



East Cambridgeshire
District Council

East Cambridgeshire Local Plan 2016 – 2036

Matter 3 – Objectively Assessed Needs for Housing and
Employment Land

East Cambridgeshire District Council

Hearing Statement

May 2018

Matter 3: Objectively Assessed Needs for Housing and Employment Land.

Issue 1: Whether the Council's approach to calculating its full, objectively assessed needs is justified, based on up-to-date and reliable evidence, effective, positively prepared, and consistent with national policy?

Objectively Assessed Need

20. *What is the implication of there being a different time period for housing need and employment growth? What is the justification?*

There are no known implications.

Each 'need' target is not, in policy terms, dependent on the other being achieved.

The time periods differ as the calculations in the evidence behind the two needs uses different sources/base dates of data. The housing need is derived from the standard method, the employment need via the latest OAN report (PE06). The start dates for each target are therefore aligned with their respective evidence source. Delivery rates of employment growth and housing growth will be monitored separately, from their respective base dates onwards.

There is no known policy or guidance which states all needs (or, rather, plan requirements) must start or finish at the same time.

Employment:

21. *Is the objectively assessed need for economic development based on an appropriately defined functional economic market area?*

The EEFM (see PEO6) provides economic-based forecasts for population, employment and housing over the next twenty years across the LEP areas which are either wholly or partly in the East of England, including the Greater Cambridge Greater Peterborough LEP area.

The forecast need generated for East Cambridgeshire is therefore not done in isolation, but as its share of the forecast across the EEFM area, which in turn takes into account a host of regional and sub regional economic areas.

The Council is confident that the EEFM properly takes into account functional economic areas in deriving a forecast in job growth.

22. *Is the need for 6,000 jobs consistent with the evidence? In particular, why is there such a difference between the East of England Forecast Model (EEFM) of 2014 and 2016 (7,100 jobs and 4,820 jobs respectively)? How do past trends inform the figure of 6,000 new jobs within the submitted Local Plan? How has the potential to reduce the level of*

out commuting been taken into account in calculating the 44.4 ha ‘need’ for employment land within the district?

The difference illustrates the issue with economic forecasting (whichever forecasting house or method is used). Such forecasts often vary significantly year on year, and often prove to be significantly out when the forecast year arrives. It is therefore widely accepted that economic forecasts are, at best, indicative of what might happen, and should be treated with considerable caution over a period of time which a local plan covers.

Nevertheless, even if only a ‘best guess’, economic forecasts can be helpful, at a strategic level, to assist plan making.

However, the Council does not believe it appropriate to take a precise figure generated by the latest forecast as the precise figure to be adopted in the Local Plan. Instead, the Council looked at the last two forecasts (7,100 and 4,820 jobs), and determined a mid-point of approximately 6,000 jobs to be a reasonable indicative figure to work with.

In practice, for a land use Local Plan, that figure is largely irrelevant in any event (for example, a planning application would never be refused on the basis of too many / too few jobs created, nor would any consent be conditioned along the lines of ‘this scheme must, in perpetuity, maintain x fte jobs’). What is relevant to preparing a Local Plan is the amount of floorspace likely required to accommodate the forecast in job growth.

The table below sets out the 2016 EEFM forecasts for jobs (total jobs), with the two boxes highlighted being the figure which result in the 4,820 job growth forecast between 2014-2036. Figure 10 of PE06 illustrates this data in a graph.

Source: 2016 EEFM for East Cambridgeshire, via <https://cambridgeshireinsight.org.uk/EEFM/>

Row 1 = Year; Row 2 = total jobs, in ‘000

2001	02	03	04	05	06	07	08	09	10	11	12	13
23.9	26.8	27.0	27.1	27.7	33.8	32.5	31.3	31.0	32.0	32.2	34.0	34.4

2014	15	16	17	18	19	20	21	22	23	24	25	26
36.4	37.0	37.3	37.6	37.7	37.9	38.1	38.2	38.4	38.6	38.8	39.0	39.2

