

Matter 4: The Housing Requirement

Issue: Whether the Local Plan has been positively prepared and whether it is justified, effective and consistent with national policy in relation to the overall provision for housing and the housing requirement?

Relevant Policy: SP H2PU

4.1 Is the calculation of the local housing need set out in the Five-Year Housing Land Supply Statement 2021/22 consistent with the standard methodology set out in national guidance?

4.1.1 Guidance¹ states that the standard methodology provides a *minimum* starting point for assessing local housing need.

Paragraph 61 of the NPPF states that:

“To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals.”

4.1.2 The Council, through the SHMA process, has considered the standard methodology but feels that there are exceptional circumstances that justify an alternative approach to calculating housing need which would support economic growth within the borough. This is consistent with paragraph 61 of the NPPF. These are discussed further in the response to Q4.3.

4.1.3 The Five Year Housing Land Supply, is currently considered against both the standard methodology figure and the alternative SHMA figure which is being taken forward as the housing requirement in the Local Plan. The Local Plan housing requirement will be used as the basis for calculating the five year housing land supply following its adoption.

4.1.4 The approach above is consistent with Planning Policy Guidance² which states:

“What housing requirement figure should authorities use when calculating their 5 year housing land supply?”

Housing requirement figures identified in adopted strategic housing policies should be used for calculating the 5 year housing land supply figure where:

- *the plan was adopted in the last 5 years, or*
- *the strategic housing policies have been reviewed within the last 5 years and found not to need updating.*

In other circumstances the 5 year housing land supply will be measured against the area’s local housing need calculated using the standard method.”

¹ Paragraph: 010 Reference ID: 2a-010-20201216 - <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

² Paragraph: 005 Reference ID: 68-005-20190722

4.2 How does the Local Housing Need calculation compare to the calculation of housing need set out in the Strategic Housing Market Assessment Update (SHMA) 2021?

- 4.2.1 The local housing need figure produced by the standard methodology is significantly lower than that identified in the SHMA 2021 update (EB5). The Local Housing Need calculation identifies need for 4.1 dwellings per annum or 41 dwellings over a ten year period covering 2022-2032 across the whole of Copeland (including the part within the Lake District National Park). The SHMA identifies a need for 146 dwellings per annum or 2,482 dwellings between 2021 and 2038 based on a jobs-led scenario/forecast.
- 4.2.2 Both figures are discussed further in the SHMA, page 16 and 39-41 (EB5) and the Five Year Housing Supply (EB9) document, pages 6-8.

4.3 Is the methodology for calculating housing need in the SHMA appropriate and does it provide a robust basis for establishing housing need?

- 4.3.1 Yes, the Council has used a jobs-led scenario to determine housing need which is considered to be more appropriate than the Standard Methodology which only projects forward “policy off” demographic trends and does not consider the future implications/needs relating to economic growth. The Council also considered other demographic-led scenarios, which produced a range of housing needs, however even the highest of these, based on a 15 year migration trend adjusted to take account of unattributable population change, resulted in a decline in the borough’s working age population.
- 4.3.2 The EDNA (EB15), paragraph 0.9, shows that the borough has seen strong economic growth since 2009 whereby productivity (GVA per head) exceeds the Cumbria and North West levels. The Council therefore feels it is appropriate to use adjusted forecasts from Experian (which are the highest of the three economic models considered) as the baseline for the housing requirement. This will ensure that a sufficient number of homes will be provided to accommodate population growth and support the creation of the estimated 1,200 additional jobs over the plan period.
- 4.3.3 The NPPG³ (paragraph 010) states that the Government supports ambitious authorities who want to plan for growth. It continues in paragraph 15 by stating “*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.*”

4.4 What is the demographic basis for the assessment? Are the demographic assumptions justified?

- 4.4.1 The assumptions used in demographic modelling within the 2021 SHMA update (EB5) are based on the most up-to-date and best available sources at the time of reporting. On this basis they can be considered as being justified. Key data sources include:

³ <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments#:~:text=The%20standard%20method%20uses%20a,produce%20a%20housing%20requirement%20figure.>

