this would also need the signatory of Lancashire County Council.

**Theme: The housing need/requirement/distribution set out in the MOU is not in accordance with either an up to date Local Plan or the standard method. Exceptional circumstances to deviate from the standard method have not been demonstrated, and it is unlawful. The MOU cannot be used for measuring five year housing land supply, or the Housing Delivery Test.**

**10. The housing need/requirement/distribution set out in the MOU is not in accordance with either an up to date Local Plan or the standard method. Exceptional circumstances to deviate from the standard method (the MOU is a deviation) have not been demonstrated, and it is therefore unlawful.**

There is not sufficient information put forward within the Study to justify the split and deviation from the standard method for Chorley. Exceptional circumstances justifying a departure from standard method can only be applied through the Local Plan process. Any departure from the Local Plan or standard method needs to demonstrate exceptional circumstances. These have not been demonstrated. The figures/distribution as set out in the MOU are therefore unlawful.

The distribution would be a deviation from the adopted Core Strategy; the existing MOU (which is based on the 2017 SHMA & retains the Core Strategy distribution); AND from the Standard Method. It would be a deviation from the standard methodology in each of the three individual districts (in Chorley in particular, which would have significantly lower figures than the minimum need using the standard method). For this to be justified, exceptional circumstances must be demonstrated.

Any deviation (either from the development plan, or from the standard method) must be justified as part of the Local Plan examination process and needs to be subject to examination and sustainability appraisal and be found sound. The distribution as set out in the MOU is not being adopted through the plan making process / examination, nor have exceptional circumstances been demonstrated, so the MOU is fundamentally flawed. It is not appropriate to determine the spatial distribution of housing need and create housing requirements at this point in time as there is a clear need to provide robust evidence to support the intended requirement figures, and for this evidence to be rigorously tested at examination, following the Local Plan processes.

Officer response:

Central Lancashire has an adopted Joint Core Strategy covering the Central Lancashire area, and is in the process of preparing a new Local Plan for the area. PPG 2a-013 is clear that where local housing needs assessment cover more than one area, in particular where strategic policies are being produced jointly – as is the case in Central Lancs – the housing need for the defined area should be at least the sum of the local housing need for each LPA within the area, and it

will be for the relevant strategic policy-making authority to distribute the total housing requirement which is then arrived at across the plan area.

Exceptional circumstances need to be demonstrated where authorities are deviating from use of the standard methodology in particular where this results in a lower housing need figure than identified using the standard method. This is not the case here, where Central Lancs housing need as assessed using the standard method is intended to form the basis of the MOU; and thus it is not necessary to demonstrate that exceptional circumstances exist.

Planning authorities are subject to the Duty to Cooperate and is expected to happen throughout the plan-making process. The NPPF is supportive of the preparation of joint local plans (NPPF Para 17). Councils are required to both develop and maintain Statements of Common Ground by Para 27 in the NPPF which makes reference to these being available throughout the plan-making process. The PPG states that these are expected to address the distribution of needs in the area as agreed through the plan-making process (PPG 61-005, Bullet f) and record agreements which have been reached. The proposed MOU will demonstrate effective and ongoing joint working consistent with Para 27 in the Framework.

The proposed distribution within the MOU is based on a reasonable set of factors, has been consulted upon, and is not significantly different to the current Core Strategy distribution.

The PPG [61-011, 61-012] provides specific provision for considering the distribution of housing need including through setting out that Statements of Common Ground (“SOGC”) are expected to address the distribution of housing needs within an area.

The PPG [61-020] states that such SOCGs should be prepared and maintained on an ongoing basis. The PPG [2a-013] also sets out that in instances where:

“assessments may cover more than one area...the housing need for the defined area should at least be the sum of the local housing need for each local planning authority within the area”.

The approach taken by the housing study to assess local housing need is therefore not an “alternative approach”. It arrives at a figure of 1,026 homes for the study area using the standard method.

As per the PPG [2a-013], it is then for the relevant strategic policy making authorities to distribute the total housing requirement across the plan area. This distribution exercise has been undertaken by the housing study to arrive at a recommended distribution.

#### **11. The figures in the MOU cannot be used for measuring five year housing land supply.**

There is no provision in the Framework or Guidance for measuring five year housing land supply against a figure which is neither the adopted housing requirement (i.e. Core Strategy) nor the local housing need figure (i.e. standard method).

The factors which have led to the recommended distribution involve constraining the supply within one area because of factors such as green belt policy and directing those needs to another area. Such an approach is perfectly legitimate to promote and test within the confines of a Local Plan examination, but unless and until it becomes adopted policy it is not an appropriate basis for assessing 5 year land supply.

*[Footnote 37 of the Framework explains that unless the housing requirement set out in the strategic policy has been reviewed and found not to require updating, local housing need will be used for assessing whether a five year supply of specific deliverable sites exists using the standard method set out in the PPG once the strategic policy is more than five years old.]*

Officer response:

The three councils will measure the five year housing land supply collectively, applying the distribution of housing need as set out in the MOU, which is based on the standard housing method as required by national policy and guidance.

The Central Lancashire authorities have and continue to work collaboratively to develop and review strategic policies. There is an existing adopted Joint Core Strategy setting out housing requirements (consistent with Para 17). In applying NPPF Para 73 in assessing the five year housing land supply, it is therefore appropriate to adopt a consistent approach of looking first at the housing needs of Central Lancashire.

The Framework (see Para 3) should be read as a whole, as should Planning Practice Guidance. Para 26 in the Framework is clear that effective and ongoing cooperation between authorities delivers effective planning. Para 27 states that authorities should prepare and maintain statements of common ground documenting cross-boundary matters addressed and progress made, which the PPG clarifies includes on the distribution of development. NPPF Para 27 is clear that these should be made available throughout the plan-making process. The proposed approach is consistent to this. It is reasonable that the authorities collaborate in appraising the level and distribution of development.

An MOU agreeing the distribution of housing needs in Central Lancashire (in that case against the SHMA figures) has been in place since 2017, and the principle of this has been accepted at appeal as relevant in assessing five year housing land supply. The principles of a revised MOU taking account of the Icen Housing Study and the consultation which has occurred have also been supported in principle by an appeal inspector. [Appeal Ref: APP/F2360/W/19/3234070. Land to the South of Chain House Lane, Whitestake, Preston]

There is no conflict of the approach with Para 73 or Footnote 37 in the Framework as the needs of Central Lancashire have been calculated using the standard method.