2027	28	29	30	31	32	33	34	35	36	37	38	39
39.4	39.6	39.9	40.1	40.3	40.5	40.7	40.8	41.0	41.2	41.4	41.6	41.8

2040	41	42	43	44	45
42.0	42.2	42.4	42.6	42.9	43.1

In terms of **past** trends (i.e. 2001-2013), as can be seen, the reality of jobs available fluctuates considerably from year on year, with sometimes big falls and rises. The broad past trend, nevertheless, is upwards (as is the forecast). However, whilst past trends are perhaps a useful sensitivity test, the Council did not use them as a determining factor at reaching the pragmatic figure of 6,000. That figure was reached by looking at the two latest forecasts of future economic growth.

Whilst the Council emphasises again its acceptance of the limitations of economic forecasting, the Council is also conscious of the considerable risks of overly relying on statistical analysis of past trends and/or forecast trends.

For example, the 6,000 jobs referred in Policy LP2 equates to 273 jobs per annum growth, on average.

We can compare this figure of 273pa with past trends:

If the period 2006-2013 was used, the job growth was around 85 pa.

But tweak the period to 2005-2014, the job growth was over 900 pa, despite broadly covering the same time frame!

This highlights the clear difficulties in monitoring and forecasting economic growth.

Overall, the Council is confident that, on a pragmatic basis, a 'need' for the plan to facilitate around 6,000 jobs increase over the plan period is a reasonable position to take. The Council accepts that other representors could use alternatives forecasts and statistics to come up with a wide variation on that figure, but the Council sees no evidence that to use the figure of 6,000 jobs is unsound. Any alternative figure may not be any worse an estimate, but it will certainly be no better.

In terms of out commuting, no, the 44.4ha of 'need' assumes a consistent rate of out commuting and has not been adjusted to reflect any attempt to reduce out commuting.

23. *Is the assumption that employment land would be lost to other uses, over the plan period, @0.98 ha per annum justified? Is it correct that the requirement for employment land to cater for both job creation, and the loss of existing employment land to other uses, is for around 66 ha of employment land allocations?*

To both questions, the answer is yes.

Paragraphs 3.4 and 3.5 of the Employment Land Report (PE08) provide the basis for the assumptions and calculation for the loss of employment land to other uses. It is inevitable that some employment land will be lost to other uses over time, and looking at the trend for the past 17 years, an appropriate allowance has to be made for this.

Based on the available data, and as the loss of employment land has been monitored for the past 17 years, we are able to establish this trend with some confidence. Assuming this trend would carry over the plan period (and we have no evidence to doubt this), it enables the Council

to make an allowance for this loss (and thus ensure the Local Plan is providing sufficient employment land to be available to meet forecast need).

Table 11 in the Employment Land Report (PE08) shows that 44.4ha of employment land is required to accommodate some 6,000 jobs in East Cambridgeshire. Allowing for loss of employment land to other uses over the plan period, which equates to 21.56ha (see paragraph 3.5), would mean that around 66ha (44.4+21.56=65.96) of employment land would be sufficient to cater for the need.

However, if the plan only accommodated precisely this figure (66ha), this would not allow flexibility and choice that is required to attract potential employers to the area. It would also rely on the full 66ha being delivered in the plan period, because if it wasn't delivered, the overall forecast / target for jobs growth might not be met. It is well known that delivering allocated employment land is notoriously difficult to predict with any certainty, so assuming every employment allocation will be developed would be a high risk strategy.

Housing:

24. Is the Council's use of the standard methodology to determine local housing need, referred to within the consultation draft of the National Planning Policy Framework¹, justified, positively prepared, effective, consistent with national policy, and an appropriate alternative methodology to that set out within the Planning Practice Guidance²?

In February 2017 (some 15 months ago), Government published the White Paper, Fixing our Broken Housing Market ("the Housing White Paper"), which, according to Government, intends to "set out proposals to tackle the housing challenge that our country faces". One of the proposals in it was to put in place a standard method for calculating housing need, to help improve the planning system. For example, it stated at paragraph 1.2 that:

"Plan-making remains slow, expensive and bureaucratic, with arguments about the number of homes to be planned for often being a particular cause of delay – something not helped by the lack of a standard methodology for assessing housing requirements."