- Mid-year population estimates (MYE) to 2020 – this source provides ONS estimates of population by single year of age and sex. Some data used 2019 MYE as the 2020 information was not available at a smaller area level (sub-borough) at the time of report drafting;
- Historical MYE data back to 2011 was also used to look at trends in population growth and the age structure;
- The SHMA also looked at Patient Register data as a check to the accuracy of the MYE;
- The study used 2018-based subnational population projections (SNPP) as a start point for projecting – these being the most recent projections published by ONS and taking account of trends observed to this date. The method used by ONS is broadly the same as used in previous projections (such as 2014-based); and
- In converting population change estimates (projections) data about household representative rates (HRR) was used. An HRR is essentially the chances of a person of a given age and sex being the head of a household. Three HRR scenarios were tested as set out in para 3.48 of the SHMA update (EB5).

4.5 Are the assumptions relating to household representative rates justified?

- 4.5.1 As noted above, three scenarios for HRRs were modelled. These are based on the 2018-subnational household projections (SNHP), the 2014-SNHP and a further scenario where the 2014-based figures are adjusted to take account of the possibility of household formation having been suppressed (typically younger households not forming at the same rate as has been seen historically).
- 4.5.2 Key conclusions about housing need have been based on the latter of these scenarios, which for all projection models shows the highest estimate of housing need. The 2021 SHMA update (EB5) provides a narrative about the use of different HRR assumptions from paragraphs 3.43 to 3.50.
- 4.5.3 In addition, it was observed from paragraph 3.54 that the number of households in the borough in 2021 was likely to be higher than modelled through any of the SNHP sources (this being based on analysis of housing completions) and therefore a further adjustment was made to the base HRRs to bring them in line with estimated household numbers.
- 4.5.4 It is considered the assumptions relative to HRRs are justified, being based on a recognised methodology and data sources.

4.6 Are the assumptions relating to migration justified?

- 4.6.1 Data about migration within the projections was taken from the 2018-based SNPP, which in turn draws from migration trends in the MYE. Migration data within the projections can be summarised as:

- Being categorised into three groups (internal (domestic), cross-border, and international);
- Being provided by single-year of age and sex; and
- Being separately provided for in- and out-migration

4.6.2 Within modelling, migration is flexed for different scenarios, for example where a scenario requires a larger resident workforce to fill potential additional jobs the modelling increases net migration (it does this by increasing in-migration and reducing out-migration). The profile of migrants is typically skewed towards people of working-age and their associated children and so increasing net migration will see the proportion of economically active residents rise proportionately more quickly than other age groups.

4.6.3 As with other aspects of the demographic modelling, migration data is based on the most-up-date and robust data and can therefore be seen to be justified.

4.7 What evidence is there in relation to future economic/jobs growth? How have economic/jobs forecasts and changes to working age population been taken into account?

4.7.1 The evidence relating to future economic/jobs growth is set out in the Economic Development Needs Assessment (EDNA) (EB15) and Section 5 of the Strategic Housing Market Assessment (SHMA) (EB4).

EDNA

4.7.2 The EDNA (EB15) (para. 0.20) models jobs growth over the plan period using data from a number of national economic forecasting houses as a baseline:

- Experian: +700 jobs (-1,500 jobs in manufacturing)
- Cambridge Econometrics: -400 jobs (-2,400 jobs in manufacturing)
- Oxford Economics: -3,600 jobs (-2,900 jobs in manufacturing)

4.7.3 All three scenarios are affected by projected jobs losses within the manufacturing sector; these are based on national projections and trends within that sector. The projected losses to the sector are shown above in brackets. Copeland is unlikely to experience such losses from the manufacturing sector with the EDNA (EB15) (para 0.22) stating that *“analysis of the underlying data shows that 90-100% of these losses are modelled to be at the Sellafield site and while these levels of forecast losses reflect the broader performance of that sector at a national and regional level, they do not reflect the future plans for Sellafield Ltd. Therefore an adjustment to the manufacturing sector has been made to account for this.”*

4.7.4 The EDNA, Paragraph 0.24 rules out the use of the OE baseline forecasting and sets out the reasons for this. Adjustments to reflect the anticipated level of jobs in the manufacturing sector at a local level were therefore only made to the Experian and CE data for comparison. These adjustments result in the creation of between 1,100 jobs (CE) and 2,200 jobs (Experian) over the plan period.

