



## **ST HELENS BOROUGH LOCAL PLAN 2020-2035 EXAMINATION**

### **MATTER 2 – HOUSING AND EMPLOYMENT NEEDS AND REQUIREMENTS**

### **ON BEHALF OF REDROW HOMES NORTH WEST AND WALLACE LAND INVESTMENTS**

Date: May 2021

Pegasus Reference: P17-0098/R008v4

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**1. INTRODUCTION**

- 1.1 Pegasus Group has been instructed on behalf of their clients, Redrow Homes North West and Wallace Land Investments, to prepare Hearing Statements to the St Helens Local Plan Examination (EiP).
- 1.2 This Statement deals with Hearing **Session 2 Matter 2 'Housing and Employment Needs and Requirements.'**

**2. ISSUE 1: THE LOCAL PLAN TIMEFRAME**

**Question 1 - Are there any comments on the alternative end dates of 2035 (submission) and 2037 (possible MM)?**

- 2.1 The Council have already considered extending the plan Period to 2037 through a Main Modification within their responses to PQ24 and PQ25 (**SHBC001**).
- 2.2 We fully support this amendment as it will allow the plan to align with NPPF paragraph 22 which requires strategic policies to look ahead over a minimum 15-year period from adoption to anticipate and respond to long-term requirements and opportunities.

**Question 2 - Are there any comments on the implications of extending the period in such a way, particularly for the housing and employment land requirement, taking into account the Council's comments?**

- 2.3 We agree with extending the plan period to 2037 and consider that the housing and employment requirements should be extended by adding an additional 2 years to the annual requirement, which we address in more detail later in this statement.

**Question 3 - Are the different base dates for employment land and housing requirements justified?**

- 2.4 We would generally advocate a consistent base date for employment and housing requirements to provide clarity across the plan and its policies.
- 2.5 However, in this instance the Council have provided justification for these different dates in their answers to PQ27 and PQ28, with reference to the ELNS Addendum Report (January 2019) (**EMP001**). The basic justification from the ELNS (and footnote 20 at page 33 of the plan) is that *'the base date of 2012 is used as there is evidence that the take-up rate since then have been suppressed by a restricted land supply. Therefore there is a risk that the inclusion of post-2012 take-up rates would distort the historic baseline for predicting needs'*.

**Question 4 - Would a consistent base date for the Plan of 1 April 2016 have any implications for the Plan in relation to meeting the area's objectively assessed needs, particularly relating to employment?**

- 2.6 See answer above.

### 3. ISSUE 2 – HOUSING NEED AND REQUIREMENT

#### **Question 5 - Do the circumstances, particularly relating to economic growth, support the requirement for housing of 486 dpa as an uplift on the LHN figure?**

- 3.1 It is our strong view that the available evidence on economic growth would support a significantly greater uplift to the LHN than the 486 dpa figure proposed.
- 3.2 To support this view, we provide a detailed critique of the proposed housing requirement and the wider demographic and economic context within St Helens at **Appendix 1**. This document is an update to a similar report we provided alongside our Regulation 19 representations in 2019<sup>1</sup>. We summarise our latest position below, with reference to the Council’s recent evidence in their Housing Need and Supply Background Paper (October 2020) (**SD025**) and answer to PQ29.

#### ***Starting Point (Standard Method / Local Housing Need)***

- 3.3 There has been some considerable fluctuation in the LHN over the past couple of years. To clarify the starting point (i.e. Local Housing Need), the Council confirm in SD025 that this was **434 dpa** at the time of submission in October 2020, in line with the Standard Methodology. This is based on the 2014 household projections applied for the 10-year period 2020-2030, combined with 2019 affordability ratios. Accordingly, the proposed requirement of 486 dpa includes an uplift of 52 dwellings (or 12%) from the LHN.
- 3.4 It is worth noting that affordability has worsened between 2019 and 2020 (with the ratio increasing from 4.86 and 5.12) **but the LHN decreased upon update**. This is because the projections are known to show a general decline over time (as they get further away from the base date) both in terms of the requirement and reliability, which is one of the major flaws in the continued use of the 2014 projections, which must be taken into account in the consideration of SM/ LHN numbers below. One obvious way of seeking to improve affordability is to increase housing delivery.

#### ***National Guidance on Housing Need***

- 3.5 In terms of national policy, NPPF Paragraph 60 confirms that local plans should use the Governments Standard Method for calculating housing need unless exceptional circumstances justify an alternative approach.
- 3.6 However, Paragraph 11 also confirms that for plan-making, the presumption in favour of sustainable development means that (our emphasis):
- Plan should positively seek opportunities to meet the development needs of their area, and be sufficiently flexible to adapt to rapid change; and
  - Strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas.

<sup>1</sup> See Appendix 6 of Regulation 19 Representations

- 3.7 This is supplemented with additional detail in the NPPG<sup>2</sup>, which states that the Local Housing Need (LHN) provides a minimum starting point in determining the number of homes needed, it also states that government is committed to ensuring that more homes are built and that government support ambitious authorities who want to plan for growth.
- 3.8 This paragraph then sets out the circumstances when it might be appropriate to plan for a higher housing need than the Standard Method indicates, including where there are growth strategies for the area, strategic infrastructure improvements, where an authority has agreed to take on unmet need from neighbouring authorities, or where previous levels of housing delivery or assessments of need are significantly greater than the Standard Method. We address each of these in turn below.
- 3.9 In addition, paragraph 2a-015-20190220 confirms that '*Where a strategic policy-making authority can show that an alternative approach identifies a need higher than using the Standard Method, and that it adequately reflects current and future demographic trends and market signals, the approach can be considered sound as it will have exceeded the minimum starting point.*'
- 3.10 Whilst St Helens are proposing an approach that exceeds the minimum requirement, it is our strong view that this doesn't reflect the circumstances in St Helens (as referenced in paragraph 10 of the PPG), or the demographic trends or market signals (as referenced in paragraph 15 of the PPG). As such a far greater uplift is required, to at least the level proposed in the previous version of the plan and the adopted Core Strategy (570 dpa).
- 3.11 We address each of these indicators below:

***Growth Strategies & Strategic Infrastructure Improvements***

- 3.12 There are a number of growth strategies and planned infrastructure investments for St Helens and the wider Liverpool City Region that will impact on future jobs growth and associated housing need. An important consideration in this is the City Region's Devolution Deal, which was first agreed with the Government in November 2015 (with a further deal in March 2016). The City Region Mayor was also given strategic planning powers to 'help accelerate economic growth and new housing development throughout the City'.
- 3.13 There are a number of other growth strategies, funding streams and initiatives which will help deliver economic growth in St Helens and the wider City Region, in particular:
- **The LCR Growth Strategy (2016)** - which seeks to create over 100,000 additional jobs in the City Region by 2040 (an increase of 20,000 businesses over 25 years), to attract an additional population of 50,000 people to live in the City Region, and to grow the City Region's economy to £50bn over the same period. St Helens will be required to accommodate a share of these jobs and the associated new housing.

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<sup>2</sup> Paragraph 2a-010-20201216

- **Devolution Funding Streams (2015/16)** – available since agreeing the devolution deal noted above, including the Single Investment Fund (SIF) which is comprised of Local Growth Funding (approx £336 million to date) and around £30 million per year for the next 30 years through the Local Growth Fund. These funding streams are to be distributed across the six City Region authorities (including St Helens) and are committed, helping to deliver growth in the City Region.
- **Liverpool Freeport (2020)** - bid for Freeport status was granted in March 2020. Freeports are special economic zones designed make it easier and cheaper to do business, with normal tax and tariff rules not applying. Three locations form the Freeport bid – Wirral Waters, 3MG in Halton (the Mersey Multimodal Gateway) and significantly, Parkside SRFI in St Helens. It has been estimated that Freeport status will support the creation of 14,000 jobs across the City Region, with St Helens likely to take a proportion of these and the associated new housing, given one of the Freeports sites is in the area.
- **A5036 Port of Liverpool Access Road through Rimrose Valley** - This £250m Highways England project will link the port to the M57/M58 junction, reducing HGV travel times, bringing the northern LCR closer to the Port, which has obvious links to the planned logistics growth & St Helen’s aspirations. Prior to the COVID-19 pandemic, Highways England envisaged that this new road would be open to traffic in 2025.

3.14 The aims of LCR Growth Strategy, devolution, the Freeport and key infrastructure cannot be delivered without achieving appropriate levels of housing growth in parallel. An uplift of 52 dpa from the Standard Method figure does not provide enough of an increase.

***Unmet need in adjacent authorities***

3.15 The Council’s DtC Statement (**SD009**) indicates that none of the neighbouring districts have identified any unmet need for St Helens to accommodate; nor has any spare capacity been identified in any neighbouring local authority areas to accommodate any of St Helens needs (as all adjoining authorities, like St Helens, are constrained by Green Belt).

3.16 However, the situation has moved on since the DtC Statement was prepared, particularly in respect of the Liverpool City Region, where the 6 authorities have begun progressing a Spatial Development Strategy. Then in December 2020, the government published their updated Standard Method for calculating minimum local housing needs (Standard Method 2). Whilst SM2 has had limited impact on the Standard Method requirements for the non-city authorities (5 of the 6 in LCR), as it is still largely based on 2014 projections, it does apply a 35% uplift to Liverpool and therefore this has increased overall need across the City Region considerably.

3.17 Figure 3.1 compares how the local housing need differs between the previous two Standard Method calculations and the existing/emerging housing requirements in the relevant Local Plans.

*Figure 3.1 – Local Annual Housing Need Calculations*

	<b>Standard Method 1</b>	<b>Standard Method 2 (2020-2030)</b> <i>2019 AR Ratios</i>	<b>Standard Method 2 (2021-2031)</b> <i>2020 AR Ratios</i>	<b>Recent Local Plan Existing/Emerging</b>
Halton	254	246	237	350
Knowsley	251	261	244	450
Liverpool	1,624	2,103	2,074	1,739
Sefton	631	623	610	640
St Helens	461	434	434	486
Wirral	799	779	760	800
<b>Total</b>	<b>4,021</b>	<b>4,446</b>	<b>4,349</b>	<b>4,465</b>

- 3.18 As highlighted in Figure 3.1, recently adopted<sup>3</sup> and emerging<sup>4</sup> Local Plans overall, are only planning for a figure marginally above (116 dwellings per annum) the minimum housing need identified by the latest SM 2 calculations, which uses the 2020 Affordability Ratios released in March 2021, and the 10-year period 2021 - 2031. As such, the LCR authorities are only planning for the absolute minimum number of homes required within the City Region, without considering the economic growth aspirations of the City Region and the current issues with the housing market.
- 3.19 Clearly this is a matter that the SDS and future SOCGs will have to consider and respond to appropriately. Nevertheless, this under delivery of the minimum housing requirement is a cause for concern, particularly given Liverpool City already had land availability issues in providing for a genuine mix of housing needs, due to a shortage of supply and an over-reliance on apartment development, even before this 35% uplift was applied, as confirmed in the Inspectors Post Hearing Letter on the Liverpool EIP dated 10<sup>th</sup> November 2020 (paragraphs 3.3 and 3.4 - attached at **Appendix 2**).
- 3.20 Indeed, the LCR Housing Investment Strategy which was published alongside the recent SDS consultation in (November 2020) notes how an emerging housing market is developing across Halton, St Helens, South Knowsley for higher value/ high earner housing; suggesting these locations are well placed to meet the regions needs for larger aspirational housing.
- 3.21 Whilst this is a matter for future work for the SDS, and any future St Helens Local Plan Review, it is necessary to give this matter due consideration when considering the appropriateness of St Helens current requirement, and the need for a significant uplift to the Standard Method.
- 3.22 Finally, it is worth noting that while there has been no change in the unmet need positions agreed with Warrington and Wigan/ Greater Manchester. Both of these associated plans (the Warrington Local Plan, and Greater Manchester Spatial Framework respectively) have stalled over the last year,

<sup>3</sup> Knowsley and Sefton

<sup>4</sup> St Helens, Halton, Liverpool and Wirral

with new draft versions due out on both later this year, and therefore their positions regarding unmet need could feasibly change.

3.23 In light of the above, it is clear that St Helens is well-placed to meet some of the ‘overspill’ needs of Liverpool City as a consequence of the SM2 35% uplift. This should be acknowledged now by the plan delivering well in excess of the Standard Method, which will also assist in providing flexibility to address any future unmet need that arises in any of the surrounding authorities. The plan also needs a provision for a review at the point of adoption of the LCR SDS to take account of any redistribution of needs. The submitted version of the plan does not do this and is therefore unsound in its current form.