On 14 September 2017 (some 8 months ago), Government followed up its above proposal by publishing 'Planning for the right homes in the right places: consultation proposals'. This paper reiterated that the Government proposed to put in place a standard method for calculating local authorities' housing need. By doing so, the paper stated,

"We do not want local authorities wasting time and money on complex, inconsistent and expensive processes. This only creates lengthy bureaucratic arguments, often behind closed doors, and isolates local communities." (Foreword)

And

"The lack of a simple, standard approach to assessing local housing need has led to a costly and time-consuming process which lacks transparency" (para 12)

The Council (as confirmed in its response to the above consultation papers), agreed with the above sentiments, and welcome the introduction of a standard methodology, both in principle and in terms of the proposed actual method.

In the same document, Government stated at para 48:

“The housing White Paper states that, as an incentive to get up-to-date plans in place, in the absence of an up-to-date local or strategic plan we propose that after 31 March 2018 the new method for calculating the local housing need would apply as a baseline for assessing five year housing land supply.”

Elsewhere it referred to this 31 March 2018 cut-off date.

Thus, at the point the Council was approving its proposed submission Local Plan, and making arrangements to consult on it, the Government position was that, by 31 March 2018, the new method would apply. Notwithstanding the potential of transitional arrangements for the new method applying, the Council took the view that it wished its Local Plan to be as up to date, robust and future proofed as possible, and hence used the new national method.

Despite the subsequent, and unfortunate, delays by Government at progressing its own policy (which has the consequence of shifting the date from 31 March 2018 to something like the end of 2018), on 5th March 2018, Government published a draft revised NPPF and other associated matters. This¹ reconfirmed its intentions to introduce a standard method, stating:

“Having considered the responses, we consider that the proposed approach to assessing local housing need is the most appropriate method that meets the three key principles of being simple, realistic and based on publicly available data. We will be publishing draft guidance on the proposed methodology alongside the revised Framework. The standard method is a key part of the Government’s ambition to deliver the right number of homes in the right places. The methodology is based on population growth projections which can change. We propose to keep the methodology under review to ensure that quantity and approximate distribution of need that is established by the standard methodology remains appropriate.”

Government further stated²:

“The Government is keen to maximise the benefits of the new standard method of calculating housing need by bringing it into effect as soon as possible. However, we recognise that a number of plan-making authorities have made significant steps in preparing plans which we want them to complete. In the revised Framework, we are proposing to introduce transitional arrangements to allow plans to be examined against the old framework, where they are submitted for examination within six months of the revised Framework’s final publication.”

¹ See Government’s response to consultation responses to Q1 at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/685293/Government_response_to_Planning_for_the_right_homes_in_the_right_places_consultation.pdf

² See Government’s response to consultation responses to Q6 at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/685293/Government_response_to_Planning_for_the_right_homes_in_the_right_places_consultation.pdf

The above paragraph is therefore clearly confirming that the new method should apply 'as soon as possible' but Government recognises that it does not want to insist on the new method, if a plan is well advanced in its production which uses an 'old' method of calculating supply. In short, it is giving authorities which are well advanced with its Local Plan preparation a choice: use the new method or the old method. It does not say the 'old' method must be used in the period of transition; it simply allows the 'old' method to be used, if desired. The Council has determined to use the new method, it consulted on the Proposed Submission Local Plan on that basis, and it submitted the Local Plan on that basis.

By doing so, the Council is using a transparent method of calculating need, which is simple and effective and avoids the 'costly', 'bureaucratic' and 'time-consuming' application of a local based method which Government clearly despises of.

Notwithstanding all of the above, the **draft** NPPF of March 2018, which also maintains the Government's intention to use the national standard methodology, includes **draft** transitional arrangements. Taken as presently written in draft, it means that any plan submitted six months after the final publication of the revised NPPF will not take into account the new NPPF. This means that for East Cambridgeshire District Council, who submitted its plan in February 2018, no account will be taken of the draft NPPF and the Plan will be examined against the 'old' NPPF.

