



Notice of a public meeting of

Local Plan Working Group

- To:** Councillors Ayre (Chair), Steward (Vice-Chair),
N Barnes, D'Agorne, Levene, Lisle, Mercer, Orrell,
Rawlings, Reid, Shepherd, Warters and Williams
- Date:** Tuesday, 29 September 2015
- Time:** 5.30 pm
- Venue:** The George Hudson Board Room - 1st Floor West
Offices (F045)

AGENDA

1. **Declarations of Interest**

At this point in the meeting, Members are asked to declare:

- any personal interests not included on the Register of Interests
- any prejudicial interests or
- any disclosable pecuniary interests

which they may have in respect of business on this agenda.

2. **Minutes** (Pages 1 - 10)

To approve and sign the minutes of the meeting of the Local Plan Working Group held on 29 January 2015.

3. Public Participation

At this point in the meeting, members of the public who have registered their wish to speak, regarding an item on the agenda or an issue within the remit of the Working Group, may do so. The deadline for registering is **5.00pm on Monday 28 September 2015**.

Filming or Recording Meetings

“Please note that an audio recording may be made of this meeting and that includes any registered public speakers, who have given their permission. This recording can be played back at <http://www.york.gov.uk/webcasts>

Residents are welcome to photograph, film or record Councillors and Officers at all meetings open to the press and public. This includes the use of social media reporting, i.e. tweeting. Anyone wishing to film, record or take photos at any public meeting should contact the Democracy Officer (whose contact details are at the foot of this agenda) in advance of the meeting.

The Council’s protocol on Webcasting, Filming & Recording of Meetings ensures that these practices are carried out in a manner both respectful to the conduct of the meeting and all those present. It can be viewed at http://www.york.gov.uk/downloads/file/6453/protocol_for_webcasting_filming_and_recording_of_council_meetingspdf

4. City of York Local Plan - Objective Assessment of Housing Need (Pages 11 - 144)

The purpose of this report is to update Members on the report regarding the Objective Assessment of Housing Need (OAHN) produced by consultants Arup to inform the preparation of the emerging Local Plan.

5. City of York Local Plan - Economic growth (Pages 145 - 186)

The Working Group are invited to consider the evidence of demand for employment land and the options set out as a starting point for determining the amount and type of employment land required to be identified in the Plan.

6. Any other business which the Chair considers urgent under the Local Government Act 1972.

Democracy Officer:

Name: Laura Bootland

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For more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports and
- For receiving reports in other formats

Contact details are set out above.

This information can be provided in your own language.

我們也用您們的語言提供這個信息 (Cantonese)

এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)

Ta informacja może być dostarczona w twoim własnym języku. (Polish)

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

یہ معلومات آپ کی اپنی زبان (بولی) میں بھی مہیا کی جاسکتی ہیں۔ (Urdu)

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City Of York Council

Committee Minutes

Meeting	Local Plan Working
Date	29 January 2015
Present	Councillors Merrett (Chair), Ayre, Barnes, D'Agorne, Funnell, Healey, Horton, Orrell (Substitute), Simpson-Laing, Steward (Vice-Chair) and Warters
Apologies	Councillors Reid

17. **Declarations of Interest**

Members were asked to declare any personal interests not included on the Register of Interests, any prejudicial interests or any disclosable pecuniary interests which they may have in respect of business on the agenda.

Councillor D'Agorne declared a personal non prejudicial interest as a member of York Environment Forum.

Councillor Healey declared a personal non prejudicial interest as a member of York Environment Forum.

Councillor Merrett declared personal non prejudicial interest as a member of York Environment Forum.

18. **Minutes**

Resolved: That the minutes of the Local Plan Working Group held on 17 December 2014 be approved and signed by the Chair as a correct record, subject to the following amendment:

Councillor Warters requested that his comment that 78% of overall growth in York's population during the period 2013 to 2037 is a result of net international migration be included in the minutes.

19. Public Participation

It was reported that there had been no registrations to speak under the Council's Public Participation Scheme.

There had been five registrations to speak on the agenda items as follows:

Mr Parish had registered to speak on behalf of Strensall Parish Council. He advised that he was in attendance to answer any questions and to thank Officers for their hard work on the Strensall and Towthorpe Village Design Statement documents. The Parish Council had raised the money to have the document published and the document attached to the agenda was a draft and a visually higher quality final document would be produced in due course. The Chair thanked Mr. Parish and those working on other design statements for their involvement.

Philip Crowe spoke on behalf of York Environment Forum in relation to safeguarded sites. He advised that community groups do not wish to see development on safeguarded sites and suggested that developers must include sufficient infrastructure within the allocations to deal with the adjoining safeguarded sites as there is a need to ensure that the safeguarded sites are sustainable . He suggested that the Council may wish to consider Option 3 to revisit the proposed allocations, to impose higher densities and to replace a number of safeguarded sites. He closed his submission by posing a question to Members - does York want growth at any price?

Alan Charlesworth spoke to raise concerns, that in his view, a decision on safeguarded land was being made on incomplete information. He referred to the legal opinion sought in July 2014 by community groups and the fact that the opinion of that Counsel had been reiterated to Members in an open letter. He considered that Mr Hobson QC had advised on a narrow set of assumptions, with no assessment of need and had not been supplied with the specifics of safeguarding. He suggested that the Earswick site had been singled out for distinct treatment as the only safeguarded sites where concerns over access and sustainability had been raised, that it could be brought forward in years 1-15 of the Plan and was therefore a 'back-door' allocation. It was his contention that all safeguarded sites should be removed from draft Local Plan.

Tony Fisher spoke to advise that he was pleased that the Council was taking the time to re-draft and reconsider the Local Plan. He referred to community groups own consultations and recommended further sensitivity testing for housing need and the opinion on backlog and shortfall. He advised that groups were awaiting the new Communities and Local Government figures before making a challenge to the housing need figures. He called into question the robustness of the plan and asked the council to suspend drafting to allow for further work to be carried out. He advised that he was representing residents through the York Alliance who are willing to work with the council to ensure a proper draft.

Julian Sturdy MP had registered to speak on firstly the Village Design Statements. He commended the volunteers that had worked on the VDS in Strensall and Towthorpe and in Wheldrake but also for the work on the Neighbourhood Plans that are also coming forward. He referred to the safeguarded land issue and the impact safeguarded land has on rural communities. He considered that the wording is confusing and it should be named 'reserved land' but that this was an issues for Government to resolve. He referred to discussions in Parliament and that Ministers have reiterated that there is nothing in government planning policy that would require planning past 15 years. He felt that there was no willingness in York to protect the rural setting. He asked Members to re-think the issue of safeguarded land.

20. Wheldrake Village Design Statement/Supplementary Planning Document

Members considered a report which presented a summary of the responses received following a consultation on Wheldrake Village Design Statement (VDS). A number of amendments were proposed as a result of the consultation. Subject to Members' views, it was intended that the amended document became draft Supplementary Planning Document (SPD) to the emerging Local Plan. The document would thus be a material planning consideration when considering applications for development within the designated Village Design Statement area.

Officers outlined both of the reports for the Wheldrake and the Strensall and Towthorpe VDS and advised that both draft VDS went to consultation in summer 2014. Responses to the consultation were outlined in annex B of the report. As a result of the consultation a number of amendments had now been made and the final VDS were being presented to Members.

Officers asked Members to note that the whist the textual element of the documents was complete and being presented for Members consideration, the visual design of the documents would be completed at a later stage. Officers also wished to record thanks to the groups who had worked in conjunction with the Council to produce the documents.

Members noted the work ongoing in the city on VDS but also on Neighbourhood Plan documents and welcomed such work. Some Members queried the weight which can be afforded to these documents when they are used at Planning Committees. Officers confirmed the plans are material planning considerations and should be considered accordingly.

The Chair also thanked the groups involved in producing the document.

Recommended: That, in accordance with Option 1, Cabinet be recommended to:

- (i) Approve Wheldrake Village Design Statement, as attached at Annex A of the report, as a draft Supplementary Planning Document to the emerging Local Plan.
- (ii) Delegate to the Director of City of Environmental Services in consultation with the Cabinet Member, the making of any incidental changes to the Village Design Statement as a result of the recommendations of Cabinet.
- (iii) Delegate to the Village Design Statement group and officer the final graphic design.

Reasons: (i) Wheldrake Village Design Statement follows in the footsteps of other previous examples that have been agreed; observing the general

guidance and principles required in their production, whilst successfully defining the individual qualities of the villages and bringing forward appropriate Design Guidelines.

- (ii) So that changes recommended as a result of discussions at this meeting can be made, in liaison with the Village Design Statement group.
- (iii) To allow changes to the final graphics/layout as required e.g. improved photo quality, or number of pages to meet print specifications.

21. Strensall with Towthorpe Village Design Statement/Supplementary Planning Document

Members considered a report which presented a summary of the responses received following a consultation on Strensall with Towthorpe Village Design Statement (VDS). A number of amendments were proposed as a result of the consultation. Subject to Members' views, it was intended that the amended document became draft Supplementary Planning Document (SPD) to the emerging Local Plan. The document would thus be a material planning consideration when considering applications for development within the designated Village Design Statement area.

Recommended: That, in accordance with Option 1, Cabinet be recommended to:

- (i) Approve Strensall with Towthorpe Village Design Statement, as attached at Annex A of the report, as a draft Supplementary Planning Document to the emerging Local Plan.
- (ii) Delegate to the Director of City and Environmental Services in consultation with the Cabinet Member the making of any incidental changes to the Village Design Statement as a result of the recommendations of Cabinet.

- (iii) Delegate to the Village Design Statement group and officer the final graphic design.

- Reasons:
- (i) Strensall with Towthorpe Village Design Statement follows in the footsteps of other previous examples that have been agreed; observing the general guidance and principles required in their production, whilst successfully defining the individual qualities of the villages and bringing forward appropriate Design Guidelines.
 - (ii) So that changes recommended as a result of discussions at this meeting can be made, in liaison with the Village Design Statement group.
 - (iii) To allow changes to the final graphics/layout as required e.g. improved photo quality, or number of pages to meet print specifications.

22. Changes to Affordable Housing National Planning Guidance

Members considered a report that provided an update on new National Planning Policy Guidance that related to affordable housing.

Officers outlined the report to advise that councils can no longer seek financial contributions on small rural sites. We have managed to secure contributions on smaller sites between 2 and 10 dwellings but will no longer be able to. The changes will be taken through to Local Plan policy and be applied.

Members questioned a number of points:

- Page 209 of the agenda annex 14 – A member queried how the commuted payment been calculated. Officers explained it is the difference between the average York property price and the fixed RSL price.
- Whether it is the Council that sets the percentage target. It was confirmed that it is.

A member commented that Leaders of District and county councils in North Yorkshire are in disagreement with the

changes as it means there will be no affordable houses in rural settings which will have an impact for families and services such as schools in rural areas.

Resolved: That the changes to the new national planning policy guidance and the consequent reduction in the supply of affordable housing and Section 106 contributions be noted.

Reason: To keep the Local Plan Working Group informed of new guidance.

23. City of York Local Plan - Safeguarded Land

Members considered a report which provided further information on the role of safeguarded land and the reasons for the draft Local Plan including such a designation for some sites. It made reference to a legal opinion sought from John Hobson QC on how the Local Plan should address this matter. Both the instructions to Counsel and the legal opinion on the matter were included as Annex A and Annex B to the report.

The Director of City and Environmental Services spoke to inform Members of some of the key points as follows:

- The aim of the report was to set out the principle of safeguarding land. The report did not look at specifics of land supply or comment on specific sites.
- Ministerial views are not the same as policy. The Department for Communities and Local Government (DCLG) have advised the Council to go by written guidance and case law. As York is unique due to its Green Belt status, it is not the case that the Council can simply look at policy hence seeking a Counsels advice.
- Members were reminded that the Monitoring Officers' advice or those individuals instructed by him, is the only legal advice which should be considered by Members. Other legal opinions are not a legal opinion to the Council.
- The question put to the Counsel was about the matter of policy and not about specific sites.

In response to some of the comments made by the public speakers, the Head of Planning and Environmental

Management spoke to emphasise that further reports on housing need would be coming back to the Local Plan Working Group once new figures were available from the DCLG. Reports would also be brought concerning land supply for consideration and debate. In relation to safeguarded land Officers wanted to test the permanence issue of Green Belt with a QC to take a view and to consider the role of safeguarded land in achieving that permanence. If there is a need for permanence how do we go about setting green belt boundaries. QC provided advice as outlined in the report.

Members referred to the legal advice sought by local interest groups and whether it was appropriate for Members to ignore alternative views. Officers advised that whilst Members were entitled to consider alternative views or request Officers to look at other views, the advice as given earlier in the meeting remained the same in that the only legal advice to Members is that of the monitoring officer or of those instructed by him.

Members then questioned a number of points as follows:

- Whether the evidence supplied to the Counsel on which he based his views was correct. Officers confirmed it was correct.
- Confirmation that other Local Authorities without a Local Plan in place are seeing high numbers of planning applications coming forward. Officers confirmed they are aware that this is happening elsewhere in country.
- The question of Windfall sites and if they should be taken into account and the basis on which the Council have to consider them or not consider them. Officers confirmed that issues of housing supply including the consideration of windfalls will be covered in a future report to the LPWG.

Following further lengthy discussion a Member suggested deferral to enable Officers to further consider the submissions by the community group. Other Members argued that the advice being provided within the report should be accepted by Members and any further delay to the Local Plan is unacceptable.

It was moved and seconded to defer a decision on the principle of safeguarded land. When put to the vote this motion was lost.

It was then moved and seconded to approve option one. When put to the vote this motion was carried.

Recommended: That Cabinet be recommended to agree Option 1 to the report to include safeguarded land designations in the Plan to ensure that the Green Belt will endure for a minimum of ten years beyond the end of the Plan period.

Reason: So that a National Planning Policy Framework (NPPF) compliant Local Plan can be progressed.

Cllr D, Merrett Chair
[The Meeting Started At 5.00 pm And Finished At 7.25 pm].

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Local Plan Working Group**29 September 2015**

Report of the Acting Director for City and Environmental Services

City of York Local Plan – Objective Assessment of Housing Need**Summary**

1. The purpose of this report is to update Members on the report regarding the Objective Assessment of Housing Need (OAHN) produced by consultants Arup to inform the preparation of the emerging Local Plan.
2. This report informs Members of the requirements placed on the Council through national guidance in relation to OAHN and presents to Members the updated work which includes an assessment of the implications of the revised national household projections published by Department of Communities and Local Government (CLG) in February 2015 which are the starting point in the assessment of housing need.
3. Members of the Working Group are invited to note and consider this evidence on the objective assessment of housing need which to provide the starting point for determining the amount of housing land required to be identified in the Plan.

Background – Policy Context

4. A key objective of the National Planning Policy Framework (NPPF) is to '*boost significantly the supply of housing*'. It requires that Local Planning Authorities identify the objectively assessed need for market and affordable housing in their areas, and that Local Plans translate those needs into land provision targets. Like all parts of a development plan such housing targets should be informed by robust and proportionate evidence.
5. Paragraph 17 of NPPF sets out a set of core land-use planning principles which should underpin both plan-making and decision-taking. This includes the following principle:

“Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities”.

6. Paragraph 47 of NPPF states that local planning authorities should:

“ use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period”.

7. The NPPF is clear that Local Plans should provide land to meet their objectively assessed need in full, in so far as their area has the sustainable capacity to do so stating *that “Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless: any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or specific policies in this Framework indicate development should be restricted¹.*

8. National Planning Practice Guidance (NPPG) was published in March 2014. It includes guidance for local planning authorities in objectively assessing and evidencing development needs for housing covered in three sub-sections – the approach to assessing need, scope of assessments and methodology for assessing housing need.

9. The first sub-section covers both housing and economic need and makes three key points about the objective assessment of development needs:

- That the assessment should take no account of constraints on development such as the availability of land, viability of development, infrastructure or environmental impacts. These

¹ For example, those policies relating to sites protected under the Birds and Habitats Directives (see paragraph 119) and/or designated as Sites of Special Scientific Interest; land designated as Green Belt, Local Green Space, an Area of Outstanding Natural Beauty, Heritage Coast or within a National Park (or the Broads Authority); designated heritage assets; and locations at risk of flooding or coastal erosion.

factors should be considered when setting policy targets for the Plan but do not have a bearing on need²;

- Local planning authorities are recommended to use the standard methodology set out in the Guidance and that any departures from that method should be justified in terms of specific local circumstances³; and
- Authorities should join forces with neighbours, in line with the Duty to Co-operate, so that the assessments of development needs cover market areas that cross local authority boundaries. For housing the relevant areas are housing market areas. Where joint assessments are not practical due to different plan-making timetables, single authority assessments are acceptable providing consideration has been taken of neighbours' evidence bases⁴.

10. The second sub-section – scope of assessment advises on the definition of housing market areas. The third sub-section provides the methodology for the assessment of housing need. In terms of overall housing need (the total number of net dwellings to be provided in the plan period) this is covered in paragraphs 15 to 21 of the Guidance. The Guidance advises that the starting point should be the household projections published by the Department of Communities and Local Government (CLG) and they should also take account of the most recent demographic evidence including the latest population estimates from the Office of National Statistics (ONS). The Guidance notes that demographic projections are trend-based – i.e. they carry forward past demographic trends from the previous five years. Accordingly they may be adjusted to take account of factors that are not captured by those trends, including past under supply, market signals and future job growth.

11. Paragraph 18 advises that authorities '*should make an assessment if the likely change in job numbers based on past trends and/or economic forecasts*' and that if the demographic projection does not provide a sufficient labour supply to match the expected growth in jobs then it should be adjusted. In relation to market signals paragraph 19 advises that '*the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals*' it

² ID: 2a-004-20140306

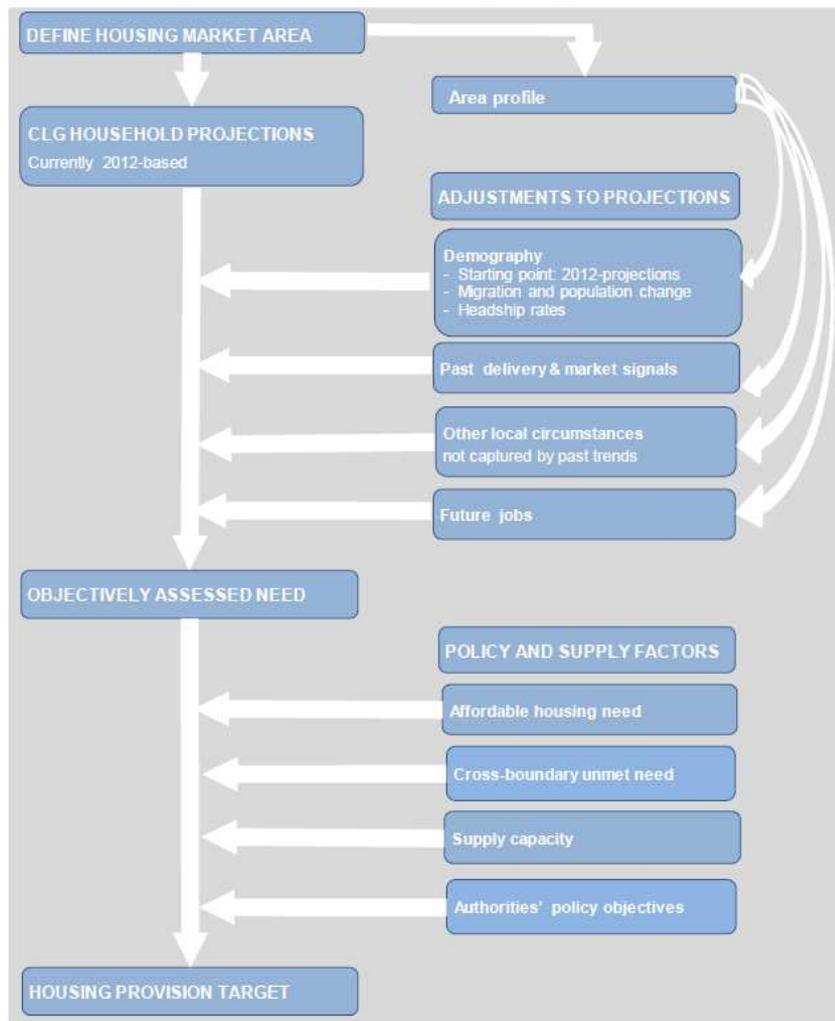
³ ID: 2a-006-20140306

⁴ ID: 2a-007-20150320

advises that appropriate market signals include *'land prices, house prices, rents, affordability, rate of development and overcrowding'*.