## **12. The Housing Delivery Test will not be measured against the figures in the MOU.**

Similarly, the **Housing Delivery Test** for each authority would be measured against whichever is the lower of either the adopted housing requirement or the local housing need under the standard method, and NOT the figures set out in the draft MoU.

The Housing Delivery Test (HDT) Measurement Rule Book (July 2018) explains that HDT is calculated as a percentage of net homes delivered against whichever is lower of either the adopted housing requirement, OR the local housing need. It will NOT be measured against a figure that an authority has agreed to adopt outside of the plan-making process in a MOU.

### Officer response:

The three councils will measure the five year housing land supply collectively, applying the distribution of housing need as set out in the MOU, which is based on the standard housing method as required by national policy and guidance.

It is the view of the three LPAs that for the purposes of the HDT, Central Lancashire delivery should be considered as one area.

**Theme: Failure to establish a true housing “requirement”. There is a lack of robust evidence to justify the overall housing need for Central Lancashire, or to justify the re-distribution to/from each individual district. The Local housing need figure should be a “policy off” figure for each Council – not a “policy on” figure (a local housing need figure must be derived without the application of any additional exercise of policy). The assumption that Central Lancs still operates as a single HMA also needs to be re-visited.**

## **13. Failure to establish a true housing “requirement”: The MOU relies on an un-tested, unjustified and insufficiently robust evidence base (the Icen Housing Study); the MOU**

**would therefore only be a partial review of housing need in the area, and does not establish a housing “requirement”.**

The MOU would only be a partial review of housing need in the area.

The standard method identifies a minimum annual “housing need” figure, it does not produce a housing “requirement”. The housing need / distribution set out in the MOU is therefore unlawful.

The Icen Housing Study / Evidence base is not robust enough to underpin the MOU.

It is inadequate to provide a robust evidence base from which to test overall housing requirement scenarios and distribution.

The MOU has only considered the Government’s standard method for assessing housing need, and not whether this should be increased to consider for example City Deal, infrastructure improvements or the economic growth set out in the SHMA.

The MOU cannot be adopted until this is done.

**Officer response:**

The proposed MOU will provide an interim assessment of housing needs which the authorities acknowledge will need to be reviewed as plan-making progresses, including to take account of new/updated evidence.

The NPPF in Para 73 and Footnote 37, together with the Housing Supply and Delivery PPG, is clear that for development management purposes that where adopted strategic policies are more than five years’ old (and have not been reviewed and found not to require updating), which is the case in Central Lancashire, that the five year housing land supply should be assessed against the local housing need using the standard method.

It is for the plan-making process, as it progresses, in due course to consider/ test alternative housing requirement scenarios; and to assess whether a housing requirement in the new Local Plan should be above/ below the standard method. In bringing together evidence through the plan-making process, the authorities recognise that they will need to further consider whether high housing provision should be made to support the economy, infrastructure delivery or affordable housing.

The proposed distribution is considered to take account of a range of factors including population, workforce and jobs distribution and strategic constraints including Green Belt. It is considered to be based on a reasonable set of criteria, and this has been supported in the recent Land at South of Chain House Lane, Whitestake appeal decision. [Appeal Ref: APP/F2360/W/19/3234070. Land to the South of Chain House Lane, Whitestake, Preston]

**14. The Local housing need figure should be a “policy off” figure for each Council – not a “policy on” figure which has incorrectly considered policy constraints when assessing housing need (a local housing need figure must be derived without the application of any additional exercise of policy).**

It is only once the full housing need has been established, that policy constraints such as Green belt should be applied to assess the capacity of each of the three boroughs.

The determination of housing need should not assess land availability, as this is a separate consideration as confirmed in the PPG (para 2a-001-20190220).

In determining the housing need it is not appropriate to consider the land availability.

A local housing need figure must be derived without the application of any additional exercise of policy, such as reducing it in order to take account of constraints such as Green Belt, since the assessment of a “policy on” scenario is the task of the Local Plan examination and not the individual Council or decision maker. The correct approach, where the adopted housing

requirement is more than five years old and has not been reviewed and found not to require updating, is to use the “policy off” standard method figure for each Council area and not another figure which is derived from the type of policy judgments which underpin the recommendations of the Icen study.

The study does not refer to / take into consideration transport infrastructure / studies; nor does it take into consideration safeguarded land; nor does it identify where new homes will be built, or which are the best areas to be developed.

Paras 4.23 to 4.42 outline the approach taken to the consideration of significant development constraints and current urban capacity upon the distribution of housing need. However, it is not appropriate for the urban capacity to be calculated without considering significant constraints such as Flood Zone 3. The urban capacity therefore cannot be relied upon as a basis for the distribution of the housing requirement.

Sites within the current urban capacity i.e. brownfield sites are notoriously difficult to develop and are often significantly constrained. The report therefore fails to acknowledge that urban capacity can only provide one part of the overall supply. It is therefore not a sound approach to place too much reliance on the existing urban capacity. Rather, it is necessary to consider other sources of supply, such as greenfield and Green Belt sites. The Report fails to provide justification as to why Green Belt release has not been considered to ensure that a sufficient level of housing delivery across Central Lancashire is secured.

The urban capacity of the settlements, presence of constraints or historic planning strategies do not have a bearing on assessing the housing needs to be met in the context of a reviewed Plan. Rather, the inclusion clouds the judgement of meeting the need for housing as close as possible to where it is needed. (When inappropriate variables are removed from Table 4.12 of the Icen report, the results are very different).

Table 4.12 should be revised to include weighting to each indicator. This would provide a more accurate reflection of housing distribution. Each indicator is relevant, however should be given proportionate weight according to its significance in determining the housing requirement distribution.

Given the national affordable housing crisis, the greatest weight should be attributed to affordable housing provision. Significant weight should also be attributed to the local housing need prior to re-distribution and the distributions of the population and workforce. The distribution should also acknowledge the importance of the location of past completions.

Officer response:

The authorities are working collaboratively to plan for the development needs of Central Lancashire. The local housing need has been assessed as 1,026 dpa across Central Lancashire, using the standard method. This is not a policy-on figure and takes no account of policy constraints/capacity.