**Previous delivery**

3.24 Figure 3.2 sets out housing completions in St Helens over the last 5 years. This shows that annual completions have averaged 601 dpa, which has significantly exceeded the current Standard Method figure (434 dpa), the proposed housing requirement (486 dpa) and the adopted housing requirement (570 dpa).

3.25 More pertinently, delivery has now accelerated above 750 dpa in the last 2 years, which is another indication that 570 dpa remains a more appropriate minimum figure, and is actually conservative rather than being overly optimistic as suggested in the Council’s evidence.

*Figure 3.2 – Housing Delivery in St Helens 2015-2020*

Year	Annual Completions	Adopted Requirement	Delivery against adopted Requirement	Proposed Requirement	Delivery against proposed Requirement	Current Standard Method (at time of Submission)	Delivery against Current SM Requirement
2015/16	575	570	5	486	89	434	141
2016/17	487	570	-83	486	1	434	53
2017/18	408	570	-162	486	-78	434	-26
2018/19	775	570	205	486	289	434	341
2019/20	758	570	188	486	272	434	324
<b>TOTAL</b>	<b>3,003</b>	<b>2,850</b>	<b>153</b>	<b>2,430</b>	<b>573</b>	<b>2,170</b>	<b>833</b>
<b>Completions against requirement</b>			<b>105.37%</b>		<b>123.58%</b>		<b>138.39%</b>

3.26 Overall, it is clear from the above analysis that the key indicators in PPG paragraph 10 all support a substantially higher uplift from the Standard Method figure, than the 52 dpa/ 12% increase currently proposed.

### ***Demographic Trends & Market Signals***

3.27 In addition, our contextual analysis at **Appendix 1** also identified a number of other demographic indicators and market signals to support a greater uplift, drawing the following conclusions:

- Internal migration has been high in St Helens in recent years, which is not picked up within the 2014 projections (which are based on trends between 2009 and 2013); indicating a level of demand for new housing in St Helens from people wanting to move into the area, which is simply ignored in the projections, making the Standard Method an unreliable baseline in this instance.
- Whilst St Helens is a relatively affordable area to live in, the ratios have changed little over the last few years; with the housing ladder remaining out of reach for a substantial part of the local population. Build rates will therefore need to remain high in the long-term to address this issue. Reducing the housing target to 486 dpa is counter-productive and will not support inclusive growth in the Borough.
- The Council's evidence base demonstrates that affordable housing needs are continuing to increase in the Borough – table 87 of the Mid Mersey SHMA confirmed a net need for 96 affordable dwellings compared to an overall housing requirement of 570 dpa (which included an affordable housing uplift). Then, table 15 of the 2019 SHMA Update confirmed a net need of 117 affordable dwellings per annum for the period 2016 -2033, this equates to approximately 24% of the annual housing target of 486 dpa in the Submission Local Plan. The annual average delivery rate over the past ten years has been 131 affordable dpa, demonstrating that it can assist in meeting the wider LCR's affordable needs.
- St Helens has an ageing population and therefore needs to try to attract more people to live in the area from elsewhere, with boosting the housing supply being an obvious way to achieve this. This is necessary to maintain its future labour supply and general socio-economic balance. A key way of doing this is to significantly boost the supply of housing to attract new residents to the area.
- Job growth in the Borough over the last 15 years has averaged 0.7% per annum, which mirrors the future growth anticipated in the economic growth scenario of the Liverpool City Region SHELMA consultation in January 2017, which generated housing need of 855 dpa St Helens. It is not unreasonable to expect jobs growth in St Helens to continue at this rate, even accounting for the impact of the Covid-19 pandemic, given the longer-term trend, and growth strategies across the City Region as outlined above.
- Chelmer Model Analysis used in Liverpool City Region Spatial Development Strategy (SDS) consultation in January 2020 found that pursuing the Standard Method housing requirement (Scenario 1) would deliver less than half the employment growth seen over the previous 15 years; and that to achieve the 0.7% annual economic growth (Scenario 2) proposed in the SHELMA (which St Helens achieved over the preceding 15 years), would

actually require an annual requirement of 1,547 homes. A third mid-point (Scenario 3) between the two scenarios generated a requirement for 1,004 dwellings.

3.28 This analysis reaffirms that the proposed target of 486 dpa is unlikely to support sustainable growth, and that a minimum target of 570 dpa like that of the adopted Core Strategy is likely to be a more appropriate starting point, with the SHELMA evidence and Chelmer modelling indicating that this figure may need to be increased even further in the longer-term.

### **Conclusions**

3.29 It is pertinent that the various employment scenarios put forward in the January 2019 SHMA Update which led to the selection of the 486 dpa figure are all based on meeting the level of economic growth proposed in the plan (i.e. to support the jobs on proposed employment sites); rather than actual projected economic growth for St Helens. As such, these are plan led, 'policy-on' scenarios which are constrained.

3.30 As noted in **Appendix 1**, the latest unconstrained economic evidence available to the Council is within the January 2017 Liverpool City Region SHELMA, based on growth rates provided by the Liverpool LEP, and this suggested a dwelling requirement of 855 dpa would be required to support the level of jobs growth expected over the study period (and achieved over the preceding 15 years), representing a significant uplift from that proposed in the current plan.

3.31 Furthermore, more recent Chelmer Model analysis of this evidence has suggested that the economic activity rates used in the SHELMA have actually suppressed the level of housing growth required, and that a requirement of up to 1,547 dpa would be required to achieve the jobs growth set out in the SHELMA.

3.32 Whilst we acknowledge that a housing target of the scale set out above could be compounded by wider market and deliverability issues in St Helens (noting that they are far greater than levels of delivery previously achieved in the Borough), this does indicate that the proposed figure of 486 dwellings per annum will fall well short of any economic-led projections and associated housing requirement.

3.33 Indeed, the Chelmer model work used to support the Liverpool SDS consultation indicates that the then Standard Method figure of 461 dpa (which is just 6.5% lower than the proposed requirement) would only result in an increase of 207 jobs per annum, which is simply not ambitious enough and does not correlate with recent jobs growth in St Helens (which has averaged at 462 per annum between 2003 and 2018, so more than double).

3.34 Finally, in PQ29 the Council refer to two recent examples of plans (Leeds and Sunderland) that were adopted with an economic-led housing requirement, which we consider below:

- Leeds – The most recent adopted plan is the Site Allocations Plan from 2019. However, this process did not consider the housing requirement, as this was tested as part of the 2014

Core Strategy, under the previous NPPF and before the advent of the Standard Method or PPG guidance. As such this is of limited relevance.

- Sunderland – The Sunderland Core Strategy on the other hand, is particularly relevant as was adopted in 2020 with an economic led housing requirement, and considered by one of the Inspector’s reviewing the St Helens plan. Paragraphs 27 – 35 of the Inspectors Report (7<sup>th</sup> January 2020) discuss the housing requirement and agrees to an uplift of 30% from the Standard Method baseline (570 dpa to 754 dpa) to support economic growth and reverse out migration. Interestingly, applying 30% uplift to the current (October 2020) SM figure in St Helens of 434 dpa generates a requirement of 564, which is very similar to the 570 figure we are advocating and which the Council supported previously.

3.35 In light of the above and analysis provided at **Appendix 1**, it is clear the Council’s proposed requirement of 486 dpa is unsound and unjustified, and should be increased to **570 dpa** as a bare minimum. This figure is consistent with the previous iteration of the emerging Local Plan and allowed for in the adopted Core Strategy and RSS prior to that. We also endorse an early review of the plan upon adoption of the Liverpool SDS.

**Question 6 - Should the housing requirement be further increased to take into account economic growth aspirations, choice and competition in the housing market and affordable housing need?**

3.36 We consider that the housing requirement should be significantly increased, principally to account for economic growth aspirations within St Helens and the wider LCR, but this would also provide choice and competition in the market and boost affordable delivery (which could make a significant contribution to meeting affordable needs across the LCR region).

3.37 That said, we would generally advocate that increasing choice and competition is accounted for on the housing supply side (i.e. allocating additional sites above the housing requirement) as per NPPF paragraph 73, rather than including in the requirement calculations, to avoid double counting.

**Question 7 - Is the change in the housing requirement during the Plan preparation process justified?<sup>5</sup>**

3.38 The reduction to the housing requirement from 570 dpa to 486 dpa through the plan preparation process has not been properly evidenced or justified.

3.39 The Council confirmed in the 12<sup>th</sup> December 2018 Cabinet Report (paras 2.43 – 2.46) that the choice of the 486 dpa figure, and the reduction from 570 dpa was justified by (and therefore anchored to) the introduction of the SM, rather than any change in the economic evidence. The Council have again reiterated this position in paragraph 3.45 of **SD025**.

3.40 This is a clear admission that there has been little change in the underlying housing need, and it is also pertinent that the reduction in employment land allocations is a ‘policy-on’ decision from the

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<sup>5</sup> These are summarised at pages 19-20 of the Housing Need and Supply Background Paper

Council, rather than being based on compelling economic evidence. As such, it is clear this change is not justified with evidence, and will mean that the Council's previous aspirations in relation to population, economic growth and housing choice will no longer be met.

**4. ISSUE 3 – EMPLOYMENT NEED AND REQUIREMENT**

4.1 At the outset, we note that we did not make detailed Regulation 19 submissions on the employment requirement or allocations in terms of the quantum of land or the merits of the proposed allocations; nor are we due to make submissions or attend on Matter 6 in relation to the Employment Land Supply.

4.2 That said, we have addressed overall employment needs within our representations and supporting modelling work, mainly where they overlap with or have been used to inform the housing needs, and as such we only answer the questions below that are relevant to our wider analysis of the housing requirement and associated economic indicators.

**Question 8 - Is this employment land requirement justified and supported by the evidence?**

4.3 It is clear that the borough has seen strong economic growth over the last 15 years (0.7% per annum) and is well-placed to surpass that due to a modal shift in shopping patterns requiring further land for logistics uses; the borough's uniquely attractive location from a logistics perspective; the Freeport status of three sites in the LCR, including one in the borough - Parkside SFRI; and the infrastructure improvements taking place for the Port of Liverpool itself.

4.3 Rather than seizing these opportunities, the Council have cut the forecast jobs growth and employment land provision as a consequence of the new SM. This is a case of the 'tail wagging the dog' in respect of the employment growth aspirations of the borough and the employment land provision is unduly pessimistic, is unsubstantiated by the evidence and does not represent a positively prepared strategy.

4.4 The Parkside Strategic Rail Freight Interchange (SRFI) is expected to provide a significant proportion of future employment land in St Helens and is one of three sites that form part of the Liverpool Freeport. Table 4.3 in the Submission Draft of the Local Plan includes allowance for 65ha of employment land for SuperPort and the SRFI. It has been estimated that Freeport status will support the creation of 14,000 jobs across the City Region and it is reasonable to assume that St Helens will take a proportion of these. Any success of the Freeport could mean that demand for space at Parkside comes forward sooner than anticipated and if this is the case, there will be pressure on the availability of other sites in St Helens and also lead to increased demand over and above that anticipated in the Submission Draft of the Local Plan.

**Question 9 - How does the figure compare with trends in the past take-up of employment land?**

4.5 No comment.

**Question 10 - Is the Council's position that past take up is primarily due to a lack of supply of sites attractive to the market or are there other relevant considerations?**

- 4.6 This question and supporting text highlights the fact that inadequate supply can suppress take up and growth in respect of employment delivery, and the same is true for housing sites demonstrating that you need a range and choice of sites of different sizes and locations to ensure adequate housing growth is delivered.

**Question 11-19**

- 4.7 No comments.

**Question 20 - Does the recent data demonstrate that there is a strong demand for large-scale warehousing to serve the logistics sector?**

- 4.8 The provision of new warehouse space in areas is likely to become even more important as a result of the Covid-19 pandemic, which has brought a modal shift in shopping habits with online sales and associated home delivery rocketing, which in turn increases pressure on logistics space in the right places (i.e. with good links to large population centres and the national road network). Additional data on recent demand for logistics space is provided at **Appendix 3**.
- 4.9 St Helens is well placed to capitalise on this change in shopping habits and deliver logistics growth given its excellent connectivity to the national road network (including the M62, M6, A5080), railways, and the Liverpool SuperPort, which will only improve with the committed infrastructure projects across the LCR as noted in our answer to question 5. This level of connectivity and future opportunities is confirmed on the Invest St Helens<sup>6</sup> website, where logistics has been identified as a key sector.
- 4.10 The assumption that a large proportion of the need for employment land will derive from the logistics sector therefore seems sensible.

**Question 21-27**

- 4.11 No comments on questions 21-27.