12. Paragraph 20 provides advice on how to respond to market signals which should include the comparison with longer term trends. It advises that *'a worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections'* and that *'if upward adjustment is required this should be set at a reasonable level'*.
13. The Planning Advisory Service (PAS) also provides guidance to local authorities on plan-making. The Planning Advisory Service is a national organisation funded by central government which essentially promotes best practice in Planning. The role of PAS is to help local authorities to get an up to date local plan in place so that they have a framework for making local decisions. PAS have produced guidance on undertaking their assessment of housing need in their recently updated technical advice note *'Objectively Assessed Need and Housing Targets'*, Technical Advice Note, July 2015.
14. The note advises that the demographic starting point for OAHN should now be the 2012 based CLG household projections and that the OAHN should test this projection and if necessary adjust this for technical anomalies and alternative reference periods. This sensitivity testing is dealt with in paragraphs 43 to 61 of this report. Figure 1 extracted from the PAS report shows the stages that should be followed in assessing the objective housing requirement. It also illustrates that determining the objective assessment of housing need is only the first step in determining the housing provision target in the Plan. Once the OAHN is determined there is a range of policy and supply issues such as affordable housing need, supply capacity and other policy objectives of the Plan which could, if evidenced, influence the housing requirement. This report is presenting to Members of the working group the objective assessment of housing need undertaken by Arup and is not at this stage seeking to agree the housing provision target for the emerging Plan.

Figure 1: Assessing needs and setting targets



15. PAS advise that in respect of analysing the past under supply of housing that there are two kinds of evidence available – direct evidence provided by past housing provision rates in relation to national trends and the local planning context and indirect evidence provided by market signals especially house price change. The past under supply of housing is dealt with in paragraphs 32 to 42 of this report.
16. When considering future employment PAS advise that the OAHN should be clear about the future population, that it is incorporated in the forecast and how the population interacts with workplace jobs in the forecast. PAS also advise that when modelling alternative scenarios to align housing and job growth that the assessments should integrate economic forecasts and demographic projections that work to consistent assumptions. This is dealt with in paragraphs 27 to 31 of this report.

Housing Requirements in York – Evidence on Housing Requirements in York 2015 (Arup)

Housing Demand

17. In September 2014 Arup prepared the report 'Evidence on Housing Requirements in York: 2014 Update' which reconsidered the OAHN for York based on updates to available sources of evidence and representations received during consultation on the York Local Plan Preferred Options document. Following the release of the 2012 based national household projections by CLG in February 2015 Arup were asked to produce a revised OAHN in light of this new evidence.
18. This report includes a summary of the findings of the revised OAHN work undertaken by Arup. A copy of the Arup report is included as Annex 1 to this report.

Demographic-based requirements - Implications of 2012-based household projections

19. The 2012-based sub national household projections (SNHP) published on 27th February 2015 represent the most up to date household projections and NPPF and NPPG make it clear that these projections should be used as the starting point for assessing housing needs. However the NPPG maintains that '*plan makers may consider sensitivity testing specific to their local circumstances based on alternative assumptions in relation to the underlying demographic projections and household formation rates*'.
20. The 2012 SNHP are based on a period when household formation has slowed due to the impact of recessionary trends, namely a shortfall in household supply coupled with issues regarding affordability and mortgage availability. This has meant that households which would have otherwise formed (namely younger households) were not able to. There is therefore a risk of locking in trends such as suppressed household projections in the longer term over the plan period. However, whilst the 2012 projections may project forward recessionary trends the scale of this 'dampening' has yet to be qualified. The recovery could be reasonably modest given that the economic recovery is showing to be more steady and slow rather than fast and dramatic like the economic growth which took place in the period 2003 to 2008 – the time period on which the previous 2008 CLG household projections are based.

21. Across the period from 2012 to 2031 (the Plan Period) the 2012 based SNHP suggest that the number of households in York is expected to grow by 14,404 dwellings (17%) to 98,651 in total. This equates to an annual average growth rate of approximately 758 dwellings based on 19 financial/monitoring years (which run from 31st March to 1st April) from the Plan start date of 1st April 2012 to 31st March 2031.
22. Financial/monitoring years rather than calendar years have been used to align with the housing trajectory to be prepared for the emerging Local Plan as housing completion data and consents data is also collated on a financial year basis. Table 1 compares the most recent household projections for York.

Table 1: Comparison of Household Projections

Household Projections (CLG)	2012 households	2031 households	Absolute change	% change	Annual average change (19 years)
2008 Based	89,600	113,000	23,400	26.1%	1,232
Interim 2011 based (indexed to 2008)	84,293	101,062	16,769	19.9%	882
2012 based	84,247	98,561	14,404	17.1%	758

Reliability of 2012 based household projections

23. The 2012 household projections take their starting point from the 2012 mid-year population estimates (released June 2013) and assume that trends from the previous 5 years (2007-2012) continue. The CLG household projections methodology report released in February 2015 states that the Stage 1 release of the projections does not include the detailed household representative data⁵ from the 2011 Census. Instead the stage 1 release uses the change in household representative rates (HRRs) by age from the Labour Force Survey (LFS).

⁵ For Stage One household representative rates for 2011 have been derived at England level using the aggregate household representative rates by marital status from the 2011 Census, household population by age, sex and marital status from the Census 2011, data on household representative rates by age profile from the LFS and previous household projections. At local authority level, the household projections have been controlled to both the national projections and the aggregate household representative rate from the 2011 Census for each local authority.

24. It is therefore possible that the HRRs and therefore the household projections are subject to change particularly if the results from the 2011 Census reveal trends by age group different to that observed from the LFS. The methodology report published by CLG states that it is too early to quantify the difference and that further analysis of household formation rates as revealed by the 2011 Census will continue during 2015.
25. There is a possibility that the 2012 sub-national population projections could extrapolate recessionary characteristics inherent within the LFS but until the Stage 2 release is issued by CLG it is not possible to qualify this. There is currently no alternate evidence available on household formation rates against which to assess the reliability of this component of the 2012 projections. However Arup conclude in their report that economic recovery is occurring at a steady and gradual rate and it is not expected that household formation rates will revert back to the levels observed in the 2008 based projections which were representative of a period of rapid economic growth (based on the 5 year period 2003-2008) until later in the plan period.
26. As part of the plan making process and moving towards examination Arup advise that it will be necessary to examine the implications of the stage 2 data (date of release yet to be confirmed). The report by Arup does consider the components of population change as part of the sensitivity testing undertaken (see paragraphs 45 to 50 of this report and Section 5 of Arup's report presented as Annex 1 to this report) in order to understand the implications of the uncertainties on the objective assessment of need. An option for managing this uncertainty as the Plan moves towards examination and adoption is to develop a policy response in the Plan to provide an element of flexibility to deal with potential future changes in the housing requirement.

Allowing for Economic Growth

27. NPPG states that plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts in assessing housing requirements.
28. The previous 2014 economic projections produced by Oxford Economics (OE) to support the Publication Draft Local Plan (2014) have been updated by OE in May 2015. A separate report detailing this work and the accompanying report from OE is provided to Members as a separate

agenda item to this LPWG. The forecasts from OE include a population dimension; that is, the amount of residents needed to service the forecast economic growth, making certain economic activity, commuting and migration assumptions. The growth forecasts also have implications for the requisite household requirements as the amount of workers required will need to be housed, or else there is a risk of unsustainable commuting patterns.

29. The forecasts provided by OE consist of a baseline scenario (reflecting how global and national trends are expected to apply to York) plus two additional scenarios for sensitivity testing. Scenario 1 assumes higher migration and a faster recovery of the UK economy whilst Scenario 2 assumes a faster growth in the professional services, financial and insurance and information and communication sectors balanced with lower growth within the wholesale and retail trade and accommodation and food services sectors. The scenario assumes that the UK outlook remains unchanged from the baseline with the assumptions being applied at the local level to align future sectoral trends with the Council's emerging Economic Strategy.
30. Table 2 shows the implications of the economic forecasts for the baseline (trend based) and the additional two scenarios. The economic-led requirement is derived from applying the average household sizes provided by the 2012 national household projections⁶ to the population dimension of the updated economic projections.

Table 2: Annual Average Change in Households derived from Economic Forecasts

Forecast	Population		Ave. Household size		Households			
	a	b	c	d	e	f	g	h
	2012/13	2030/31	2012	2031	2012/13	2030/31	Change 2012-2031	Ann. ave. change
					(a/c)	(b/d)	(f-e)	(g/19years)
Baseline	200,760	223,179	2.28	2.181	88,053	102,329	14,276	751
Scenario 1	200,760	224,742	2.28	2.181	88,053	103,045	14,993	789
Scenario 2	200,760	223,179	2.28	2.181	88,053	102,329	14,276	751

⁶ DCLG Live Table 427

31. The analysis undertaken by Arup suggests that the economic led housing need using the OE baseline forecast and the demographic led housing need (based on CLG 2012 household projections) largely align, albeit the baseline economic forecast is slightly lower (- 7 dwellings or - 0.9%). This means that no adjustment is recommended to the baseline CLG household requirement of 758 per annum to align with the forecast economic growth. The very small difference between the two figures (751 using the OE population base and 758 using the CLG population base) is as a result of the difference between the population bases in the CLG 2012 household projections and that used in the Oxford Economic forecasts. This can be seen as a normal variance between the different forecasting methods used and represents a minimal difference of less than 1%.

Under-Delivery

32. NPPG states that in assessing housing requirements, local planning authorities should reflect the consequences of past under delivery, as household projections are trend based and do not reflect unmet needs. It states that the *'housing requirement is set at the starting point of the plan, which can be earlier than the date the plan is adopted'*⁷. It does not set out an approach to determining how under delivery should be calculated.
33. Table 3 shows housing completions from the past ten years from 2004/05 to date against the potential household requirement. The RSS assumed annual average has been used as a policy benchmark from 2004 to 2012 as, due to the lack of a local statutory development plan, the RSS was the extant development plan at that time. Whilst it is noted that RSS housing targets took into account supply constraints as well as need, it is considered that this is the only available benchmark against which to measure under-delivery. The analysis shows that there was no under delivery against the benchmark prior to April 2008 after which recessionary conditions are likely to have resulted in the downward trend in net housing completions.
34. Over the full ten year period housing delivery has fallen short of the benchmark by 1,720 dwellings. Since the Plan date of 1st April 2012 delivery has fallen short of the benchmark by -940 dwellings using the demographic led requirement of 758 dwellings per annum. It is recommended by Arup that a 2012 base date should be used for the

⁷ Paragraph 036 Reference ID: 3-036-20140306

calculation of past under-delivery. This is in line with the Zurich decision⁸ a high court case in March 2014.

Table 3: Delivery against CLG housing requirement benchmark 2004/-5 to 2014/15

Year	Net housing completions	RSS Assumed Annual Average	Household projections (Section 4.2)	
2004/05	1160	640	-	520
2005/06	906	640	-	266
2006/07	798	640	-	158
2007/08	523	640	-	-117
2008/09	451	850	-	-399
2009/10	507	850	-	-343
2010/11	514	850	-	-336
2011/12	321	850	-	-529
2012/13	482		758	-276
2013/14	345		758	-413
2014/15	507		758	-251
Total 2004/05 - 2014/15	6,514			-1,720
Total 2012/13 - 2014/15	1,334			-940

The Sedgefield or Liverpool Method – How to deal with the backlog over the plan period

35. There are two different approaches to how the 'backlog' of housing delivery can be approached in setting the future housing requirement; as follows:
- The 'Sedgefield approach' seeks to meet the backlog by loading the 'unmet provision from proceeding years' within the first five years of the plan.
 - The 'Liverpool approach' or 'residual approach' seeks to meet the backlog over the whole plan period.

⁸ High Court Case of Zurich Assurance Limited Claimant vs Winchester City Council and South Downs National Park Authority, March 2014.

36. The PAS technical note states that there is no guidance or advice which sets out the preferred approach. However the 'Sedgefield approach' is more closely aligned with the requirements of the NPPF and the need to boost significantly the supply of housing and remedy the unsatisfactory consequences of persistent under delivery. Inspectors' decisions in relation to S78 appeals⁹ confirms their preference for this approach.
37. In terms of recent local plan examinations not all local authorities have been required to add the preceding years undersupply to the future requirement. When required, in most cases, the Inspector has accepted the Liverpool approach (to make up the past under-delivery over the whole plan period). The reasons given for this are to ensure that there is a **realistic prospect** of achieving the planned land supply (NPPF, para 47) and to ensure that the plan is 'aspirational but also **realistic**' (NPPF para 154).
38. The two different approaches to how the 'backlog' of housing delivery can be dealt with have been calculated and result in an annual backlog requirement of 59 dwellings per annum¹⁰ when spread over the whole plan period (Liverpool approach) and an annual backlog requirement of 188 dwellings per annum¹¹ for the first five years of the plan (Sedgefield approach).
39. Arup advise in their report (Section 4.4) that the decision to apply the Liverpool or Sedgefield approach depends to a large extent on the character of the land supply and the establishment of a realistic housing trajectory which accords with the pattern of development set out within the emerging Local Plan. Applying the Sedgefield approach would represent a significant step-up in housing completions that Arup consider would not be necessary or realistic in the context of recent delivery rates in York. Applying the Sedgefield method would equate to a objectively assessed need of 946 per annum (758 + 188 backlog) for the first five years of the Plan. This compares to average completion rates over the past five years in York of 434 dwellings per annum and a longer term average over the past 10 years (which represents a full economic cycle) of 535 dwellings per annum. Arup state in their report that "*The balance of probabilities is that such a step change in completions implicit in the Sedgefield method would be unrealistic in market terms*".
40. Arup also consider that it may not be necessary to 'make-up' the backlog in the first five years of the Plan since the backlog occurred under recessionary conditions, and we are now in a position where the

⁹ Appeal against planning refusals

¹⁰ Shortfall to 2012 of 940 dwellings spread over plan period (2012-2031) or 16 monitoring years (940 / 16 = 59 p.a.)

¹¹ Shortfall to 2012 of 940 dwellings spread over first five years of the housing trajectory 2015-2020 (940/5 = 188 p.a.)

economy is returning to growth and it is expected that delivery will meet and likely exceed annual averages over the plan period. This would be in line with the cyclical patterns evident in the past ten years. This approach is also in line with the Zurich decision which noted that annual averages are not in themselves a target.

41. Use of the ‘Liverpool Method’ to spread the under-delivery over the full Plan period is recommended by Arup as more appropriate and realistic although Arup state that the emphasis will be on the local authority to demonstrate and evidence why it cannot adopt the Sedgefield approach. South Cambridgeshire is one such example where the Council contends that there are particular circumstances to justify the use of the Liverpool method due to the particular spatial strategy (utilising new settlements and large strategic sites) and their associated longer lead in times. Whilst there may be a risk in arguing for the Liverpool approach that the Inspector may not accept that the backlog could not be addressed sooner the NPPF does state that Plans should be ‘*aspirational but also realistic*’.
42. Table 4 shows the implications of using the Liverpool method and the Sedgefield Method on the housing requirement.

Table 4: Housing Requirement with Backlog applied (Sedgefield and Liverpool Method)

	Liverpool Method	Sedgefield Method
Newly arising requirement	758	758
Annual backlog requirement (Section 3.4)	59	188
Total requirement	817	946

Sensitivity Testing

43. NPPG states that plan makers ‘*may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates¹²*’. Arup have carried out sensitivity testing in line with practice guidance and this is covered in section 6 of their report. The sensitivity testing includes assessments of:

¹² Paragraph 018 Reference ID:2a-018-20140306

- Components of change within the population and household projections including Unattributable Population Growth (UPC);
 - Student populations; and
 - Market signals.
44. For each of these aspects it is considered by Arup whether there is sufficient evidence that the objectively assessed need should be corrected to take these factors into account. It should be noted that even where there may not be compelling evidence to change the objectively assessed need figure itself this sensitivity testing may still help to understand the uncertainties within the projections and inform the development of a policy approach in the emerging Local Plan which can help to manage these uncertainties.

Assessing the components of change within the 2012-based projections

1. 2012 Sub National Population Projections (SNPP)

45. The 2012 SNPP suggest a higher level of population growth than those in the previous 2010 based projections but slightly lower than the interim 2011 based projections. Table 5 shows the components of population change in the most recent projections (2012 based) compared with the 2010 based and 2008 based projections. The key difference between the projections is the difference in the population base as the one used in the 2012 based projections uses an improved base taken from the 2011 Census. This most up to date Census provides the first count of the population since the previous 2001 Census and has led to the recalibration of population figures including revised Mid Year Population estimates, as covered in paragraph 50 to 52 of this report).
46. Differences between projections need to be treated with caution because the effects of the 2011 Census also means different assumptions for fertility rates and base year figures. Table 5 shows that the main changes in the projections are a reduction in the projected natural increase (births minus deaths) and internal migration and an increase in international migration.

Table 5: Components of Population Growth Change 2012-2031

Component of population growth	2008 based (000s)	2010 based (000s)	2012 based (000s)
Natural Change	12.2	10.3	8.4
Births	44.8	46.4	41.7
Deaths	32.4	36.4	33.0
All Migration Net	25.3	16.1	15.3
Internal Migration In	220.9	240.5	218.7
Internal Migration Out	232.3	237.6	222.6
Net Internal Migration	-11.4	2.9	-3.9
International Migration In	68.4	52.1	38.2
International Migration Out	32.3	39.0	20.9
Net International Migration	36.1	13.1	17.3
Cross-border Migration In	11.4	12.6	11.4
Cross-border Migration Out	11.4	12.4	9.5
Net Cross-border Migration	0	0.2	1.9

47. As table 5 illustrates it is migration which has driven much of the change in the recent projections with the more recent projections showing fewer net international migrants although this is partially offset by a reduction in the balance of internal out migration. Given that migration is a key component of the difference in projections the sensitivity of this component has been tested further by Arup. For each of the past three projections (2008, 2010 and interim 2011 based projections) the yearly total migration component of change has been applied to the base population and the natural change from the 2012 based projections to see what impact this would have on the indicative housing requirement.
48. The assessment given in Table 6 shows that the application of the 2010 based and 2011 based migration assumptions makes little difference to the housing requirement which ranges from 755 using 2010 based assumptions to 761 using the 2011 based assumptions compared to the 2012 based figure of 758. The application of the 2008 based projection has more impact with an additional 36 homes per annum (794 p.a.). Arup recommend that it would not be appropriate to take forward the figure which applies the 2008 based migration figure because the economic downturn slowed down migration rates and so the numbers projected have not been realised. However it may be arguable that, once

fully recovered from the downturn, that York may expect to return to similar levels of migration.

Table 6 Migration component of change sensitivity testing

	Population (2031)	Difference from 2012 based population (2031)	% change	Indicative housing requirement to 2031	Indicative annual housing requirement
2012 based SNPP (original)	223,500	N/A	N/A	14,404	758
2012 based SNPP with interim 2011 based SNPP migration applied	224,500	1,000	0.4%	14,468	761
2012 based SNPP with 2010-based SNPP migration applied	222,700	-800	-0.4%	14,352	755
2012 based SNPP with 2008 based SNPP migration applied	234,000	10,500	4.7%	15,081	794
2012 based SNPP with 2008 based SNPP migration applied post 2021	229,000	5,500	2.5%	14,758	777

49. Arup also assessed the impact a return to the 2008 migration rates post 2021 would have on the housing requirement (using this date as an estimation of when the economy may have fully recovered) and this would increase the 2012 based figure to 777 or an additional 15 homes per year above the 2012 based figure of 758. Arup conclude in their report that there does not appear to be sufficient justification for using a variant population projection as part of the objective assessment of need. This is because in line with the NPPG there is not considered to be 'compelling evidence' that the local circumstances specific to York will cause a deviation from the CLG national projections.

2. Recent Mid Year Population Estimates

50. The 2014 based mid year population estimates were released by Office for National Statistics (ONS) on 25th June 2015. They estimate a population for York of 204,349 in 2014. This is higher than the population forecast for 2014 in the 2012 based SNPP also produced by ONS which is 202,900. The differences in the components of change between the two figures are shown in table 7.