National policies and guidance are clear that the distribution of the housing needs of Central Lancashire within the area are matters for the authorities to consider through the Duty to Cooperate, as took place in the development of the existing Core Strategy. As explained, the NPPF and PPG expect this to be set out in a Statement of Common Ground.

Para 2a-013 in the PPG confirms that where plans cover more than one area, as here, the area’s local housing need is the sum of the need for each LPA, and it will be for the authorities to distribute this. Collectively the authorities are meeting Central Lancashire’s housing need in full consistent with national policy.

The Icen Study has brought together a range of considerations including the distribution of population, workforce and jobs, and strategic constraints in recommending a distribution of

homes. This does not represent the application of policy constraints to the area's housing need and has been considered after the area's (i.e. Central Lancs) housing need has been assessed.

The Councils do not accept that the base standard method figures for individual authorities necessarily provide an appropriate distribution of development, as they are influenced by historical demographic growth which has been influenced by historical planning policies, infrastructure constraints and housing delivery; which is not a fair reflection of relative need or sustainable distribution of development looking forwards.

As preparation of the new Local Plan progresses, further assessment of land availability including locations for development, safeguarded land, urban capacity and other sources of supply will progress; and alongside other evidence including transport studies and assessments may influence both the scale and distribution of housing development in the forthcoming Local Plan. These issues will thus continue to be considered as the preparation of the Local Plan progresses with further opportunities for consultees to input and comment.

**15. The "assumption" in the Housing Study that Central Lancashire is still a single Housing Market Area (HMA) needs to be questioned / re-visited.**

The evidence within the Icen report (including Table 3) raises questions as to whether the assumption about the area being a single housing market area (HMA) is correct. This needs to be re-visited. The data shows that Preston sits away from the other two local authorities and the relationship in respect of house prices between Preston and Chorley/South Ribble is actually relatively weak. The study should have reviewed the HMA in the first instance. The SHMA set out the methodology for defining its HMA, but as this was undertaken in 2017, it is now considerably out of date particularly in light of the changes to national planning policy and guidance. A review of the HMA is essential. A distribution based largely on the availability of housing land does not accurately and robustly reflect the need for housing across the three areas.

The assumption does not reflect how the Central Lancashire market operates, as shown in the review of the house price and migration data, and affordability ratios (e.g. the market and affordable housing needs in Chorley, including specific groups, are not met). Chorley's affordable housing need should be met in Chorley and redistributing it to Preston will not meet that need.

Further evidence will need to demonstrate the consideration given to house price differentials/data, migration flows, affordability, travel to work relationships, and existing and planned infrastructure pressures. This evidence should also highlight the importance of retaining an appreciation of locally-based needs which should take into account more qualitative factors, such as school catchment areas and the desires of people to remain close to families.

The SHMA was only published in 2017. If this is considered up to date enough to rely on in terms of establishing the HMA, then the SHMA should also be considered up to date enough in terms of the housing requirement / distribution that it identified (but the MOU proposes a requirement / distribution far below those set out in the SHMA).

There is a clear correlation between the distribution of the workforce and the distribution of the population. These indicators (as shown in Tables 4.1 and 4.2 of the Icen report) are fundamental to assessing where new homes are required – as they provide a clear picture of where the bulk of the population, and the workforce are located.

**Officer response:**

There has been no change in Planning Practice Guidance regarding how housing market areas are defined between the publication of the SHMA in 2017 and now (early 2020). The evidence base supporting the identification of the Central Lancs HMA is set out in Section 2 of the SHMA.

The SHMA considered national and regional research on housing market geographies, both of which supported the identification of a Central Lancs housing market. It considered housing price dynamics, migration and travel to work patterns finding that triangulation of the sources strongly supports placing Chorley, Preston and South Ribble within a common and unique Housing Market Area. Besides house prices, much of the detailed core local data considered in that report remains the most recent available.

Preston's urban area and the main urban areas in South Ribble (including Penwortham and Bamber Bridge) are in close proximity to one another, and there is clear and strong migration and commuting relationships between the three authorities. Average house price differentials are influenced by the mix of homes sold, which varies by area, and by urban/ rural distinctions. Prices by type across the three areas are relatively similar, as for instance Tables 5.1 and 5.2 in the Icen Study show.

In contrast to the approach to defining housing markets, the PPG has revised the approach to be used in assessing local housing need through the introduction of the standard method. This constitutes a new and revised approach to calculating the overall need for housing. The 2017 SHMA does not therefore provide an appropriate basis for quantifying Central Lancashire's objectively assessed need for housing and the OAN figures in the 2017 SHMA are therefore out-of-date.

**Theme: The proposed housing distribution is imbalanced and unjustified. The identified housing need is too low & needs increasing - for Central Lancashire as a whole, and for the individual districts (Chorley in particular). Consideration should be given to growth strategies and strategic infrastructure projects such as the City Deal, etc. A lower figure will stifle sustainable economic growth and does not align with the growth ambitions. It will also render Core Strategy Policies 1 and 4 out of date.**

#### **16. The proposed housing distribution is imbalanced and unjustified.**

The rationale as to why the precise proportions have been attributed to each authority is not clear. There is a lack of weight given to some key factors, such as the delivery of affordable housing, which are currently underpinning the national housing crisis and there is no robust evidence to support the proposed distribution.

It is not clear from the evidence provided why the precise proportions that have been proposed are as they are. It is not clear for example why greater consideration should be given to the existing spatial strategy, the urban capacity or land not subject to national constraints over the evidence in relation to the local housing need identified for each authority or to the level of historic completions.

It is unclear why the Councils have not chosen to pursue a housing requirement more reflective of the delivery levels that they are capable of achieving, and to align with the regional growth strategies for the area and national commitment to delivering housing across England.

#### Officer response:

The approach adopted to the distribution has sought to balance a range of factors as set out in Para 4.45 of the Icen Report. This takes account of factors considered relevant and justified by national planning policies in the NPPF. Paragraphs 4.46 – 4.49 set out the rationale for the proportion attributed to individual authorities.

The conclusions on the recommended distribution of housing within Central Lancashire for the purposes of the MOU have taken account of the distribution of jobs, population, and workforce and the relative affordability of the three areas are considered to support in particular sustainable patterns of development at the scale at which the issue is being considered. Nominal urban capacity and land subject to national constraints have also informed the distribution recommended in the Icen Report.

