Report of	Meeting	Date
Central Lancashire Planning Local Plan Coordinator	Central Lancashire Strategic Planning Joint Advisory Committee	12 September 22

CENTRAL LANCASHIRE LOCAL PLAN UPDATE

RECOMMENDATION(S)

1. To agree to taking forward the preferred approach of using the Employment led CE (CR 2020 1-to-1) projection as the basis of calculation of housing need at 1,334 per year (20,010 over the plan period) for the Central Lancashire Local Plan.
2. To use the agreed housing need of 1,334 per year for Central Lancashire as the basis for development of housing policies in the emerging Local Plan

EXECUTIVE SUMMARY OF REPORT

3. This report provides detail on the approaches reviewed by Consultants DLP with Edge Analytics in preparing their recommendation on the housing need for Central Lancashire over the Plan period 2023-2038.
4. The report provides the evidence behind a variety of options which could be considered, and conclusions on which approach is considered most appropriate for the area.

Confidential report Please bold as appropriate	Yes	**No**

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

5. To agree to the housing figure to be used as the basis for distributing housing need across the three councils and to form the basis of policy development in the Local Plan.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

6. The report presented a number of scenarios to calculate housing need. These looked at taking forward the Local Housing Need (LHN) as set out by government (the standard method calculation) alone, as well as a range of population and employment led projection forecasts using Office of National Statistics (ONS) data and alternative approaches to forecasting growth. These options also looked at different impacts of migration and commuting patterns.

7. The detail for each of the options is set out in Section 6 of the report.

8. The alternative options were rejected on the basis that the preferred option better reflects the future direction of growth for Central Lancashire and recent delivery rates.

CENTRAL LANCASHIRE LOCAL HOUSING STUDY

National Policy requirement

9. DLP Planning and Edge Analytics were appointed by the Central Lancashire Authorities (Chorley Council, Preston City Council and South Ribble Borough Council) to prepare a Housing Needs Assessment (HNA) for the area. The objective of the study was to identify the level and distribution of future housing needs across Central Lancashire for the period 2023 to 2038.

10. NPPF sets out the process which Local Planning Authorities (LPAs) should use when identifying housing needs for their area.

11. The NPPF states that the Standard Method should be used to calculate LHN "unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals" (NPPF, paragraph 61). The LHN calculated using the Standard Method is therefore a minimum starting point for determining the number of homes needed in a local authority area.

12. In addition to the housing need, NPPF also requires LPAs to identify the housing needs of different groups. This work is subject to a separate report prepared by consultants Arc 4 for each of the three Council's individually, and therefore does not form part of this report.

Study Findings

13. The report is split down to look at different aspects of information which will play a part in defining the overall housing need for Central Lancashire as set out in the growth scenarios presented for discussion.

Housing Market Area

14. The Central Lancashire Authorities have operated as a single housing market area for many years. To ensure this approach was still correct going forward, this study looked at relevant data within the HMA and neighbouring areas to justify continuing down this route.

15. The work reviewed previous SHMA's prepared for Central Lancashire as well housing need assessments in surrounding areas alongside evidence from census data and migration flows and concluded that maintaining a single housing market area for Central Lancashire would represent a reasonable and effective option for the assessment of housing need.

Demographic profile of Central Lancashire

16. This section of the report provides detailed information on the demographic profile for each of the districts, as well as the plan area as a whole. Using data from ONS, profiling of the population has been undertaken looking at historic data on population growth and mid year population projections for 2020.

17. This data is also provided on a ward basis for Central Lancashire and shows population growth over the past 20 years. It also looks in more detail at the age profile of the population and the drivers for growth.

18. Migration patterns are also looked at and how they have impacted on population growth across the 3 authorities. In addition, housing completion data is also analysed and this data also considers the scale and distribution of new housing as large developments can attract people to move to the area.

19. Data from royal mail and land registry has also been reviewed in this section to show patterns of home moves across the area.

20. This section also considers data on economic activity across central Lancashire and looks at commuting patterns to understand where the workforce for each area resides.