Table 7: Difference in components of change between 2012 based population projections (SNPP) and 2014 Mid Year Estimate (MYE)

Components of Change	2012 based SNPP	2014 MYE
2013 Population	201,400	202,435
Natural Increase	400	325
Net Internal Migration	0	363
Net International Migration	900	1,277
Net Cross Boundary Migration	100	-
Other	-	39
2014 Population	202,900	204,439
Difference		+1,539 (+0.76%)

51. Arup suggest in their report (Section 6.1.2) that there are three ways in which this higher than expected mid year estimate could be treated:
- It could be assumed that this represents a normal year-on-year variation within the existing projections and therefore no adjustment should be made;
 - It could be assumed that the trends contained within the 2012 based projections are correct but that they should be rebased (indexed) to reflect the improved population base from 2014; or
 - It could suggest a higher trend in population growth which should be extrapolated across the plan period.
52. Table 8 shows the implications of these three approaches. Arup conclude in their report that the +1,539 (0.76%) in the population base reported in the 2014 mid year estimate could most reasonably be regarded as normal variance around the projection and does not in itself

justify an adjustment to the objective assessment of need. They recommend that mid year estimates should continue to be monitored as a number of higher than expected estimates could indicate that a deviation from the justification is required.

Table 8: Sensitivity Testing 2014 Mid Year Estimate

Approach	2014	2031
2012 based sub national population projections (no change)	202,900	223,500
Indexation	204,439	225,195
Extrapolation	204,439	242,170

3. Unattributable population change (UPC)

53. Following the 2011 Census the intercensal population estimates were rebased by the Office for National Statistics (ONS) so that the mid year estimates (MYEs) for the period 2002 to 2010 are brought in line with the 2011 Census population base. After making allowances for the methodological changes and estimated errors in the components of change over the decade, the remaining difference between the MYEs and the re-based 2011 Census MYEs is referred to as unattributable population change (UPC). ONS then apportions the UPC across each of the 10 years. Going forward no adjustment has been made to the 2012 based sub-national population projections for UPC. An adjustment for UPC is only made if it can be demonstrated that it measures a bias in the trend data that will continue in the future.
54. At the local level UPC affects some local authorities more than others. Figure 14 of the Arup report (Annex 1, page x) sets out the UPC for York and nationally using the original and re-based MYEs. It shows that York's mid years population estimates have been revised downwards as a result of the 2011 Census by a relatively large percentage – the difference between the two versions of the 2010 MYE for example was 3.6%.
55. There is no clear advice on how UPC should be reflected in the OAHN so Arup conclude that there are two options. One option would be to make no change to the official ONS population and CLG household

projections on the rationale that there is insufficient evidence available for the reasons in the difference between populations. This is the approach that has been supported in recent Inspectors decisions including Eastleigh and Stratford upon Avon. Another justification for not applying a correction is that it is possible that some of the difference between projections could be explained by under-enumeration in the 2011 Census rather than inaccuracies in the preceding MYE's.

56. The second option would be to assume that the reduction in population would lead to a proportionate reduction in household requirements, i.e. 3.6% fewer units required than the 2012 based household projections suggest. This correction would reduce the CLG household projection from 758 p.a. to 732 p.a. to which a recalculated backlog figure would need to be added (54 p.a.). This would give a revised total housing requirement of 786 p.a.
57. Arup recommend in their report that no correction for UPC should be made because they consider that the reasons for the differences between the population estimates are not clear, there is no evidence of when the error in the estimates occurred (ONS has simply distributed UPC evenly across the 10 year period) and there is a significant risk in using an approach which does not accord with recent Inspector's decisions particularly where it could be argued that the downward correction suppresses housing need.

4. Household formation rates

58. Table 9 compares the components of change of household growth in the interim 2011 based projections and the 2012 based projections. The projected growth in population is the main driver of the increase to the 2012 based projections though some is also the result of changes to the household formation rate. This is in contrast to the 2011 based projections where the growth in households was suppressed leading to a 7% reduction in the total number of households that would otherwise be required.

Table 9: Comparison of components of household growth between CLG 2011-based interim household projections and 2012 –based household projections

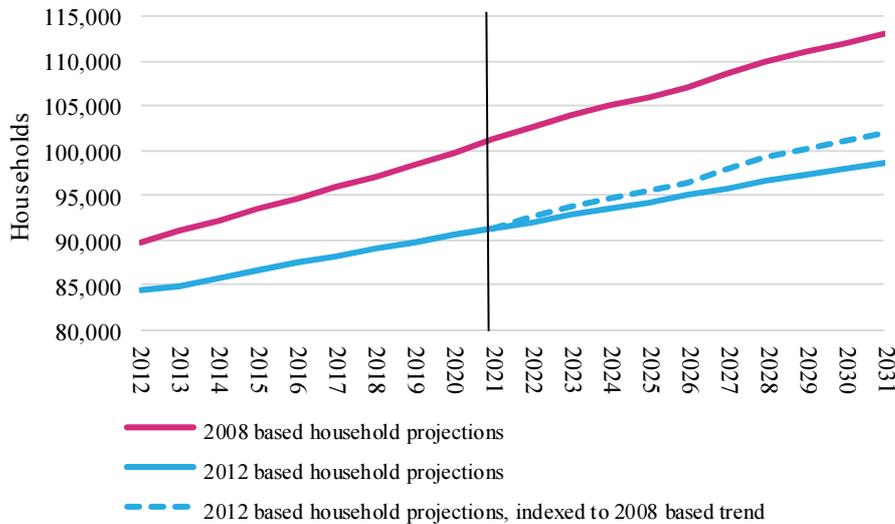
Component of household growth	Interim 2011-based (2011-2021)	2012-based (2012-2037)
Population level	107%	92%
Household formation	-7%	4%
Interaction terms (the relationship between population and household formation)	0%	4%

59. To sensitivity test the effect that applying different household formation rates has on the requirement Arup have also 'indexed' post 2021 the 2012 household projections using the rate of change from the 2008 based household projections (the most recent full projection proceeding the 2012 dataset). The logic behind this being that the slower rate of decline in average household size (inherent in the 2012 based projections) could be a short term effect of the recent economic recession (with less people able to form separate households) and this is likely to reverse with growth in the economy rather than being the start of a longer term trend. The implications of this sensitivity testing is set out in table 10 and figure 2.

Table 10: Household growth sensitivity testing

Source	2012 households	2031 households	Absolute change	% change	Annual average change (19 years)
2008 based household projections	89,600	113,000	23,400	26.12%	1,232
2012 based household projections	84,247	98,651	14,404	17.10%	758
2012 based household projections, indexed to 2008 based trend past 2021	84,247	101,860	17,613	20.91%	927

Figure 2: Household Growth sensitivity testing



60. As illustrated by table 10 and figure 2 the household projections are very sensitive to average household size and this sensitivity analysis suggests that a return to the 2008 based household formation levels (post 2021) would result in an additional requirement of 169 homes or 22.3%. Arup recommend however that there is no clear evidence currently as to what a more appropriate household formation rate might be as it is unclear how rates will respond to a recovering economy. The 2008 projections represent a strong position of growth (based on the period 2003 to 2008) whilst the 2011 based interim projections represent a suppressed position (2007 to 2011). It is likely therefore that the current 2012 based projections represent a part way between the two earlier sets of assumptions and give a realistic view of future household formation rates.
61. In Arup's judgement there is not compelling evidence to suggest that a variant of the 2012 based household projections should be used to inform the OAN. This is because any variations must be based on strong local evidence to justify why the official projections have not been used. Arup recommend that the Local Plan could seek to manage the uncertainty in the projections through building flexibility into the housing supply trajectory. This could either be achieved by building sufficient 'headroom' into the supply to deal with the uncertainty, by including sites that could be delivered earlier in the plan period or by including change in household formation rates as a trigger point for Plan monitoring and review. Arup also note that it may be necessary to undertake further sensitivity analysis and to re-assess the position once the Stage 2 CLG

release has been made as this is expected to provide further information on household formation.

Assessing the impact of change in student populations

62. The NPPG provides the following guidance on housing for students:

‘Local planning authorities should plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus. Student housing provided by private landlords is often a lower-cost form of housing. Encouraging more dedicated student accommodation may provide low cost housing that takes pressure off the private rented sector and increases the overall housing stock. Plan makers are encouraged to consider options which would support both the needs of the student population as well as local residents before imposing caps or restrictions on students living outside of university-provided accommodation. Plan makers should engage with universities and other higher educational establishments to better understand their student accommodation requirements.’¹³

63. Officers have engaged with the universities in York, in order to understand the likely trends in student population levels and housing requirements. Representations made by the University of York and York St John on the Local Plan Preferred Options (July 2013) and Further Sites Consultation (July 2014) made clear that both universities have plans for growth over the plan period. Indeed, the University of York stated that ‘because of the Government’s decision to relax the caps on student number and the need to remain at the forefront of the competitive market, it is envisaged that growth in student numbers will continue over the duration of the Local Plan period until 2030’.

64. The student population in York fall within two groups: institutional population (those living in purpose-built student accommodation such as halls of residence, either university or privately owned); and non-institutional population (all others e.g. those living at home or within the private rented sector). The Arup report (Section 6.2) includes student headcount data for University of York (UOY), York St John University (YSJU) and Askham Bryan College (ABC) from the Higher and Education Statistics Agency (HESA). In addition the report also includes the latest agreed projection data provided to the Council by the universities planning agents. The planning agents have confirmed that

¹³ Reference ID: 2a-021-20150326

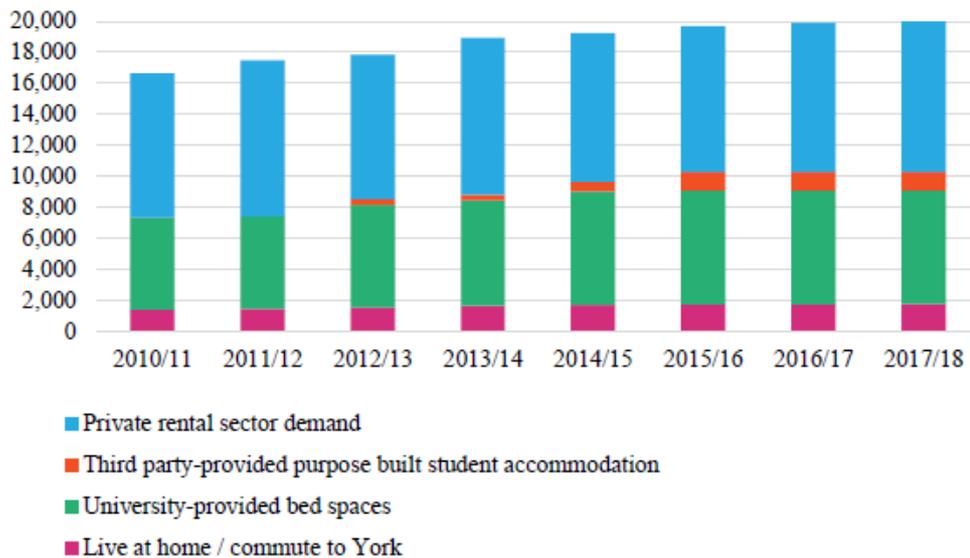
the University of York seeks to expand to circa 21,000 full time equivalent (FTE) students by 2030. Currently UOY have 15,383 FTE students. In terms of FTE this would equate to an approximate growth of 350 students per annum in a straight line trend. Similarly YSJU consider that a 'modest growth rate' is reasonable and project a straight line trend of 250 students per annum. In addition to student numbers the Arup report also presents data on known student accommodation numbers using data from the Universities and from monitoring records on consents and completions.

65. In considering the implications of the student figures one of the main issues is the extent to which planned expansion is above or below past trends. The ONS population projections already reflect the recent trends in student population increase in York (based on the 5 years prior to 2012) therefore if the universities' projections suggested a higher than trend expansion was expected this would suggest that the ONS population projections are under estimating the population (and therefore housing requirements) or conversely if growth in student numbers is expected to be lower than trend this would suggest that the ONS projections are over estimates.
66. Arup conclude in their report that the projected increase in students at both UOY and UYSJ broadly represents an on-trend increase and that for this reason further sensitivity analysis around the student population with regards to the housing requirement would not be justified. Whilst no firm evidence exists to make accurate predictions it is considered unlikely that the future university growth will exceed the component of growth assumed within the ONS projections and therefore the CLG housing requirement). It is considered more likely that the trend over recent years (which forms the basis of the projections) is equal to the future expectations.
67. Arup has also considered in their report how the student population is housed in terms of the split between institutional and non-institutional provision. As the requirements of students in on-campus halls of residence (institutional population) is excluded from the CLG household projections the main area of interest is the proportion of students living in the private rented sector as this has a direct competition factor with the non-student population also trying to access this accommodation. Analysis has been undertaken of the likely change in accommodation demand to 2017/18 based on the student population projections and recent and anticipated future completions¹⁴ of both university provided and privately provided purpose built accommodation. Figure 3 shows the

¹⁴ Position at 1st April 2015

anticipated student accommodation demand and provision to 2017/2018.

Figure 3: Anticipated student accommodation demand and provision to 2017/2018



Source: CYC analysis

68. Whilst the analysis shows that the student demand on the private rented sector will both increase and decrease over time as a result of the availability of purpose built units overall there is a slight increase in students accessing private rental sector bed space. If an average student household size of 4.0 is used this would suggest that between 2010/11 and 2017/18 an additional 101 homes are required for student use which if extrapolated over the plan period would equate to approximately 14 homes per annum. This assumes that the current rate of delivery of purpose built accommodation will stay broadly the same.
69. Arup advise that in practice the longer term translation of student numbers into households is complex given the different accommodation choices open to students and the lack of evidence available on student household size and formation rates. Without advance knowledge of housing choices it is difficult to make accurate predictions particularly over the longer term. It is considered that the safest assumption is that provision follows existing trends and is reflected in the official ONS and CLG projections. Any reduction in household numbers would be dependent upon the universities making a commitment to provide a higher proportion of accommodation over the plan period and ensuring that their current accommodation remains attractive to students, otherwise it is likely that students will chose to move into market housing provision.

70. The scope to predict student choices and to enforce controls on student choice over the lifetime of the plan is limited and any approach to increase student in purpose built accommodation (either on or off campus) would need to be carefully and specifically evidenced. Work is ongoing on a Strategic Housing Market Assessment (SHMA) for York which may provide more evidence on student populations, household size and housing preferences in order to be able to calculate what element of the overall housing requirement they represent. This work will be reported to the LPWG in due course and the emerging Local Plan will need to reflect the outcomes of the work accordingly.
71. Dependent on further evidence from the SHMA it may be possible to offset the impact of student housing need through the provision of additional purpose built student accommodation, either on-campus provided by the universities or off campus by third parties. Encouraging more dedicated student accommodation, provided it is attractive to students, may take pressure off the private rented sector and would also allow for development at higher densities which would not be appropriate for non-student housing allowing a more efficient use of land. This would need to be strongly evidenced both in terms of commitments by the universities to provide more accommodation and also through mechanisms to ensure that students did not choose private rental accommodation over purpose built accommodation even when available. This would then need to be reflected in the housing trajectory for the emerging plan including the calculation of the release of former student accommodation back onto the market.

Market Signals

72. Following the consideration of the latest demographic and household projections as the starting point for establishing housing need the NPPG suggests that household projections should be adjusted to reflect appropriate market signals as well as other market indicators of the balance between the demand for and the supply of dwellings. The Guidance advises that the assessment of market conditions should take account both of indicator relating to price and quantity¹⁵ and concludes that where adjustment based on housing need is required, plan makers should set this at a level that is reasonable.

¹⁵ Paragraph 020: Reference ID: 2a-020-20140306.

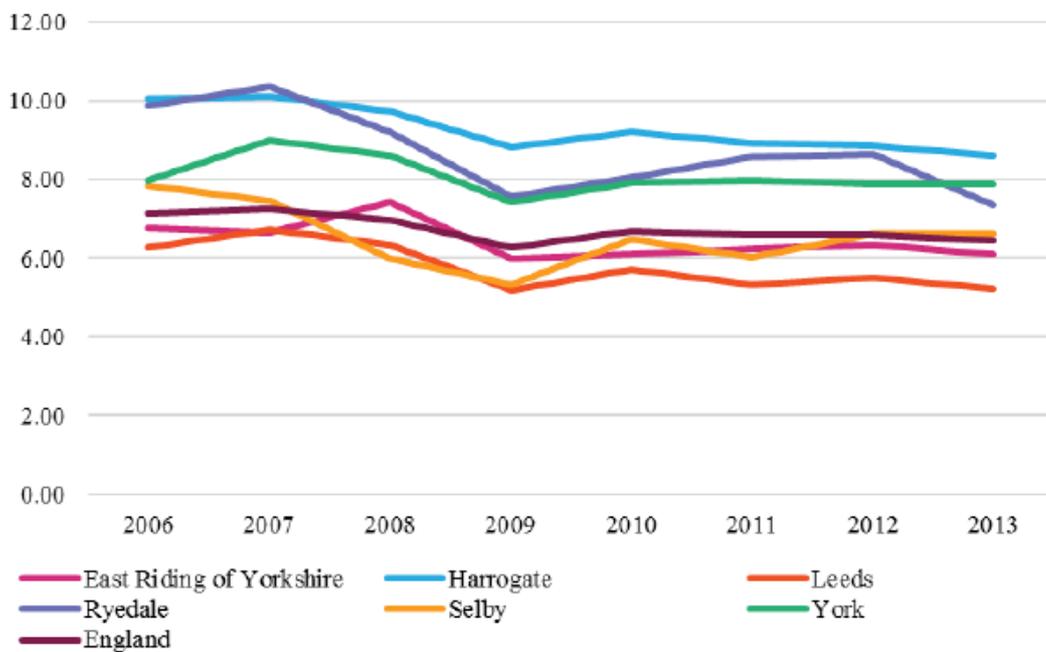
73. NPPG suggests that mix adjusted house prices measure inflation in house prices and longer term changes indicate imbalance between the demand for and the supply of housing. The guidance suggests that the ONS and Land Registry Index should be used in the assessment. In assessing affordability the Guidance advises that this should involve comparing housing costs against the ability to pay and it also suggests that the CLG quarterly releases of lower quartile house prices to lower quartile earnings ratios should be used in the assessment.
74. Between 2011 and 2012 (the latest CLG house price data available) house prices in York increased from an average of £201,286 to £208,983 (an increase of 3.8%) which was greater than the average change in house prices for neighbouring local authorities and greater than the percentage change between 2010 and 2011 in York. Average house prices in York (2012) are 2% less now than the 2007 peak where house prices averaged £210,942.
75. At the Eastleigh Local Plan examination (Feb 2015) the Inspector identified that the Council had failed to recognise the true scale of affordable housing need within their assessment of market signals and concluded that the market signals presented justified an uplift of 10% to the overall objectively assessed housing requirement. He suggested that where 'modest market pressure' existed this required an uplift adjustment to the overall housing requirement. 'Modest market pressures' were identified as the highest median prices within the 2011 Strategic Housing Market Area. Table 11 shows house price change 2003 to 2012 for York and its neighbouring authorities. It shows that the median house prices within York are relatively average when compared to the median house prices of adjoining districts. Arup do not consider that this would justify an uplift to the housing requirement.

Table 11: Median House Price Change 2003 to 2012 (£000)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
York	133	153	160	170	180	172	165	177	173	180
Hambleton	142	179	185	195	200	200	180	200	200	200
Harrogate	158	177	189	198	218	210	195	220	215	210
Ryedale	135	170	175	190	196	187	170	185	184	178
Selby	123	143	158	160	170	156	160	157	157	160
East Riding	100	130	135	143	150	147	140	145	138	141

76. Analysis of affordability ratios for York from the CLG data¹⁶ for the period 2006 to 2013 is shown in Figure 4. York's ratio currently is 7.89 and has remained at this level for the past four years with higher ratio of circa 9.00 at the peak of the market in 2007. York's ratio of affordability remains higher than the national average and many of the neighbouring authorities (except Harrogate) although broadly speaking affordability has largely remained at consistent levels over the past four years and has not worsened.

Figure 4: Affordability Ratios for York and Neighbouring Authorities (2006-2013)



77. In relation to land prices the principal source of evidence is the Valuation Officer Agency (VOA) property reports. Whilst the most recent report (2011) does not include data for York it reports that land value in Leeds have fallen to £1.36m per hectare. Recent estimates for York taken from the City of York Local Plan Viability Assessment undertaken by Peter Brett Associates suggest land values for York of between £1m to £1.5m depending on its location within the City with City Centre sites achieving the highest value.

78. In relation to rental levels the VOA publishes data on the private rental market by local authority area. At 2013 the data shows that the lower quartile monthly rent paid for a 2 bed property in York is £595 per month which is substantially higher than the Yorkshire and Humber lower

¹⁶ CLG Table 576 Ratio of lower quartile house price to lower quartile earnings by district 2006 to 2013

quartile average of £425 per month and the national lower quartile average of £485 per month. Research undertaken by Leeds City Region¹⁷ shows that York has upper weekly rental levels consistent with the highest rental levels demanded in the city region at £307.38 and an average rental level on a par with Harrogate at £226.62 per week.