**Question 28 - Is the provision of 31 ha of employment land to meet some of Warrington's needs justified?**

- 4.12 It is laudable that St Helens have sought to meet some of Warrington's employment needs; however, there is no suggestion of them considering taking any equivalent housing need. Clearly new employment development and jobs needs to be supported by new housing in the same locality, otherwise it runs the risk of increasing creating unsustainable commuting patterns.

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<sup>6</sup> <https://www.investsthelens.co.uk/invest/key-sectors/logistics/>

**5. ISSUE 4: ALIGNMENT BETWEEN HOUSING AND EMPLOYMENT REQUIREMENTS**

**Question 29 - Is there sufficient evidence to indicate a clear alignment between housing and employment land requirements, particularly given the different base dates referred to above?**

- 5.1 This question has been largely addressed in our answers to questions 3, 4, 5 and 8. In short, there is clear evidence that the housing and employment land requirements are aligned, as the Council confirm in their answer to PQ43 but the plan itself misaligns them.
- 5.2 The housing requirement is incorrect, as it is a 'policy-on' constrained figure based on the number of dwellings required to support job growth from the employment sites proposed in the plan (based on the Council's ELNA evidence, and with some sites discounted as part of a sensitivity analysis); rather than an unconstrained, objective consideration of growth, as explored within this statement.

## **6. CONCLUSIONS**

6.1 The Council's proposed housing requirement is not justified and will not meet the objectively assessed needs of the area, rendering the plan unsound. Key points include:

- The 35% uplift for Liverpool under the new standard method is likely to generate unmet need that will have to be met across the wider LCR, including St Helens.
- The proposed figure of 486 dpa is too low, as is a constrained 'policy on' figure, with unconstrained economic projections and previous delivery rates supporting a significant uplift to this.
- St Helen's is well-placed to deliver logistics growth due to modal shift in shopping habits accelerated by COVID, its road and rail connections, and committed infrastructure 'bringing the borough closer' to the Liverpool Super Port.
- We suggest a minimum requirement figure of 570 dpa, with provision for an early review of plan upon adoption of the LCR SDS.

**APPENDIX 1 – REVIEW OF LOCAL PLAN HOUSING REQUIREMENT (MAY 2021)**



# **ST HELENS BOROUGH LOCAL PLAN 2020-2035 EXAMINATION**

## **REVIEW OF LOCAL PLAN HOUSING REQUIREMENT**

### **ON BEHALF OF REDROW HOMES NORTH WEST & WALLACE LAND INVESTMENTS**

Date: May 2021

Pegasus Reference: P17-0098/R016v3

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## **Appendix A – Method Statement for Chelmer Model**

## **1. INTRODUCTION**

- 1.1 This report considers the demographic and economic factors relevant to responding to the examination of the St Helens Local Plan. It focuses on the housing growth targets and economic arguments that form part of the document's evidence base. This report has been prepared on behalf of Redrow Homes North West (Redrow) and Wallace Land Investments (Wallace).
- 1.2 The comments within this report serve to highlight a number of aspects of the Local Plan and its supporting evidence base that require revision or additional analysis to be considered suitably robust.
- 1.3 This report is structured as follows:
- **Section 2** provides a review of existing evidence on housing need in St Helens.
  - **Section 3** analyses the most recent data on demographic trends and housing market indicators.
  - **Section 4** reviews past employment trends in St Helens, along with selected benchmark areas.
  - **Section 5** presents the findings of further modelling work that has been undertaken to assess future housing need in St Helens.
  - **Section 6** presents overall conclusions from the analysis.

## **2. EXISTING EVIDENCE ON HOUSING NEED IN ST HELENS**

### **Introduction**

- 2.1 This section reviews what the existing evidence says on future housing need in St Helens. It references the housing requirement figure identified in the adopted Core Strategy, before going on to summarise the standard methodology for calculating local housing need, which was introduced by the Government in 2017 as part of its '*Planning for the Right Homes in the Right Places*' consultation. It also summarises housing targets identified in the Liverpool City Region Strategic Housing & Employment Land Assessment (January 2017), the January 2019 SHMA Update and the Submission Draft of the Local Plan. The targets are set out in chronological order. In addition, it presents a summary of the most recent update to the standard methodology, which was introduced in 2020.

### **Current Housing Target for St Helens – October 2012**

- 2.2 The adopted Local Plan Core Strategy (October 2012) for St Helens goes with the figure of **570 dwellings per annum** (dpa), which was identified by the Regional Spatial Strategy in 2006. The Local Plan Preferred Options document, published in December 2016, also identifies the need for 570 dpa over the period 2014-33. This requirement includes an annual uplift of 119 dpa compared to the objectively assessed housing need (OAN) figure of 451 dpa, which was set out in the 2016 Mid-Mersey Strategic Housing Market Assessment (2016 SHMA).

### **Strategic Housing & Employment Land Market Assessment – January 2017**

- 2.3 Published in January 2017, the consultation Draft of the Liverpool City Region Strategic Housing & Employment Land Market Assessment (SHELMA) identified housing need for St Helens ranging from **397 dpa** (economic baseline) to **855 dpa** (economic growth scenario), with a demographic based need of 416 dpa. The housing need associated with the economic growth scenario (855 dpa) reflects the jobs growth which could result from development projects and policies which are expected to be implemented over the study period.

### **'Planning for the Right Homes in the Right Places' – September 2017**

- 2.4 This consultation document was published in September 2017 on the back of commitments set out within the White Paper '*Fixing our Broken Housing Market*', which included proposals to tackle the housing challenge, specifically to build more houses of the type people want to live in, in the places they want to live in. The consultation paper

considered that the previous system for determining dwelling requirements was too complex and that it led to a costly and time-consuming process that lacked transparency. In response to this a standard approach was identified, based on three key principles, to be simple, based on publicly available data and realistic.

- 2.5 The approach taken, as part of the original standard methodology, is essentially a top down method to achieving a total number of homes nationally per annum. The targeted figure was initially 266,000 homes per annum, which was an average of three different sources of evidence. More recently, however, a higher figure of 300,000 homes per annum has been targeted by the Government.
- 2.6 When the standard methodology was released for consultation, it used the 2014-based household projections as one of the main starting points for calculating local housing need. It takes the projections (the average between the first ten-year period from the current year (now 2021 to 2031, although the original methodology was based on a timeframe of 2016 and 2026) as a starting point or the Local Plan requirement (if it was adopted within the last five years). On top of that, it then applies an uplift based on affordability, which is an arbitrary calculation to generate figures that are capped at 40% of the household projections or the Local Plan figure (depending on its status and age).
- 2.7 The total number of homes achieved by the standard methodology using the most recent 2016-based household projections is significantly short of 266,000 and 300,000 and is closer to around 213,000 homes per annum.
- 2.8 Following the release of the 2016-based housing projections and a consideration of their implications on the standard methodology (which identified a much slower rate of household formation for many districts), a consultation was launched in October 2018 by MHCLG on how to assess local housing need<sup>1</sup>. In summary, it suggested that there are flaws to the standard method, which will cumulatively result in delivering homes at a level inconsistent with the national target to deliver 300,000 homes per annum. The consultation closed in the first week of December 2018 and made three proposals:
- For the short-term, to specify that the 2014-based data will provide the demographic baseline for assessment of local housing need.

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<sup>1</sup> Ministry of Housing, Communities & Local Government. *Technical consultation on updates to national planning policy and guidance*. October 2018.

- To make clear in national planning practice guidance that lower numbers through the 2016-based projections do not qualify as an exceptional circumstance that justifies a departure from the standard methodology.
- In the longer term, to review the formula.

2.9 Following further reviews by government of the standard methodology, additional changes were announced in August 2020 and December 2020. Details on these and the implications for St. Helens are discussed at the end of this section.

### **SHMA Update – January 2019**

2.10 The updated SHMA was published in January 2019. It calculates housing need using the standard methodology for the period 2018-2028 utilising both the 2016-based and 2014-based household projections. Applying the 2016-based projections to the standard method produces a figure of **383 dpa**, which rises to **482 dpa** when the 2014-based projections are used. This represents a decline from the 504 dpa indicative housing need figure identified by the standard methodology for the period 2016-2026.

2.11 In addition to housing need arising from the standard method, the SHMA considers a number of scenarios aligned with planned economic growth in the Borough, which are set out in the St Helens Employment Land Needs Study<sup>2</sup> (ELNA). The ELNA considers three economics scenarios that set out different rates at which sites could be built out and jobs created – 1 is the quickest, 2 is the middle option and 3 is the slowest, taking account of possible infrastructure constraints. The ELNA concludes that Scenarios 2 and 3 are the most likely to happen. The SHMA models the resulting housing requirements and scenario 2 results in a need for 514 dpa, while scenario 3 results in a need for 479 dpa (both for the period 2016 to 2033).

2.12 The ELNA also considered alternative St Helens employment scenarios where particular sites do not come forward for different reasons. The SHMA looks at four sensitivity options in relation to this:

- Option 1: Remove Omega South (EA1).
- Option 2: Remove EA1 and Land at Millfield Ln and Liverpool Rd, Haydock (EA7).
- Option 3: Remove EA1 and Land North East of Junction 23 M6, Haydock (EA4).
- Option 4: Remove EA1, EA7 and EA4.

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<sup>2</sup> BE Group. *St Helens Employment Land Needs Study*. October 2015.

2.13 Economic scenarios 2 and 3 have been used by the SHMA to estimate the quantum of housing needed to support the workforce growth in each of the four options outlined above. The options show a need for between 474-511 dpa for Scenario 2, and for between 459-476 dpa for Scenario 3. The economic scenario 2/sensitivity option 3 combination leads to a requirement of **486 dpa**, which is the proposed target for new homes in the Local Plan.

### **Housing Target Need and Supply Background Paper – October 2020**

2.14 Through the ELNS and SHMA Council have sought to consider the locally specific issues likely to affect job growth and the subsequent housing need associated with this growth. The Housing Target Need and Supply Background Paper notes that the starting point is that the Council must as a minimum must meet the standard method figure, which was 434 dpa over the period 2020-30 when the Background Paper was published in October 2020. As noted in paragraph 2.12, the proposed target for housing numbers is 486 dpa, which represents an uplift of 52 homes per annum on the standard figure and equates to a total of 9,234 dwellings between 2016 and 2035.

2.15 Despite the target of 486 dpa representing an uplift on the standard method figure, it still translates to a decline of around 15.0% on the current housing target of 570 dpa. In justifying this, the Background Paper cites the Submission Draft of the Local Plan, which said there was no robust evidence to support the continuation of remaining with 570 dpa. The fact that the proposed target of 486 dpa is higher than the standard method figure appears to be the Council's way of showing it has factored economic growth aspirations into the calculation.

### **Changes to the Standard Method – August 2020 and December 2020**

2.16 In August 2020, the government published 'Changes to the current planning system'. The consultation paper set out four policy proposals to improve the effectiveness of the current system, one of which looked at changing the standard method in order to ensure delivery of 300,000 homes per annum. The consultation closed in October 2020 and in December 2020 the government confirmed it was largely retaining the standard method in its current form (as outlined in paragraph 2.6). The only change is the addition of a "cities and urban centres uplift", which applies a 35% uplift to England's 20 biggest cities and towns. This includes Liverpool local authority. The uplift does not apply to St Helens.

2.17 As outlined in paragraph 2.13, the October 2020 Housing Need and Supply Background Paper (SD025) notes that the minimum housing need figure for St Helens using the

standard method is 434 dwellings per annum. This was calculated using the 2019 affordability ratios and household projections for 2020-30. More up to date ratios for 2020 were released in March 2021. Applying the relevant ratio to St Helens, along with more housing projections for 2021-31, the minimum housing need figure for the area is virtually the same at 424 dwellings per annum.

### **Summary**

- 2.18 Dwelling requirements for St Helens currently stand at 570 per annum, as outlined in the adopted Core Strategy. The Submission Draft of the Local Plan is proposing to reduce the annual requirement to 486. While this represents an uplift on the standard method figure of 434 dpa calculated by the Council, it is still a decline of around 15% on the current adopted target. This reduction could pose a real risk to St Helens as it seeks to achieve sustainable long-term growth and attract new households and employment opportunities to the area. Further evidence is provided in this report on why the Local Plan needs to give serious consideration to uplifting the housing target for St Helens over the Plan period.