Local Housing Need

21. This section of the report explains how the standard method calculation for the three councils which the Government prescribes should be used for calculating LHN is derived. It sets out the current figure for Central Lancashire of 988.

Growth Scenarios

22. All the data gathered in the previous sections of the report is used to present a range of scenarios for housing need for Central Lancashire.

23. Edge Analytics has used POPGROUP (PG) technology to develop a range of demographic scenarios for each of the Central Lancashire authorities.

24. In POPGROUP, 13 scenarios have been configured, using the latest demographic statistics. The range of scenarios identified reflect the context provided by the Planning Practice Guidance outlining that the Councils will be required to use the evidence provided by this study to demonstrate that any alternative approach adequately reflects current and future demographic trends and market signals (ID: 2a-015-20190220).

25. The benchmark scenario presented is the 'Dwelling-led LHN' scenario, linked to the housing need figures derived using the government's Standard Method.

26. Three trend-based scenarios have also been developed, using alternative migration histories from which to calibrate future growth assumptions. These 'PG' trend scenarios are based on a continuation of short- (5-year), medium- (10-year) and long-term (19-year) migration histories and all incorporate a 2020 mid-year estimate (MYE) base year. In these scenarios, fertility and mortality assumptions are drawn from the latest 2018-based ONS projection.

27. In all scenarios (including the Dwelling-led LHN), household and dwelling (housing) growth have been estimated using headship rate and communal establishment assumptions from the 2014-based household projection model (HH-14), and dwelling vacancy rates of 3.9% for Chorley, 4.6% for Preston and 3.4% for South Ribble, drawn from 2011 Census data. Note that in all scenarios (including the Dwelling-led LHN), no adjustments have been made to the underpinning headship rates; these are drawn directly from the 2014-based official projections. The scenario outcomes (e.g., population growth, annual net migration) are therefore comparable across all scenarios.

28. A final set of 'employment-led' scenarios have also been developed, underpinned by the employment forecasts from Cambridge Econometrics. In these scenarios, the relationship between population and employment growth are modelled using key assumptions on economic activity rates, unemployment and commuting.

29. Two 'commuting sensitivity' scenarios evaluate the impact of alternative commuting ratios on the growth outcomes of the Employment-led scenario. The first sensitivity (CR 2020), utilises updated 2020-based commuting ratios. In the second sensitivity, the 2020 commuting ratios have been adjusted in each year of the forecast on the assumption that future jobs growth is provided for under a 1:1 commuting ratio (i.e., for every new job created in a district there is a worker available to fill it).

30. Table 1 below provides a description of each of the scenarios modelled.

Table 1: Scenario definition

SNPP-2014	Replicates the ONS 2014-based SNPP population projection, using historical population evidence for 2001–2014.
SNPP-2018	Replicates the ONS 2018-based SNPP *Principal* population projection, using historical population evidence for 2001–2018, drawing internal migration assumptions from a two-year period (consistent with the new ONS HELM methodology).
SNPP-2018-HIGH	Replicates the ONS 2018-based SNPP *Higher Migration* population projection, using historical population evidence for 2001–2018. This variant assumes higher levels of net international migration.
SNPP-2018-LOW	Replicates the ONS 2018-based SNPP *Lower Migration* population projection, using historical population evidence for 2001–2018. This variant assumes lower levels of net international migration.
SNPP-2018-ALTERNATIVE	Replicates the ONS 2018-based SNPP *Alternative Internal Migration* population projection, using historical population evidence for 2001–2018. This variant uses five years of internal migration data to inform the projection: two years using ONS' new HELM methodology and three years using the previous ONS methodology.
SNPP-2018-10YR	Replicates the ONS 2018-based SNPP *10-year Migration* population projection, using historical evidence for 2001–2018. This variant uses 10 years of all migration data to inform the projection.
PG-5Y	Uses an ONS 2020 MYE base year, with migration assumptions calibrated from a 5-year historical period (2015/16–2019/20).
PG-10Y	Uses an ONS 2020 MYE base year, with migration assumptions calibrated from a 10-year historical period (2010/11–2019/20).
PG-Long-Term	Uses an ONS 2020 MYE base year, with migration assumptions calibrated from a 19-year historical period (2001/02–2019/20), including the UPC adjustment in the 2001/02–2010/11 MYEs.
Dwelling-led LHN	Models the population growth impact of the MHCLG's Standard Method target of +542 dpa for Chorley, +265 dpa for Preston and +181 dpa for South Ribble.
Employment-led CE (CR Census)	Models the population growth impact of an average employment growth of +343 per year for Chorley, +393 per year for Preston and +375 per year for South Ribble, as implied by the Cambridge Econometrics forecast. Uses 2011 Census commuting ratios fixed throughout the forecast period.
Employment-led CE (CR 2020)	Models the population growth impact of an average employment growth of +343 per year for Chorley, +393 per year for Preston and +375 per year for South Ribble, as implied by the Cambridge Econometrics forecast. Uses updated 2020 commuting ratios, fixed throughout the forecast period.
Employment-led CE (CR 2020 1-to-1)	Models the population growth impact of an average employment growth of +343 per year for Chorley, +393 per year for Preston and +375 per year for South Ribble, as implied by the Cambridge Econometrics forecast. Uses the updated 2020 commuting ratios, adjusted on the assumption that future jobs growth is provided for under a 1:1 commuting ratio.