79. In relation to overcrowding and homelessness Arup have analysed eligible households between April 2012 and December 2014 from the CLG homelessness statistics. This includes those households which are intentionally homeless and those which are eligible but are not currently homeless. This shows that levels in York have ranged from 48 to 62 per quarter which is lower in terms of absolute levels of homelessness than East Riding and Leeds. The level of homelessness in priority need over the same time period has fallen by 29% whereas other neighbouring authorities including Selby and Harrogate have seen growth in levels of priority need. A full assessment of housing needs will be provided through the updated SHMA work which is currently underway and this may identify further levels of homelessness or concealed households which are not apparent from the CLG figures. Whilst it appears to date that levels of homelessness do not represent a worsening trend this may need to be reviewed in light of the SHMA findings which will be reported back to LPWG in due course.
80. In relation to overcrowding Arup have analysed the 2011 Census data for York which shows that approximately 3.5% of households within York are considered to have at least one less bedroom than required compared to 1.9% of households in East Riding, 2.2% of households within Harrogate and 1.9% in Selby. Arup suggest that this may in part be a reflection of housing costs in York when compared with income and the inability of households to purchase the amount of 'housing space' they require.
81. In relation to market signals Arup advise in their report that recent Inspectors decisions have highlighted the importance of clarity in how market signals have influenced the objective assessment of need. However this cannot have the effect of an upward adjustment that would result in a housing number not grounded in realism in respect of the associated population levels and the ability of the market to be able to deliver it. In Eastleigh the Inspector considered that evidence showing that rents were rising above the national level and regional level justified an upward adjustment of the housing need and suggested a 10% uplift

¹⁷ Research on the affordability of housing in the Leeds Region, Huw Jones, 2013.

would be compatible with the modest pressure of market signals. NPPG also indicates that a worsening trend in market signals may require an upward adjustment to the planned housing number compared to those based solely on household projections.

82. Arup conclude that the analysis undertaken of house prices and affordability suggests that York is a higher cost housing location relative to other areas in the wider region but that affordability levels have remained similar over recent years and there is no direct evidence to suggest that affordability has worsened – which is the key test for the market signals analysis. Moreover Arup advise that if provision is made in the Plan to meet the CLG household requirement and the backlog/under delivery in previous then it is likely that the potential supply will be considerably higher than completion levels in recent years and would in itself constitute a significant step up in delivery levels. It is recommended that following the outcomes of the SHMA update currently being undertaken that the market signals assessment is updated to assess further whether York reflects a worsening affordability trend in comparison to the wider region.

Housing Supply Issues:

83. Whilst this report deals primarily with housing demand the Arup report also covers a number of housing supply based issues relating to the identification of a buffer (as required by NPPF) and overall flexibility or 'headroom' in the Local Plan housing trajectory. In addition officers have produced an indicative five year supply calculation based at 1st April 2015 against the emerging housing requirement to provide an update to Members on the five year supply position which may be required to deal with planning applications.

Identification of a Buffer

84. Paragraph 47 of the NPPF states that local planning authorities should:

'Identify and update annually a supply of specific deliverable sites sufficient to provide five years worth of housing against their housing requirements with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there has been persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving

the planned supply and to ensure choice and competition in the market for land'

85. Neither the NPPF or NPPG define the time period which qualifies as 'persistent under-delivery' but Arup conclude in their report that in most planning appeals and local plan examinations this is considered to be a period of consistent under delivery below the target requirement for five years or more. Since 2004 York has under delivered by up to 1,720 dwellings, equivalent to 27% of actual completions against the RSS target to 2011/2012 and the CLG household projection of 758 households per annum from 2012/2013 onwards. Arup consider that this represents 'persistent under-delivery' and therefore their recommendation remains that a 20% buffer brought forward from the total requirement is added to the total housing land supply requirement in the first five years (i.e. six years worth of supply rather than five years).
86. It should be noted that the requirement to include a buffer is not, and it does not become, part of the housing requirement; it is simply a given excess of land over the land supply necessary to permit the identified need for housing to be delivered offering choice and competition to the market. That remains the position each year, the buffer does not carry forward in to the annual calculation of housing need made in subsequent years; it is re-calculated on the basis of the need identified to ensure the appropriate degree of choice and competition in the market for land.

Trajectory flexibility

87. Aside from the requirement to demonstrate a five year housing land supply, authorities are also expected to show that housing delivery is sufficiently flexible across the full plan period to deal with changes or uncertainty. For example, Eastleigh Local Plan was found unsound in February 2015 partly on the basis that it was considered by the Inspector that the supply of housing would be too inflexible to buffer for changing market signals and delivery rates over the lifetime of the plan. The Inspector concluded that (apart from a time-consuming plan review) the authority had no means of increasing supply if there is a problem and that the plan needed to demonstrate that there is some flexibility to respond to changing circumstances.
88. Similarly as part of the hearing sessions held as part of the South Cambridgeshire local plan examinations the Inspector asked: *'Is there sufficient flexibility to deal with changing circumstances and/or*

uncertainty over when allocations will come forward for development? In responding to this question the local authority referred to the fact that the trajectory had identified land for an additional 10% of the objectively assessed need, which strategic sites might be brought forward in the trajectory in order to ensure a five year housing land supply or phased later to provide flexibility, the level of windfall sites expected (but not included in the trajectory) which they argued would help to make up any shortfall over the plan period and the relatively high proportion of the housing requirement which would be provided on sites that either already had permission or had a resolution to grant permission.

89. Arup conclude in their report that by allowing a 20% buffer in provision for the first five years this would build in a significant element of flexibility. However when allocating sites they advise that the Council will need to assess the risks to delivery including the availability of infrastructure, ownership or viability and site conditions ensuring that they not operate systematically across allocations.
90. The existing Local Plan evidence base work to date including that undertaken in the Viability and Deliverability work (Peter Brett Associates) to support the Local Plan Publication Draft and the Site Selection work to date has assessed in detail issues of site specific deliverability and also ensuring sites have willing land owners. This work will need to be updated and will be reported to members of LPWG in due course to support the emerging Plan. In addition a housing implementation survey will be undertaken with the development industry to inform assumptions on site lead-in times, phasing and annual delivery rates across a range of site sizes and types which will help to inform judgements on the flexibility of the plan trajectory. The outcomes of this survey will be reported to Members of the LPWG later this year.

Indicative 5 Year Supply position

91. NPPF sets out a requirement that authorities should identify and update annually a supply of specific deliverable sites sufficient to provide five years worth of housing against their housing requirements. Therefore local planning authorities should have an identified five year housing supply at all points during their plan period. Without this even recently adopted planning policies for the supply of housing will be considered out of date¹⁸. This is particularly important given that NPPF states that where relevant policies are out of date, permission should be granted

¹⁸ Paragraph 49, NPPF.

unless any adverse impacts outweigh the benefits, or other policies indicate otherwise, when assessed against the NPPF¹⁹.

92. The Council is required to demonstrate the equivalent of 5 years worth of housing land (5YHLS) on adoption and throughout the plan period. This is known as the 5YHLS calculation and is a comparison of the anticipated supply of new homes against the number of years worth of supply. So as to avoid being skewed by annual fluctuations in housing supply it is calculated over a 5 year period. It should therefore exceed 5. Any 5YHLSC is a snapshot in time with the 5 year period being a 'forward look' produced on at least an annual basis and standard practice is for the starting point to be 1 April each year.
93. Work on the five year land supply is ongoing and cannot be concluded until a series of decisions have been made on both factors that effect demand and future sites. These include the use of the CLG household projections, the approach to dealing with backlog and the potential application of windfalls. Based on work to date however, it is estimated that the current supply (at 1st April 2015) is around 4,904 units for the period 2015/2016 to 2019/2020. It should be stressed that this is for indicative purposes only and explained in more detail below. For indicative purposes only based on using the CLG projections and using the Liverpool approach to backlog this would give a five year supply. Further details of the indicative supply included in the calculation is included as annex 2 to this report.

Components of the indicative 5 year housing supply:

Sites with Consent (@ 1st April 2015)

94. As listed in Annex 2 to this report the indicative 5YHLSC includes those sites with planning consent at 1st April 2015 including those which are under construction and part implemented and also those sites which at 1st April 2015 were awaiting legal/planning conditions approval. In total there are 4,390 dwellings with consent or awaiting legal/conditions approval.

Emerging Draft Allocations

95. NPPF states that deliverable sites for housing could include sites with planning permission (outline or full that have not been implemented) and

¹⁹ Paragraph 10, NPPF.

those allocated for housing in the development plan unless there is clear evidence that schemes will not be implemented within five years. Having planning permission is not a pre-requisite for sites being deliverable in terms of the 5YHLS but local authorities need to provide robust, up to date evidence to support the deliverability of sites ensuring that judgements on deliverability are clearly set out. In terms of emerging allocations included within the indicative 5YHLSC, drawing on the experience of the Brecks Lane Case (APP/C2741/V/14/2216946), the 5YHLSC does not include any sites which are within the general extent of the York Green belt unless there is an extant permission for the site.

96. As detailed in Annex 2 the indicative 5YHLSC includes a total of 873 dwellings from emerging draft allocations. Of these 524 are on non-strategic sites (less than 5 hectares) including sites such as the gas works site at Heworth Green (H1) and the former Askham Bar Park and Ride site (H8). A total of 279 dwellings are identified on strategic site allocations (over 5 hectares) which includes British Sugar, Nestle South and the Hungate site.

Windfalls

97. Windfalls sites, as defined in the NPPF (March 2012) are: *'Sites which have not been specifically identified as available in the Local Plan process – they normally comprise previously developed sites that have unexpectedly become available.'* These unidentified sites are typically not allocated for development or highlighted within the Strategic Housing Land Availability Assessment. An analysis of historic windfall trends is included in Annex 3 to this report.

98. Paragraph 48 of the NPPF states:

'Local planning authorities may make an allowance for windfall sites in the five-year supply if they have compelling evidence that such sites have consistently become available in the local area and will continue to provide a reliable source of supply. Any allowance should be realistic having regard to the Strategic Housing Land Availability Assessment, historic windfall delivery rates and expected future trends, and should not include residential gardens.' NPPG states that *'A windfall allowance may be justified in the five-year supply if a local planning authority has compelling evidence as set out in paragraph 48 of the National Planning Policy Framework'*.

99. In taking a proportionate approach to identifying land for development in the emerging local plan only sites above 0.2ha have been identified as draft allocations. To ensure we properly understand the potential for development on very small sites below this allocation threshold an assessment of the 10 year trend in the historic rate of windfall delivery along with changes of use and conversions has been carried out²⁰. It should be noted that this covers a period of time in which York had no adopted development plan in place and therefore continued high levels of windfall supply are unlikely to be maintained over the plan period, especially in the case of larger windfall sites above 0.2 ha, the threshold used for the allocation of sites. This is important because the NPPF requires not just compelling evidence of historic windfall rates but also evidence of expected future trends in order to justify using a windfall allowance within housing supply.
100. During the last 10 years the housing market has experienced a full cycle of market conditions with both peaks and troughs in housing delivery at a local, regional and national level. In using this period of time to estimate the future supply of windfall delivery, it should ensure that neither an overly optimistic or pessimistic projection for windfalls will be applied. In total 2,413 net²¹ dwellings have been delivered on windfall sites. Of total net windfalls the largest proportion comes from conversions (inclusive of changes of use) with 746 net dwellings (31% of total net windfalls) and from very small windfalls (sites below 0.2ha) with 679 net dwellings (28% of total net windfalls). Together these two categories account for almost 60% of the total net windfalls between 2005 and 2015. These totals are significant in as much as they fall outside the threshold used to identify potential housing sites in the Local Plan and therefore will not be identified in future years. By including a qualified allowance for this type of windfall within the housing supply this would ensure that an appropriate estimate of future windfall supply is included within the housing trajectory.
101. Over a ten year period housing completions through very small windfalls (less than 0.2ha) together with changes of use/conversions within the City totals 1425, this equates to an average of 143 net additional dwellings per year. When subdivision of small housing units over the same period, which equates to 3 homes per year, is removed²² a total of

²⁰ Garden infill sites have been excluded from the analysis in line with NPPF.

²¹ Net housing completions are calculated as the sum of new build completions, minus demolitions, plus any gains or losses through change of use or conversions to existing properties

²² The City of York Draft SPD – Subdivision of Dwellings - was approved in December 2012 with the aim of reducing the number of small terraced houses being converted to flats. As a result we have

140 net additional homes per year have been calculated as the average windfall projection from this source of supply.

102. The emerging local plan policy seeks to protect the loss of B type Use Classes (B1: Business, B2: General Industrial & B8: Storage and Distribution), therefore it is considered reasonable to remove this type of change of use from any future windfall allowance. Conversions have been analysed over the ten year period and removing conversions from B use classes to residential would bring the number of windfalls from conversions (including change of use) from 746 to 505, a reduction of 241 completions. This would equate to an average of 115 net additional homes per year from very small windfalls and changes of use and conversions (excluding B use classes).

103. This figure of 115 dwellings per annum has been included within the indicative 5YHLSC for years 4 and 5 to ensure there is no double counting between permissions granted and the future allowance made.

Non-Implementation Discount

104. To help ensure a robust position in relation to future land supply and to demonstrate to an Inspector that there is sufficient flexibility in the supply to deal with changing circumstances a non-implementation allowance of 10% is recommended to the identified supply to account for the possible non-delivery of sites within the 5YHLS. This level of 10% is common practice across local authorities both in respect of 5 year land calculations and housing trajectories and has been accepted by Inspectors at a number of local plan examinations and planning appeals. This non implementation discount is a separate issue to the 20% buffer, the buffer being to ensure choice and competition to the market for land and not to take account of under supply or unimplemented permissions.

105. The indicative 5YHLSC includes a 10% non-implementation discount. The total supply identified from consents and emerging allocations (5,193) has been reduced by 10% (- 519 dwellings) to 4,674 dwellings. Once the very small windfall allowance for years 4 and 5 (230 dwellings) has been added this gives an identified indicative supply of 4,904 dwellings. The non-implementation discount has not be applied to the very small windfall allowance given that this figure, as explained in

calculated that the annual windfall total accounts for approximately 3 small dwelling conversions during the last 10 years.

paragraphs 97 to 103 of this report, is already an estimate based on a ten year average of windfalls.

Options

106. This report has set out the main considerations in determining the objectively assessed need for housing including the analysis of the latest national household projections. Members are asked to note the evidence presented in this report and at Annex 1 and Members comments are invited. There are therefore no policy options presented at this stage.

Council Plan

107. The information in this report accords with the following priorities from the Council Plan:

- Create jobs and grow the economy;
- Get York moving;
- Build strong communities; and
- Protect the environment.

Implications

108. The following implications have been assessed.

- **Financial (1)** – The work detailed above has been funded from budgets set aside for the Local Plan. A review of the Local Plan budget is being undertaken to see whether all commitments can be funded. Over the last four years, significant sums have been expended on achieving a robust evidence base, carrying out consultations, sustainability and other appraisals, policy development and financial analyses. Whilst this work remains of great value, the longer it takes to agree the housing trajectory, the more will have to be redone at additional cost. This would have to be factored into future years budget allocations.
- **Financial (2)** - managing the planning process in the absence of a Plan will lead to significant costs to the council in managing appeals and examinations
- **Human Resources (HR)** – The production of a Local Plan and associated evidence base requires the continued implementation of a comprehensive work programme that will predominantly, although not exclusively, need to be resourced within CES.

- **Community Impact Assessment** A Community Impact Assessment (CIA) has been carried out for the local plan to date and highlights the positive impact on the following groups: age, disability and race.
- **Legal (1)** – The procedures which the Council is required to follow when producing a Local Plan derive from the Planning and Compulsory Purchase Act 2004 (as amended) and the Town and Country Planning (Local Development) (England) Regulations 2012. The legislation states that a local planning authority must only submit a plan for examination which it considers to be sound. This is defined by the National Planning Policy Framework as being:
 - **Positively Prepared:** based on a strategy which seeks to meet objectively assessed development and infrastructure requirements;
 - **Justified:** the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence;
 - **Effective:** deliverable over its period and based on effective joint working on cross-boundary strategic priorities; and
 - **Consistent with national policy:** enable the deliver of sustainable development in accordance with the policies in the Framework.
- **Legal (2)** The Council also has a legal duty to comply with the Statement of Community Involvement in preparing the Plan. (S19(3) 2004 Act). Planning Inspectorate guidance states that “general accordance” amounts to compliance.
- **Legal (3)** The Council also has a legal “Duty to Co-operate” in preparing the Plan. (S33A 2004 Act).
- **Legal (4)** The Community Infrastructure Levy Regulations 2010. Regulation 122 states that a planning obligation may only constitute a reason for granting planning permission for the development if the obligation is—
 - (a) necessary to make the development acceptable in planning terms;
 - (b) directly related to the development; and
 - (c) fairly and reasonably related in scale and kind to the development.

Regulation 123 states that where more than 5 planning obligations pursuant to S106 have been entered into since 6th April 2010 that provide funding for a project or type of infrastructure it cannot constitute a reason for granting planning permission.

In the absence of a Local Plan and a Community Infrastructure Levy, this restricts the ability of the Local Planning Authority to require contributions towards infrastructure projects through S106. Without certainty of identification of Infrastructure requirements through the Local Plan it is difficult to progress a Community Infrastructure Levy.

- **Legal (5)** The Government have indicated in a Ministerial Statement dated 22nd July 2015 that if a Local Plan is not produced by March 2017 the Government will intervene and it may be written by others.
- **Crime and Disorder** – The Plan addresses where applicable.
- **Information Technology (IT)** – The Plan promotes where applicable.
- **Property** – The Plan includes land within Council ownership.
- **Other** – None

Risk Management

109. In addition to compliance with the Council's risk management strategy, the main risks in producing a Local Plan for the City of York are as follows.

- The risk that the Council is unable to steer, promote or restrict development across its administrative area;
- Planning by Appeal may incur considerable expenditure as the Council seeks to defend decisions to refuse development considered to be inappropriately located. Such decisions may be difficult to defend in that the primary policy context to assess applications is presently the NPPF, in the absence of a Local Plan;
- The potential damage to the Council's image and reputation if a development plan is not adopted in an appropriate timeframe;
- Risks arising from failure to comply with the laws and regulations relating to Planning and the SA and Strategic Environmental Assessment processes and not exercising local control of developments;

- Risk associated with hindering the delivery of key projects for the Council and key stakeholders; and
- Financial risk associated with the Council's ability to utilise planning gain and deliver strategic infrastructure.

110. Measured in terms of impact and likelihood, the risks associated with this report have been assessed as requiring frequent monitoring.

Recommendations

111. It is recommended that Members:

Note the Arup report on the Objective Assessment of Housing Need which is to be used as the starting point for determining the amount of housing land required to be identified in the Plan.

Reason: To inform Members of the updated evidence base being used in further work on the development of an NPPF compliant Local Plan.

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**Report
Approved**



Date 18/09/15

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Wards Affected: List wards or tick box to indicate all



Annexes:

Annex 1: - Housing Requirements in York
Annex 2:- Indicative 5 yr Supply at 1 April 2015
Annex 3:- Windfalls Analysis

Abbreviations:

ABC - Askham Bryan College
CLG - Communities and Local Government
CIA- Community Impact Assessment
FTE - Full Time Equivalent
HESA - Higher and Education Statistics Agency
HRRs - Household representative rates
LFS - Labour Force Survey
LPWG – Local Plan Working Group
MYE – Mid Year Estimates

NPPF - National Planning Policy Framework
NPPG - National Planning Practice Guidance
OAHN - Objective Assessment of Housing Need
OE – Oxford Economics
OAN – Objectively Assessed Need
ONS – Office for National Statistics
PAS - Planning Advisory Service
RSS – Regional Spatial Strategy
SNHP- Sub national household projections
SNPP- Sub National Population Projections
SHMA - Strategic Housing Market Assessment
UPC- Unattributable Population Growth
UOY - University of York
VOA - Valuation Officer Agency
YSJU - York St John University
5YHLS - 5 years worth of housing land

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City of York Council
Housing Requirements in York
Evidence on Housing Requirements
in York: 2015 Update

ISSUE | August 2015

This report takes into account the particular instructions and requirements of our client.

It is not intended for and should not be relied upon by any third party and no responsibility is undertaken to any third party.

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Appendices

Appendix A

Review of Inspector's Reports

Appendix B

University of York and York St John University monitoring data

Appendix C

City of York Council analysis on student numbers

Executive Summary

In September 2014, Arup prepared the report ‘Evidence on Housing Requirements in York: 2014 Update’ which reconsidered the objectively assessed need for housing in York, based on updates to available sources of evidence and representations received during consultation of the York Local Plan Preferred Options document.