Past delivery levels have been influenced by land availability and infrastructure constraints which have affected the level and pace/phasing of development in different areas, with for instance delivery of Buckshaw Village in particular leading to significant development in Chorley. This is clear in comparing the distribution of development over the 2009-14 period which fed into the standard method (Iceni Report Table 4.5), and clearly influences the distribution of need shown therein between the three authorities, as against the more recent distribution of development (Iceni Table 4.6). There is no clear planning reason as to why the appropriate distribution moving forwards should necessarily closely mirror development trends between 2009-14.

Further consideration of sustainable patterns and the distribution of development will be undertaken as the preparation of the local plan progresses, taking account of further evidence.

**17. The overall housing need figure for Central Lancashire is too low and is contrary to the Core Strategy and national policy. The housing needs are greater than the standard method indicates (consideration should be given to growth strategies and strategic infrastructure projects such as the City Deal, etc.), and this is contrary to the Government's ambitions of boosting the supply of housing.**

The MoU is seeking to re-distribute development contrary to that set out within the Core Strategy. A reduction in overall housing requirement across Central Lancashire (when compared to the Core Strategy requirement) does not align with a wider commitment to growth in the region and is contrary to national policy. The standard method for assessing local housing need only provides a minimum starting point in determining the number of homes needed in an area.

Utilising the standard method calculation, Chorley has the highest housing requirement (579dpa), followed by Preston (241dpa) and South Ribble (206dpa). It must therefore be questioned how it can be a justified approach to inverse the ranking for Chorley— awarding the authority the lowest housing requirement under the proposed distribution.

The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behavior. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates. This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:

- growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);
- strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or
- an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;

There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.

Firstly, there is a growth strategy for the area where funding is in place to promote and facilitate additional growth. "City Deal" is an agreement between the Government and four local partners; Lancashire County Council, Lancashire Enterprise Partnership, Preston City Council and South Ribble Borough Council. A total of £434m new investment will lead to the expansion and

improvement of the transport infrastructure in Preston and South Ribble at an unprecedented rate, enabling a forecast 20,000 new jobs and 17,420 new homes to be created over a 10 year period. The 17,420 dwellings over a 10 year period in South Ribble and Preston is significantly higher than the standard method and the draft MoU propose. Within this context, it is surprising that there is no reference to the City Deal in the draft Iceni report.

Secondly and linked to the City Deal there are several strategic roads and other infrastructure improvements, which are being delivered in the area that will drive an increase in the number of homes needed.

Thirdly, it is not known at this stage whether any unmet need from neighbouring authorities could be delivered in Central Lancashire. The draft Iceni report makes no reference to this having been considered.

Finally, there is a recent SHMA in Central Lancashire, which was only published two years ago and considers that the housing needs in the area are significantly greater than the outcome of the standard method. This is due in part to the economic growth in Chorley and South Ribble, which has not been considered in the draft Iceni report.

The local housing need figure shows a reduction from the Core Strategy of 1,341 to 1,026 (a 24% reduction). This is not contributing to the Government's aim of 'boosting the supply of housing', in fact it is planning for significantly less housing and is contrary to the Government's ambitions.

Officer response:

The Core Strategy housing requirement figures set out in Core Strategy Policy 4 are out-of-date. They were based on the now revoked Regional Spatial Strategy for the North West (the RS). This was based on evidence of housing needs which was prepared in 2003, prior to the RS adoption in 2008. It does not provide a reliable basis against which to assess current or future housing needs.

The NPPF sets out that for plan-making, the strategic policies should be informed by a local housing need assessment conducted using the method in the PPG (NPPF Para 60); whilst Para 73 states that where the housing requirement in adopted strategic policies (i.e. in the Core Strategy) is more than 5 years old, five year housing land supply should be assessed against the local housing need.

The NPPF and PPG have been revised to replace the methodology for assessing an 'objectively assessed housing need' in the 2012 NPPF and associated 2014 PPG with the standard methodology, addressing Government's objectives of creating a simpler, quicker and more transparent means of identifying housing needs. This renders the assessment of OAN (i.e. the specific OAN figures) within the 2017 SHMA out-of-date and inconsistent with current national policy/guidance.

The PPG does set out circumstances in Para 2a-010 in which it might be appropriate to plan for higher levels of housing provision than the minimum figures generated by the standard method. These are however considerations for the plan-making process, not decision-making. For decision making, the PPG on Housing Supply and Delivery is clear that five year housing land supply should be assessed against the standard method. The authorities propose to do this, and the proposed housing requirement figures in the MOU are based on distributing the local housing need derived from the standard method.

As the plan-making process progresses, the authorities recognise that they will need to take account of future data releases and evidence, and engagement on what level of housing provision should be planned for in Central Lancashire. The outcomes of this may in time require the level or distribution of housing provision to be updated either through the revision of the MOU or the preparation of the new Local Plan.

Issues of unmet need from other authorities are also considerations which may need to be taken into account as the preparation of the new Local Plan progresses but are not relevant to the calculation of five year land supply for development management purposes. The Councils will continue to engage actively in discussions with authorities in neighbouring areas as appropriate through the plan-making process.

The standard method figures for individual authorities have been significantly influenced by the distribution of development over the 2009-14 period which influenced migration and demographic growth in the 2014-based Household Projections. This is clear from the analysis of housing completions in Section 4 of the Icen Study. Planning on the basis of these figures would perpetuate the distribution of development seen over this five year period in which there were particular constraints to development in Preston and South Ribble which funding for major strategic infrastructure is now addressing. The more recent distribution of development in Central Lancashire (Icen Table 4.6) has been notably different.

The Central Lancashire City Deal is clear that this was about accelerating the delivery of development in Preston and South Ribble which was planned for through the Central Lancashire Core Strategy. It established an Infrastructure Delivery Programme and Investment Fund to deliver the critical infrastructure required to enable the full development of significant housing and commercial development schemes. The City Deal did not suggest or indicate an acceptance of a higher level of housing need, it's focus was bringing forward delivery of the housing numbers in the Central Lancashire Core Strategy.

A review of the City Deal has been undertaken and it is clear that this has been a success in increasing the rate of housebuilding in Preston and South Ribble, through delivering the earlier provision of infrastructure to enable development, providing certainty and increasing market confidence. However, the cost of providing the significant infrastructure required have increased and it will be necessary to both extend the City Deal period and consider ambitious housing targets in order to ensure this infrastructure is fully funded.