31. Table 2 below presents the outcome of each of the scenarios modelled. This sets out a dwellings forecast for Central Lancashire as a whole, rather than by district.

Table 2 Scenario Outcomes

Scenario	Change 2023–2038				Average per year		
	Population Change	Population Change %	Households Change	Households Change %	Net Migration	Dwellings	Employ-ment
Employment-led CE (CR Census)	31,343	8.2%	19,647	12.0%	1,862	1,364	1,070
Employment-led CE (CR 2020)	30,879	8.1%	19,460	11.9%	1,835	1,351	1,070
Employment-led CE (CR 2020 1-to-1)	30,303	8.0%	19,208	11.8%	1,789	1,334	1,070
SNPP-2018-HIGH	26,455	7.0%	17,201	10.6%	1,525	1,195	980
PG-5Y	22,019	5.8%	15,848	9.7%	1,288	1,102	764
PG-Long-Term	19,140	5.0%	14,670	9.0%	1,093	1,020	776
Dwelling-led LHN	18,524	4.9%	14,226	8.8%	1,125	988	573
SNPP-2018	18,521	4.9%	13,935	8.6%	1,097	968	632
PG-10Y	17,146	4.5%	13,601	8.4%	1,031	945	586
SNPP-2014	14,935	4.0%	11,766	7.3%	370	817	245
SNPP-2018-ALTERNATIVE	11,587	3.1%	11,367	7.0%	746	789	362
SNPP-2018-LOW	10,582	2.8%	10,666	6.6%	668	741	283
SNPP-2018-10YR	7,515	2.0%	9,550	5.9%	503	663	244

32. Table 3 presents the housing needs by authority for all 13 scenarios modelled, showing the proportional split assigned to each area. In the majority of scenarios, Chorley sees the highest proportion of housing growth, reflecting the higher levels of population growth projected there.

33. The differences in the housing growth outcomes in the employment-led scenarios are a result of the different commuting ratio assumptions applied. The commuting Ratios have been looked at to seek to align employment growth with housing growth to ensure as the plan develops, each authority has the housing it needs to support its workforce.

Table 3 Central Lancashire scenario summary – housing needs by authority, 2023–2038

Scenario	Average Annual Housing Growth				Proportional Split		
	Chorley	Preston	South Ribble	Central Lancs	Chorley	Preston	South Ribble
Employment-led CE (CR Census)	502	409	452	1,364	37%	30%	33%
Employment-led CE (CR 2020)	529	411	411	1,351	39%	30%	30%
Employment-led CE (CR 2020 1-to-1)	428	490	416	1,334	32%	37%	31%
SNPP-2018-HIGH	532	432	231	1,195	45%	36%	19%