The purpose of this 2015 Update Report is to assess the implications of the 2012-based sub-national household projections on York’s objectively assessed housing requirement. Alongside a portfolio of other evidence base documents, including an updated Strategic Housing Market Assessment and Economic Strategy, the outputs from this report will help identify an overall housing target to be taken forward within the emerging York Local Plan.

Housing numbers are informed from two main sources:

- up-to-date household projections produced by DCLG; and
- economic and employment forecasts commissioned by City of York Council (CYC) and produced by Oxford Economic Forecasting (OEF), which have a population element.

The implications of these sources for housing numbers across the plan period 2012 – 2031 are summarised in the table below.

	Household projections (Section 4.2)	Economic Baseline / Scenario 2 (Section 4.3)	Economic Scenario 1 (Section 4.3)
Newly arising requirement	14,404	14,276	14,993
Newly arising annual requirement	758	751	789
Annual backlog requirement (Section 4.4)	59	58	65
Total annual requirement	817	809	854
<i>Five year requirement + 20%</i> (Section 5.1)	<i>4,902</i>	<i>4,854</i>	<i>5,124</i>

The main conclusions and recommendations from this Report can be summarised as follows:

Household Projections: Demographic and Economic

The National Planning Practice Guidance advises that the DCLG household projections should provide the starting point for the estimate of overall housing need. Subsequently, plan-makers should make an assessment of employment trends and implications for objectively assessed need. Section 4 concludes:

- Across the period from 2012 to 2031, the 2012-based projections suggest that the number of households in York is expected to grow by 14,404 dwellings (or 17%) to 98,651 in total. This equates to an **annual average growth rate of approximately 758 dwellings**, based on 19 financial/monitoring years (1

April to 31 March reflecting a plan start date of 1 April 2012). The Stage One release of the 2012 based household projections do not include household representative data from the Census 2011. This is due in a Stage Two release. This information would aid in confirming if the 2012 sub-national population projections extrapolate recessionary characteristics. There is currently no official release date for this data.

[\(See Section 4.2.\)](#)

- Analysis undertaken suggests that economic-led housing need (based on OEF's baseline forecast) broadly aligns with (although is slightly lower than) the demographic-led housing need, and that no adjustment is required. This is a result of a reduction in forecast employment and population growth across the plan period compared with earlier forecasts. This is also true of a scenario of faster growth in professional services, financial and insurance, and information and communication, accompanied with lower growth within wholesale and retail trade and accommodation and food services (Scenario 2).
- A scenario of higher migration and a faster recovery of the UK economy (Scenario 1) would lead to more houses than the demographic-led housing need, **equating to an annual average growth rate of approximately 789 dwellings**.
- The second edition of PAS' 'Objectively assessed need and housing targets: Technical advice note' (2015) states that demographic projections should be tested against expected future jobs to see if housing supply in line with the projections would be enough to support the jobs. If that is not the case, the demographic-led need should be adjusted upwards (but never downwards). In effect this means that, where a demographic-led and economic-led projection have been prepared, the higher of the two should be taken forward.

[\(See Section 4.3.\)](#)

Past Delivery Rates: Backlog and Shortfall

The National Planning Practice Guidance recommends that 'local planning authorities should reflect the consequences of past under-delivery, as household projections are trend-based and do not reflect unmet needs'. Section 4.4 concludes:

- It is considered that the 2012 base date remains sensible in the calculation of under-delivery and should continue to be used.
[\(See Section 3.4 and Section 4.4.\)](#)
- Recent under delivery against annual averages is likely to be associated with property cycles and recovery is expected over the remaining 16 years of the plan.
[\(See Section 3.4 and Section 4.4.\)](#)
- This means that the housing requirement (including both newly arising and backlog), should be **817 homes per year** (using the demographic-led requirement) or **854 homes per year** (using the Scenario 1 economic-led requirement). (For comparison, the baseline or Scenario 2 economic-led requirement would be 809 homes per year.)
[\(See Section 3.4 and Section 4.5.\)](#)

Sensitivity testing

The Planning Practice Guidance suggests that plan-makers may consider sensitivity testing specific to local circumstances. Sensitivity testing refers to the assessment of how uncertainty in demographic projections or economic forecasts might be apportioned to different sources of uncertainty, in order to understand the impacts of such uncertainty on the outcomes. This allows plan makers to consider whether there should be a policy response to deal with uncertainty. The table below sets out the sensitivity testing that has been considered and/or undertaken, and the implications for housing requirements (not including backlog), if applicable.

	Potential implications for objectively assessed need
<i>2012 based subnational population projections</i>	758
Population and household projections components of change: Migration (See Section 6.1.1.)	755-794
Population and household projections components of change: Updated Mid Year Estimate (See Section 6.1.2.)	N/A
Population and household projections components of change: Unattributable Population Change (See Section 6.1.3.)	732
Population and household projections components of change: Households (See Section 6.1.4.)	927
Student housing requirements (See Section 6.2.)	N/A
Market signals (See Section 6.3.)	N/A

Justification for adjusting the official projections on the basis of this sensitivity testing has been considered, and it has been concluded:

Population and household projections components of change

- Given that migration is a key component of the difference between the 2008, 2010 and 2012 statistical releases, it was considered appropriate to test the sensitivity of this component. The application of the 2008 and 2010-based migration components of the population projections to the 2012 sub-national population projection made a limited difference to the overall indicative housing requirement. There does not appear to be a rationale for variant population projections as part of the objective assessment of need. (See Section 6.1.1.)
- It is considered that the population indicated by the recently-released 2014 Mid Year Estimate could most reasonably be regarded as normal variance around the 2012 population projection, and does not justify an adjustment to the housing requirements. (See Section 6.1.2.)
- Unattributable Population Change (UPC) affects some local authorities more than others, and in the case of York, the difference between the two 2010 mid-year estimates was 3.6%. On balance, it is considered that no correction for UPC should be made because: the reasons for the difference between the estimates are not clear; there is no evidence of when the error in the estimates occurred; and there is significant risk in using an approach which does not accord with recent Inspector's decisions. (See Section 6.1.2.)

- Sensitivity testing shows that households are very sensitive to average household size; a return to 2008-based household formation levels after 2021 would result in an additional 169 homes per year. However, there is no evidence as to what a more appropriate household formation rate might be. In our judgement, there does not appear to be compelling evidence to suggest that a variant of the 2012-based household projections should be used to inform the objective assessment of need.
(See Section 6.1.4.)

Student housing requirements

- It is considered that the projected increase of 350 students per year for University of York and 250 students per year for York St John University represents an on-trend increase, and so is accounted for in the 2012 based population projections. It is understood that student housing is viewed as an important local political issue. However, based on the analysis undertaken, there is no justification for making any correction in the objectively assessed need based on student populations or student housing requirements. This is because there is no compelling evidence that these requirements will change over the Plan period. CYC should continue to engage with University of York, York St John University and Askham Bryan College to monitor whether there is any change in the situation. CYC should also consider how student housing requirements could be explored through the further work to update the SHMA.
(See Section 6.2.)

Market signals

- Notwithstanding the work currently being undertaken on a new SHMA, the brief analysis of house prices and affordability might suggest that York is a higher cost location relative to some other areas in the wider region. However, there is no evidence to suggest that affordability has worsened over time. Moreover, if provision is made to meet the 2012 projections, the economic needs and backlog, it is likely that potentially supply will already be considerably higher than recent completions, which would improve affordability in York. It is therefore considered that an upward adjustment to reflect market signals is not necessary.
(See Section 6.3.)

For these reasons, it is considered that there is no reason or justification for adjusting the objectively assessed need figure on the basis of sensitivity analysis.

Supply Side: Buffers and flexibility

Paragraph 47 of the NPPF sets out the aim to boost significantly the supply of housing. As part of this, it states that Local Planning Authorities should provide five years' worth of deliverable land with an additional buffer of 5%. Where there is evidence of 'persistent under-delivery' within a Local Planning Authority, this buffer should be increased to 20%. Section 5 concludes:

- The recommendation remains that a 20% buffer is added to the total supply requirement in the first five years to allow for under delivery across the full housing market cycle.
(See Section 2.4 and Section 5.1.)
- CYC may wish to ensure that their trajectory is demonstrably flexible enough to be able to withstand changes across the plan period, particularly in terms of

phasing of delivery, as this has been raised in recent Examinations.
(See Section 5.2.)

Supply Side: Greenbelt boundary

The Safeguarded Land Technical Paper (CYC, June 2013) extrapolated the housing requirement from Arup's Housing Requirements in York Report (2013), to forecast the longer term development needs of the district to inform decisions on the Green Belt boundary. The table below updates this calculation, based on the most up-to-date projections.

Estimated 2031-2041 housing requirement

	Household projections (Section 3.2)
Annual Requirement 2031 – 2036 (5 year requirement)	660 (3300)
Annual Requirement 2036 – 2041 (5 year requirement)	735 (3675)
Total Requirement 10 years	6975

However, it should be noted that not all of this requirement will need to be reflected in safeguarded land. Development may come forward:

- on the recycling of brownfield sites;
- on long-term strategic allocations which are expected to still be delivering after the plan period; or
- through small scale windfall development.

It is understood that CYC are progressing work on their site portfolio and a standalone paper on windfalls. (See Section 6.)

1 Introduction

In September 2014, Arup prepared the report ‘Evidence on Housing Requirements in York: 2014 Update’ which reconsidered the objectively assessed need for housing in York, based on updates to available sources of evidence and representations received during consultation of the York Local Plan Preferred Options document.

The purpose of this 2015 Update Report is to assess the implications of the 2012-based sub-national household projections on York’s objectively assessed housing requirement. The process for defining objectively assessed need followed in this assessment is summarised within Figure 1.

Leeds City Region has set a common start point and methodology for objectively assessing housing need for the authorities within its geographical area. It set out its methodology in ‘*The objective assessment of housing requirements: establishing a common methodological approach*’ (2013), and recommends that authorities give due consideration to the approach it provides. This was endorsed for use by all Leeds City Region local planning authorities in March 2014. The approach followed in this Report aligns with the agreed methodology.

This Update Report is structured as follows:

- Chapter 2 reviews the national policy context and guidance documents for defining objectively assessed need.
- Chapter 3 reviews recent Local Plan Inspector’s Reports to assess the approach to addressing requirement, backlog, start date buffer and historic undersupply.
- Chapter 4 assesses the implications of the 2012-based household projections.
- Chapter 5 analyses supply issues including buffer and trajectory flexibility.
- Chapter 6 considers the potential for sensitivity testing, including:
 - components of change in the population and household projections;
 - the role of students within the forecasts; and
 - market signals.
- Chapter 7 identifies a potential safeguarded land requirement.
- Chapter 8 summarises the main findings.

This report has been prepared to inform the emerging Local Plan. The analysis of Objectively Assessed Need should sit alongside other documents prepared to support the emerging Local Plan, including an updated Strategic Housing Market Assessment and Economic Strategy, to identify an overall housing target to be taken forward.

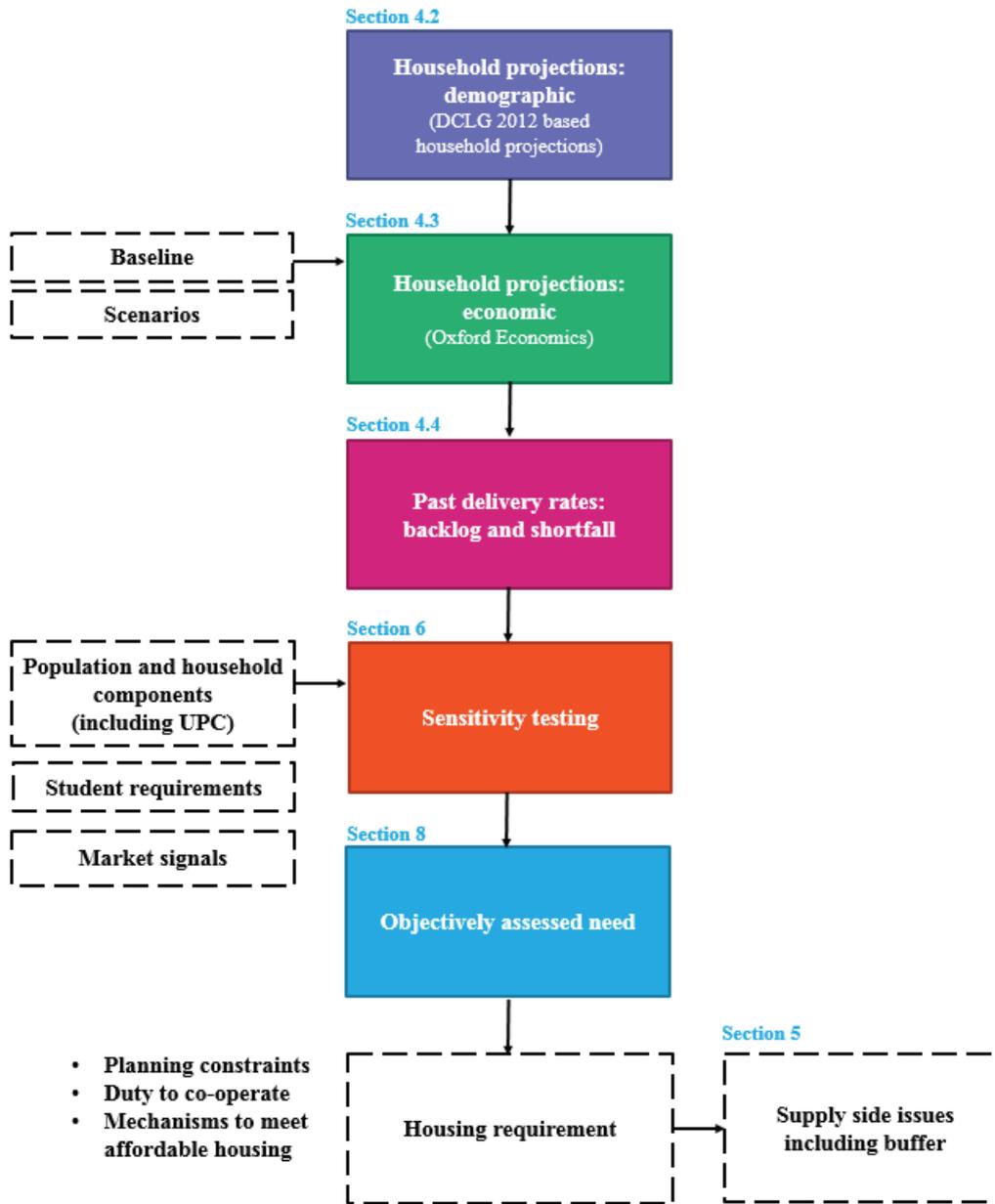


Figure 1 Process for identifying Objectively Assessed Need

2 Policy Context and Guidance Review

2.1 Overview

The requirement to increase the supply of housing and identify objectively assessed need is set out within national planning policy and supporting guidance. This section summarises the policy context and guidance which has implications for determining York's housing need.

2.2 National Planning Policy Framework

The National Planning Policy Framework (NPPF) states that to boost significantly the supply of housing, local planning authorities should '*use an evidence base to ensure that their Local Plan 'meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework'*' (Paragraph 47). In addition, Paragraph 158 of the NPPF requires that planning authorities ensure that the Local Plan is based on adequate, up-to-date and relevant evidence.

2.3 National Planning Practice Guidance

The National Planning Practice Guidance provides an additional level of guidance for Local Planning Authorities progressing evidence to support an objective assessment of housing need.

The Guidance recognises that 'establishing future need is not an exact science' and that no single approach will provide a definitive answer. The following four sections summarise the guidance for the 'starting point' for defining objectively assessed need, the implications of employment needs, the methods for 'responding to market signals' and how the needs of different groups is identified.

Starting Point for Objectively Assessed Need

The guidance provides a summary of the key start point for the objective assessment of need:

- DCLG Household Projections should provide the starting point for the estimate of overall housing need. The 2012 – 2037 Household Projections were published on 27 February 2015 and are the most up-to-date estimate of future growth (Paragraph 2a-016-20150227).
- As household projections are trend-based, the 'household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends'. Local Planning Authorities should therefore 'take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply (Paragraph 2a-015-20140306).
- The Guidance states that whilst the DCLG household projections are statistically correct, that plan-makers may consider sensitivity testing specific to their local circumstances based on alternative assumptions. Any local changes would need to be clearly explained and justified on the basis of established sources of robust evidence (Paragraph 2a-017-20140306).

The guidance requires that need should be assessed in relation to the relevant functional area such as the housing market area – a geographical extent defined by household demand and preferences, reflecting the key functional linkages between places where people live and work. Housing market areas are likely in practice to cut across various administrative boundaries, and so there is a requirement for local planning authorities to work with other constituent authorities under the duty to co-operate.

Employment Trends and Implications for Objectively Assessed Need

The Guidance calls for employment trends to be accounted for when defining objectively assessed need. Specifically, it states that:

- Plan makers should make an assessment of the likely change in job numbers, based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area.
- Where the supply of economically-active working age population (labour force supply) is less than the projected job growth, this may result in unsustainable commuting patterns and/or reduce the resilience of local businesses. In such circumstances, ‘plan makers will need to consider how the location of new housing or infrastructure development could help address these problems’ (Paragraph 2a-018-20140306).

Responding to Market Signals

As projections are based on projecting past trends, current market signals should be accounted for to allow adjustment of the overall requirement. The Guidance¹ suggests that assessing the following market signals against longer term trends (both in absolute levels and rates of change) in the: housing market area; similar demographic and economic areas; and nationally, may justify a ‘reasonable’ adjustment:

- **Land Prices:** Land values are determined by the demand for land in particular uses, relative to the supply of land in those uses. The allocation of land supply designated for each different use, independent of price, can result in substantial price discontinuities for adjoining parcels of land (or land with otherwise similar characteristics). Price premiums provide direct information on the shortage of land in any locality for any particular use.
- **House Prices:** Mix adjusted house prices measure inflation in house prices and longer term changes indicate imbalance between the demand for and the supply of housing. The Guidance suggests that ONS and Land Registry Index should be used in the assessment.
- **Affordability:** Assessing affordability involves comparing housing costs against the ability to pay. The ratio between the lower quartile house prices and the lower quartile income or earnings can be used to assess the relative affordability of housing. The Guidance suggests that the DCLG quarterly releases of lower quartile house prices to lower quartile earnings ratios should be used in the assessment.

¹ Paragraph 2a-018-20140306 and Paragraph 2a-019-20140306

- **Rents:** Rents provide an indication of the cost of consuming housing in a market area. Mixed adjusted rent information shows changes in housing costs over time. The Guidance suggests that ONS Private Rental Index should be used in the assessment.
- **Rate of Development:** Supply indicators may include the flow of new permissions expressed as a number of units per year relative to the planned number and the flow of actual completions per year relative to the planned number. If the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan. The Guidance suggests the use of the DCLG quarterly planning application statistics.
- **Overcrowding:** Indicators on overcrowding, concealed and sharing households, homelessness and the numbers in temporary accommodation demonstrate un-met need for housing. Longer term increases in the number of such households may be a signal to consider increasing planned housing numbers. The number of households accepted as homeless and in temporary accommodation is published in the quarterly Statutory Homelessness release

Identifying the Needs of Different Groups

The Guidance recommends that plan-makers assess the current and future trends of the proportion of the population of different age profiles, the types of households, the current housing stock size and tenure composition of housing². This will support the identification of need for certain types of housing and needs for different groups, such as those people wanting to build their own home, family housing and housing for people with specific needs. Analysis should also identify increases in the private rented sector and the implications of student housing on existing housing stock.

2.4 Other Guidance

The Planning Advisory Service published the ‘Objectively assessed need and housing targets: Technical advice note’ in June 2014. The guidance was updated in July 2015.

- Objective assessed need is defined as ‘housing that households are willing and able to buy or rent, either from their own resources or with assistance from the state’.
- Objectively assessed need should be derived from objective analysis of the evidence on need and demand, and not policy objectives or supply-side factors (e.g. physical constraints or adverse impacts of development). The excluded factors are ‘below the line’. However, plan makers can take these into account at a later stage when translating need into a provision target.
- It is suggested that demand for housing as a result of future jobs *should* form part of objectively assessed need, but that affordable housing and cross-boundary unmet need should not.
- The starting point for housing needs assessments should be the most up-to-date DCLG household projections.