4.7.5 This is a policy off position that does not take into account transformative pipeline projects that could have a significant impact on future jobs growth. These 5 “growth scenario”

projects are listed in paragraph 0.26 of the EDNA, along with the anticipated number of jobs each could provide:

- Sellafeld off siting (0 jobs)
- Increased capture of SL supply chain (2,762 jobs)
- Cumbria Clean Energy Park (Moorside) 3,123 (peak in 2035)
- Woodhouse Colliery (1,038)
- North Shore (327)

4.7.6 The EDNA notes that *“given the nature of these projects there is considerable uncertainty as to which, or indeed if any, are to proceed within the plan period”*. Two of the five projects are also depended upon Government decisions: the Clean Energy Park and Woodhouse Colliery which could affect delivery and timescales. The Woodhouse Colliery project received Government consent in December 2022.

4.7.7 The SHMA considers the increases to the working age population that would be required to support the baseline projections and the uplifted aspirational projects listed in the bulletpoints above. This will be discussed further below.

SHMA Update

4.7.8 The SHMA (EB5), paragraph 4.18, notes that the jobs figures set out in para 4.7.4 above do not take into account jobs losses experiences between 2019 and 2021 as a result of Covid. Whilst this period pre-dates the Local Plan period, it is important that these are taken into account to ensure the baseline is the most realistic, that growth is not over-estimated and to provide a net number of jobs over the plan period. Figure 4.11 shows net jobs created/lost over the plan period as -744 (under CE) and +1200 (under Experian) post adjustments for manufacturing and 2019-2021 job losses.

4.7.9 The SHMA (EB5) models the population size and structure that would be needed to provide a sufficient labour-supply to support these two figures. It should be noted that both figures exclude jobs associated with the growth scenario projects listed in paragraph 4.7.5 above), and take into account commuting, double jobbing and changes to economic activity rates.

4.7.10 Under the adjusted CE forecasts, the number of economically active people required would be -675 and under the adjusted Experian model 1089 people (Figure 4.12). These figures are then used to model the number of households that would be created and the number of homes required to accommodate them. The adjusted Experian figure supports the housing requirement set out in Policy H2.

4.7.11 The SHMA (EB5) also looks at the impact of all additional jobs created by the aspirational growth projects and the impact of only half of those jobs on population, household numbers and dwelling requirements. For ease, a midpoint between the adjusted CE and adjusted Experian baseline projections was used (as opposed to the Experian baseline projection which is used when calculating the housing requirement). This is shown in figures 4.17 and 1 below. This information supports the housing growth figure of 200 dwellings per annum (based on the growth scenario mid-point) set out in Policy H2.

	Midpoint	All scenarios
Number of net additional jobs	2,462	4,923
Double jobbing allowance	0.958	0.958
Number of workers required	2,358	4,717
Commuting ratio	0.770	0.770
Change in economically active	1,816	3,632
Plus baseline change ¹³	207	207
Total change in economically active	2,023	3,839

	Housing need	Additional communal population	Additional dwellings (at 1.8)	Total need	Need in the National Park	Need in Copeland (LPA)
Baseline-CE	65	12	7	71	10	61
Baseline-Experian	149	12	7	156	10	146
Growth scenario-midpoint	194	13	7	201	10	191
Growth scenario	281	14	8	288	10	278