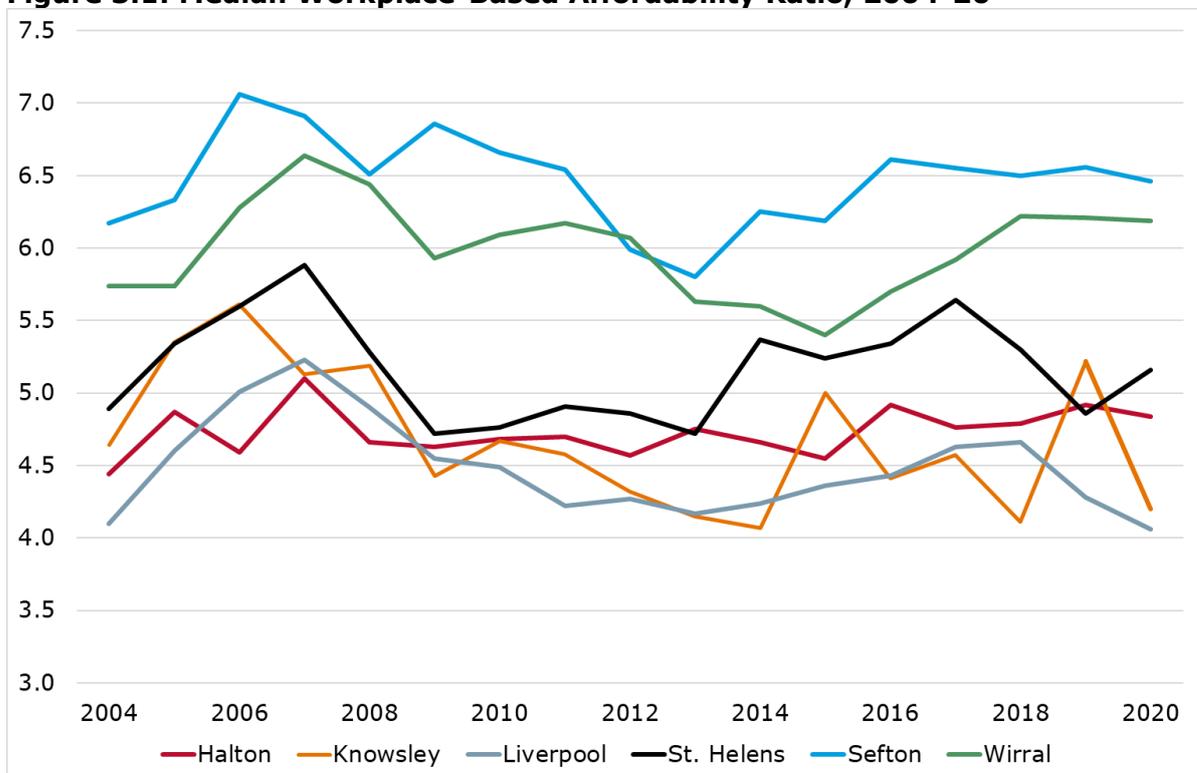
### 3. HOUSING AFFORDABILITY AND DEMOGRAPHIC OVERVIEW

#### Housing Affordability

3.1 Data on housing affordability is published in March each year by ONS and is an important indicator on the housing market and figures are available at a local authority level. The most recent affordability ratios<sup>3</sup> for 2020 show that the affordability ratio is 5.16 as of 2020 – i.e. a house in the area typically costs 5.16 times the gross median annual salary. This represents an increase on the ratio of 4.86 in 2019, meaning the cost of housing in St Helens has become less affordable over the most recent 12-month period for which data are available. The ratio for the North West is 5.75 as of 2020, meaning St Helens is slightly more affordable than the region as a whole. However, the North West saw its ratio decline from 5.86 to 5.75 between 2019 and 2020.

3.2 Figure 3.1 shows long-term trends in affordability across St Helens and the other local authorities in Liverpool City Region from 2004-18, highlighting that there have been fluctuations on a year-on-year basis. Significantly, St Helens is the only authority in the City Region to have seen an increase in affordability ratios between 2019 and 2020. Housing in the other five areas became more affordable over the 12-month period.

**Figure 3.1: Median Workplace-Based Affordability Ratio, 2004-20**



Source: ONS

<sup>3</sup> The workplace-based median affordability ratio has been used, which is in line with guidance on using the standard method.

### Housing Delivery

- 3.3 Information from St Helens Councils 2020 Authority Monitoring report provides details on net housing completions. Table 3.1 presents this information for the period 2010-20. It can be seen that current annual housing target of 570 was met or exceeded in only four of the years (shown in red in the table). In addition, net housing completions increased significantly in 2018-19 and 2019-20, surpassing 750 dwellings in both instances.
- 3.4 Net housing completions in St Helens were in the range 157-632 in the first five years shown in Table 3.1 (2010-15), with an average of 395 net dwellings per annum. In the second five year period in the table, from 2015-20, the range is 408-775 and the average is 601 net dwellings per annum. The increase in this second five year period has coincided with higher levels of internal migration, indicating a level of demand for new housing in St Helens from people wanting to move into the area.

**Table 3.1: Net Housing Completions in St Helens, 2010-20**

Year	Net Housing Completions
2010-11	157
2011-12	419
2012-13	264
2013-14	503
2014-15	632
2015-16	575
2016-17	487
2017-18	408
2018-19	775
2019-20	758

**Source:** Local Plan: Authority Monitoring Report 2020 (St Helens Council)

### Demographic Overview

- 3.5 As noted in paragraph 2.16 of this report, the October 2020 Housing Need and Supply Background Paper (SD025) states that the minimum housing need figure for St Helens using the standard method is 434 dpa. The Background Paper also notes that the standard figure represents the minimum housing figure and the Council has considered local specific issues likely to affect job growth and subsequent housing need associated with this growth. As a result, this is where the proposed target of 486 dpa comes from – i.e. the Council is trying to show that it hasn't simply gone with the minimum target arising from the standard method. However, given the standard method has clearly been factored into the calculation, it is helpful to consider the different inputs used to arrive at the 434 dpa figure to identify whether this is a realistic starting point when considering housing need in St Helens.

3.6 The 2014-based household projections published by the Ministry of Housing, Communities & Local Government (MHCLG) are a key input to the standard method calculation. They use the 2014-based subnational population projections (SNPP) as the basis for calculating future household growth. This section presents the findings from an analysis of the SNPP to better understand the main factors driving demographic change in LCR. As recommended by PPG, the standard method should look at average annual household growth over a ten-year period, with the current year being used as the starting point. The timeframe 2021-31 has therefore been analysed for the SNPP.

3.7 Table 3.2 shows population change in St Helens for 2021-31 by five-year age band, using the 2014-based SNPP. In total, the population of St Helens is projected to increase by 4,663 between 2021 and 2031. Breaking this figure down by age band:

- The older/retirement population (65+) is projected to grow substantially over the next decade in St Helens – by an estimated 7,286.
- The younger cohort of population in St Helens, those aged 0-14, is projected to see a decline between of 286 between 2021 and 2031.
- The number of people aged 15-64 (a proxy for working age) in St Helens is projected to decline by 2,337 from 2021-31 in St Helens.

3.8 It is clear that the younger population and those of working age are projected to contract and, in particular, the older/retirement population is projected to grow in St Helens. Such circumstances show the opposite of a balanced and sustainable community. It is also in contradiction of two of the Plan’s Strategic Aims, namely:

- **Strategic Aim 1: Supporting regeneration and balanced growth** – which includes the objective of promoting regeneration by enabling steady and sustainable economic and population growth.
- **Strategic Aim 4: Meeting housing needs** – which has the objective of enabling the delivery of sustainable communities by identifying land for a sufficient number and range of new dwellings.

**Table 3.2 2014-based Subnational Population Projections by Five-Year Age Group in St Helens, 2021-31<sup>4</sup>**

Age group	2021	2031	2021-31
Age 0 - 4	10,402	10,081	-321
Aged 5-9	10,577	10,506	-71
Aged 10-14	10,593	10,699	106
<b>Aged 0-14</b>	<b>31,572</b>	<b>31,285</b>	<b>-286</b>

<sup>4</sup> Figures may not sum due to rounding.

<b>Age group</b>	<b>2021</b>	<b>2031</b>	<b>2021-31</b>
Aged 15-19	9,207	10,326	1,118
Aged 20-24	8,979	9,421	443
Aged 25-29	11,248	9,679	-1,569
Aged 30-34	11,898	10,554	-1,344
Aged 35-39	11,115	11,784	669
Aged 40-44	10,018	12,065	2,046
Aged 45-49	11,137	11,137	1
Aged 50-54	12,839	10,066	-2,773
Aged 55-59	12,994	11,021	-1,974
Aged 60-64	11,346	12,392	1,046
<b>Aged 15-64</b>	<b>110,781</b>	<b>108,444</b>	<b>-2,337</b>
Aged 65-69	9,969	12,178	2,209
Aged 70-74	10,770	10,340	-430
Aged 75-79	7,961	8,499	538
Aged 80-84	5,566	7,979	2,413
Aged 85-89	3,167	4,613	1,446
Aged 90+	1,560	2,669	1,109
<b>Aged 65+</b>	<b>38,992</b>	<b>46,278</b>	<b>7,286</b>
<b>All Ages</b>	<b>181,344</b>	<b>186,007</b>	<b>4,663</b>

Source: ONS

- 3.9 While the Local Plan proposes a housing target which is above the standard method figure (486 versus 434), it is questionable as to whether this represents enough of an uplift to support sustainable growth in St Helens. This is especially true when consideration is given to the argument of the how St Helens should be planning for economic growth to expand opportunities for a younger population to reside in the area.
- 3.10 It is also helpful to consider the projected components of change in the projections, to understand if it is natural change and/or migration that are driving future trends. Table 3.3 shows the components of change for the 2014-based SNPP in St Helens.
- 3.11 It can be seen from Table 3.3 that levels of natural change in St Helens are expected to decline between 2021 and 2031, with the number of births declining over the decade and deaths increasing. This is likely to be a reflection of the ageing population outlined in the paragraphs above. By 2031 natural change in St Helens is projected to be zero, with births and deaths aligning.
- 3.12 With growth attributable to natural change declining to zero between 2021 and 2031, St Helens needs to try and attract more people to live in the area from elsewhere if its population is to be balanced and sustainable in the long-term. This is a particularly important point to consider in relation to the future labour supply of St Helens – i.e. it will need sufficient people of working age to fulfil job growth aspirations. To ensure this does not place added pressure on the existing working age population, St Helens must

ensure it has a sufficient supply of housing to attract new residents to the area. This again raises the question of whether the uplift from 434 to 486 dpa is sufficient in terms of supporting sustainable growth.

**Table 3.3: 2014-based Subnational Population Projections Components of Change in St Helens, 2021-31 (Figures in 1,000s)**

<b>Component</b>	<b>2021</b>	<b>2026</b>	<b>2031</b>
Population	181,300	184,100	186,000
Natural Change	300	100	0
Births	2,100	2,000	2,000
Deaths	1,800	1,900	2,000
All Migration Net	400	300	300
Internal Migration In	4,700	4,700	4,700
Internal Migration Out	4,300	4,300	4,400
International Migration In	300	300	300
International Migration Out	300	300	300
Cross-border Migration In	200	200	200
Cross-border Migration Out	300	300	300

**Source:** ONS

- 3.13 It is important to note that the ONS population projections, which form part of the standard method, are based on short-term trends (five years for births, deaths, internal migration & other change and six years for international migration). It is therefore useful to consider the components of change that informed the 2014-based SNPP. Table 3.4 sets out the estimated components of change since 2002. The final row (highlighted in bold) summarises the data that was used as an input to the projections. With the exception of international migration, which will have been based on trends between 2008 and 2013, the mid-2014 SNPP will be based on trends between 2009 and 2013<sup>5</sup>.
- 3.14 It can be seen from Table 3.4 that natural change was the main driver of population growth in St Helens between 2009 and 2013. From 2014 onwards however, internal net migration has been the main driver and this suggests that St Helens is very much a place where people want to live. The post-2013 trend of increasing internal net migration is not something that will have been picked up in the 2014-based projections.

<sup>5</sup> ONS uses data for the period 2009/10-2013/14 inclusive when producing the projections. Due to differences with the way published data are presented, the years 2009-13 inclusive are used as the best fit for the analysis presented in this section.