² 2a-019-20140306

- If both a job-led projection and a demographic-led projection have been prepared, the higher of the two resulting housing numbers is the objectively assessed need – future jobs cannot be used to cap demographic projections. However, analysis should avoid unrealistic assumptions about future employment growth, associated increases in economic activity rates, or the ability to ‘recall’ commuters.
- Local planning authorities should analyse market signals to understand if planning in the past has constrained housing development. To identify past under-provision, changing house prices and housing delivery should be analysed, however supply-constrained scenarios should never be used as the basis for needs assessments.

3 Review of Recent Inspector's Reports

3.1 Introduction

The 2014 Update Report recommended that the City of York continued to track the approach and outcomes of Plans currently being examined. It was expected that, as more Plans were examined over the duration of 2014, the use of a more recent 'base year' would emerge alongside more prominent trends in the definition of 'persistent under delivery'.

This section:

- updates the findings from recently found sound Local Plans (which are detailed further at Appendix A2);
- takes a closer look at recent cases where local authorities have postponed progression of their Local Plans following interim findings at Examination (detailed further at Appendix A1); and
- considers the key findings and conclusions which should be applied to the assessment of housing requirements in York.

The purpose of this analysis is to ensure the approach taken in the rest of the Report reflects the recent experience of other authorities and the decisions being made at Examination.

3.2 Recently found sound Local Plans

Appendix A2 builds on the research undertaken for the 2014 Update Report and represents a further review of relevant sound Local Plan documents between 31st March 2014 and 6th March 2015. The main findings of this review are summarised as follows, with wider conclusions for York drawn within Section 3.4 (Key Findings and Conclusions):

- **Approach to Projections or Alternative Scenarios (including Economic Growth):** The National Planning Practice Guidance (NPPG) states that 'household projections published by DCLG should provide the starting point estimate of overall need'³; the 2012-based household projections and the 2012-based sub-national population projections represent the most up-to-date estimates of future growth. As the 2012-based household projections were released in February 2015, no Local Plans have yet been tested at Examination using these updated projections.
- **Market Signals:** Analysis of recently found-sound inspectors reports indicated that the approach to addressing market signals was often undertaken as part of the Strategic Housing Market Assessment. North Warwickshire increase their overall OAN by 900 dwellings (or 2.1% of the overall housing requirement) to account for current market conditions, such as market prices and to help redress historically lower proportions of social rented units.
- **Historic Housing Completions and Impact on Future Requirements:**
 - As part of 'boosting significantly' the supply of homes, local authorities must address under-delivery. However, the approaches taken to addressing

³ Planning Practice Guidance (Paragraph: 015 Reference ID: 2a-015-20140306)

under-delivery are case-specific with references made to trends in delivery across the preceding five and ten year periods. Based on a significant recalibration in mid-year population estimates, Leeds successfully argued that it would be difficult to estimate a level of undersupply prior to 2012. However, on the contrary, North Warwickshire was only permitted to change the base date of their Local Plan from 2006 to 2011 where it would not result in backlog being disregarded. Local Plan base years ranged from 2011 to 2013.

- Whilst there appeared to be an increasing trend towards the ‘Sedgefield approach’, a number of local authorities with very large strategic sites or Sustainable Urban Extensions have argued that under-delivery could be postponed to until the middle years of their plan period. The Sedgefield approach is explained in more detail in Section 4.4.

In conclusion, a review of the recent Inspector’s reports identified that many components of OAN are locally-specific and often uniquely based on particular circumstances within a local authority area. As highlighted within Appendix A2, definitions of features of objectively assessed need lack consistency between local authorities but are consistent with local circumstances.

3.3 Inspector’s Interim Views on Local Plans

A number of local authorities have postponed progression of their Local Plans following interim findings at Examination relating to objectively assessed needs. The findings from Cheshire East, Stratford-upon-Avon, Durham and Eastleigh are outlined below and detailed further within Appendix A1:

- **Cheshire East Council Inspector’s Interim Report (November 2014):** The Inspector argued that the overall proposed requirement was too low and failed to realise trends in economic and housing markets. The Inspector queried the assumption that household formation rates will remain constant after 2021, the apparent disconnect between the assessment of market signals and OAN estimates, and use of overly pessimistic employment projections within a job-led scenario.
- **Durham City Council Inspector’s Interim Report (February 2015):** The Inspector considered that the overall OAN was too high, with an unrealistic over-reliance on high employment growth and high levels of in-migration. The OAN did not recognise that other neighbouring authorities were similarly seeking growth.
- **Stratford-on-Avon District Council Inspector’s Interim Report (February 2015):** The Inspector stipulated that ‘housing supply trajectory is tight and in view of the likely need to increase the OAN, it needs to provide more headroom’. The jobs-led scenario assumed an over-reliance on the economic activity of an ageing population, high levels of in-commuting from outside the District and reducing the level of out-commuting.
- **Eastleigh Borough Council Inspector’s Interim Report (February 2015):** The Inspector identified that the Council failed to recognise the true scale of the affordable housing need within their assessment of market signals. The Inspector concluded that market signals justified an uplift of 10% to the overall OAN.

3.4 Key findings and conclusions

With reference to the specific components which impact the housing requirement identified within found sound Local Plans and interim comments from Inspectors, the following conclusions can be drawn.

Approach to Projections

Following the release of the DCLG 2012 Household Projections, there are currently no Local Plans which have been examined or found sound which reference the use of these updated projections.

Accommodating economic growth

The Interim Comments on the Stratford-on-Avon Local Plan confirmed that the Planning Advisory Service ‘Objectively Assessed Need and Housing Targets’ formed a material consideration. This guidance states that **‘where a job-led projection and a trend-led demographic projection have been prepared, the higher of the two resulting housing numbers is the objectively assessed need’**⁴.

The accommodation of economic growth within the objective assessment of need will need to account for the following components within aspirations:

- **Linking economic growth to the housing requirement:** Both the Cheshire East and Stratford-on-Avon Inspector’s Reports were required to link employment growth to the housing requirement to reflect labour force supply.
- **‘Aspirational but realistic’ economic growth:** In accordance with the NPPF’s general guidance on Local Plans, growth scenarios should be ‘aspirational but realistic’. In terms of employment growth, the Inspector for the Durham Local Plan identified that ‘reliance on high employment growth and associated high levels of in-migration that are built into the preferred economic scenario represents an unacceptable risk’. It was suggested that a more ‘cautious job growth target’ which reduced the reliance on in-migration would be more realistic and would reduce the risk that the planned level of housing may be forthcoming, but the anticipated jobs may not.
- **Ensuring an adequate labour force supply:** The Stratford-on-Avon Local Plan was criticised as the desired level of economic growth relied on the economic activity of an ageing population, high levels of in-commuting and a significant reduction in the levels of out-commuting. The planned level of job growth within the district is likely to exceed the labour supply, and therefore in these circumstances, the housing figure is not aligned to the employment forecast.

Conclusions

Since the 2014 Update Report, the expectation that Local Plans should link expected employment growth to the housing requirement appears to have

⁴ Planning Advisory Service ‘Objectively Assessed Need and Housing Targets’(June 2014) Paragraph 6.2

strengthened. It is therefore recommended that CYC reflects and resolves the findings of the economic forecasts prepared by Oxford Economic Forecasting (OEF) in their housing figure.

A calculation of the housing requirement which allows for the economic growth forecast by OEF is set out in Section 4.3 of this Report.

Reflecting market signals in OAN

The NPPG states that housing need should be adjusted to reflect appropriate market signals, as well as other market signals, such as land prices, house prices, rents, affordability, overcrowding and rate of development⁵.

The outcomes of the Cheshire East and Durham City Council interim comments highlight the importance of being clear how the results of market signals assessment have been factored into the objective assessment of need. However, this cannot have the effect of an upward adjustment that would result in a housing number not grounded in realism in respect of associated population levels.

- **Market pressures and assessing affordability:** Again, the Eastleigh Inspector considered that rents in Eastleigh were rising above the national level and in Hampshire. This, the Inspector concluded, justified an upward adjustment above the housing need derived from demographic projections, for which he suggested a ‘10% uplift would be compatible with the modest pressures of market signals’.
- **Delivering affordable housing:** The Eastleigh Inspector identified that there was a significant shortcoming in the identification of Affordable Housing, as the Council had discounted future Private Rented Sector lettings to households in receipt of the Local Housing Allowance and provided less than half of the prescribed affordable housing requirement identified within the SHMA.

Conclusions

Recent cases have highlighted the importance of reflecting market signals in the assessment of housing need, which has been accounted for through a judgement to uplift on the overall requirement and recognition of shortcomings in the provision of affordable housing. CYC, along with Hambleton District Council, Ryedale District Council and North Yorkshire Moors National Parks Authority, have jointly commissioned a new SHMA to replace the 2011 assessment; this will consider market signals in York in comparison with the wider SHMA area. The impact of market signals are therefore considered at high level only in Section 6.3 of this Report.

Historic housing completions and impact on future requirement

Defining Base Year for the Calculation of Under-delivery or ‘backlog’

The National Planning Guidance states that the ‘housing requirement is set at the starting point of the plan, which can be earlier than the date the plan is adopted’

⁵ ‘How should market signals be taken into account? Planning Practice Guidance Paragraph: 019 Reference ID: 2a-019-20140306

(Paragraph: 036 Reference ID: 3-036-20140306). The extent to which it is earlier than the adoption date depends upon the ongoing relevance of past issues to the new Plan. Under-delivery of requirements, so called ‘backlog’ and how this is to be addressed, is the most obvious area of relevance.

The law in this area appears to have been clarified by the March 2014 High Court case of **Zurich Assurance Limited Claimant vs Winchester City Council and South Downs National Park Authority**. One of the grounds of the case was that the Inspector made a methodological error in his assessment of the proposed housing requirement, by failing to have regard to an existing shortfall against the housing requirements in the South East Plan. In developing their Plan, the local authority proposed a housing figure based on up-to-date evidence and modelling of population growth for the period 2011-2031 (and not the evidence base from the earlier period). The Inspector took account of that evidence at Examination.

However, the Judge in this High Court case concluded that there was no methodological error in the way the housing estimates were drawn up and that criticism of the Inspector was unwarranted. In particular, the Judge concluded:

‘...there was no reason whatever for a person in 2011 seeking to draw up a current estimate of population growth and housing requirements looking into the future from that date to 2031 and using up-to-date evidence to do so, to add on to the estimated figures any shortfall against what had been estimated to be needed in the first phase of the previously modelled period included in the South East Plan. [...]

In my view, they would clearly have been wrong if they had tried to do so [add pre-Plan period under-delivery to anticipated future requirements] . Their own modelling for 2011-2031 is self-contained, with its own evidence base, and would have been badly distorted by trying to add in a figure derived from a different estimate using a different evidence base.’

In line with this High Court judgement it is concluded that the base data for shortfall should be 2012, the start date of the Plan.

Conclusions

In line with the Zurich decision, a base date of 2012 is adopted. The issue of possible under delivery is given further consideration in relation to the need for a 5% or 20% buffer in subsequent sections. The base date is also considered in more detail in the York context in Section 4.4.1.

‘Liverpool’ vs ‘Sedgefield’ Approach to Addressing Backlog

It remains the case that few Inspector’s Reports for found-sound Local Plans prescribe how backlog can be accommodated, accepting the Local Planning Authorities chosen approach.

There is, however, an increasing trend towards the use of the Sedgefield approach (that is, meeting backlog by loading unmet provision from proceeding years within the first five years of the Plan). Interim comments on the Cheshire East Local Plan and the Eastleigh Local Plan suggested that since the Sedgefield approach is recommended in NPPG paragraph 36 and appears to be approach

adopted in recent appeal cases, that the Sedgefield approach should be adopted unless evidence is presented that this cannot be achieved.

It is argued that much depends on the nature of ‘under delivery’. Although plan’s housing allocations are frequently monitored against annual average provision, as the very term ‘annual average’ implies it is not necessarily intended that delivery will exactly match this average and in practice it may be subject to other non – planning considerations notably the influence of the property market and the availability of finance. This point was also recognised in the Zurich decision where it was concluded that:

“the alleged shortfall is an artefact of making the assumption referred to. That assumption was not itself a requirement of the South East Plan. As set out above, the requirement in the South East Plan was for provision of 12,240 new homes in WCC’s area by 2026, and the annual rate of 612 new homes was simply stated as the “annual average.” It was not itself a required target for WCC year by year.....

Accordingly, there would be no breach of the South East Plan requirements in relation to WCC if a period of completions in the early phase of the 2006-2026 period below the 612 p.a. average figure were made up by a later phase of completions in that period above the 612 p.a. figure, provided that on average 612 new homes per year were completed throughout the period. It is inaccurate and inappropriate in the present context to describe the 854 figure relied upon by Mr Cahill as a “shortfall” against the South East Plan requirements”.

Conclusions

If persistent under delivery is judged to be an issue, there does appear to be an increasing move towards the use of the Sedgefield approach, particularly where there is sufficient available land to do so. The emphasis is therefore on the authority to demonstrate that it *cannot* adopt the Sedgefield approach. This is the approach currently being argued in the South Cambridgeshire Local Plan examination, where the council contends that there are particular circumstances to justify use of the Liverpool method. In particular, South Cambridgeshire are arguing that the particular development strategy (utilising new settlements and large strategic sites) and associated longer lead-in times means that sites do not deliver early in the plan period but (once they start delivering) will provide significant levels of housing throughout the rest of the plan period. They argue that use of the Sedgefield method would require additional development beyond the housing requirement in less sustainable locations, contrary to the sustainable development strategy.

There is an obvious risk to arguing for the Liverpool approach in that the Inspector will not accept that the backlog could not be addressed sooner. Nevertheless, the NPPF para 47 suggests that there is a need to ensure that there is a realistic prospect of achieving the planned land supply, para 154 seeks to ensure that the plan is ‘aspirational but also realistic’.

There is an interesting relationship also in this issue between buffers and provision for backlog. In general they must be regarded as separate issues as they serve different purposes. Buffer can be seen as mitigating against future under delivery as a result of a limited land choice, while increasing numbers of reflect backlog is designed to make up past under delivery. There is some direct

overlap insofar as backlog has arisen from a lack of site choice, which may have occurred in York given the absence of an adopted plan with allocations.

Section 4.4 considers the existence of any backlog in York.

4 Implications of New Data on Housing Requirements

4.1 Introduction

The 2012-based sub national household projections, published on 27 February 2015, represent the most up-to-date household projections. A recent Planning Update made by Brandon Lewis, the Minister of State for Housing and Planning, regarding the 2012 sub-national household projections stated that:

“The new household projections cover the period 2012-37 for England and local authorities; they update the previous 2011-based Interim Household Projections, and have taken account of the latest Office for National Statistics 2012-based sub-national population projections. Planning guidance has been updated to make clear that the new projections are the most up-to-date and should now be used to take forward plan making.”

Indeed, the National Planning Practice Guidance (NPPG) reflects this requirement, by suggesting that ‘**wherever possible, local needs assessments should be informed by the latest available information** ... The 2012-2037 Household Projections were published on 27 February 2015 and are the most up-to-date estimate of future growth’.

However, the NPPG maintains that ‘plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates’. These trends are predominately for a period of deep recession and modest recovery and there is a risk of locking in trends such as suppressed household formation.

This section assesses the implications of the 2012-based household projections on the objectively assessed need requirement for York.

4.2 Demographic-based requirements

4.2.1 Implications of 2012-based projections

Across the period from 2012 to 2031, the 2012-based projections suggest that the number of households in York is expected to grow by 14,404 dwellings (or 17%) to 98,651 in total. This equates to an **annual average growth rate of approximately 758 dwellings**, based on 19 financial/monitoring years (1 April to 31 March reflecting a plan start date of 1 April 2012). Financial/monitoring years have been used to align with the housing trajectory which will form part of the Local Plan, and which are ordinarily broken down into monitoring rather than calendar years. Table 1 compares the most recent household projections.

Table 1 Comparison of household projections

	2012 households	2031 households	Absolute Change	% Change	Annual Average Change (19 years)
2008 based	89,600	113,000	23,400	26.1%	1,232
Interim 2011 based (indexed to 2008)	84,293	101,062	16,769	19.9%	882
2012 based	84,247	98,651	14,404	17.1%	758

4.2.2 Reliability of 2012-based projections

The 2012 household projections take their starting point at the 2012 mid-year population estimates released on 26 June 2013 and assume that recent trends (from 2007-2012 years) continue. The CLG Household Projections Methodology Report states that the Stage One release of 2012-based household projections do not include detailed household representative data from the Census 2011. Instead, until the full results from the Census 2011 are accessible, the dataset imposes the change in household representative rates by age from the Labour Force Survey (LFS) onto the aggregate Census points in 2011.

This imposition of the household representative rates by age from the Labour Force Survey assumes that the aggregate trends observed in the LFS by age are correct. It is possible, however, that household representative rates and therefore the household projections are subject to change, particularly if the full results from the Census 2011 reveal trends by age groups different to those that are observed in the LFS.

The CLG Household Projections Methodology Report states that it is too early to quantify the difference between imposing the rate of household representative change from the LFS, as opposed to the Stage 2 detailed Census data. The Planning Practice Guidance also states that ‘further analysis of household formation rates as revealed by the 2011 Census will continue during 2015⁶’.

There is a possibility that the 2012 sub-national population projections could potentially extrapolate recessionary characteristics inherent within the LFS. However, until the Stage 2 release is issued, it is not possible to qualify this. There is no alternative, up to date evidence available on household formation rates against which to investigate the reliability of this element of the 2012 subnational population projections. However, as economic recovery is occurring at a steady and gradual rate, it is not expected that household formation rates will revert back to the levels observed in 2008, which were representative of a period of rapid economic growth.

As part of the plan making process and moving towards examination, it is recommended that once the Stage 2 data is released (date yet to be confirmed), the implications are examined. This report does consider the components of population change as part of the sensitivity testing undertaken in Section 5, in order to understand the implications of the uncertainties on the objective

⁶ Reference ID: 2a-016-20150227

assessment of need. An option for managing this slight uncertainty as the plan moves towards examination and adoption is to deploy a policy response to this technical assessment of OAN.

The NPPG states that plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts in assessing housing requirements. It states that plan makers should:

*'make an assessment of the likely growth in job numbers based on past trends and/or economic forecasts as appropriate... Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns ... **In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.**'⁷*

As part of the 2014 Update, the economic forecasts for York were updated by Oxford Economic Forecasting (OEF). The main conclusion of the forecasts was that employment growth is expected to grow at greater than the regional and national averages.

The forecasts include a population dimension; that is, the amount of residents needed to service the forecast economic growth, making certain economic activity, commuting and migration assumptions. The growth forecasts also have implications for the requisite housing requirements, as the amount of workers required will need to be housed, or else there will be 'unsustainable commuting patterns'.

Since the 2014 Update, the economic forecasts for York were further updated by OEF. The forecasts consist of a baseline (reflecting how global and national trends are expected to apply to York), plus two scenarios. The use of different scenarios helps quantify and understand the inherent uncertainties in economic forecasting, as well as making informed decisions on what the future is most likely to bring. This in turn assists the development of appropriate policy responses to deal with the uncertainty. The two scenarios are:

- Scenario 1 assumes higher migration and a faster recovery of the UK economy.
- Scenario 2 assumes a faster growth in professional services, financial and insurance, and information and communication, accompanied with lower growth within wholesale and retail trade and accommodation and food services. The scenario assumes that the UK outlook remains unchanged from the baseline, with the assumptions being applied at the local level, aligning future sectoral trends with the Strategic Economic Plans.

Table 2 builds on the analysis of the implications of the economic forecasts undertaken in the previous report. The economic-led requirement is derived from applying the average household sizes provided by the 2012-based household projections⁸, to the population dimension of the updated (2015) economic forecasts.

⁷ Reference ID: 2a-019-20140306

⁸ DCLG Live Table 427

Table 2 Annual Average Change in households, derived from OEF forecasts and average household size from the 2012-based sub-national population projections

Forecast	Population		Ave. Household size		Households			
	a	b	c	d	e	f	g	h
	2012/13	2030/31	2012	2031	2012/13	2030/31	Change 2012-2031	Ann. ave. change
					(a/c)	(b/d)	(f-e)	(g/19years)
Baseline	200,760	223,179	2.28	2.181	88,053	102,329	14,276	751
Scenario 1	200,760	224,742	2.28	2.181	88,053	103,045	14,993	789
Scenario 2	200,760	223,179	2.28	2.181	88,053	102,329	14,276	751

The analysis suggests the economic-led housing need (based on OEF's baseline forecast) and demographic-led housing need (based on DCLG projections) largely align, albeit the baseline forecast is slightly lower (-7 houses than the projections, or -0.9%). This is different from earlier assessments of need, where an adjustment of 31 homes per year was recommended to align with the population expected from economic growth (see Table 3). This change between the earlier assessments and now is due to a reduction in forecast employment and population growth (from 225,496 people in 2030 from OEF's 2014 forecasts, to 222,189 most recent projections, and 223,179 in 2131). Scenario 2 (aligning future sectoral trends with the Strategic Economic Plans) also aligns with this population, and therefore household, forecasts.