4.8 Is it appropriate to select the midpoint economic forecast?

- 4.8.1 The Council has based the housing requirement on the highest and most optimistic of the adjusted baseline jobs forecasts (Experian). We have been more pragmatic when deciding how many homes to plan for to support additional growth, and have used a midpoint between the baseline CE and Experian forecasts (see SHMA (EB5) paragraph 4.28) adjusted upwards to take account of *half* the jobs associated with the 5 growth scenario projects.
- 4.8.2 The SHMA (EB5), Paragraph 4.27, notes that “*whilst looking at half of the jobs is arbitrary, it does reflect the unlikelihood that all projects will come forward at once and that some may not happen at all. Additionally, some jobs won’t be required until later in the plan period. The Council should review the situation (including considering and the list of projects and associated jobs levels) at the 5 year review period to consider whether housing targets need to be varied.*”
- 4.8.3 Whilst the NPPF says uplifts can be made for economic growth there is no nationally accepted methodology for how to do this. If the growth scenario was calculated using the baseline mid-point between CE and Experian figures plus *all* of the growth scenario jobs, this would result in a need for 278 dwellings per annum. This figure would be even greater (and more undeliverable) if the highest of the baseline figures (Experian) was used rather than the midpoint.
- 4.8.4 An annual requirement for 278 dwellings would also be undeliverable based on previous trends (see paragraph 4.11.1). Even when the Council was unable to demonstrate a 5 year

land supply in previous years⁴ delivery was still below the Core Strategy requirement. During this time, the relevant planning policies relating to housing supply were out of date and there were therefore less restrictions on development in place.

- 4.8.5 On this basis, the Council feels that the methodology used is the most appropriate and housing need and progress made with the growth scenario projects will be reviewed as part of a Local Plan review process in 5 years time.

4.9 Are the economic growth assumptions upon which the proposed housing requirement is based deliverable?

- 4.9.1 The housing requirement is based on Experian baseline projections adjusted upwards to take into account local knowledge regarding current and future number of workers in the manufacturing sector at Sellafield. This is based on the assumption that economic activity rates in the borough will change over the plan period and that sufficient working age population will be attracted to the borough to maintain the proposed number of jobs.
- 4.9.2 In terms of economic activity rates, the SHMA indicates that to support the forecast number of jobs created over the plan period (1,200), an additional 1,089 people will be required. This level of population growth is considered to be deliverable when considering that on average 1,846 people have moved into the borough each year since 2001.
- 4.9.3 Whilst this is countered by the loss of, 1,910 people each year on average, the forecast increase in the number of jobs, combined with the large scale aspirational projects that are being planned for, is likely to encourage people to stay.
- 4.9.4 The Local Plan will also create conditions to make the borough more attractive to working age people to encourage population growth, for example by increasing the leisure offer, enabling attractive housing developments, delivering key employment sites such as Westlakes Science and Technology Park and the Cleator Moor Innovation Quarter, and supporting services such as schools.
- 4.9.5 The Council has not made any uplifts for the more aspirational growth scenario projects (such as Woodhouse Colliery and Moorside) when calculating the housing requirement. Such projects have been factored in when determining the number of homes to plan for (i.e. the 200 dwellings per annum figure). Nor have any changes been made to commuting ratios or double jobbing (see SHMA Update paragraphs 4.10 and 4.22).

4.10 Is it appropriate to plan for a higher figure than the standard method indicates? Is it appropriate to include a range? Should the 5 year land supply be based on the minimum housing requirement as opposed to the planned 3,400 dwellings?

- 4.10.1 The Council feels it is appropriate to plan for a higher figure than the standard method indicates. The NPPG⁵ states that the Government supports ambitious authorities who want to plan for growth and acknowledges that the standard method is just a starting point in

⁴ An Interim Housing Policy was prepared in 2017 following the Council's announcement that it could not demonstrate a 5 year supply of deliverable housing sites. The policy stated that given the lack of a supply "*policies for the supply of housing set out within the Copeland Local Plan 2013-2028 (Core Strategy and Development Management Policies) will no longer be deemed up-to-date*". The Council was able to demonstrate a 5 year housing land supply from 2019/20 onwards.

⁵ Paragraph 2a-010-20201216 <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

determining the number of houses needed in an area. It states that circumstances where it may be appropriate to plan for a higher housing need figure:

“...include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:

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

There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method.”