Consideration of whether it is appropriate to plan for higher housing figures, or provide additional supply to facilitate delivery above minimum requirement figures (subject to market demand) are issues for the new Local Plan to consider, and are not considered relevant to the MOU and the assessment of five year housing land supply in advance of the adoption of a new plan.

**18. A lower figure than the Core Strategy will stifle sustainable economic growth and does not align with the growth ambitions of the LEP and the City Deal & other strategic infrastructure projects, etc.**

There should be some alignment between the ambitions of the LEP to increase the number of jobs and the level of housing growth set out in the Housing Study, and the infrastructure as part of the City Deal.

Without this alignment, a housing figure less than the current Core Strategy figure is likely to stifle future growth, rather than support it. To accept a housing requirement below that which was previously adopted, seems illogical and at odds with Central Lancashire's aspirations to be a driver of sustainable economic growth for the region.

Officer response:

The Government has removed the requirement to align evidence and strategies for homes and jobs, recognising that forecasting future economic performance was one of the most complex and disputed elements of determining an area's OAN. Following the approach outlined in the NPPF and PPG, it is not relevant to five year housing land supply calculations in advance of the adoption of a new local plan.

The City Deal is not part of the Development Plan; rather it assists in supporting investment into infrastructure delivery programme for Preston, South Ribble and Lancashire. It is not embodied

in policy, is not identified in the NPPF or Guidance as a consideration in assessing five year land supply in advance of the Local Plan adoption. The City Deal has undergone a mid-term review and the outcome of that will be considered through the new Local Plan.

The alignment of other evidence and strategies for housing and employment will also be considered through the plan-making process as further evidence is prepared. The LEP is for instance in the process of preparing a new Local Industrial Strategy, a Greater Lancashire Plan is to be prepared, and the authorities will take account of further evidence through the plan-making process as it progresses.

**19. The re-distribution figures for the districts (Chorley in particular) is too low and is contrary to both the Core Strategy AND the minimum number required (Chorley in particular) using the Standard Method. The housing needs are greater in the districts than the standard method indicates.**

The housing numbers for each district as a result of the proposed re-distribution in the MOU, are not the same as the minimum housing need set out in the standard method.

In particular, the figure for Chorley is significantly BELOW the minimum needed if using the standard method.

Officer response:

Central Lancashire has an adopted Joint Core Strategy covering the Central Lancashire area, and is in the process of preparing a new Local Plan for the area. PPG 2a-013 is clear that where local housing needs assessment cover more than one area, in particular where strategic policies are being produced jointly – as is the case in Central Lancs – the housing need for the defined area should be at least the sum of the local housing need for each LPA within the area, and it will be for the relevant strategic policy-making authority to distribute the total housing requirement which is then arrived at across the plan area. The PPG is clear that such a distribution should be agreed through the Duty to Cooperate and set out in a Statement of Common Ground, which is what the authorities are proposing.

The proposed housing distribution meets Central Lancashire's housing needs as assessed using the standard method for Central Lancashire as a whole and is considered to be consistent with national policy. There are considered to be based on the current evidence and a reasonable set of criteria.

The standard method figures for Chorley are influenced in particular by housing provision over a five year period (2009-14) which fed into the 2014-based Household Projections, which in turn was influenced by the economic recession and delivery of the Buckshaw Village strategic site; together with infrastructure constraints which inhibited housing delivery in Preston and South Ribble. As the Icen Study shows, the distribution of development in more recent years has differed. The authorities do not consider that the standard method distribution is an appropriate and sustainable distribution of homes which should be replicated moving forwards.

**20. A lower figure than the Core Strategy will render Policies 1 and 4 out of date, which will engage the tilted balance in favour of sustainable development for decision taking.**

The draft MoU would render policies 1 and 4 of the Core Strategy out-of date. This means the tilted balance to the presumption in favour of sustainable development set out within paragraph 11 of the Framework would be engaged.

Officer response:

No. The evidence shows that the Core Strategy provides a policy framework which is capable of meeting housing need in full based on the latest evidence. Whilst the housing requirement figures in Policy 4 are considered out-of-date, the authorities are able to maintain a 5 year

housing land supply against the latest evidence of need consistent with the framework set out in Para 73 in the NPPF.

Furthermore, the housing requirement figures set out in the MOU for each of the authorities are below that in the CLCS. By implication the housing need is capable of being met and five year land supply maintained in a way which is consistent with the spatial strategy in the CLCS. Policies 1 and 4 are not therefore considered out-of-date, and the presumption in NPPF Para 11 is not considered to be engaged on this basis.

**Theme: The MOU does not adequately take into consideration key elements such as historic under-delivery; meeting un-met need from other areas; affordable housing need (especially where it is most needed, e.g. Chorley); and specialist housing such as homes for older people, etc. There is a need to concurrently bring forward alternative avenues to home ownership, and further evidence is needed in terms of the scale and geography of demand.**

**21. The MOU does not adequately take historic under-delivery into consideration.**

There are historic under-delivery issues in Preston dating back to the old RSS period (from 2003), which has resulted in a substantial backlog. There is still a significant backlog that should be accounted for when setting the housing requirement target going forward. Whilst taking account of such shortfall is not a requirement when using the standard methodology, the suppressed household formation resulting from this under delivery will be reflected/ baked into the housing projections which inform the standard method, which is a further strong reason to support an uplift. Accordingly, it is clear that the housing need is actually considerably higher than that provided by the standard method.

Officer response:

Historic under-delivery of housing and affects of this such as suppressed household formation or constrained in-migration is captured within the affordability adjustment within the standard method as set out in the PPG (Paras 2a-006 and 2a-011) which sets out that it is therefore not a specific requirement to specifically address under delivery separately.

There is a historic under-delivery of 288 dwellings across Central Lancashire over the period from the start of the Core Strategy in 2010 to 2019. This is more than addressed in the affordability adjustment applied within the standard method (which increases the need by 125 dpa relative to the household projections, and equivalent for instance to 1250 dwellings over a 10 year period across Central Lancs).

**22. The MOU is silent on identifying and meeting unmet need.**

Central Lancashire's position on whether they will take any unmet housing need does not appear to be confirmed. It is a matter which needs to be considered and potentially taken into account when establishing the housing requirement figure for Central Lancashire.