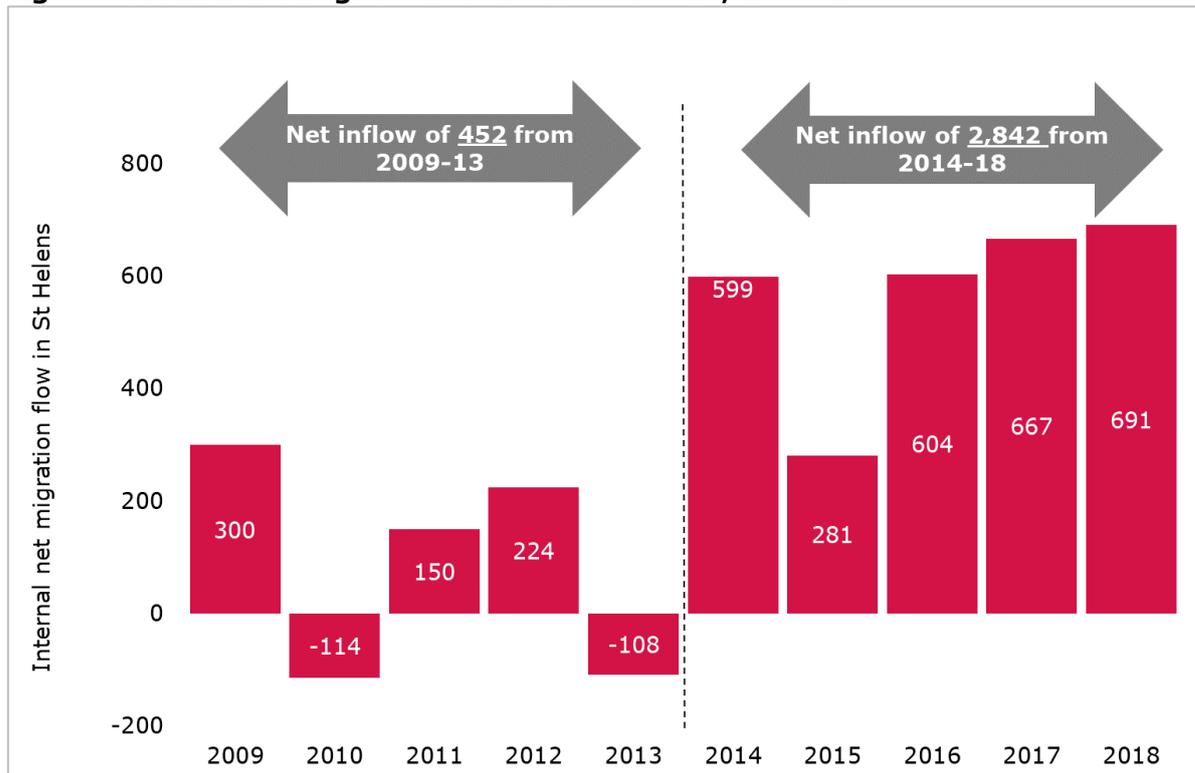
**Table 3.4: Mid-Year Estimates Components of Change for St Helens, 2002-19**

	Pop Start	Births	Deaths	Natural Change	Internal Net Migration	International Net Migration	Other Change	Pop End
Mid 2002	176,826	1,820	1,890	-70	-39	-69	-353	176,295
Mid 2003	176,295	1,829	1,835	-6	69	5	-366	175,997
Mid 2004	175,997	2,014	1,938	76	101	-74	-362	175,738
Mid 2005	175,738	1,933	1,864	69	121	-188	-379	175,361
Mid 2006	175,361	2,023	1,783	240	-49	29	-382	175,199
Mid 2007	175,199	2,119	1,819	300	-115	-11	-403	174,970
Mid 2008	174,970	2,124	1,816	308	104	160	-436	175,106
Mid 2009	175,106	2,083	1,874	209	300	83	-426	175,272
Mid 2010	175,272	2,148	1,764	384	-114	128	-467	175,203
Mid 2011	175,203	2,128	1,694	434	150	113	-495	175,405
Mid 2012	175,405	2,143	1,708	435	224	40	20	176,124
Mid 2013	176,124	2,033	1,851	182	-108	13	10	176,221
Mid 2014	176,221	2,024	1,727	297	599	54	20	177,191
Mid 2015	177,191	1,967	1,964	3	281	101	16	177,592
Mid 2016	177,592	1,991	1,907	84	604	197	3	178,480
Mid 2017	178,480	2,067	1,946	121	667	77	-14	179,331
Mid 2018	179,331	1,972	2,033	-61	691	63	25	180,049
Mid 2019	180,049	1,866	1,937	-71	403	195	9	180,585
<b>Input to 2014-based projections (trends from 2009-13)</b>		<b>10,535</b>	<b>8,891</b>	<b>1,644</b>	<b>452</b>	<b>537</b>	<b>-1,358</b>	

Source: ONS

3.15 Over the period 2009-13, there was a small net inflow of 452 migrants to St Helens. In two of the years – 2010 and 2013 – there was actually a new outflow of migrants from the area. By contrast, between 2014 and 2018, there was a significantly larger net inflow of migrants to St Helens of 2,842. This coincides with an increase in net dwelling completions in the area, as already outlined in paragraph 3.4. Figure 3.2 presents the internal net migration figures for 2009-18, serving to highlight how different the trend now is. The positive trend of increasing net internal migration is completely lost when using the standard method to calculate housing numbers. This raises doubts as to whether the minimum housing need of 434 dpa is in fact too low and should be higher, which in turn means that an economic growth adjustment will also need increasing. It should be noted that the chart covers two timeframes – 2009-13 and 2014-18 – for direct comparison purposes, whereas Table 3.4 above also includes data for 2019.

**Figure 3.2: Inward migration flows in St Helens, 2009-18**



Source: ONS

3.16 Household projections are based on short-term past trends of natural change and net migration (five years for internal migration and six years for international migration). Indeed, ONS themselves acknowledge the limitations of the projections within the October 2018 MCHLG technical consultation, noting at Page 7 that:

*"They do not take account of how many people may want to form new households, but for whatever reason aren't able to, such as young adults wanting to move out of their parents' house, or people wanting to live on their own instead of in a house share. Therefore, **household projections are not a measure of how many houses would need to be built to meet housing demand; they show what would happen if past trends in actual household formation continue.**"*

*"Although the latest household projections are lower than the previously published projections, this does not directly mean that fewer houses are needed in the future than thought. This is because the projections are based on recent actual numbers of households and are not adjusted to take account of where homes have been needed in recent years but have not been available. Therefore, if more homes are built, the increased availability of homes may result in more households forming. The opposite is also true – if fewer homes are built then fewer households are able to form."*

## **Summary**

- 3.17 The issue of how many new homes to build in St Helens becomes even more significant when the 2014-based SNPP are analysed in more detail. The population projections feed into the 2014-based household projections, which are then used by the standard method to calculate dwelling requirements. When applying the standard method to St Helens, the positive trend of increasing internal migration to the area over from 2014 onwards is completely ignored. The resulting housing numbers will therefore not reflect what has actually been happening with regards to net inflows to St Helens over last five years. Despite the Council's proposed target of 486 dpa representing an uplift on its standard method calculation of 434 dpa, it can be argued that the baseline housing figure resulting from the standard method is too low, which in turn means the economic uplift needs to be higher.

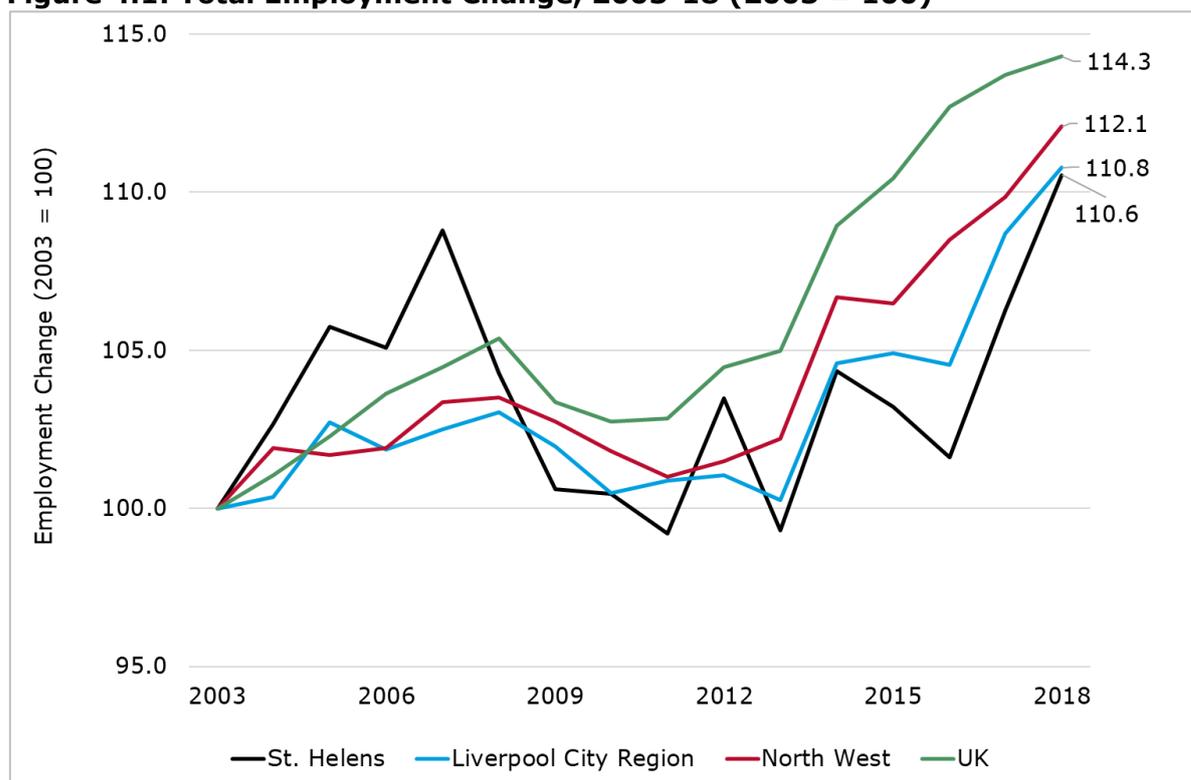
#### **4. LABOUR MARKET TRENDS IN ST HELENS**

- 4.1 Given housing target of 486 dpa is meant to align with economic growth aspirations, it is helpful to look at past employment trends in St Helens, as housing need will be driven to a large extent by changes in the labour market. This section analyses data purchased from Cambridge Econometrics and presents employment data for the period 2003-18. It focuses on St Helens, along with the benchmark areas of the Liverpool City Region Combined Authority, the North West and UK. Where appropriate, data for the other City Region authorities are also presented. In addition, the section looks at relevant economic development objectives and future infrastructure investments that are likely to influence jobs growth in the City Region.
- 4.2 The Covid-19 pandemic will clearly have had an impact on the St Helens labour market, as it has done in the rest of the UK. The data presented in this section focus on past growth as opposed to future trends.

##### **Long-term Trends in Total Employment, 2003-18**

- 4.3 Figure 4.1 shows change in total employment from 2003-18. It adds together the number of employee jobs (sum of full-time and part-time) and the number of self-employed jobs. As of 2018, total employment in St Helens stands at approximately 73,000. Between 2003 and 2018, employment in the area increased by just under 7,000. This represents overall growth of 10.6%, slightly below the regional and national increases of 12.1% and 14.3% respectively. The growth in St Helens over this timeframe was virtually in line with the increase of 108% seen in Liverpool City Region. More recently, between 2016 and 2018 it can be seen from Figure 4.1 that there was a sharp increase (circa 6,000 jobs) in total employment in the City Region.

**Figure 4.1: Total Employment Change, 2003-18 (2003 = 100)**



**Source:** Cambridge Econometrics

4.4 Table 4.1 shows total employment change at a local authority level in St Helens and from 2003-18. It can be seen that growth across the City Region has not been evenly distributed over this 15-year timeframe. In absolute terms, Liverpool accounted for more than half the jobs increase in the City Region with 36,880 new roles created. Halton, Knowsley, St. Helens, and Wirral also saw employment increases between 2003 and 2018, however Sefton saw job numbers decline by more than 10,500 over the same period. On an annual basis, jobs growth in St Helens between 2003 and 2018 was 0.7%. Interestingly, this is the same increase envisaged in the growth scenario of the SHELMA.

