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East Cambridgeshire
District Council

Policy LP2 – Level and Distribution of Growth

November 2017

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1. Introduction and Policy Context

Introduction

- 1.1 East Cambridgeshire District Council is reviewing its Local Plan, which was last adopted in April 2015. The new Local Plan, which is hoped to be adopted in 2018, will provide a framework for development in the district until 2036 and beyond.
- 1.2 This Evidence Report (which is one of a collection) provides background information and justification for policy LP2 (of the Proposed Submission Draft Local Plan, November 2017), which relates to level and distribution of growth in East Cambridgeshire.

National policy

- 1.3 The National Planning Policy Framework (NPPF) was published in March 2012 and the National Planning Practice Guidance (NPPG) was introduced in 2014 which offers 'live' government guidance.
- 1.4 The NPPF provides guidance for how growth levels should be determined in a plan, based on an objective assessment of housing and employment needs. The core planning principles within the NPPF provide some clear expectations of how Local Plans should plan for growth as it states that planning should:
 - *objectively...identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth;*
 - *take account of the different roles and character of different areas, promoting the vitality of our main urban areas, protecting the Green Belts around them, recognising the intrinsic character and beauty of the countryside and supporting thriving rural communities within it; and*
 - *actively manage patterns of growth to make the fullest possible use of public transport, walking and cycling, and focus significant development in locations which are or can be made sustainable.*
- 1.5 At paragraph 47, the NPPF makes it clear that a “*Local Plan [should meet] the full, objectively assessed needs for market and affordable housing in the housing market area*”
- 1.6 Further guidance is provided in a separate section on ‘Plan-making’, which states:
 - Paragraph 156 – *Local planning authorities should set out the strategic priorities for the area in the Local Plan. This should include strategic policies to deliver ... the homes and jobs needed in the area;*
 - Paragraph 159 – *Local planning authorities should have a clear understanding of housing needs in their area, through the preparation of a Strategic Housing Market Assessment...*
- 1.7 The above expectations from the NPPF have been taken into account in preparing the Local Plan as a whole, including policy LP2.
- 1.8 The NPPG provides detailed guidance (ID: 2a) about what approach to take when assessing housing need. Some relevant extracts include:
 - ID: 2a-003-20140306 “*Need for housing in the context of the guidance refers to the scale and mix of housing ... that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand...Assessing development needs should be proportionate and does not require local councils to*

consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur.”

- ID: 2a-004-20140306 *“The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints.”*
- ID: 2a-005-20140306 *“There is no one methodological approach or use of a particular dataset(s) that will provide a definitive assessment of development need.... The assessment should be thorough but proportionate...”*
- ID: 2a-014-20140306 *“Establishing future need for housing is not an exact science. No single approach will provide a definitive answer. Plan makers should avoid expending significant resources on primary research...as this will in many cases be a disproportionate way of establishing an evidence base. They should instead look to rely predominantly on secondary data (eg Census, national surveys) to inform their assessment which are identified within the guidance.”*
- ID: 2a-015-20140306 *“Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need...The household projections are trend based, ie they provide the household levels and structures that would result if the assumptions based on previous demographic trends in the population and rates of household formation were to be realised in practice. They do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment will therefore need to reflect the consequences of past under delivery of housing. As household projections do not reflect unmet housing need, local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply.”*
- ID: 2a-018-20140306 *“Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area...Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.”* ID: 2a-019-20140306 *“The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings.”*

1.9 In addition to the NPPF and NPPG, government issued a consultation document on 14 September 2017 entitled **Planning for the right homes in the right places**. This includes a standard method for calculating local authorities’ housing need which, government has determined, will provide a more robust starting point for making decisions.