Wyre Council, which adjoins Preston City Council to the north, has unmet housing needs that it was unable to accommodate in its own administrative boundaries. Paragraph 1.4.4 of the adopted Wyre Local Plan (February 2019) also confirms that Lancaster City Council have issues with unmet need.

Officer response:

Issues of unmet need are issues for the plan-making process, not the calculation of five year housing land supply in advance of the adoption of a new local plan. The authorities will continue to engage as appropriate with neighbouring authorities on such issues.

Wyre sits within a different housing market area, for the Fylde Coast, with Blackpool and Fylde. It adopted a Local Plan in Feb 2019 which includes a review mechanism in Policy LPR1 which

commits Wyre to an early partial review of the Plan commencing in 2019 with submission of the review for examination by early 2022 to address the shortfall against the identified OAN.

Policy LPR1 sets out that this early review will include considering updated evidence of housing need, a review of transport and highways issues, and the allocation of sites within Wyre to meet the full OAN taking this into account. The Central Lancashire authorities will continue to engage with Wyre through the Duty to Cooperate through the preparation process of the authorities' respective plans.

In respect of Lancaster, the emerging Local Plan (which is at a main modifications stage) proposes a housing requirement of 522 dpa against an objectively-assessed housing need of 650-700 dpa for a 2011-34 plan period. Lancaster's local housing need as assessed using the standard method is 411 dpa, and the Council's emerging Local Plan would meet this in full. The Central Lancashire authorities will continue to engage as appropriate on issues of unmet need with Lancaster CC as appropriate as the plan making process progresses.

The Central Lancashire authorities will also engage with other neighbouring authorities, such as those within Greater Manchester, as appropriate through the Duty to Cooperate as the plan making process progresses.

**23. The need for affordable housing will not be met, especially where it is most needed (it will actually be redistributed away from where it is most needed, e.g. Chorley).**

Affordable housing need will not be met and will be directed away from where it is needed most (e.g. Chorley). The affordability adjustment, to take account of market signals, clearly evidences that the need for affordable housing is significant within all three authorities, with the greatest affordability concerns within Chorley. This indicator demonstrates a significant need for more affordable housing to be provided in Chorley to meet the needs of the population. Gross need for affordable housing needs to be given significant weight, as do household growth projections, when determining housing distribution. Current affordable housing delivery policy in the Core Strategy also needs to be considered when assessing whether the affordable housing need will be met where it is needed.

It is important for local planning authorities to consider the implications the standard method will have on delivering affordable housing need in full. If it becomes clear that affordable housing need will not be delivered in full then an increase to the total housing figures should be considered. The affordable housing need will not be met, particularly where it is most needed. Table 4.4 applies an affordability adjustment, to take account of market signals. The table clearly evidences that the need for affordable housing is significant within all three authorities, with the greatest affordability concerns within Chorley. This indicator demonstrates a significant need for more affordable housing to be provided in Chorley to meet the needs of the population.

Para 5.41 indicates a demand for alternative types of affordable housing, but the analysis derives a contradictory conclusion that if a family can afford to rent, they can also afford cheaper housing stock (however, this might not be suitable to meet their needs).

Further, paras 5.45 to 5.49 of the MoU makes an assumption that a terraced house can equally meet the needs of a growing family. This is flawed. The evidence indicates a need to concurrently bring forward alternative avenues to home ownership such as Discount to Market or Starter Homes in order assist those moving from the PRS sector.

The gross need for affordable housing, as outlined in Table 5.9 of the report, should be given significant weight in the determination of the housing distribution. The table indicates that South Ribble has the highest need, followed by Chorley. It should be noted that both of these authorities have a gross need considerably higher than Preston. It would be a significant oversight not to factor this into the overall distribution of the housing requirement.

Another factor essential in the consideration of affordable housing need is household growth projections, as outlined in Table 3.1 of the Report. The table highlights that Chorley has the highest annual household growth projections (498) – over twice the figures projected for Preston (225) and South Ribble (178).

The affordable housing requirement, as currently outlined in Policy 7 of the Core Strategy must also be considered in the determination of the housing distribution. Applying the current planning policy requirement (30%) to the proposed housing requirements would not allow the annual affordable housing need, as set out above, to be met in either Chorley or South Ribble. This is apparent without any reference to the fact that some sites e.g. small sites will be exempt from affordable housing provision, further diminishing the number of affordable homes provided. The distribution of the housing requirement is unjustified as it will not deliver sufficient affordable housing to meet the population's needs. It also fails to take account of and address relative affordability, particularly within Chorley which has the highest affordability ratio.

Officer response:

The Icen report shows a net need for rented affordable housing (Table 5.6) but does not show a need for additional affordable home ownership products (Table 5.10) in quantitative terms. Assessments of affordable housing need should take into account both the gross need and supply, as the Icen Study does. The affordable housing need however represents a need for a specific type of housing and does not have a direct influence of the overall need for housing, as Para 5.47 within the report sets out.

There is a relative similarity between the distribution of affordable housing need between the authorities and the proposed (as shown below).

	Chorley	Preston	SR	Total
Affordable Housing Need (Table 5.6)	132	250	208	590
	22%	42%	35%	100%
Proposed distribution of Standard Method LHN	282	410	334	1026
	27.5%	40%	32.5%	100%

Affordability has been one of the considerations in assessing the proposed distribution but should (and has) been considered alongside other factors. Affordability ratios are partly influenced by the existing mix of properties sold.

Through the plan-making process, the affordable housing need will be a consideration in assessing what level of overall housing provision and housing supply to plan for through the new Local Plan – consistent with the approach set out in the PPG. These are however issues for plan-making, and not for assessing the five year housing land supply where Government policy/guidance is clear that the standard method should be used.

**24. Specialist housing need, such as housing for older people, will not be met.**

With regards to specialist housing – such as for older people - the Housing Study does not take into account and fully consider the actual need in each authority and how this will be accommodated by the proposed housing requirement and the proposed distribution of that requirement.

Open market age restricted housing (to meet the lifetime homes standard) is not referred to in Para 7.9. Indeed, it is omitted from consideration in the report entirely. The needs of older persons will continue to go unmet.

Officer response:

The Icen Study considers the needs of older persons in Section 7. The needs identified include for open market age restricted housing as shown in Tables 7.10 – 7.13 (under the housing with support leasehold category). The need for homes build to Part M4(2) accessible and adaptable standard is also considered.