**Table 4.1: Total Employment Change by District, 2003-18**

	Total Employment		Change, 2003-18		
	2003	2018	No.	Total %	% p.a.
Halton	57,164	67,867	10,703	18.7%	1.2%
Knowsley	59,831	74,318	14,487	24.2%	1.5%
Liverpool	229,820	266,700	36,880	16.0%	1.0%
<b>St. Helens</b>	<b>65,742</b>	<b>72,678</b>	<b>6,936</b>	<b>10.6%</b>	<b>0.7%</b>
Sefton	118,294	107,525	-10,769	-9.1%	-0.6%
Wirral	112,924	124,131	11,207	9.9%	0.6%
LCR	643,775	713,219	69,444	10.8%	0.7%
North West	3,340,417	3,743,788	403,371	12.1%	0.8%
UK	30,617,000	34,995,000	4,378,000	14.3%	0.9%

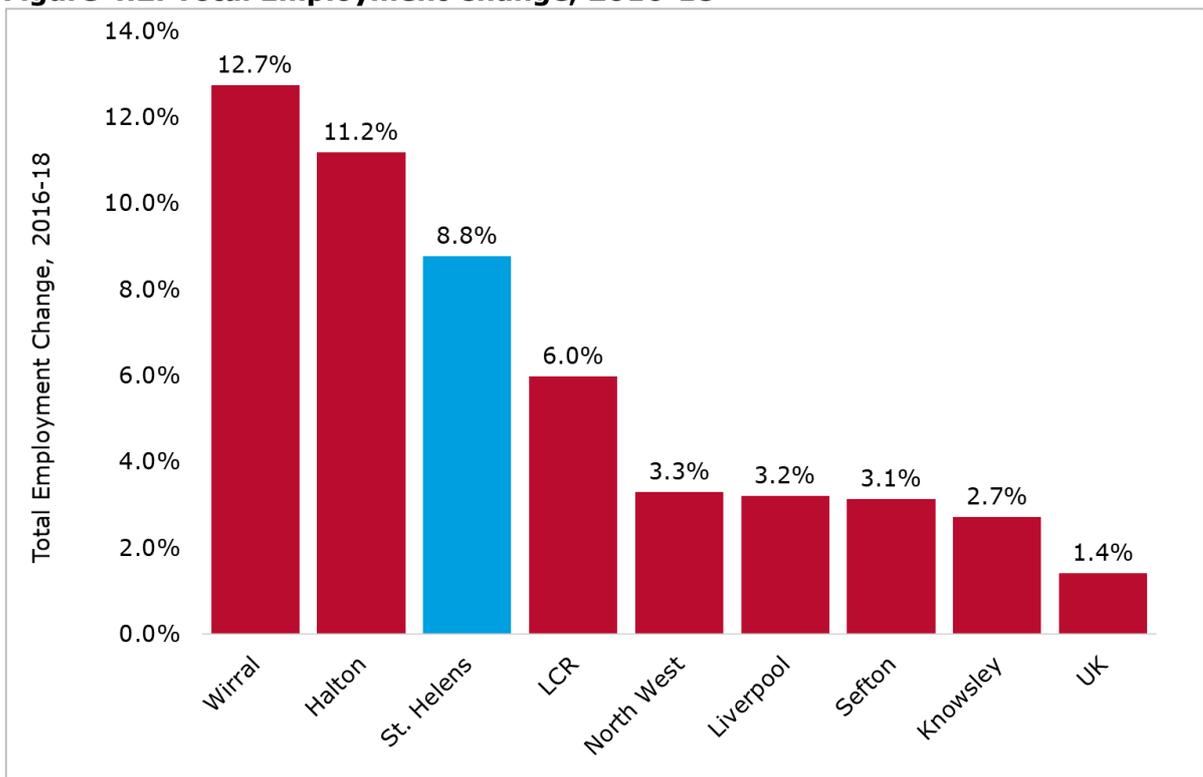
**Source:** Cambridge Econometrics

### Trends in Total Employment Since Devolution Deal

4.5 In November 2015, the City Region signed its first devolution agreement with the Government, giving it greater control over transport, skills, business support and other areas. A further devolution deal was agreed in March 2016. Given the importance attached to devolution and the impact it is expected to have in terms of reversing economic imbalances between the North and South (of the UK), it is useful to see how the St Helens labour market has performed since the first devolution deal was announced, along with that of the area parts of the City Region. Figure 4.2 shows total employment change at a local authority level from 2016-18.

4.6 As shown in Figure 4.2, total employment in St Helens increased by 8.8% (6,000 additional jobs) between 2016 and 2018. This was well above the increases of 3.3% in the North West and 1.4% in the UK. At a local authority level in the City Region, only Wirral (12.7%) and Halton (11.2%) saw higher jobs growth than St Helens.

**Figure 4.2: Total Employment Change, 2016-18**



**Source:** Cambridge Econometrics

### Past Employment Trends versus Employment Growth in the SHELMA

4.7 It has been already noted in paragraph 2.3 of this report that the January 2017 consultation of the Liverpool City Region SHELMA highlights that St Helens could see a housing requirement of up to 855 dpa – significantly higher than the 486 dpa target in

the Local Plan. This is based on the economic growth scenario in the SHELMA, which assumes 0.7% employment growth per annum in the City Region between 2012 and 2037. The St Helens Employment Land Needs Study<sup>6</sup> notes that past growth in the area has been significantly restricted by a lack of suitable land. However, the data presented in Table 4.1 indicate that St Helens was able to achieve the same level of jobs growth from 2003-18 as that expected in the SHELMA economic growth scenario. This would suggest that it is not unreasonable to expect St Helens to see a long-term increase in job numbers of at least 0.7% per annum, even accounting for the impact of the Covid-19 pandemic.

### **Economic Development Objectives and Infrastructure Investments**

- 4.8 There are a number of economic development objectives and planned infrastructure investments for St Helens and the wider Liverpool City Region that will impact on future jobs growth. It is highly questionable as to whether the impact of these has been factored into the proposed housing target of 486 dpa. An important consideration in this respect is the City Region's Devolution Deal. The first devolution agreement with the Government in November 2015, giving the City Region greater control over transport, skills, business support and other areas, with a further devolution deal agreed in March 2016. The original devolution deal secured an extra £900million of funding over 30 years through the Single Investment Fund (SIF). A key part of the devolution agreement was to allow the City Region Mayor to exercise strategic planning powers to *'help accelerate economic growth and new housing development throughout the City'*.
- 4.9 There are a number of other growth strategies, funding streams and initiatives which will help deliver economic growth in St Helens and the wider City Region, in particular:
- The **LCR Growth Strategy**, published in 2016, looks to create over 100,000 additional jobs in the City Region by 2040, an increase of 20,000 businesses over the next 25 years and support an additional 50,000 people coming to live in the City Region by 2040. St Helens will take a share of these jobs and the people coming to work in the area will also need somewhere to live.
  - Through the devolution deal a number of funding streams exist to help deliver economic growth in the City Region. This includes the Single Investment Fund (SIF) which is comprised of Local Growth Funding (around £336million to date) and around £30million per year for the next 30 years through the Local Growth

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<sup>6</sup> BE Group. *St Helens Employment Land Needs Study*. October 2015.

Fund. These funding streams are to be distributed across the six City Region authorities and are committed, helping to deliver growth in the City Region.

- Liverpool City Region was successful in its bid for **Freeport** status in March 2021. Freeports are special economic zones designed make it easier and cheaper to do business, with normal tax and tariff rules not applying. Three locations form the Freeport bid – Wirral Waters, 3MG in Halton (the Mersey Multimodal Gateway) and significantly, Parkside in St Helens. It has been estimated that Freeport status will support the creation of 14,000 jobs across the City Region and it is reasonable to assume that St Helens will take a proportion of these, especially given one of the Freeports sites is in the area.

4.10 The aims of LCR Growth Strategy, devolution and the Freeport cannot be delivered without achieving appropriate levels of housing growth in parallel. An uplift of 52 dpa from the standard method figure of 434 dpa to account for economic growth aspirations is unlikely to provide enough of an increase, particularly if the standard method is too low to start with.

### **Summary**

4.11 The evidence presented in this section indicates that St Helens saw jobs growth of almost 7,000 between 2003 and 2018, equating to an increase of 0.7% per annum. The economic growth scenario of the SHELMA assumes the same growth rate in the future for the entire City Region and the historical data suggest it is not unreasonable to assume that St Helens can achieve similar growth in the future. The impact of the devolution deal, along with the LCR Growth Strategy and the successful Freeport bid will be to increase jobs growth in St Helens and the wider City Region. As such, St Helens needs to ensure it has the right housing offer to attract new workers to the area. The next section of this report considers the impact that different levels of economic growth will have on housing need.

## 5. FUTURE HOUSING TARGETS FOR ST HELENS

- 5.1 Following the earlier contextual review of the evidence supporting the dwelling requirement of 486 dpa proposed in the Local Plan for St Helen's and concern in respect of whether it is of a sufficient scale to fulfil economic aspirations, it is considered appropriate to test scenarios using the Chelmer Model (a demographic and housing model developed by Cambridge Econometrics (CE) that has capabilities to test job growth projections) to identify future housing needs in St Helens. A supporting method statement (contained within Appendix A) sets out the data sets and process followed.
- 5.2 The Chelmer Model analysis has previously been included in a January 2020 response to the Liverpool City Region Spatial Development Strategy (SDS) consultation. The analysis presented in this report is consistent with that response. The calculations were undertaken prior to the onset of Covid-19, however given the uncertainty around the impact of the pandemic, it is felt that the modelling work still provides a robust view of what long-term growth will look like in St Helens.
- 5.3 In summary, two scenarios were initially developed for the Chelmer Model:
- **Scenario 1 – Standard Method:** The first scenario seeks to test the standard method and the potential implications arising from it. This scenario validates the model against that standard method and provides what is a baseline scenario. At the time the analysis was carried out for the SDS consultation, the standard method figure for St Helens was 461 dpa, which is slightly higher than the more recent estimate of 434 dpa referred to by the Council.
  - **Scenario 2 – Economic Growth:** The second scenario tests the implications for St Helens of basing housing need on an employment growth scenario, in line with growth aspirations set out in the LCR SHELMA, which assumed average annual jobs growth of 0.7% per annum. Whilst this is considered as an economic growth scenario, the 0.7% annual growth in employment modelled is actually in line with past jobs growth in St Helens from 2003-18 (as shown in Table 4.1 in section four).
- 5.4 As noted above, the standard method dwelling requirement using the 2014-Based Sub National Population/Household Projections was 461 dpa when the Chelmer Model analysis was carried out in January 2020. When testing this figure through a 'dwelling led' targeted run (fixing the output to 461 dwellings from 2019 onwards and using actual dwelling completions/previous targets prior to that), the Chelmer Model then determines the number of people, labour force and work place growth arising from the fixed number of dwellings (in accordance with other variables contained within the model).
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### Scenario 1 – Standard Method

- 5.5 When the dwelling requirements identified by the standard method are targeted as the control (i.e. for other factors to vary to achieve the dwelling requirement) in the Chelmer Model, an indication of the arising workplace employment figures is identified. Therefore, based on delivering the dwelling requirements of the Standard Method (461 dpa at the time of the SDS consultation in January 2020), there will be employment growth of only 3,304 between 2019 and 2035 in St Helens, which is just 207 per annum (see Table 5.1). To put this in perspective, employment growth in St Helens from 2003-18 was around 462 per annum. Even accounting for differences in methodology between the job numbers, it still shows how low jobs growth would be when the standard method is applied.
- 5.6 Given the standard method has since reduced the minimum housing need figure and the Council is now referring to a figure of 434 dpa, the workforce employment change in St Helens will be lower. Even accounting for the fact that the Council is proposing to deliver 486 dpa as part of its Local Plan target, this is only marginally higher than the 461 dpa presented in Table 5.1 and is unlikely to generate the level of employment increases that are needed to support long-term sustainable economic growth in St Helens.

**Table 5.1: Outputs of Scenario 1 for St Helens (Standard Method), 2019-35**

Local Authority	2019-2035			
	Total Dwellings Change	Dwellings change p.a.	Total Workplace Employment Change	Workplace Employment Change p.a.
St Helens	7,372	461	3,304	207

**Source:** Cambridge Econometrics

### Scenario 2 – Economic Growth

- 5.7 Scenario 2 models the employment growth aspirations set out in SHELMA, which assumed average annual jobs growth of 0.7% per annum, and then works back to arrive at a dwelling requirement figure to support this level of planned jobs growth.
- 5.8 This scenario sets the workplace employment growth as the control (i.e. it identifies the implications in terms of population and housing as a result of achieving a particular level of workplace employment growth). The 0.7% increase in jobs creates 961 additional workplace jobs per annum in St Helens (see Table 5.2). Over the period 2019 to 2035, 24,757 dwellings are required in the economic growth scenario to support the increased level of population to fill the jobs. This translates into an annual requirement of 1,547 homes.

- 5.9 In the SHELMA consultation document, housing need in the economic growth scenario is estimated at 855 dpa. This is significantly lower than the 1,547 dpa figure arrived at by the Chelmer modelling. There are a number of reasons for the difference, including the fact that the analysis underpinning the SHELMA document assumed a higher increase in economic activity amongst people aged 65 and over. The implication of this is to lower housing demand, since more elderly people who already live in St Helens (and already have a home) are assumed to stay in work longer and accordingly, less additional migrants are needed to fulfil the jobs arising.
- 5.10 In terms of the assumptions on economic activity rates for Scenario 2, activity rates are based on Census 2011, with growth rates from CE’s (North West) and OBR’s (UK) activity rates forecast applied thereafter. In particular, the OBR growth rates are applied to two age bands: 65-69 and 70-74. CE’s growth rates are applied to the rest of the age bands.