2 East Cambridgeshire Context in Relation to Policy LP2

- 2.1 The earlier stages of plan preparation relied on the 'old' local method of calculating an 'objectively assessed need' (OAN) for housing, rather than the new, national standard 'Local Housing Need' (LHN) method.
- 2.2 The OAN for housing was, for the Further Draft Local Plan, identified as being 12,900 new homes between 2014 and 2036 (see EB005B '*East Cambridgeshire Objectively Assessed Housing Need*', dated October 2016, which is an update of an earlier report, EB005A dated January 2016, and which in turn was informed by EB004, which comprises the full 2013 based SHMA). However, in 2013, the Cambridge Sub-Region HMA authorities, plus Peterborough, signed a 'Memorandum of Cooperation' (MoC) to support a coherent and comprehensive growth strategy across Cambridgeshire and Peterborough between 2011 and 2031. This included the agreement that Peterborough would, between 2011-2031, accommodate 2,500 of the housing need arising in the Cambridge Sub-Region HMA (which includes areas close to Peterborough, such as Yaxley and Whittlesey). As part of that redistribution, East Cambridgeshire (by 1,500) and Fenland (by 1,000) had their housing targets reduced from the originally identified OAN figure. This collaborative approach was undertaken as part of the requirements of the duty to co-operate as set out in the Localism Act 2011, and was endorsed by a Planning Inspector in April 2014 (for Fenland) and March 2015 (for East Cambridgeshire). No signatories of that MoC have withdrawn support for the MoC or have objected to its continued operation for plan making purposes. Its intent, therefore, remains in place. This reduced, at the Further Draft stage, the requirement for new homes to 11,300 between 2014 and 2036 in East Cambridgeshire.
- 2.3 Also for the Further Draft stage, the 6,900 job growth target for the Local Plan was derived from EB005B '*East Cambridgeshire Objectively Assessed Housing Need*' and was based on forecasts by the East of England Forecast Model (EEFM 2016), as adjusted taking account of future housing need. This suggested that 6,900 jobs (total jobs, including part time) for the period 2014 to 2036 need to be planned for.
- 2.4 However, as referred to in section 1, in September 2017 government has proposed to move away from local methods and assessments of need, and instead apply a national standard method, known as LHN. The Council believes such a method to be robust and up to date, and has applied it for the East Cambridgeshire Local Plan. The effect of the new method, assuming it is confirmed by government, is to increase (+12 dwellings pa, or 2% uplift) the East Cambridgeshire housing need to 598pa, but also bring forward the start date, for housing purposes, of the Local Plan to 2016. The overall effect therefore is a baseline housing target for the 2016 to 2036 period of 11,960. The redistribution as arising from the MoC remains the same, per annum (75), but due to the different time frame of the MoC (2011-31) and the Local Plan (2016-36), the total redistribution is reduced to 1,125.
- 2.5 The LHN method is described in more detail in a separate evidence report (CD005C).
- 2.6 Away from housing, the jobs growth target has also been amended for the Proposed Submission Local Plan, for reasons explained in more detail in the evidence report Employment Land Report (Nov 2017).

3 Local Plan Preliminary Draft

- 3.1 The Preliminary Draft Local Plan (February 2016) contained a policy entitled 'Level and Distribution of Growth' (LP2), and, preceding that Policy, a set of 'options' for distributing growth. The level of housing growth for the plan period at this stage was 12,800 (based on the then latest OAN (see EB005A) of 14,300, minus 1,500 redistribution to Peterborough).

A number of representations were made on the policy and the 'options', and in summary the key issues raised for the policy were:

- Various supporting statements, linked to site submission forms
- Various comments relating to specific sites/locations (supporting and objecting)
- Various comments broadly supporting development in/close to Ely
- The evidence behind the policy is lacking/weak
- Various comments relating to proposed broad options for growth
- Various detailed suggestions, to improve clarity of policy wording
- Concern that policy is not in conformity with the NPPF
- Particular concern was expressed for the level of growth as per option 4, on Ely and its surrounding villages. This would be harmful to the setting of Ely as a historic city and as the 'Ship of the Fens', development to the east and south is particularly harmful.
- The Local Plan, in line with NPPF, should provide for objectively assessed needs in full and so 14,300 new homes should be planned for and not 12,800
- Plan for 15,600 new dwellings to allow for 20% buffer as required by NPPF
- SHMA 2013 methodology has not been fully tested in Cambridge and South Cambridge area and this could result in East Cambridgeshire having to meet some unmet needs from these areas.

3.2 For the Further Draft Local Plan, we did not take forward the suggestion to increase the housing figure to;

- meet fully the objectively assessed housing needs
- allow for 20% buffer
- cater for unmet needs from Cambridge and South Cambridgeshire area

3.3 However, we did adjust both the housing figure and the job growth figure, to match the conclusions in the October 2016 updated OAN evidence report (EB005B).