Table 3 Comparison of differences between projections-based and economic forecast-based housing requirements

Report	Household projections	OEF Baseline forecast	Difference
2014 Update Report (interim 2011-based projections)	838 ⁹	869	31
2015 Update Report (2012-based projections)	758	751	-7

Scenario 1, assuming faster growth, indicates a higher future population and therefore housing requirement, though the difference is relatively small (789 homes per year compared with 758, or +4.1%).

4.3 Under-delivery

There are two types of under-delivery which should be considered when considering objective need. 'Backlog' refers to the under-provision that has accrued against previous development plan targets, whilst 'shortfall' refers to under-provision accruing within the plan period itself. Neither the NPPF nor NPPG provide precise clarity over how these two types of under-delivery should be approached, though the NPPG recommends that 'local planning authorities should reflect the consequences of

⁹ The figure of 838 differs from that of 882 shown in Table 1 as the earlier 2014 assessment of need was based on calendar rather than financial years.

past under delivery, as household projections are trend based and do not reflect unmet needs', and suggesting that LPAs 'take a view on the extent of past under delivery'.

The second edition of PAS' 'Objectively assessed need and housing targets: Technical advice note' (2015) states that in assessing future need plan makers should not add backlog where past housing development under-delivered against earlier plans¹⁰. This was established by a recent High Court appeal – Zurich Assurance Limited v Winchester City Council and South Downs NPA – which stated that 'there was no reason for someone seeking to draw up a current estimate of population growth and housing requirements looking into the future from 2011 and to 2031 and using up-to-date evidence to do so, to add on to the estimated figures any shortfall against what had been estimated to be needed in the previously modelled period'.

Table 4 shows the delivery position from 2004/05 to date, against the household requirements set out in Section 4.2 and Section 4.3. It suggests that based on this period

- There was no under delivery against any of the benchmarks prior to April 2008 when recessionary conditions are likely to have resulted in a downturn in completions. Prior to April 2007 delivery exceeded benchmarks.
- Taken over the near complete cycle 2004/5 to 2014/15 delivery fell short of benchmarks by 1720 dwellings.
- Since 2012/13 (the current plan period) delivery has fallen short of benchmark by either 940 (demographic-led requirement) and 1,033 (Scenario 1 economic-led requirement) dwellings in total (see Table 4).

¹⁰ Note, this is different to the first edition of the guidance which stated that backlog should be defined as under-provision against previous development plan targets, and reflected in the housing requirement as such.

Table 4 Delivery against possible policy benchmarks expressed as assumed annual averages 2004/05 – 2014/15

Year	Net housing completions	RSS Assumed Annual Average ¹¹	Household projections (Section 4.2)		Economic Baseline / Scenario 2 (Section 4.3)		Economic Scenario 1 (Section 4.3)	
Previous Plan Period								
2004/05	1160	640	-	520	-	520	-	520
2005/06	906	640	-	266	-	266	-	266
2006/07	798	640	-	158	-	158	-	158
2007/08	523	640	-	-117	-	-117	-	-117
2008/09	451	850	-	-399	-	-399	-	-399
2009/10	507	850	-	-343	-	-343	-	-343
2010/11	514	850	-	-336	-	-336	-	-336
2011/12	321	850	-	-529	-	-529	-	-529
Current Plan Period								
2012/13	482		758	-276	751		789	-307
2013/14	345		758	-413	751		789	-444
2014/15	507		758	-251	751		789	-282
Total 2004/05 - 2014/15	6,514			-1,720		-1,699		-1,813
Total 2012/13 - 2014/15	1,334			-940		-919		-1033

There are two different approaches to how the ‘backlog’ of housing delivery has been approached in setting the future housing requirement; as follows:

- The ‘Sedgefield approach’ seeks to meet the under-delivery by loading the ‘unmet provision from proceeding years’ within the first five years of the plan.
- The ‘Liverpool approach’ or ‘residual approach’ seeks to meet the under-delivery over the whole plan period.

Table 5 below summarises the treatment of under-delivery since 2012 using the Sedgefield approach. Table 6 shows the under-delivery since 2012 treated using the Liverpool approach.

¹¹ The RSS assumed annual average has been used as a policy benchmark as, due to the lack of a local statutory development plan, the RSS was the extant development plan at that time. Whilst it is noted that RSS housing targets took into account supply constraints as well as need, it is considered that this is the only available benchmark against which to measure under-delivery.

Table 5 Under-delivery 2012 -2015, over 5 years (the ‘Sedgefield approach’)

	Household projections (Section 4.2)	Economic Baseline / Scenario 2 (Section 4.3)	Economic Scenario 1 (Section 4.3)
Total under-delivery or backlog 2012-2015	940	919	1033
Annual backlog requirement (April 2015 March 2020) (5 years)	188	184	207

Table 6 Under-delivery 2012-2015, over the remainder of the plan (16 years) (the ‘Liverpool approach’)

	Household projections (Section 4.2)	Economic Baseline / Scenario 2 (Section 4.3)	Economic Scenario 1 (Section 4.3)
Total under-delivery or backlog 2012-2015	940	919	1033
Annual additional requirement to the annual average (2012/13 – 2030/31) to meet target (in period April 2015 March 2031) (16 years)	59	58	65

One of the key aims contained within the NPPF is to boost significantly the supply of housing (Paragraph 47). With that aim in mind, the Sedgefield approach would seem most appropriate, as it deals with under-delivery earlier in the plan period and therefore boost supply to a greater extent. However, the decision to apply the Liverpool or Sedgefield approach will depend to a large extent on the character of the land supply and the establishment of a *realistic* trajectory which accords with the pattern of development set out within the Local Plan. Applying the Sedgefield approach would represent a significant step-up in housing completions that would not be necessary, realistic or constitute sustainable development in the context of York. It would not be necessary since the backlog has occurred under recessionary conditions and at a time when the economy has returned to growth and it expected that delivery will achieve and exceed annual averages in the future, in line with the cyclical patterns evident in past periods. This view is also in line with the Zurich decision, which noted that annual average are not in themselves a target. The balance of probabilities is that such a step change in completions implicit in the Sedgefield method would be unrealistic in market terms.

Use of the preferred so-called ‘Liverpool method’, assuming that targets will be met over the rest of the plan period, is recommended as more appropriate and realistic.

4.4 Conclusions

Table 7 sets out the implications for housing numbers of the 2012-based household projections. If the Liverpool approach to dealing with backlog is adopted, the 2012-based household projections suggest a requirement (newly

arising and backlog since 2012) of either 817 (demographic-led requirement) or 854 (Scenario 1 economic-led requirement) dwellings per year.

As concluded in Section 3, the emphasis is on the authority to demonstrate that it cannot adopt the Sedgefield approach; South Cambridgeshire is one such example where the council contends that there are particular circumstances to justify use of the Liverpool method due to the particular development strategy (utilising new settlements and large strategic sites) and associated longer lead-in times.

Whilst there is an obvious risk to arguing for the Liverpool approach in that the Inspector will not accept that the backlog could not be addressed sooner, the NPPF states that Local Plans are ‘aspirational but also realistic’.

Table 7 Implications of 2012-based household projections on housing numbers

	Household projections (Section 4.2)	Economic Baseline / Scenario 2 (Section 4.3)	Economic Scenario 1 (Section 4.3)
Newly arising requirement	758	751	789
Annual backlog requirement (Section 3.4)	59	58	65
Total requirement	817	809	854

5 Supply Issues

5.1 Buffer

Identification of Buffer

Paragraph 47 of the NPPF states that local planning authorities should:

“identify and update annually a supply of specific deliverable sites sufficient to provide five years’ worth of housing against their housing requirements with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there has been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land.”

The Cheshire East Council Inspector identified that consistent under-delivery for a period of 6-year represented a substantial accumulated shortfall which demanded a 20% buffer, whilst the Eastleigh example identified that the Council only met the annual average housing requirement in two years between 2001 and 2011 and therefore this also required a 20% buffer.

Conclusions

Since 2004, York has under-delivered by up to 1,720 net dwellings, equivalent to 27% of actual completions, against the stepped RSS target to 2011/12 and a requirement of up to 758 (Section 3.4) from 2012/13 onwards. This is likely to represent ‘persistent under-delivery’ and therefore the recommendation remains that a 20% buffer brought forward from the total requirement is added to the total housing land supply requirement in the first five years (i.e. six years’ worth of supply rather than five years).

The NPPF requires local planning authorities to identify and update a supply of specific deliverable sites sufficient to provide five years’ worth of housing against their housing requirements with:

- an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land; or
- an additional buffer 20% (moved forward from later in the plan period) where there has been ‘persistent under-delivery’, to provide a realistic prospect of achieving the planned supply.

Neither the NPPF or the NPPG define the time period which qualifies as ‘persistent under-delivery’, but in most planning appeals and Local Plan examinations this is considered to be a period of consistent under delivery below the target requirement for five years or more.

It should be noted that the requirement to include a buffer does not increase the overall housing requirements. Rather, it increases the amount of land that should be identified for delivery in the first five years. The buffer is moved forward from later in the plan period.

The 2014 Update report compared net housing completions in York with the annual targets, and identified that it was reasonable to conclude that York had a record of ‘persistent under-delivery’ and therefore should provide a 20% buffer brought forward from the total requirement in the first five years.

A recent review of Local Plan Inspector’s reports has indicated that the definition of ‘persistent under-delivery’ remains an inexact science. As established in Section 2.4, there has been no further precedent to suggest that ‘persistent under delivery’ should not apply to York; it is therefore still recommended that the 20% buffer should be applied (moved forward from later in the Plan period). Whilst this affects the amount of land to be specifically identified for development in the first five years, it does not affect the overall housing requirement.

Table 8 shows the amount of deliverable housing which will need to be identified in order to meet a five year housing land supply with a 20% buffer.

Table 8 Impacts of incorporating a 20% buffer

	Household projections (Section 4.2)	Economic Baseline / Scenario 2 (Section 4.3)	Economic Scenario 1 (Section 4.3)
Annual Requirement	817	809	854
Five year requirement	4,085	4,045	4,270
Five year requirement + 20%	4,902	4,854	5,124
<i>Annual housing land requirement</i>	980	971	1,025

5.2 Trajectory flexibility

Aside from the requirement to demonstrate a five year housing land supply, authorities are also expected to show that housing delivery is sufficiently flexible across the plan period to deal with and changes or uncertainty. For example, Eastleigh Local Plan was found unsound in February 2015, partly on the basis that it was considered the supply of housing would be too inflexible to buffer for changing market signals and delivery rates. The Inspector concluded that (apart from a time-consuming plan review) the authority had no means of increasing supply if there is a problem, and that the Plan needed to demonstrate that there is some flexibility to respond to changing circumstances.

Similarly, as part of the hearing sessions held as part of the ongoing South Cambridgeshire Local Plan examination, the Inspector asked: *‘Is there sufficient flexibility to deal with changing circumstances and/or uncertainty over when allocations will come forward for development?’* In responding to this question, the local authority referred to:

- The fact that, across the Greater Cambridge area (Cambridge and South Cambridgeshire), the trajectory has identified land for an additional 10% of the combined objectively assessed need;
- the strategic sites which might be brought forward in the trajectory in order to ensure a five year housing land supply, or phased later to provide flexibility;

- the level of windfall sites expected (but not included in the trajectory), which they argued would help to make up any shortfall that were to occur at any point during the plan period; and
- the relatively high proportion of the objectively assessed need figure which will be provided on sites that already have planning permission or a resolution to grant planning permission.

South Cambridgeshire were also asked to justify their reliance on new settlements, with the Inspector questioning whether the position would prejudice the delivery of new housing in the plan period.

Conclusions

By allowing a 20% buffer in provision, York is building a significant element of flexibility. However, in allocating sites, York will need to assess whether the risks to delivery are sufficiently diverse to ensure that factors such as the availability of infrastructure, ownership or viability, site conditions etc. do not operate systematically across strategic allocations. Where delivery risks are shared across sites, it may be necessary to make additional land allocations to ensure that these risks are mitigated through a sufficient buffer. Particular caution should typically be applied to new settlements and larger allocations, which typically take longer to bring forward than often estimated.

However, it should again be emphasised that this should not impact on the overall housing requirement over the plan period; rather, it is a supply-side matter which would be reflected in the trajectory.

Separate work on housing delivery is currently being undertaken by CYC. This work should be used to inform judgements on the flexibility of the plan trajectory.

6 Sensitivity Testing

The NPPG states that plan makers ‘may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates’¹². Sensitivity testing refers to the assessment of how uncertainty in demographic projections or economic forecasts might be apportioned to different sources of uncertainty, in order to understand the impacts of such uncertainty on the outcomes. This allows plan makers to consider whether there should be a policy response to deal with uncertainty. This section considers the following aspects of the housing requirement, to understand sensitivities and uncertainties:

- components of the population and household projections, including Unattributable Population Growth (UPC);
- student housing requirements; and
- market signals.

For each of these, it is considered whether there is sufficient evidence that the objectively assessed need, as set out in earlier sections, should be corrected to take these factors into account. It should be noted that, even where they may not be compelling evidence to change the objectively assessed need figure itself, this sensitivity testing may still help understand the uncertainties within the projections and inform the development of a policy approach in the emerging Local Plan which helps to manage these uncertainties.

6.1 Assessing the components of change within the 2012-based projections

6.1.1 Population projections

The 2012 projections suggest a higher level of population growth than those in 2010-based projections, but slightly lower than the interim 2011-based projections.

Table 9 shows the components of change in the most recent projections, compared with the 2010-based and 2008-based projections. A key difference between the population projections are the differences in population bases used, with the interim 2011 projections and 2012 projections using an improved base from the 2011 Census. This most up-to-date Census provides the first full count of the population since the 2001 Census, and has led to the recalibration of population projections (including revised Mid Year Estimates, as covered in Section 6.1.2). However, differences between projections should be interpreted cautiously, because the effects of the 2011 Census will have updated base year figures and assumptions regarding fertility rate etc.

As shown below, the main changes are a reduction in natural increase and internal migration, and a relatively modest increase in international migration.

¹² Paragraph: 018 Reference ID: 2a-018-20140306

Table 9 Components of Population Growth Change, 2012 - 2031

Component of population growth	2008 based (000s)	2010 based (000s)	2012 based (000s)
Natural Change	12.2	10.3	8.4
Births	44.8	46.4	41.7
Deaths	32.4	36.4	33.0
All Migration Net	25.3	16.1	15.3
Internal Migration In	220.9	240.5	218.7
Internal Migration Out	232.3	237.6	222.6
Net Internal Migration	-11.4	2.9	-3.9
International Migration In	68.4	52.1	38.2
International Migration Out	32.3	39.0	20.9
Net International Migration	36.1	13.1	17.3
Cross-border Migration In	11.4	12.6	11.4
Cross-border Migration Out	11.4	12.4	9.5
Net Cross-border Migration	0	0.2	1.9

Source: ONS (2014 2012 and 2010) 2012, 2010 and 2008 based sub national population projections

Population projections are broadly a factor of three things: the base population (in this case, the 2012 Mid Year Estimate); natural change (births, less deaths); and migration (internal, international and cross-border). Assuming that the base population estimate has been improved due to the 2011 Census, Table 9 shows that it is migration which has driven much of the change – in essence, the later data releases show far fewer net international migrants, though partially offset by a reduction in the balance of internal out-migration.

Given that migration is a key component of the differences between recent projections, the sensitivity of this component has been tested. For each of the past three projections (2008-based, 2010-based and interim 2011-based¹³ sub-national population projections), the yearly total migration component of change has been applied to the base population and natural change from the 2012-based projections. The implications of these corrections on housing requirements are shown in Table 10.

¹³ For interim 2011-based subnational population projections, the 2021 migration component of change was extended for the period 2022-2031.

Table 10 Migration component of change sensitivity testing

	Population (2031)	Difference from 2012 based population (2031)	% change	Indicative housing requirement	Indicative annual housing requirement
2012-based SNPP (original)	223,500	N/A	N/A	14,404	758
2012-based SNPP, with interim 2011-based SNPP migration applied	224,500	1,000	0.4%	14,468	761
2012-based SNPP, with 2010-based SNPP migration applied	222,700	-800	-0.4%	14,352	755
2012-based SNPP, with 2008-based SNPP migration applied	234,000	10,500	4.7%	15,081	794

The application of 2010-based and interim 2011-based migration elements make little difference to indicative housing requirement. The application of 2008-based projections makes more of an impact; however, even this is relatively small (an additional 36 homes per year, or 4.7%). It would of course not be appropriate to take forward the figure which applies the 2008-based migration figure; this is because the economic downturn (both in York and across the country) slowed down migration rates, and so the numbers it projects have not been realised. However, it might be arguable that, once fully recovered from the downturn, York might expect to return to similar levels of migration. Table 11 shows the housing implications of returning to the 2008-based migration trend after 2021.

Table 11 Migration component of change sensitivity testing

	Population (2031)	Difference from 2012 based population (2031)	% change	Indicative housing requirement	Indicative annual housing requirement
2012-based SNPP (original)	223,500	N/A	N/A	14,404	758
2012-based SNPP, with 2008-based SNPP migration applied after 2021	229,000	5,500	2.5%	14,758	777

This return to high migration would result in a requirement of an additional 15 homes per year, or 2.5%.

The NPPG states that plan makers ‘may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to the underlying demographic projections’¹⁴. As outlined at the start of this section, this is in order to assess how uncertainty in the projections might be managed through policy responses. However, in our judgement the sensitivity testing undertaken on population does not appear to be sufficient justification for taking forward a variant population projection (either the ones tested above, or any other) forward as part of the objective assessment of need. This is because there is no *compelling* evidence that the local circumstances specific to York will cause a deviation from the official projections. On the contrary, the 2012-based population projections

¹⁴ Paragraph: 018 Reference ID: 2a-018-20140306

reasserts ONS's view of international migration to 2031 and beyond, confirming its preferred basis. In any case, the housing requirement does not highly sensitive to changes in migration estimates (particularly when compared to average household size, covered in Section 6.1.3).

6.1.2 Recent Mid Year Estimates

The 2014 based Mid Year Estimates were released on 25 June 2015. They estimate a population of 204,349 for York in 2014, which is higher than the 202,900 population in 2014 in the 2012 based subnational population projections. The differences in the components of change are shown in Table 12.

Table 12 Difference in components of change between 2012 based projections and 2014 Mid Year Estimate

Components of Change	2012 based SNPP	2014 MYE
2013 Population	201,400	202,435
Natural Increase	400	325
Net Internal Migration	0	363
Net International Migration	900	1,277
Net Cross Boundary Migration	100	-
Other	-	39
2014 Population	202,900	204,439
Difference		+1,539 (+0.76%)

Overall, there are three ways in which this higher-than-expected Mid Year Estimate might be treated:

- It could be assumed that represents normal year-on-year variation within the existing projections, therefore no adjustment should be made.
- It could be assumed that the trends contained within the 2012 based projections are correct, but that they should be rebased (**indexed**) to reflect the improved population base from 2014.
- It could suggest a higher trend in population growth, which should be **extrapolated** over the plan period.

Figure 2 and Table 13 show the implications of these three approaches.



Figure 2 Sensitivity testing 2014 Mid Year Estimate

Table 13 Sensitivity testing 2014 Mid Year Estimate

Approach	2014	2031
2012 based sub national population projections (no change)	202,900	223,500
Indexation	204,439	225,195
Extrapolation	204,439	242,170

It is considered that the +1,539 (+0.76%) additional population indicated by the 2014 Mid Year Estimate could most reasonably be regarded as normal variance around the projection, and does not in itself justify an adjustment to the housing requirements. CYC should continue to monitor Mid Year Estimates as they are released, as a number of higher-than expected estimates could indicate that deviation from the justifications is required.

6.1.3 Unattributable population change

6.1.3.1 Introduction

Unattributable population change (UPC) refers to discrepancy in population statistics that arose between the 2001 Census and the 2011 Census. Between censuses, ONS makes estimates of population components of change ('intercensal population estimates'), i.e. the Mid Year Estimates for each year. When the 2011 Census results were published, the population in many authorities was different from what had previously been estimated in the Mid Year Estimates. After making allowances for methodological changes and estimated errors in the components during the decade, ONS introduced an additional component of change to deal with this difference, in other words the UPC. In order to produce

the revised series of population estimates for the last decade. ONS apportioned the UPC across each of the ten years (using the cohort method), providing revised Mid Year Estimates.