**Table 5.2: Outputs of Scenario 2 for St Helens, 2019-35**

Local Authority	2019-2035			
	Total Dwellings Change	Dwellings change p.a.	Total Workplace Employment Change	Workplace Employment Change p.a.
St Helens	24,757	1,547	15,378	961

**Source:** Cambridge Econometrics

**Arriving at a Suitable Minimum Housing Target for St Helens**

- 5.11 The two initial scenarios produce very different outputs in terms of dwelling requirements and workforce growth. This is to be expected, given the different assumptions used in each scenario. In terms of arriving at a suitable housing target for St Helens, Scenario 1 (applying the Standard Method) will not deliver a level of housing growth to support long-term sustainable economic growth, or maintain current growth in the area. While the proposed target of 486 dpa represents an uplift on the standard method figure, it is unlikely to support sustainable growth. The long-term aspiration for St Helens should be to see in the region of 1,500 new homes delivered per annum, as outlined in Scenario 2 in order to support economic growth and at the least maintain current trends and momentum in the economy which has seen employment growth of around 0.7% per annum from 2003-18.
- 5.12 Given that this figure would require a significant uplift from Local Plan requirements, it may be worth considering a target that represents a mid-point of the two targets. This would lead to an annual housing requirement of 1,004 dwellings, which is closer the economic growth scenario target in the SHELMA of 855 dpa and would support workforce employment growth of 584 per annum. This would be very much a long-term target,

given how ambitious it is and a more appropriate starting point could be the 570 dpa target in the adopted Core Strategy. Table 5.3 presents the results of the third scenario in more detail.

**Table 5.3: Outputs of Scenario 3 (mid-point of Scenarios 1 & 2), 2019-35**

Local Authority	2019-2035			
	Total Dwellings Change	Dwellings change p.a.	Total Workplace Employment Change	Workplace Employment Change p.a.
St Helens	16,065	1,004	9,341	584

**Source:** Pegasus Group, utilising data provided by Cambridge Econometrics

## **6. CONCLUSIONS**

- 6.1 The analysis in this report raises a number of important points when considering the housing target outlined in the Local Plan. In particular, the information presented in section two shows that the Borough is now planning on setting a lower annual housing target (486 dpa) than is currently outlined in the adopted Core Strategy (570 dpa). This is the opposite of what should be happening when considered against the context of the housing crisis and the government's ambition to increase the delivery of homes to 300,000 per annum by the mid-2020s.
- 6.2 The October 2020 Housing Need and Supply Background Paper (SD025) states that the minimum housing need figure for St Helens using the standard method is 434 dpa. The Background Paper also notes that the standard figure represents the minimum housing figure and the Council has considered local specific issues likely to affect job growth and subsequent housing need associated with this growth. As a result, this is where the proposed target of 486 dpa comes from – i.e. the Council is trying to show that it hasn't simply gone with the minimum target arising from the standard method. Given the standard method has clearly been taken into consideration, it is helpful to consider the different inputs used to arrive at the 434 dpa figure to identify whether this is a realistic starting point when considering housing need in St Helens.
- 6.3 Section three provides a review of the different inputs to the standard method. This includes the 2014 sub-national population projections which feed into the 2014-based household projections, which are then used by the standard method to calculate dwelling requirements. When applying the standard method to St Helens, the positive trend of increasing internal migration to the area over from 2014 onwards is completely ignored. The resulting housing numbers will therefore not reflect what has actually been happening with regards to net inflows to St Helens over last five years. Despite the Council's proposed target of 486 dpa representing an uplift on its standard method calculation of 434 dpa, it can be argued that the baseline housing figure resulting from the standard method is too low, which in turn means the economic uplift estimate needs to be higher.
- 6.4 Compared with other parts of the country, St Helens is more affordable to live, however affordability ratios have changed little over the last few years and the latest estimate for 2020 is above 5, indicating that the housing ladder remains out of reach for a substantial part of the local population. Build rates will therefore need to remain high in the long-term to address this issue and reducing the housing target to 486 dpa seems counter-productive to supporting inclusive growth in the Borough. It is important that the Local

Plan recognises this important issue and takes steps to address it through additional housing and employment provision otherwise, unsustainable consequences may occur. As it currently stands, it is hard to see how the Local Plan will fully address some of the main housing and demographic issues faced by St Helens – especially in relation to the issue of an imbalanced and ageing population.

- 6.5 The analysis presented in section four looks at long-term labour market growth in St Helens from 2003-18. The area saw jobs growth of 0.7% over this timeframe and significantly, this is the same increase anticipated by the economic growth scenario of the Liverpool City Region SHELMA consultation in January 2017, which noted that such growth would lead to annual housing need of 855 dwellings in St Helens. It is therefore not unreasonable to expect St Helens to see a long-term increase in job numbers of at least 0.7% per annum, even accounting for the impact of the Covid-19 pandemic.
- 6.6 Section five of this report presents the findings of three scenarios to test future economic growth in St Helens and the implications for housing numbers. Analysis has previously been included in a January 2020 response to the Liverpool City Region Spatial Development Strategy (SDS) consultation in January 2020. The main findings from the scenarios are as follows:
- **Scenario 1 – Standard Method:** This scenario seeks to test the standard method and the potential implications arising from it. At the time the analysis was carried out for the SDS consultation, the standard method figure for St Helens was 461 dpa, which is slightly higher than the more recent estimate of 434 dpa referred to by the Council. The main outcome of this scenario is that employment growth is estimated to be only 3,304 between 2019 and 2035 in St Helens, which is just 207 per annum.
  - **Scenario 2 – Economic Growth:** The second scenario tests the implications for St Helens of basing housing need on an employment growth scenario, in line with growth aspirations set out in the LCR SHELMA, which assumed average annual jobs growth of 0.7% per annum. This growth creates 961 additional workplace jobs per annum in St Helens. Over the period 2019 to 2035, 24,757 dwellings are required in the economic growth scenario to support the increased level of population to fill the jobs. This translates into an annual requirement of 1,547 homes.
  - **Scenario 3 – Mid-Point Growth:** The third scenario represents a mid-point of the first two scenarios and would lead to an annual housing requirement of 1,004 dwellings and would support workforce employment growth of 584 per annum.

- 6.7 While the proposed target of 486 dpa represents an uplift on the standard method figure, it is unlikely to support sustainable growth. A more appropriate starting point would be the 570 dpa target in the adopted Core Strategy, and the Chelmer modelling indicates that this figure may need to be increased in the long-term.

## **Appendix A – Method Statement for Chelmer Model**

# Chelmer Population and Housing Model

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## The role and scope of Chelmer

Understanding the likely long-term change in the characteristics of the population is vital for the effective planning of infrastructure and services by both the public and private sectors. It is, however, a complex task, with the trends influenced by many factors that may be demographic (e.g. natural aging of the current population), social (e.g. trends in fertility rates, tendency for multi-generation households) and economic (e.g. relative strength of the local economy can attract people to an area, the level and type of housing provision can influence migration to an area). Effective planning for the future means understanding the contribution the different factor could make.

The Chelmer Population and Housing Model (Chelmer Model) is a well-established demographic model which can be used to help develop this understanding. Chelmer provides detailed demographic and housing projections for areas of interest.

Importantly, it provides

- independent projections that do not rely on other commercial forecasts
- the ability to run alternative 'what if' scenarios
- a systemic, rigorous and transparent method so that results are easily traced back to assumptions
- considerable disaggregation (e.g. age bands, household types etc)

## *Background to Chelmer*

The Chelmer model was originally developed and applied over a long period of time by the Population and Housing Research Group at Anglia Ruskin University under the direction of Professor Dave King. During this time it developed a well-founded reputation among local authorities planning bodies, property developers and others for providing robust and well-founded analysis for many planning enquiries.

Cambridge Econometrics (CE) took over the ongoing development and maintenance of Chelmer when the Population and Housing Research Group disbanded in 2008. Since then the model has been substantially redeveloped but maintains the original model's logic and scenario capability.

## The model framework

Chelmer models the interaction between population and housing in an area over time. It is based on a cohort survival projection methodology where the future population is influenced by the starting population profile, natural change (births and deaths) and migration. Importantly, Chelmer can operate in two broad approaches:

- Unconstrained
  - where the primary driver of change are assumed demographic trends, and the implications of these, such as demand for housing, are assumed to be

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accommodated (i.e. there is no impact from the planning system on demographic trends).

- 'Constrained'
  - For example, when the future level of housing provision is 'given' and the future structure of the population is modelled to be consistent (given assumptions for rates of natural change). In these cases migration responds to the constraint to ensure balance. In Chelmer, the binding constraint can be either the level of future dwellings, the population structure, the labour force or the number of households.

### ***The logic of dwellings-led projections***

When the future number of houses in a locality is known and thereby acts as a constraint on the size of the future population.

#### *Households*

The total number of households is set by the assumed number of dwellings given assumptions of empty properties, the number of shared dwellings and the average number of households in each shared dwelling.

The profile of households (in terms of type) will be determined from the projected population given the assumptions made for representative household rates by age and gender. In projecting the population profile, adjustments are made (see below for more details) such that the total number of households calculated from the population and representative household rates is the same as the total number of households consistent with the dwellings assumption.

#### *Population*

Given the current profile of the population and assumptions for fertility and mortality rates, levels of migration (by age and gender) to/from the area are calculated to produce an estimate of the population that, when the assumed representative household rates are applied, results in the same number of households as arising directly from the dwellings assumption.

### ***The logic of employment-led projections***

When the future size of the labour force in a locality is known and thereby acts as a constraint on the size of the future population. The labour force is calculated in the following way before running the model:

- In/out-commuting rates are applied to future workplace employment to estimate the number of resident workers and the number of resident workers working in the area.
- Unemployment rates by gender are then applied to estimate locally-resident labour force by gender.

#### *Population*

Given the above labour force, the population profile is calculated by applying the assumed activity rates. Subsequently, the required change to annual migration to hit the implied population is calculated, given assumptions for fertility and mortality rates.

#### *Households/dwellings*

For the given future population profile, the number (and type) of households will be determined by the likelihood of people in particular age groups forming households using household representative rates. Such rates will vary by age, gender and location, and will themselves be influenced by underlying social trends, such as marital status, the ability to afford to move from the parental home etc.

## Assumptions

Table 1 below provides details of the starting assumptions used in the model.

**Table 1: Chelmer Model Assumptions**

	Source
Population estimates	Census 2011 and Office for National Statistics (ONS) mid-year population estimates.
Non-household population	ONS 2014-based SNPP and associated Ministry of Housing, Communities & Local Government (MHCLG) sub-national household projections.
Activity rates	Census 2011 activity rates. Growth rates from Cambridge Econometrics <sup>1</sup> and OBR's UK activity rates forecast applied thereafter.
Internal/International migration	Based on ONS 2014-based SNPP.
Fertility rates	National (England) 2014-based population projections.
Fertility rate correction factors	Calculated from estimate of births from applying national fertility rate assumptions to local population and local births calculated from ONS mid-year population estimates, for those model periods for which there are data.
Mortality rates	National (England) 2014-based population projections.
Mortality rate correction factors	Calculated from estimate of deaths from applying national mortality rate assumptions to local population and local deaths calculated from ONS mid-year population estimates for those model periods for which there are data.
Household representative rates	MHCLG 2014-based household projections. Rates are provided for different levels of disaggregation.
In/Out-commuting rates	Census 2011, held constant.
Unemployment rates	Census 2011, held constant.

<sup>1</sup> CE's Multisectoral Dynamic Model ([MDM-E3](#)) of the UK economy forecasts activity rates for the UK. The projected UK activity rates are based on historical activity rates, unemployment and a time trend:

$$\text{Log}(LF_i) = a + b \cdot \text{Log}(LF_i(-1)) + c \cdot \text{Log}(\text{Unemp}_i) + d \cdot \text{Log}(\text{Unemp}_i(-1)) + e \cdot \text{TIME}$$

where  $LF_i$  is activity rate of age band  $i$  (measured as labour force/population),  $UNEMP$  is unemployment rate (measured as ILO unemployed/population),  $TIME$  is a linear time trend and  $(-1)$  means lagged by one year.

No explicit assumptions about the pension age are made.

**APPENDIX 2 – LIVERPOOL INSPECTOR’S POST HEARING ADVICE LETTER (NOV 2020)**

# Liverpool Local Plan Examination

Inspector: David Spencer BA(Hons) DipTP MRTPI

Programme Officer: Helen Wilson

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10 November 2020

Dear Mr Eccles

## **Liverpool Local Plan Examination Post Hearings Advice – Proposed Main Modifications and Related Matters**

### **1. Introduction**

- 1.1 The purpose of this advice letter is to confirm matters discussed at the hearings in relation to those proposed main modifications necessary for plan soundness. This letter also identifies a very small number of further main modifications which follow from discussion at the hearings.
- 1.2 At this stage I am not inviting any comments about the contents of this letter.