3.4 The reasons for not making the suggested changes were that;

- As discussed above, we had arrangements in place under the 'Memorandum of Cooperation' whereby some of the housing needs of East Cambridgeshire is accommodated elsewhere. This arrangement has been tested, and found sound, by the Inspectors at the East Cambridgeshire's and Fenland's Local Plan examinations.
- The NPPF (paragraph 47) only requires a 20% buffer in connection with five year land supply and not in connection with objectively assessed housing needs. Therefore there is no need to increase dwelling numbers to allow for 20% buffer.
- No arrangements are in place to cater for unmet needs arising from Cambridge and South Cambridgeshire area. If an agreement is reached in the future for East Cambridgeshire to accommodate unmet needs from Cambridge and South Cambridgeshire area, then this will be brought forward in the next review of the Local Plan.

3.5 In response to the representations made on the options for distributing growth, a comprehensive growth study was published (Jan 2017) for the Further Draft, setting out the rationale for the distribution of growth. The policy itself was, at the Further Draft, adjusted to confirm the intention for a broadly proportionate distribution of growth.

3.6 Whilst not particularly commented upon at the Preliminary Draft stage, the specific retail targets were not carried forward in to the Further Draft Local Plan. Instead, the approach of the Local Plan was (and reflects the 2012 retail study) for retail demand and expansion to be in Ely, whilst elsewhere, including the market towns, the focus to be primarily one

around retaining retail floorspace and town centre viability and vitality within the same footprint as at present. The challenge across East Cambridgeshire, with the exception of Ely, was acknowledged to be one not of how to accommodate more retail or other town centre use floorspace, but rather how can we retain existing floorspace.

4 Local Plan Further Draft

4.1 The Further Draft was published for consultation in January – February 2017.

4.2 A number of representations were made on the policy, mostly in support, and in summary the key issues raised were:

- Considerable support for the policy although some variation to the wording of the policy are proposed. General support for the level of housing and job growth proposed in the policy including some from neighbouring areas.
- Some concerned expressed over the high housing growth for Soham and this is not in line with the strategy of “proportional growth across the district”.
- Concerns expressed about too many houses are proposed without the necessary infrastructure to support these.
- It would be better to concentrate development so that adequate transport and facilities infrastructure can be funded by developers.
- The strategy of transferring 1,500 dwellings to Peterborough provides no assistance to those with a need for housing and affordable housing in the villages in the southern part of the District.
- Concern that the housing target may need to increase following the outcome of the objectively assessed housing need for Cambridge and South Cambridgeshire, East Cambridgeshire may need to meet some unmet needs from these areas.
- Policy LP2 is not based on proportionate evidence, it may be necessary for the plan to allocate a further 4,594 dwellings.
- Policy LP2 figure of 11,400 for new dwellings, should be replaced with the figure of 12,900 in order to ensure that the emerging Local Plan is consistent with the NPPF.
- In line with NPPF paragraph 52, the “Garden City” option has not been tested as an alternative growth option in the East Cambridgeshire Growth study.
- It is considered that the exportation of 1,500 dwellings to Peterborough, outside the Housing Market Area, does not comply with the NPPF or the PPG. The Plan should seek to meet the Full Objectively Assessed Housing Need in full within the District.
- Housing distribution should be modified to increase the level of growth to south of the district, to ensure housing needs are met closer to Cambridge.
- ‘Memorandum of Cooperation’ between Peterborough and the Cambridgeshire authorities was for the period between 2011 and 2031 whereas the East Cambridgeshire Local Plan period runs from 2014-2036.
- It would appear that LP2 is incompatible with LP24 as it does not ‘minimize the need for travel’, nor does it ‘maximize sustainable means of travel’.
- ECDC has to deliver its objectively assessed housing need before assuming housing needs are to be met elsewhere. 1,500 of the additional dwellings proposed in Peterborough would be likely to contribute to unsustainable patterns of movement, and fail to meet the needs ECDC residents.

- Policy LP2 is not based on a proportionate evidence base, as required by para 182 of the National Planning Policy Framework (NPPF), and is therefore considered to be unsound.
- The Housing White Paper highlights the need to increase housing delivery and encourages development at small and medium sized sites partly because they are less complex and can come forward quickly.