**25. There is a need to concurrently bring forward alternative avenues to home ownership.**

When establishing the housing requirement figure for Central Lancashire, there is also a need to concurrently bring forward alternative avenues to home ownership such as Discount to Market or Starter Homes.

Officer response:

These issues are considered within the Icen Report in Section 5.

**26. Further evidence is needed in terms of the scale and geography of demand.**

Further work is required to properly establish evidence on the scale and geography of demand. For example, so that the distribution of custom self-build homes can be agreed.

Officer response:

Needs for self- and custom-build development in Central Lancashire and its constituent authorities are considered in Section 9 of the Icen Report. The evidence is considered sufficient to inform planning policies through the new Local Plan.

**Theme: The MOU relies on data which is out of date; the household projections used are contrary to specific PPG guidance; it does not reconsider previous assessments of need (e.g. the 2017 SHMA) and it does not model or test alternatives.**

**27. The evidence relies on Land registry and VOA data, which is out of date, and is contrary to PPG. It does not reconsider previous assessments of need (e.g. the 2017 SHMA, which should especially be considered if it is being relied upon in terms of establishing the HMA), nor it does not model or test the implications of any alternative distributions.**

Table 3.2 of the Icen report derives the housing requirement for the three authorities based upon the 2014 household projections as advised by PPG. The report then goes on to assess the calculation of the standard methodology using the 2016 household projection figures from under the heading “sensitivity testing”. It states that it is prudent to do so because they are more recent official projections, before pointing out that the use of the 2016 figures for this purpose is expressly disavowed by PPG and then advising that the figure to be used for the CLA is 1026. What is therefore proposed is a deviation from the standard methodology in each of the three districts, namely:

- Chorley: a reduction from 579 to 282 – i.e. a reduction of 51% compared to the standard methodology;
- Preston: an increase from 241 to 410 – i.e. an increase of 70% compared to the standard methodology;
- South Ribble: an increase from 206 to 334 – i.e. an increase of 63% compared to the standard methodology.

The housing study calculates the minimum housing requirement for the HMA using the standard method but stops short of considering whether there is justification for a higher housing requirement. It is therefore incomplete. It does not consider the possibility of higher housing need above the standard method by testing the robustness of the **2014** based household projections.

It does not reconsider previous assessments of need (e.g. the **2017 SHMA**);

It does not model and test alternative distributions/apportionment figures; or the potential negative impacts of the combined standard method figure being lower than the combined adopted Core Strategy requirement.

Nor does it consider higher growth to align with City Deal and economic-led objectives and aspirations.

Furthermore, it only tests use of **2016** based household projections notwithstanding that national guidance (PPG) *expressly* indicates that they are not to be used.

Officer response:

The assessment of need is based on the Government's standard method consistent with the PPG and using the data sources set out therein. It uses the 2014-based Household Projections in calculating Central Lancashire's local housing need, as the PPG specifies. This is used to define the scale of housing need across Central Lancashire, consistent with the PPG (including Para 2a-013). The authorities have then considered how this is best distributed consistent with the approach envisaged in the PPG through the Duty to Cooperate. In doing so, the Icen Housing Study has considered a number of alternative bases for distribution of the need.

As set out in the response to previous questions, the housing need will be kept under review as the plan making process progresses including taking account of additional evidence and public consultations on the emerging plan. This will include considering (through the plan-making process) whether justification exists for the new Local Plan to set a higher housing requirement or provide sufficient supply to enable higher housing delivery than the standard method.

The objectively assessed housing need (OAN) figures within the 2017 SHMA was based on the approach set out in the 2014 PPG which has been since amended and revised by Government and is therefore out-of-date.

**Theme: The Councils should not rely on the Pear Tree Lane appeal decision. Further, the more recent Chain House Lane appeal decision does not take precedence over all other appeal decisions.**

**28. The Councils should not rely on the Pear Tree Lane appeal decision [Appeal Ref: APP/D2320/W/17/3173275] at Euxton. The more recent Chain House Lane appeal decision [Appeal Ref: APP/D2320/W/17/3173275] does not take precedence over all other appeal decisions.**

In the Pear Tree Lane appeal decision [Appeal ref: APP/D2320/W/17/3173275], the Inspector confirmed it would not be unreasonable to continue using the unchanged housing requirement figure and unchanged apportionment in the adopted Core Strategy. More importantly it is a decision which pre-dated the up to date approach of the use of the standard method. The proposed draft MoU circumvents that approach by declaring that it intends to revise the housing distribution and promote a new 'policy-on' approach to calculating five year supply well in advance of that distribution being properly tested through the Local Plan review examination process.

The more recent Chain House Lane appeal decision [Appeal Ref: APP/D2320/W/17/3173275, Land at Pear Tree Lane, Euxton] does not take precedence over all other appeals.

Officer response:

The Pear Tree Lane appeal inspector gave weight to the fact that the authorities have a shared core strategy and proved track record of joint working; an evidence base that considered housing needs across the Central Lancashire housing market area; and an approach to the apportionment of the HMA's housing needs which had been considered and agreed by the three Central Lancashire local authorities.

The principles of the revised MOU, once it has been consulted upon and endorsed by the three authorities, have also been supported in a recent (Dec 2019) appeal decision regarding Land to the South of Chain House Lane, Whitestake, Preston. [Appeal Ref: APP/F2360/W/19/3234070, Land to the South of Chain House Lane, Whitestake]. This includes the housing need calculation using the standard method for Central Lancashire and the criteria considered in assessing the proposed distribution, which the Inspector found to not different significantly from the Core Strategy distribution.

**Theme: Brownfield land.**

**29. Brownfield land has not been adequately considered.**

The NPPF Section 11 seeks to encourage more Brownfield reuse, and the identification of all brownfield land in the brownfield registers is important. CPRE is urging Government to invest more in our wasted Brownfield land. Preston needs much needed investments as do the existing towns of South Ribble and Chorley. It is possible that a more comprehensive search for previously used sites is necessary as regeneration should be at the heart of the Local Plan for Central Lancashire.

The Brownfield Registers appear to have overlooked some sites, or classed them as 'unsuitable', when in reality they have potential that should be unlocked by relevant stakeholders. If more brownfield land was recorded and higher density development provides more housing, the need to build on countryside, particularly that afforded Green Belt protection would be avoided.