4.10.2 Whilst the third bullet point is not relevant to Copeland’s case, the first two are. The Council has a deliverable Growth Strategy, Copeland Vision 2040⁶ produced in January 2021. In order to sustain the economy and support the baseline number of jobs projected by the adjusted Experian scenario, the working age population needs to increase. The standard methodology would not provide sufficient homes to support *any* population increase in the borough.

4.10.3 Finally, as can be seen in the Local Plan Publication Draft (CD1) (Table 12 - housing chapter) and the Five Year Housing Land Supply document (EB41) (Table 1 -section 2), previous delivery has been significantly greater than the outcome from the standard methodology. Between 2013/14 and 2021/22 132 net additional dwellings have been delivered on average each year, the majority of which were on windfall sites. This figure far exceeds the 4.1 dwellings the standard methodology says are needed annually.

4.10.4 The Council does not feel it is appropriate to include a range. The Local Plan is clear (Policy H2 and supporting text) that the housing requirement is a minimum figure and further development will be supported where it accords with the Local Plan. By identifying deliverable and developable sites that could deliver in excess of this need, the Council is providing choice and flexibility and helping ensure a continuous 5 year land supply (based on 146 dwellings a year). Providing a range of figures does not offer any benefits as the highest of the figures would need to be used as the housing requirement when calculating the 5 year supply.

4.11 How does the proposed requirement compare to previous levels of delivery in the Borough? Is it deliverable?

4.11.1 The Five Year Housing Land Supply Statement 2022 (EB41), pages 5 and 6, show that on average 132 net additional dwellings were added to the housing stock annually between 2013/14 and 2021/22. Average delivery rates have been affected by a large scale housing market renewal project at Queens Park, Millom which comprised the demolition of 58 dwellings (which are to be rebuilt in the next five years).

⁶ https://www.copeland.gov.uk/sites/default/files/attachments/copeland_vision.pdf

4.11.2 The proposed housing requirement is slightly higher than this being 146 dwellings per year. The requirement is deliverable as the Council has identified sufficient deliverable and developable sites to deliver in excess of this figure, the most recent years have generally been above the average and there are more house builders active and interested in developing in Copeland.

4.12 How have other factors been taken into account? What do they show?

4.12.1 Monitoring shows that housing delivery in Copeland in previous years has been relatively steady and doesn't appear to have been affected by national economic performance. Officers within the Development Management team have indicated that the range of developers active in the borough is increasing⁷ which indicates developer interest is growing and confidence in the market. In terms of the size of developers, a range of companies are active in the borough which indicates a need for a variety of different sizes and types of sites.

4.13 In overall terms, is the housing requirement of 2,482 net additional dwellings for the Plan period or 146 dwellings per annum in Copeland appropriate and justified? Is it appropriate to plan for 3,400 dwellings or 200 dwellings per annum? Is there a basis to arrive at an alternative figure and if so what?

4.13.1 The Council believes the housing requirement is appropriate and justified as it is deliverable (as set out in response 4.11 above) and based on sound, robust evidence namely the SHMA (EB4 and EB5) and EDNA (EB15). The requirement is slightly higher than previous delivery rates but is still achievable.

4.13.2 The Council feels it is appropriate to plan for a greater number of homes than required to provide choice and flexibility. Planning for a greater number of homes also supports additional economic growth should it come forward, including jobs associated with the growth projects listed in paragraph 4.7.5.

4.13.3 A Local Plan review will be carried out 5 years after the adoption of the plan where delivery will be considered against the requirement and more aspirational growth figure.

4.13.4 The Council does not consider any alternative figures, including those suggested by the development industry and Cumbria County Council to be robust or sound. The higher housing requirement suggested by the development industry is also not considered to be deliverable or achievable based on past delivery trends. The suggested figure is almost double any year's delivery in the past 10 years; having such a high requirement would make it difficult for the Council to demonstrate a continuous 5 year supply of deliverable land and would lead to "planning by appeal". It would also undermine regeneration efforts within town centres.

⁷ Through discussions with the development industry, Genesis Homes, Gleeson Homes, Raemore with Brookhouse and Thomas Armstrong now have an active interest in Copeland.