### **2. Proposed Main Modifications**

- 2.1 A number of the 70 or so proposed main modifications established through initial Inspector correspondence were discussed at the hearings, together with:
  - modifications presented in the Council's July 2020 statements;
  - modifications presented in October 2020 statements of common ground with Natural England and Historic England;
  - modifications suggested by the Council in response to recent changes to the Use Classes Order (document LCC06); and
  - the small number of further suggested modifications provided by the Council shortly before the hearings opened (9 October 2020).
- 2.2 In addition to these proposed main modifications, a small number of supplementary main modifications were identified at the hearings and recorded as action points for the Council to progress.
- 2.3 A key task for the Council is to now compile a draft full list of the proposed main modifications, in plan order, from these various sources.

### **3. Further Main Modifications**

- 3.1 As set out at the final session of the hearings I indicated that I would reflect further on some matters raised at the hearings. There are a small number of policies, where, on reflection I consider further amendments are necessary to ensure a sound plan on adoption. I set these out here and advise that the full reasoning for them will be set out separately in my report.

#### Housing Trajectory

- 3.2 The Council is seeking to present a housing trajectory that reflects a “stepped annual requirement” in response to: (a) the existing substantial quantum of consented supply; (b) that the Council has positively re-set the measurement of supply as of 1 April 2020 so as not to carry forward the notable over-delivery in the early years of the plan period; and (c) a potential tightening of land supply in the latter years of the plan period. This means that from 1 April 2020 the “requirement” measurement for calculating a five-year supply would increase from 1,739 dwellings per annum (dpa) to 2,450dpa the first five years on plan adoption before dropping to 1,300dpa for the remainder of the plan period.
- 3.3 Liverpool’s deliverable housing land supply is heavily reliant on the apartment sector. Whilst this market has performed very strongly in recent years and continues to deliver well, I am concerned that a dominance of one sector in the supply is not without risk to the projected delivery in the next five years. It is imperative that the spatial strategy of the plan is secured through a pragmatic “delivery” measurement in the trajectory. Policy H1 (as proposed to be modified) does not seek to step the annual requirement, setting out that the annual housing requirement to be delivered averages at 1,739 dwellings.
- 3.4 For the avoidance of doubt, therefore, the “annual requirement” measurement of the five-year deliverable supply in the housing trajectory should be based on a constant annualised requirement of 1,739 dwellings per annum for the plan period to 2033. The buffer for the first five years on plan adoption should be 5% moved forward from later in the plan period to ensure choice and competition in the market. This would put the plan on a realistic footing to maintain a robust deliverable supply in the 5-7 years following plan adoption. I recognise the Council is concerned about a tightening of land supply in the latter years of the plan period but that would be a matter that plan review can address.
- 3.5 The revised trajectory should disaggregate the consented supply by large ( $\geq 10$  units) and small ( $< 10$  units) sites. For large sites the consented supply should be further separated out in the trajectory to show the profile of projected annual delivery from detailed and outline consents

(noting the Council is not relying on any outline consents to deliver in the first five years on plan adoption).

### Windfalls

- 3.6 I am mindful, as discussed at the hearings, that the Council helpfully agreed to examine the additional data for 2019/20 on windfalls using its methodology of those permissions granted on sites not identified through the annual Strategic Housing Land Availability Assessment (SHLAA) process and then discounted by 50%. Whilst this could be a useful exercise, I am nonetheless concerned about the overall realism of a sustained windfall rate of 709 dwellings per annum from 2023/24 onwards. To a large extent the very high windfall rate in Liverpool has materialised due to the lack of allocated sites over the past 18 years or so and various development opportunities circumventing the SHLAA process. This situation should change as a result of this Local Plan which allocates sites including mixed use sites that comprise residential development. Even with the 50% discount it seems unduly expectant that such a high volume of windfall would be sustained over the latter 10 years of the plan period.
- 3.7 I am also cognisant that the principal risk for a deliverable housing land supply in the first five years after plan adoption would be a significant downturn in the apartment market. Should such a scenario arise, a substantial windfall allowance reflecting the same market, could create difficulties for the Council in demonstrating a five-year deliverable housing land supply.
- 3.8 My advice to the Council on an approach to windfall, which could be found sound, would be to base an allowance on small-scale windfall sites only (those sites yielding fewer than 10 units). Under the Council's methodology this would appear to equate to approximately 140 dwellings per annum<sup>1</sup>. Based on the modified Table 7 in the Council's Matter 6 statement, this reduced windfall allowance would be in addition to the general over-provision of some 4,500 homes above the plan's housing requirement from consented and allocated deliverable and developable supply. Demonstrating a deliverable housing land supply in the first five years in Liverpool would not be contingent on windfall and so an annual allowance of 140 dwellings from 2023-24 onwards would provide realistic headroom.
- 3.9 Under this approach any consented large-scale windfall would be picked up by annual monitoring and fed into annual calculations of the five-year deliverable supply as commitments. If matters of housing land supply tighten or further monitoring and SHLAA updates inform an alternative

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<sup>1</sup> Council's response to MIQ 6.17

windfall allowance other than 140dpa recommended above, this would provide further impetus for a plan review.

### Accessible Housing (Policy H12)

- 3.10 Planning policies for accessible housing should take account of site-specific considerations<sup>2</sup>. As part of the proposed main modification to Policy H12 part 1 of the policy should be expanded to be clear that site specific-considerations such as vulnerability to flooding, site topography, and other circumstances may make a specific site less suitable for M4(2) and M4(3) compliant dwellings, particularly where step free access cannot be achieved or is not viable. This would be necessary for consistency with national policy.
- 3.11 Additionally, as part of the proposed main modification, it needs to be made clear that optional standard M4(3)(2)(b) [wheelchair accessible homes] will only apply to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling.

### Recent amendments to the Use Classes Order (UCO)

- 3.12 The Council has helpfully set out a series of proposed amendments in documents LCC06(a-c) to reflect recent changes to the UCO. These should proceed as proposed main modifications and the reasoning will be set out in my report. On reflection, the very modest changes to Policies CC5 and CC20, where the only proposed change (through the various sources of modifications) is simply to remove a use class reference where descriptive text was already set out in the policy would not be main modifications necessary for soundness and should be assigned to the Council's schedule of additional modifications. A further refinement to the proposed main modification to Policy SP4 is required to amend criterion 1 c) to replace "non-A5 units" with "non hot food takeaway units".

### Tall Buildings

- 3.13 Given the significance of the emerging Tall Buildings Study in shaping the proposed modification to Policy UD6, it is imperative that I now have sight of a draft of the Study. On receipt of a draft of the Study, I will advise the Council as to whether further main modifications beyond those discussed in the hearing are required. It is also necessary that a version of the study accompanies the proposed main modifications consultation so that fully informed representations can be made on the proposed changes to Policy UD6 and accompanying text and figures.

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<sup>2</sup> Planning Policy Guidance paragraph 56-008-20160519

## Pumpfields

- 3.14 As discussed at the hearings, and for the avoidance of doubt, the extent of the identified Primarily Industrial Area west of Vauxhall Road would not be sound, given the changing character of the wider mixed-use area and the specific recommendations in the Employment Land Study 2017. It would be a matter for the Council to prepare a main modification determining whether Pumpfields becomes a wholly mixed-use area and consequential changes to criterion 1 b) of Policy CC2.

### **Process for Main Modifications**

- 4.1 The Council should now prepare a consolidated schedule of all the potential main modifications identified prior to and during the hearing sessions and as set out above in this letter. The Council should also consider the need for any consequential changes that might be required in connection with any potential main modifications.
- 4.2 I will need to see the draft schedule and may have comments on it. I will also need to agree the final version of the schedule before it is made available for public consultation.
- 4.3 The schedule of proposed main modifications should be presented in plan order with proposed new appendices set out at the end (for example – the proposed Monitoring and Implementation Framework). The column that briefly explains the reasons for the main modifications should reflect the relevant tests of soundness. For clarity and to avoid an excessive number of main modifications, it is best to group all the changes to a single policy together as one main modification. The main modifications should be expressed as changes from the 2018 Publication Version.
- 4.4 There are a number of proposed main modifications which would generate changes to the submitted Policies Map. Additionally, the Council has identified a number of areas where the Policies Map needs to be updated and amended for factual and other reasons. It is important that the Schedule of Proposed Modifications to the Policies Map accompanies the consultation on proposed main modifications for transparency.
- 4.5 The Council should also satisfy itself that it has met the requirements for sustainability appraisal by producing an addendum to the Sustainability Appraisal of the submitted plan in relation to the potential main modifications, as appropriate. I will need to see a draft of the addendum and may have comments on it. The addendum should be published as part of the public consultation on proposed main modifications. The same applies in relation to an updated Habitats Regulations Assessment which will need to reflect the two recent statements of common ground with Natural England and the associated proposed main modifications to Policies STP3, EC7, EC8, GI4 and GI5 (amongst others).

- 4.6 Advice on main modifications and sustainability appraisal, including on consultation is provided in the Planning Inspectorate's Procedure Guide for Local Plan Examinations<sup>3</sup> (in particular, see paragraphs 6.1 to 6.12). Amongst other things this states that the scope and length of the consultation should reflect the consultation at the Regulation 19 stage (usually at least 6 weeks). It should be made clear that the consultation is only about the proposed main modifications and not about other aspects of the plan and that the main modifications are put forward without prejudice to the Inspectors' final conclusions.
- 4.7 The Procedure Guide also states that the general expectation is that issues raised on the consultation of the draft Main Modifications will be considered through the written representations process and further hearing sessions will only be scheduled exceptionally.

### **Next Steps**

- 5.1 As discussed at the hearings, and in light of what I have set out above, it seems reasonable that consultation on proposed main modifications could take place early in 2021. The Council will need to consider whether it needs to update its Statement of Community Involvement to reflect transitional provisions for plan related consultation in response to Covid restrictions in terms of viewing/accessing physical documents. The temporary amendments to Regulation 35 (1)(a) are currently in place until the end of December 2020.
- 5.2 I would like to thank the Council for its cooperation during the hearings and the work to date on the assorted proposed main modifications at various stages of the examination. If you need any clarification on the contents of this letter, please contact me through the Programme Officer.

Yours sincerely

*David Spencer*

Inspector.

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<sup>3</sup> 5<sup>th</sup> Edition (June 2019)

### **APPENDIX 3 – RECENT DATA ON LOGISTICS DEMAND**

Data published by the Office for National Statistics in March 2021<sup>7</sup> present internet sales as a percentage of total retail sales. The data show that in February 2021, internet sales accounted for 34.5% of total retail sales in Great Britain. Over the last ten years (from February 2011 to February 2021), the proportion of internet sales increased by 26.6 percentage points (from 7.9% to 34.5%). There was a notable increase in the proportion of internet sales between February and May of 2020, with the proportion increasing by 13.8 percentage points (from 19.1% to 32.9%).

Although the percentage of internet sales has been fluctuating in the more recent months, including a notable decrease of 6.6 percentage points between May and September 2020, the overall trend still shows that the percentage of internet sales increasing. A peak in the percentage of internet sales of 36.3% was reached in January 2021.

The rise of e-commerce is having a significant impact on the logistics sector in terms of the accommodation being required by occupiers. For example, research from the national property consultancy Lambert Smith Hampton (LSH)<sup>8</sup> showed that internet retailers' ability to deliver to customers would come under sustained pressure before the end of 2020 because of a shortage of logistics warehouse space. The research showed that retailer and distributor requirements for logistics warehouses would exceed the country's available stock by 25 million sq. ft. by the end of the year.

Further research carried out by Knight Frank in October 2020<sup>9</sup> backs up the findings from LSH. The analysis shows that for every £1 billion of online sales, 1.36 million sq. ft. of warehouse space is required. This means that with UK online sales forecast to rise by up to £67 billion over the next five years (from 2020-2024), e-commerce will drive additional requirements of around 92 million sq. ft. of warehouse space. It is therefore vital that St Helens has enough sites capable of accommodating large-scale warehousing space if it is to capitalise on the forecast growth in the logistics sector.

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<sup>7</sup> <https://www.ons.gov.uk/businessindustryandtrade/retailindustry/timeseries/j4mc/drsi>

<sup>8</sup> <https://www.velta.co.uk/news/198/76/UK-warehouse-demand-set-to-exceed-supply-by-2020/>

<sup>9</sup> <https://www.knightfrank.com/research/article/2020-10-07-how-will-rising-online-sales-volumes-impact-on-demand-for-distribution-and-logistics-space>