4.3 Whilst carefully considered, all the above comments which relate to the actual housing number, OAN and distribution to Peterborough (and the robustness of the evidence base behind all of these matters) have not been accepted

4.4 However, as described in the earlier parts of this evidence report, the Council has now adopted the Local Housing Need (LHN) method and calculation, which has resulted in an amendment to the plan start date (now 2016), an amended base housing need (now 598pa), an amended redistribution to Peterborough (now 1,125, for the period 2016-31, though the annual redistribution of 75pa remains the same), and an overall amended housing target for the plan period (now 10,835). On this basis, the Council considers the evidence base and policy approach sound, in line with national policy, and, in relation to Peterborough element, found sound by the previous Inspector.

4.5 In respect of the comments which relate to the distribution (rather than quantity) of growth, the Council has to a degree accepted the concerns raised by some parties, namely that to implement a plan which strictly distributed growth on a 'broad proportionate basis' (as stated in the Further Draft) may lead, to a degree, to growth which is not the most sustainable. As such, the policy is amended (and, of course, the subsequent approach to the allocation of final sites took into account this slightly adjusted strategy), so that the distribution of growth is:

"...main towns-led, together with an element of proportionate growth across the district to boost delivery and supply..."

4.6 As can be seen above, the policy still has an element of 'proportionality' about it, and this is seen important in the context of meeting the national policy for five year land supply. If the approach of the plan was simply to distribute growth to the main settlements (say, the top 5 or 6 places), whilst this may score highly on sustainability grounds, it would fail on five year land supply grounds.

4.7 The garden city idea has not been explored, because no such specific suggested locations for such a place has been presented to us, and because delivery of such new settlements are extremely time consuming and would highly likely mean we would fail to demonstrate a five year land supply. On both these counts, it is not a reasonable option to pursue.

4.8 In addition to the above commentary, and the policy change relating to distribution of growth, the policy has, for the Proposed Submission version, introduced a new paragraph.

4.9 The new paragraph, is as follows:

"For the purpose of identifying and updating annually a supply of specific deliverable sites sufficient to provide five years' worth of housing against the Local Plan's housing requirements, the 'Liverpool method' of spreading the backlog across the remainder of the plan period applies to East Cambridgeshire for all reports published up to 31 December 2022."

4.10 The new paragraph is a reflection of four matters, each of which is elaborated further in the following paragraphs:

- The under-delivery of homes in the year of the plan period already taken place (April 2016 – March 2017).
- The reliance in the plan on some large sites to meet the housing need
- The need for greater clarity in the plan for future decision makers
- A recent Local Plan Inspector decision, in Central Lincolnshire

4.11 **Past under-delivery of homes:** For whatever reason, it is a statement of fact that delivery of homes in the past few years has been poor. For example, from April 2014, the actual delivery has been as follows:

Year	Completions (net)
2014/15	163
2015/16	181
2016/17	232

4.12 National policy (see, for example, NPPG Reference ID: 3-035-20140306) is for local areas to aim to deal with any undersupply in the first five years of a plan period (which is commonly referred to as the ‘Sedgefield method’. However, this is not a strict requirement, and there are many instances where the ‘Liverpool method’ of dealing with undersupply over the remained of the plan period is considered appropriate, and endorsed by Inspectors.

4.13 **Reliance in the plan on some large sites:** Inspectors have particularly endorsed the Liverpool method in scenarios where a significant amount of the overall plan supply relies (to a reasonable degree) on large site delivery, and where the Sedgefield method would result in an unrealistic rate of delivery to be expected (which in East Cambridgeshire case, would, according to the latest Five Year Land Housing Supply paper (October 2017) be a 440% increase in delivery, a clearly unrealistic scenario, and an annual rate in excess of what has ever been achieved in the district, even for a single year).