PG-5Y	477	431	194	1,102	43%	39%	18%
PG-Long Term	350	429	240	1,020	34%	42%	24%
Dwelling-led LHN	542	265	181	988	55%	27%	18%
SNPP-2018	483	300	184	968	50%	31%	19%
PG-10Y	445	329	171	945	47%	35%	18%
SNPP-2014	423	248	146	817	52%	30%	18%
SNPP-2018-ALTERNATIVE	415	211	163	789	53%	27%	21%
SNPP-2018-LOW	434	168	138	741	59%	23%	19%
SNPP-2018-10YR	337	192	134	663	51%	29%	20%

Justification for alternative approaches to assessing housing need in Central Lancashire

34. The National Planning Policy Framework (NPPF) requires authorities to calculate the minimum number of homes needed per year (Local Housing Need, LHN) using the Standard Method as set out in Planning Practice Guidance (PPG).

35. The current levels of LHN calculated using the Standard Method are set out in table 4 below For all three, these are lower than the average completion rates over the past 5 years. This is most pronounced in Preston where completions over the last 5 years have averaged 712 dpa, which is considerably higher than the minimum housing need figure of 265 dpa.

Table 4 Minimum Local Housing Need (Standard Method).

	Chorley	Preston	South Ribble
Minimum Local Housing Need			
Local Housing Need (dwellings per annum, dpa)	542	265	181
Central Lancashire Total		**985**	
Proportional Split	55%	27%	18%

36. PPG identifies circumstances in which it may be appropriate to consider whether actual housing need is higher than the Standard Method indicates, including 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;

37. Only those growth scenario outputs which exceed the standard method calculation are considered reasonable for further assessment, those that fell below this need were not considered further as exceptional circumstances to demonstrate this as a reasonable alternative have not been identified. The housing needs considered as reasonable alternatives to LHN are:

- **Standard Method (LHN) Baseline** – This scenario is Local Housing Need as calculated using the Standard Method for each authority.

- **POPGROUP 5-Year** – This scenario uses an ONS 2020 Mid-Year Estimate (MYE) base year, with migration assumptions calibrated from a 5-year historical period (2015/16–2019/20).
- **POPGROUP Long-Term** – This scenario uses an ONS 2020 MYE base year, with migration assumptions calibrated from a 19-year historical period (2001/02–2019/20), including the Unattributable Population Change (UPC) adjustment in the 2001/02–2010/11 MYEs.
- **Employment-led Projection (2020 Commuting Ratios held constant)** – This scenario uses employment forecasts (from Cambridge Econometrics) and assumes that existing estimated commuting ratios remain constant over the 2023 to 2038 projection period.
- **Employment-led Projection (1:1 commuting for new jobs)** – This scenario uses employment forecasts (from Cambridge Econometrics) and an assumed commuting ratio of 1:1 linked to net additional jobs growth. This assumes that for every new job created in a district there is a resident worker available to fill it and no absolute change in levels of in-commuting or out-commuting.

38. Table 5 below summarises the housing need figure under each scenario and the proportional split across the three Central Lancashire authorities compared with the average net completions over the last 5 years (2015/16 - 2020/21). The average net completions figures exceed the total annual dwelling need for Central Lancashire under all identified scenarios, but most closely aligns with the total dwelling need under the employment-led projection scenario.

Table 5 Housing Need Scenario Outcomes

Scenario	Average Annual Housing Need			Total	Proportional Split		
	Chorley	Preston	South Ribble		Chorley	Preston	South Ribble
LHN Baseline	521	266	176	963	54%	28%	18%
POPGROUP 5-Year	477	431	194	1,102	43%	39%	18%
POPGROUP Long-Term	350	429	240	1,019	34%	42%	24%
Employment-Led Projection (2020 Commuting Ratio)	529	411	411	1,351	39%	30%	30%
Employment-Led Projection (1:1 commuting for new jobs)	428	490	416	1,334	32%	37%	31%
Average net completions (last 5 years)	575	712	390	1,677	34%	43%	23%

39. The merits and risks of each scenario are then looked at in this section too, identifying the employment led projection (1:1 commuting for new jobs) as the recommended option, which sets out a housing need of 1,334 per annum (20,010 over the plan period).

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