The Council has formally objected to the transitional arrangements set out in Annex 1 (Paragraph 209) of the draft NPPF, and has submitted the following response to NPPF consultation (consultation question 40):

"The proposed transitional arrangements state that any Plan submitted no more than 6 months after the publication of the new Framework, will be examined under the previous Framework.

In principle, on first reading, this might appear sensible. However, it could lead to a perverse outcome, as this scenario explains:

If a plan was submitted prior to the expiry of the transitional arrangements (potentially has already been submitted, early in 2018), that plan may (by chance or by conscious decision) include a policy which is in conformity with the new NPPF, but not in conformity with the 'old' NPPF. As an example, it could be linked to a policy which was set out in the housing White Paper, and subsequently carried forward into the new NPPF, and therefore something which a local planning authority had been aware of for some time and, rightly (or so it thought), ensured their submitted local plan conforms to it.

Taken literally, para 209 would direct an Inspector to find such a plan unsound, or seek modifications such as to make that the plan conform with the 'old' framework, but not (as the submitted plan currently does) the new one.

Surely government does not intend that scenario to occur?

It would be much clearer (and less perverse) if the last sentence of 209 said: "In these cases the examination should take no account of the new framework, with the exception being where the submitted plan (or policy therein) is in conformity with the new framework but not in conformity with the old framework. Examining Inspectors in this case should not find plans

unsound, or recommend modifications, with the express purpose of making a submitted plan policy conform with the old framework, if it already conformed with the new framework.”

Of course, we all must await the final version of the NPPF, including the final text for para 209.

If the transitional arrangements remain unaltered in the final version of the NPPF, the Council nevertheless believes that it is still appropriate to use the housing need figure arrived at via the new standard methodology, even if, technically, the Inspector should ‘take no account’ of the new NPPF (assuming it is published this summer). The reason for this is clear.

First, unlike large parts of the revised NPPF, the standard method has been consulted on separately before, Government has considered representations, and has determined to maintain the standard method. In short, this is not something new. It was, by Government, flagged up 15 months ago, consulted upon 8 months ago, determined as the way forward 2 months ago, and has been included in its revised NPPF. There appears no prospect that it is going to disappear or be radically changed.

Second, we have to remind ourselves of the point of the new method (or the old method, for that matter). It is a means to an end. It is to determine an appropriate assessment of the level of need, which can subsequently be translated into a housing requirement in a Local Plan. Thus, irrespective of any arguments of the status of the new method, and whether it should or should not have been used, the bottom line is whether the housing requirement figure is wrong, which is derived from the new method. To say it is wrong, is to say the new method is wrong i.e. the new method does not accurately determine need. Whether people have personal views on this is irrelevant; Government has quite clearly confirmed it **is** an accurate way of determining need, and hence an accurate way of helping to determine a housing requirement for a Local Plan.

The alternative is clearly perverse, putting aside any specifics of the East Cambridgeshire case. It would require an Inspector to determine that a plan is unsound for using the new method. In doing so, the Inspector would have to state that it was unsound because it failed to be based on the old, ‘costly’, ‘bureaucratic’ and ‘time-consuming’ method, a method which, at the point of adopting the plan, will not be Government policy at all.

The Council clearly hopes Government responds to the (presumably) unintended consequence of draft para 209, and clarifies its intentions.

Even without such clarification, the Council is of the view that the standard methodology for calculating housing need is an appropriate way to help establish a housing requirement, and is a method backed by Government, persistently so, over the past 18 months.

Notwithstanding all of the above, the Council’s response to Q25 demonstrates that whichever method is used, the annual need identified is virtually identical, further emphasising that using the new method is appropriate, and leads to an appropriate housing requirement in the Local Plan.

No doubt this will be a matter to be discussed at a future hearing session, and the Council reserves the right to provide further justification, clarification and/or evidence as part of statements at that stage.