Officer response:

The Iceni Study has sought to arrive at a nominal 'broad urban capacity figure' by taking the total quantum of untested SHELAA housing submissions and removing those submissions which fall wholly within the Green Belt or within open countryside. At this point in time, on the basis of the current evidence base and the SHELAA process, it is recognised that there will be opportunities for sites to be reconsidered subject to further testing/ analysis as the plan-making process progressed.

The Housing Study is clear at paragraph 4.36 that "The [SHELAA] assessment is not expected to determine which of these sites are most suitable to meet those requirements however; as this is the role of the Local Plan." The study also emphasises at paragraph 4.40 that "this figure [housing capacity] has not been subject to detailed constraints testing and the figures set out are not an indication of deliverable or developable supply. For instance, some of the sites included within the Table below are situated within the Green Belt or Flood Zone 3. There is also the possibility that there is an element of double counting in the sites submitted to the SHELAA process which have yet to be filtered out".

As the plan-making process continues to progress, the Councils will give further consideration to the suitability of brownfield and greenfield sites; setting the deliverability of these sites against the criteria clearly stated in national planning policy and guidance.

The Call for Sites 3 is requesting brownfield sites and the Councils will continue to look for brownfield sites.

The Councils are not considering a Green Belt review. The Local Plan will apply a sequential / hierarchical approach i.e. brownfield sites first. A Green Belt review would only be considered if there are not enough deliverable sites to meet the identified need.

The 3 authorities keep their Brownfield Registers up to date. Additional sites can be submitted on the Brownfield Registers – please let us know about any brownfield sites so they can be added if appropriate.

### **Theme: Inaccuracies in the Icen Report.**

#### **30. There are inaccuracies in the Icen Report:**

##### **Table 4.12**

Even if the inclusion of all of the proposed variables as being relevant for informing the distribution are accepted as relevant, the average (mean) of the percentages presented in each column do not result in the recommended percentage split at the bottom of the column. It is noted that **the average of the numbers would not necessarily equate to a proportion of housing** (i.e. add to 100) the 'Land Not Subject to National Constraints' row does not total 100%. However, even when prorated the numbers still do not match the recommended split in Table 4.12. **While these differences are small they show that the evidence being relied upon is not entirely accurate.** As a side, it is noted that the population distribution row does not add to 100%.

The inclusion of 'Nominal Urban Capacity', 'Existing Spatial Strategy', and 'Land not Subject to National Constraints' as determining factors in the proportioning of the housing requirement of Central Lancashire. The urban capacity of the settlements, presence of constraints or historic planning strategies do not have a bearing on assessing the housing needs to be met in the context of a reviewed Plan. Rather, the inclusion clouds the judgement of meeting the need for housing as close as possible to where it arises in a sustainable manner. **When the 3 inappropriate variables are removed the results of table 4.12 are different.**

**Table 4.12 should be revised to include weighting to each indicator.** This would provide a more accurate reflection of housing distribution. Each indicator is relevant, however should be given proportionate weight according to its significance in determining the housing requirement distribution. Given the national affordable housing crisis, the greatest weight should be attributed to affordable housing provision. Significant weight should also be attributed to the local housing need prior to re-distribution and the distributions of the population and workforce. The distribution should also acknowledge the importance of the location of past completions.

##### **Tables 3.1 and 5.9**

Two other factors are essential in the consideration of affordable housing need, namely the household growth projections, as outlined in Table 3.1 of the Report and the need for affordable housing, as outlined in Table 5.9.

The table highlights that Chorley has the highest annual household growth projections (498) – over twice the figures projected for Preston (225) and South Ribble (178). This identifies that the greatest increase in household numbers is anticipated within this authority. The gross need for affordable housing should also be given significant weight in the determination of the housing distribution. The table indicates that South Ribble has the highest need, followed by Chorley. It should be noted that both of these authorities have a gross need considerably higher than Preston. The delivery of affordable housing within these authorities is therefore vital. It would be a significant oversight not to factor this into the overall distribution of the housing requirement.

The affordable housing requirement, as currently outlined in Policy 7 of the Core Strategy must also be considered in the determination of the housing distribution. Applying the current planning policy requirement (30%) to the proposed housing requirements would not allow the annual

affordable housing need, as set out above, to be met in either Chorley or South Ribble. This is apparent without any reference to the fact that some sites e.g. small sites will be exempt from affordable housing provision, further diminishing the number of affordable homes provided. The distribution of the housing requirement is unjustified as it will not deliver sufficient affordable housing to meet the population's needs. It also fails to take account of and address relative affordability, particularly within Chorley which has the highest affordability ratio.

Officer response:

In respect of Table 4.12, the Icen Study is clear at paragraph 4.46 that the Table sets out “the various variables which have influenced our recommendation on the distribution of housing need”. It is intended that the distribution should recognise the need to maximise urban capacity; locate homes close to jobs in order to build a strong and response economy; and respond to the extent of nationally significant constraints in Chorley and South Ribble.

This approach is reflective of the Framework's emphasis on promoting sustainable patterns of development. It is however noted that the population distribution does not add up to 100%. The split should in fact read: Chorley: 32%, Preston: 38% and South Ribble: 30%.

It should be stressed that the variables of 'Nominal Urban Capacity', 'Existing Spatial Strategy', and 'Land not Subject to National Constraints' do not influence the assessment of local housing need; but do influence the distribution of the local housing need. This is considered to be fully justified by the PPG [2a-013] which enables authorities planning on a joint basis to distribute the sum of the local housing need for each planning authority.

The variables set out in the Housing Study are considered to support sustainable patterns of development in accordance with national policy and guidance; and an appropriate basis for which to arrive at a distribution of the total local housing need figure for the joint plan area.

## MOU

18. Appendix 2 shows the revised MOU February 2020. The only difference is the date.

## NEXT STEPS

19. Following the JAC

- The Memorandum of Understanding and Statement of Cooperation (as shown at Appendix 2) will be taken through the relevant delegation/ Full Council approval processes for each Council;
- The approved MOU and consultation responses will be inserted on the Councils websites and Central Lancashire Local Plan website and all responders notified of the MOU approval and responses to their representations.
- To agree to update the Icen Housing Study for finalisation as evidence; and
- The Councils to work together to monitor housing completions and five-year housing land supply positions against these requirements and present to JAC when completed.

Report Author	Ext	Date	Doc ID
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