4.14 The Proposed Submission Local Plan takes a positive approach to meeting the housing requirement. The plan enables housing development at proposed allocation sites and within Development Envelopes (and certain forms of housing development, including Community Land Trust development, outside Development Envelopes). The plan has sought to provide a wide range of sites, in a wide range of locations, with capacity ranging from 10 houses to 3,000 houses, thereby providing choice and competition for small, medium, large and major/strategic sites. Strategic development sites of 500 or more dwellings will provide a major contribution to meeting the district’s housing requirement. Strategic sites, namely located at Ely, Kennett, Littleport and Soham are expected to deliver approximately 5,250 dwellings over the plan period. This is equivalent to 48.5% of the housing requirement - or in other words, *nearly half of all new homes will be delivered on strategic sites.*

4.15 Typically, strategic sites must address a range of complex issues and as such generally take longer to implement than smaller sites. For example, sites of such a scale will require provision of substantial infrastructure, such as improvements to highways and public transport, early years and primary education facilities, community facilities, and sports and recreation provision. In addition, they may be affected by a range of external factors such as access to finance and availability of materials and labour, etc. Reflecting this longer lead-in time, the housing trajectory generally expects completions from strategic sites to be delivered in the medium and long term. As such, whilst strategic sites play a critically important role in meeting the overall housing requirement, they have limited effect on the five year housing requirement. The Council therefore believes there is sufficient justification to apply a method which enables the shortfall to be met later in the plan period when strategic sites have come on stream, and when the market has had opportunity to substantially increase its housing delivery rates.

- 4.16 **The need for greater clarity in the plan:** It is national policy that we have a ‘plan-led’ system. But a plan-led system only works if plans are kept up to date and the plans are clear to future decision makers. Accordingly, it is of vital importance that a plan is clear in respect of what future decision makers should do in terms of the methodological approach to dealing with past backlog of under-delivered homes. Thus, inserting a policy clarify the method will greatly assist future decision makers.
- 4.17 **Recent Local Plan Inspector decision:** The Central Lincolnshire Local Plan was recently found sound by an Inspector, albeit with modifications needed. One such modification was the requirement for the plan to be clearer for decision makers in terms of the method for dealing with backlog (i.e. the point raised in the above paragraph). As such, the Inspector placed a requirement on the Joint-Committee preparing the plan that a paragraph be inserted which clarified that the Liverpool method would apply until 31 December 2021.
- 4.18 Overall, therefore, any one of the above four reasons would suggest that it is entirely appropriate for the additional paragraph to be included in the Local Plan. Taken together, the case for including the additional paragraph, as written, is overwhelming.

5 Alternative Reasonable Options

- 5.1 The following alternative options have been considered for this policy. (Option 1 is the preferred policy approach which has been included in the Proposed Submission Draft.)
- Option 2: No Policy, rely on national policy**
- 5.2 There is a national requirement for a Local Plan to set out its housing and employment requirements, and it is an essential task of the Local Plan to set out the distribution of growth and how it intends to monitor and manage supply of deliverable sites. No policy on this matter is therefore rejected.
- Option 3: Facilitate a higher level of growth than 10,835 homes / 6,000 jobs**
- 5.3 Option 3 could provide more benefits on some aspects than option 1 due to potentially providing greater choice in housing, potentially providing more affordable homes, and potentially providing greater job opportunities. However, this would generally have negative effects on the environment and resources especially on undeveloped land. It is also questionably undeliverable, based on the recent track record of market delivery. A plan which facilitated 11,960 homes (i.e. LHN without any redistribution to Peterborough) would mean no re-distribution to Peterborough, contrary to agreements in place under the Duty to Cooperate. A plan which facilitated even greater growth than that (11,960+) would also require agreement under the Duty to Cooperate for East Cambs to accommodate greater than its need, and no such agreement is in place. A higher level of growth has therefore been rejected.
- Option 4: Facilitate lower growth than 10,835 homes / 6,000 jobs**
- 4.4 This option will likely assist in some environmental aspects (such as protecting undeveloped land) but will have a detriment effect on the community as insufficient housing will be provided to meet their need and this could lead, for example, to higher house prices. Local businesses would also be unable to grow, and/or have an appropriate labour pool from which to secure staff. The social and economic implications of this option could, therefore, be negative and significantly so. A lower level of growth has therefore been rejected.

6 Conclusion

- 6.1 This Evidence Report demonstrates the rationale for the policy as contained in the Proposed Submission Draft Local Plan (November 2017). It is hoped this helps demonstrate how we have responded to comments received during the consultation stages, as well as how the latest evidence and national guidance has been taken into account.