25. How does this methodology compare in absolute numerical terms to the more traditional approach set out within the Planning Practice Guidance and which has been followed within the October 2016 Objectively Assessed Housing Need paper (PE6)? What is the Council's reason to alter its approach to the calculation of its objectively assessed need between the publication of the Further Draft Local Plan in February 2017 and the Proposed Submission version of November 2017?

The 'costly', 'bureaucratic' and 'time-consuming' method in the PPG was followed in PE06.

PE06 concludes that, over the slightly different (and two years longer) plan period 2014-2036, the overall need is 12,890 dwellings, or 586pa.

As PE07 explains, the standard method results in a need of 598pa.

In numerical terms, therefore, the difference is extremely small. It is only a 2% difference (the standard method, as set out in the plan, being the slightly higher of the two). Statistically, 2% is well within anybody's reasonable range of forecasting error. Or, to put it another way, nobody could conclude that 586pa is more or less likely to be an accurate reflection of need compared with 598pa.

In simple terms, the two methods have independently arrived at the same number.

To put it another way, it seems inconceivable anybody could argue that 598pa was a fundamentally unsound figure, whereas 586pa was a sound figure.

The Council altered its approach to calculating need for the reasons set out in Q24.

26. Is it appropriate that PE 6, which forms part of the Council's evidence base, relies on a district wide update of the relevant element of the 2013 SHMA, which covers the whole of the Cambridge Housing Market Area? Does the geographical extent of the HMA still remain appropriate and justified? Does the continued reliance on the wider 2013 SHMA remain consistent with the advice within the PPG, 'that local authorities should co-ordinate future housing reviews so they take place at the same time³', given that it informed the adopted Local Plan, which the submitted plan seeks to replace?

The response is broken down to several parts

Is it appropriate that PE 6, which forms part of the Council's evidence base, relies on a district wide update of the relevant element of the 2013 SHMA, which covers the whole of the Cambridge Housing Market Area?

Yes – see para 15 of PE06

Does the geographical extent of the HMA still remain appropriate and justified?

Yes – see para 20-37 of PE06

Does the continued reliance on the wider 2013 SHMA remain consistent with the advice within the PPG, “that local authorities should co-ordinate future housing reviews so they take place at the same time³”, given that it informed the adopted Local Plan, which the submitted plan seeks to replace?

The referenced PPG extract needs quoting accurately and in full.

It says:

“Where Local Plans are at different stages of production, local planning authorities can build upon the existing evidence base of partner local authorities in their housing market area but should co-ordinate future housing reviews so they take place at the same time.”

The 2013 SHMA was prepared to assist the preparation of an individual Local Plan for ALL areas it covered. At that time, alignment in plan preparation was reasonably good.

Unfortunately, plans did not proceed to adoption as scheduled. Whilst the Fenland (2014) and East Cambridgeshire (2015) plans did, the Cambridge City and the South Cambridgeshire Local Plans are now in their fifth (5) year of examination alone. Huntingdonshire has only just submitted its Local Plan, after a lengthy delay. These three delayed plans were prepared and submitted largely based on the 2013 SHMA, and none of these three parties wanted a completely full refreshed SHMA midway through their delayed plans.

East Cambridgeshire DC would, ideally, have preferred a full SHMA to be prepared in, say, 2015 or 2016, but it accepted this was not acceptable to any other party in the HMA. It therefore took PPG advice to ‘build upon the existing evidence base’. PE06 makes that point clear (para 15).

The Council hopes that partner HMA authorities will get their 2013-SHMA based plans adopted, and that the next cycle of plan making across the HMA will be aligned once more (including a possible further review of the East Cambridgeshire plan). Alternatively, of course, a ‘strategic plan’ covering the whole area might be one possibility, dependent on the outcome of the final NPPF and the local desire to produce one.

In the meantime, the reliance on the 2013 SHMA, together with updated associated evidence (such as PE06 and PE07), is a sound basis to prepare the current plan being examined, and is entirely in line with the PPG advice.

27. Are the housing figures and assumptions contained within PE6, robust and justified? Do they take into account recent DCLG household projections, appropriate market signals, forecast jobs growth and the need for adequate levels of affordable housing to be provided? Has an allowance been made for vacancy rates and second homes with reference to existing and future housing stock?

Yes, PE06 covers all of these matters, and is robust and justified.

28. What assessment has taken place of the needs of particular groups, by household size, type and tenure, including self-build and custom housebuilding? What assumptions

have been made to calculate the need for specialist housing types, for example, housing for older people and students, and for households with specific needs, to ensure that the appropriate level of need is made explicit within the plan to enable provision and delivery of the required levels and type of housing? Does the housing figure require any amendment to cater for these needs?

The SHMA reviews most of these matters.

Page 51 of chapter 12 looks at house sizes - <https://cambridgeshireinsight.org.uk/wp-content/uploads/2017/08/SHMA-Chapter-12-Forecasts-for-Homes-of-all-tenures.pdf>

Page 14 of chapter 14 looks at age groups - <https://cambridgeshireinsight.org.uk/wp-content/uploads/2017/08/SHMA-Chapter-14-Size-and-Type-of-Home.pdf>

Chapter 15 has a range of housing issues - <https://cambridgeshireinsight.org.uk/wp-content/uploads/2017/08/SHMA-Chapter-15-Specific-Housing-Issues.pdf>

PE06 subsequently updates on affordable housing needs (as well as all housing needs).

Self build is addressed in the Council's AMR (page 12 of MO2B).

The Local Plan itself is not explicit about setting specific targets for any of the groups identified in the question above, other than:

- (a) An overall housing requirement
- (b) An affordable housing requirement on sites of 11+
- (c) Gypsy and Traveller requirement
- (d) 5% Self build on sites 100+
- (e) 100% M1(2) accessible homes

In addition, the opening two paragraphs of LP2 supports developments which cater for all sections of the community, and requires developers to contribute to providing housing that meets identified need.

Overall, the above approach is considered appropriate and flexible to deal with rapidly changing circumstances (to use NPPF phraseology), and is broadly the same approach found in many adopted Local Plans (see Central Lincolnshire, 2017, for example).

The alternative (i.e. to be more prescriptive about meeting each of the above groups) has two considerable shortcomings:

First, it will quickly become dated, as need (and evidence of need) changes.

Second, government Acts, policy and guidance repeatedly changes on these matters, and again the plan would therefore become quickly dated. For example, it is understood, we are still awaiting secretary of state guidance on how local development documents (taken as a whole) should address housing needs that result from old age or disability (guidance which is legally required by section 34(2) Planning and Compulsory Purchase Act 2004, as inserted by S8 of the Neighbourhood Planning Act 2017).

Overall, the approach of the plan (and the wider evidence base) is considered to appropriately address these matters and set an appropriate, yet flexible, framework for decision makers.

In addition, the housing figure does not need amending either.

29. *Is the plan clear as to the identified need for additional pitches for gypsies and travellers and travelling show people and is the identified need soundly based and supported by robust and credible evidence base consistent with the 'Draft Guidance to local housing authorities on the periodical review of housing needs- Caravans and Houseboats DCLG 11 March 2016'?*

This question is a little puzzling, because, as the Council understands it, the guidance referred is not the primary source of how to identify such need. Instead, the Planning Policy for Traveller Sites (2015) forms the national policy approach to identifying such need and how to respond to it:

<https://www.gov.uk/government/publications/planning-policy-for-traveller-sites>

The draft guidance, referred in the question, is much slimmer, covers a wider range of matters and, fundamentally, is draft with no known prospect of it being finalised.

Thus, the Council, with its partners, has undertaken a thorough needs assessment for Gypsy and Travellers and Travelling Showpeople, see PE09, which accords with Planning Policy for Traveller Sites (2015) (not necessarily the draft guidance). In addition, PS.EVR7 explains how such evidence was translated into policy requirements of Policy LP7.

There appears nothing in the 'Draft Guidance' (if it is to be given any weight at all) which adds anything in respect of Gypsy and Travellers needs assessments which is not covered by Planning Policy for Traveller Sites (2015) or PE09.

The Council is not aware of any duly made representations which objects to the Local Plan (or its evidence base) in respect of Gypsy and Travellers.