For England, the UPC is positive and is around 103,000 people between 2001 and 2011. Going forward, no adjustment has been made by ONS to the 2012-based sub-national population projections for UPC. The argument for this is that an adjustment for UPC should only be made if it can be demonstrated that it measures a bias in the trend data that will continue into the future; in this case, the UPC for England is within the confidence interval for the international migration estimates.

However, at the *subnational* level, UPC affects some local authorities more than others. Figure 14 sets out the UPC for York, (as well as England and Wales, for comparison), by comparing the original and revised mid year estimates. It shows that York's population estimates have been revised downwards as a result of the 2011 Census by a relatively large percentage – the difference between the two versions of the 2010 mid year estimate was -3.6% (in other words, there were fewer people in York in 2011 than the previous Mid Year Estimates had suggested).

UPC is covered in the Leeds City Region paper 'The objective assessment of housing requirements: Establishing a common methodological approach'. It concludes that, given that births and deaths are robustly recorded through vital statistics registers and that internal migration is adequately measured through the process of GP registration, UPC is likely to be due to the difficulty associated with the estimation of immigration and emigration impacts at a local level. However, it is important to note that this is not the view of ONS, who consider that the UPC should not be attributed to migration because (as its name implies) the reasons for the adjustment is unknown.

Table 14 Unattributable Population Change, York

	2002	2003	2004	2005	2006	2007	2008	2009	2010
York									
Revised ('000s)	182.1	184	186.6	188.2	189	189.8	190.8	192.4	195.1
Original ('000s)	182.4	184.5	187.5	189.2	191	192.5	194.9	198.8	202.4
Difference ('000s)	-0.3	-0.5	-0.9	-1	-2	-2.7	-4.1	-6.4	-7.3
% change	-0.2%	-0.3%	-0.5%	-0.5%	-1.0%	-1.4%	-2.1%	-3.2%	-3.6%
England and Wales									
Revised ('000s)	52,602.1	52,863.2	53,152.0	53,575.3	53,950.9	54,387.4	54,841.7	55,235.3	55,692.4
Original ('000s)	52,567.3	52,792.2	53,053.2	53,416.3	53,725.8	54,082.3	54,454.7	54,809.1	55,240.5
Difference ('000s)	34.8	71	98.8	159	225.1	305.1	387	426.2	451.9
% change	0.1%	0.1%	0.2%	0.3%	0.4%	0.6%	0.7%	0.8%	0.8%

Source: ONS Population Estimates for England and Wales, Mid-2002 to Mid-2010 Revised (Subnational)

There is no clear advice on how, if at all, UPC should be reflected in the assessment of housing requirements. Guidance in PAS' *'Objectively assessed need and housing targets: Technical advice note: Second edition'* (2015) suggests that local authorities with a large UPC should sensitivity test the impacts of including the UPC, in order to take a view on whether it should be incorporated into the projections. There are therefore two options available, outlined below.

6.1.3.2 Option 1: 'Do nothing'

The first option is to make no change to the official ONS and DCLG projections, on the rationale that there is insufficient evidence for the reasons for the difference between populations.

This is the approach that has been supported in recent Inspectors' decisions. For Eastleigh (found unsound in February 2015), the Inspector concludes that, whilst the UPC suggests an under-recording of population in the district:

'ONS consider that the UPC should not be attributed to migration because, as its name implies, the reasons for the adjustment is unknown. Given this advice and ONS' approach to its own projections, **it is reasonable for the JGC study [the district's objectively assessed needs report] to follow the same approach.**'

The Inspector does, however, go on to state that the UPC *may* represent higher than accounted for migration into Eastleigh in the past, which could continue in the future.

Similarly, in the Inspector's interim conclusions for the Stratford-Upon-Avon Core Strategy examination, it was noted that no adjustment for UPC in the 2012-based population projections had been made, on the basis that there is no clear and defensible basis for making such an adjustment.

Another justification for not to apply a correction is that it is possible that at least some of the difference between projections could be explained by under-enumeration in the 2011 Census, rather than inaccuracies in the preceding MYEs. The 'Census day' was 27 March 2011, and the deadline for submission was 06 April 2011; however, the University of York Easter vacation fell between 18 March and 26 April in the 2010/11 academic year dates. This may have resulted in students who would have chosen to have been included at their term-time address being 'missed' from the Census. Similarly, Censuses risk under-counting some international immigrants who were unable to (e.g. language skills, do not understand the process), or choose not to (e.g. 'fear' of official surveys), participate. It is very difficult to quantify how much of the difference (if any) is a result of under-enumeration; however, it also suggests that correcting for the whole of the UPC may overcompensate for the difference.

6.1.3.3 Option 2: Correcting for UPC

As stated above, there is no clear advice on how UPC might be corrected for in the assessment of housing requirements. The most logical approach is to assume that the reduction in population would lead to a proportionate reduction in household requirements, i.e. 3.6% fewer units would be required than the 2012-based household projections suggest.

This correction would be applied to the newly arising and backlog elements of the housing requirements. However, it would not be applied to the requirement which allows for economic growth. This is because that figure is based on the number of population and households needed for the realisation of forecast growth; even if there are currently fewer people in York, the number required in the future will remain the same.

This correction is outlined in Table 15.

Table 15 Correcting for Unattributable Population Change

	Household projections (Section 4.2)
Original	758
Revised to take into account UPC	732
Annual backlog requirement (Liverpool) (Section 4.4)	59
Total requirement	791

6.1.3.4 Recommendations

On balance, it is considered that no correction for UPC should be made, for the following reasons:

- The reasons for the differences between the population estimates are not clear;
- There is no evidence of when the error in the estimates occurred (ONS has simply distributed ‘other unattributable’ evenly across the 10 years period); and
- There is significant risk in using an approach which does not accord with recent Inspector’s decisions, particularly where it could be argued it a downward correction for UPC suppresses housing need (and there is also a small risk that the 2012 projections may include slightly suppressed household formation rates, which can only be confirmed by the awaited Stage 2 Data release).

CYC should continue to monitor Inspectors’ chosen approach to UPC to understand if this approach remains appropriate.

6.1.4 Household projections

Table 16 compares the components of household growth in the interim 2011-based projections (used in the 2014 Update Report) and the 2012-based projections.

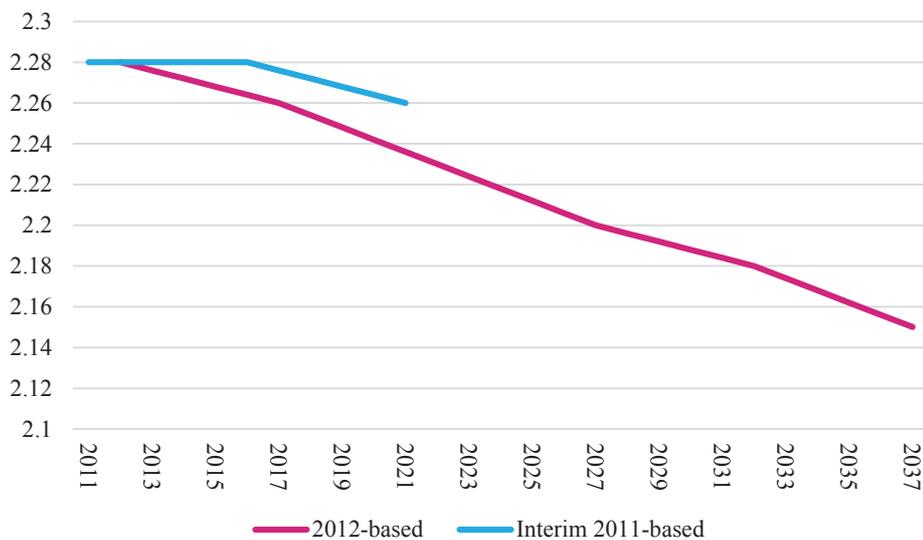
Table 16 Comparison of components of household growth

Component of household growth	Interim 2011-based (2011-2021)	2012-based (2012-2037)
Population level	107%	92%
Household formation	-7%	4%
Interaction terms (the relationship between population and household formation)	0%	4%

Source: DCLG (2013) *Interim 2011-based household projections Table 415: Components of household growth*; DCLG (2015) *2012-based household projections Table 415: Components of household growth*

The projected growth in population is the main driver of the increase in the 2012-based projections, though some is also the result of changes to household formation rate. This can be contrasted with the interim 2011-projections, where growth in households is suppressed as a result of changes to household formation rates, which result in a 7% reduction in total number of households that would otherwise be required.

A comparison of the fall in average household size contained within the two projections is shown in Figure 3.

Figure 3 Comparison of average household sizes using different methods.

Source: DCLG (2013) *Interim 2011-based household projections Table 427: Changes in average household size*; DCLG (2015) *2012-based household projections Table 415: Changes in average household size*

To sensitivity test this, the 2012-based household projections can be ‘indexed’ past 2021 using the rate of change from the 2008-based household projections (the most recent full projection preceding the 2012-based dataset). The logic behind this is that the slower rate of decline in average household size could be a short term effect of the recent economic recession (with less people able to form new separate households), rather than the start of a longer term trend. As such, this pattern would be likely to reverse with recovery of the economy over the longer

plan period¹⁵. Using the rate of change from the 2008-based projections (before the financial crisis) therefore incorporates changes in household size that might be expected in a stronger economic context, but still retains the most recent population base contained within the 2012-based projections.

The implications of this sensitivity testing are set out in Table 17 and Figure 4.

Table 17 Household growth sensitivity testing

Source	2012 households	2031 households	Absolute change	% change	Annual average change (19 years)
2008 based household projections	89,600	113,000	23,400	26.12%	1,232
2012 based household projections	84,247	98,651	14,404	17.10%	758
2012 based household projections, indexed to 2008 based trend past 2021	84,247	101,860	17,613	20.91%	927

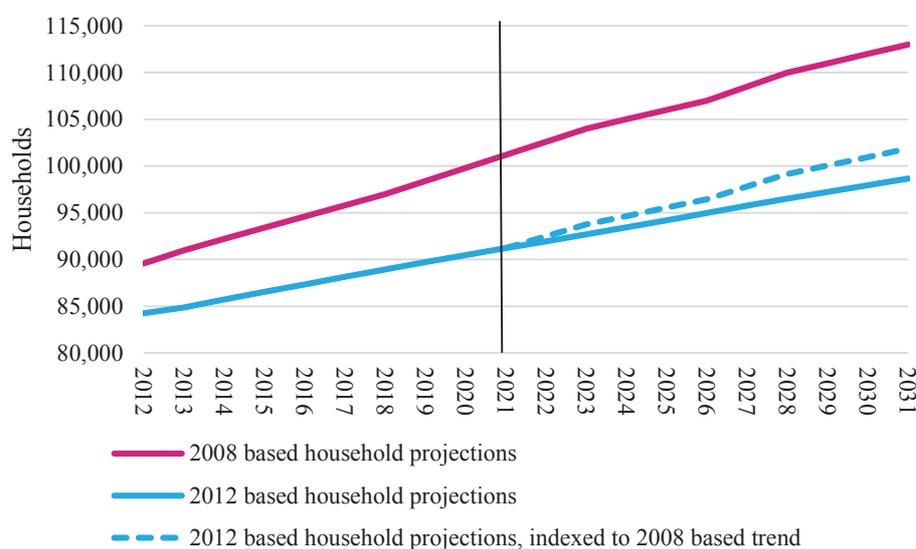


Figure 4 Household growth sensitivity testing

As shown above, households are very sensitive to average household size; this sensitivity analysis suggests that a return to 2008-based household formation levels after 2021 would result in an additional 169 homes, or 22.3%. Indeed, a reduction in the average household size at 2031 by 1% would result in a change in the number of houses needed by around 7%. This relationship therefore links closely with both historic delivery and market signals (particularly affordability), as household sizes might be suppressed through both under-supply and worsening affordability.

Despite this, there is no evidence as to what a more appropriate household formation rate might be, as it is unclear precisely how household formation rates will respond to a recovering economy. In our judgement, there does not appear to be compelling evidence to suggest that a variant of the 2012-based household

¹⁵ Insofar as evidence is available at this stage, analysis undertaken as part of the 2014 Update report suggests that slower rate of decline in average household size experienced in the recent past is likely to reverse with growth in the economy, rather than being the start of a longer term trend.

projections should be used to inform the objective assessment of need. This is because (as set out in 6.1.1), variations must be based on local evidence, otherwise the NPPF indicates that the most up to date evidence that is available should be used. This therefore makes it very difficult to justify at examination that anything other than the official projections should be used. However, it is possible that, in developing policy approaches, CYC could manage this uncertainty through building increased flexibility into the housing trajectory (e.g. including sites which could come forward earlier), or including change in formation rates within the process for Plan monitoring and review.

It may be necessary to undertake further sensitivity analysis and re-assess the evidence once the Stage 2 release has been made, as this is expected to provide further information on household formation. Affordability levels (which are an important part of household formation rates as they might suppress demand) are explored more closely in Section 6.3.

6.2 Assessing the impact of change in student populations

6.2.1 Introduction

The NPPG provides the following guidance on housing for students:

‘Local planning authorities should plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus. Student housing provided by private landlords is often a lower-cost form of housing. Encouraging more dedicated student accommodation may provide low cost housing that takes pressure off the private rented sector and increases the overall housing stock. Plan makers are encouraged to consider options which would support both the needs of the student population as well as local residents before imposing caps or restrictions on students living outside of university-provided accommodation. **Plan makers should engage with universities and other higher educational establishments to better understand their student accommodation requirements.**¹⁶

CYC have engaged with the universities in York, in order to understand the likely trends in student population levels and housing requirements.

Representations made by the University of York and York St John on the Local Plan Preferred Options (July 2013) and Further Sites Consultation (July 2014) made clear that both universities have plans for significant growth over the plan period. Indeed, the University of York stated that ‘because of the Government’s decision to relax the caps on student number and the need to remain at the forefront of the competitive market, it is envisaged that growth in student numbers will continue over the duration of the Local Plan period until 2030’.

6.2.2 Recent student numbers and trends

The student population of York fall within two groups: institutional population (those living in purpose-built student accommodation such as halls of residence,

¹⁶ Reference ID: 2a-021-20150326

either university- or privately-owned); and non-institutional population (all others, e.g. those living at home or within the private rental sector).

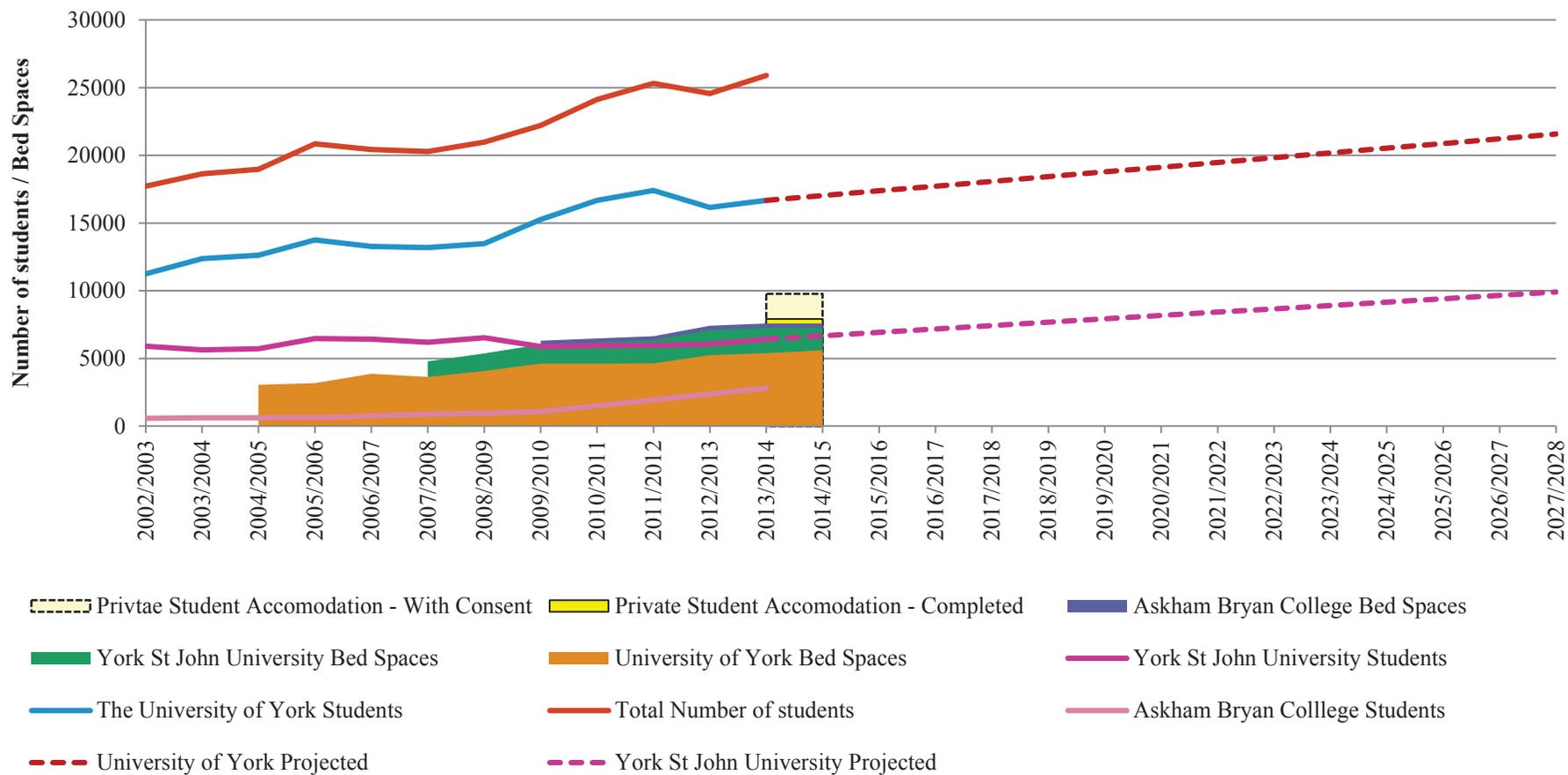
Figure 5 summarises the Higher Education Statistics Agency (HESA) head count data (full time and part time) for University of York and York St John University for each academic year, as well as the known students from Askham Bryan College (which are not provided in the HESA data).

In addition, the figure also includes the latest agreed projection data provided to CYC by the universities' planning agents (O'Neills Associates), which projects as far as 2017/18 and appears to be based upon full-time students only. Discussions with the planning agent with regards to the growth aspirations past 2017/18 have revealed that the universities seek modest growth up until 2030.

- The planning agents have confirmed that the University of York would like to expand to around 21,000 full-time equivalent students by 2030. This data is slightly different to the table they have included for the shorter-term projections, as it refers to 'full-time equivalent' (FTE) students at the university, as opposed to just full-time students. Currently, University of York have 15,383 FTE students in comparison to 13,476 full-time students (taken from their projection data) or 14,780 full-time students (under-grad and post-grad) taken from the HESA data. In terms of FTE, this would point to roughly a 350 additional students per annum growth in a straight line trend. The planning consultant has agreed this is a reasonable assumption to project forward the figures from 2017/18 to 2030.
- Similarly, York St John University data consider that a 'modest growth rate' is reasonable. The projection data submitted reasonably suggests a straight line trend of 250 additional students per annum.

As well as student population, the known student accommodation numbers have also been included – taken from data provided by the universities, as well as planning consents and completion figures.

Figure 5 Student numbers and projections



Source: CYC analysis (data accurate to 01 April 2015)

6.2.3 Implications for population and housing numbers

In considering the implications of the student figures, one of the main issues is the extent to which planned expansion is above or below past trends. The projections already reflect the recent trends in student population increase in York; therefore:

- if the universities' projections suggested a higher-than-trend expansion was expected, this would suggest that the ONS projections are under-estimating population (and therefore housing requirements); or
- conversely, if growth in student numbers is expected to be lower-than-trend, this would suggest that the official population projections are over-estimates.

It is considered that the projected increase of 350 students per year for University of York and 250 students per year for York St John University broadly represents an on-trend increase and, for this reason, sensitivity analysis around student population would not be justified. Whilst no firm evidence exists to make accurate predictions, it is unlikely that future university growth will exceed the component of growth implicit within the projections and the provision. Overall, therefore, it is most likely that the trend over recent years (which form the basis of the projections) is equal to the future expectations. However, as York has a proportionately large university sector, it is recommended that CYC monitor student number trends as part of annual monitoring exercises.

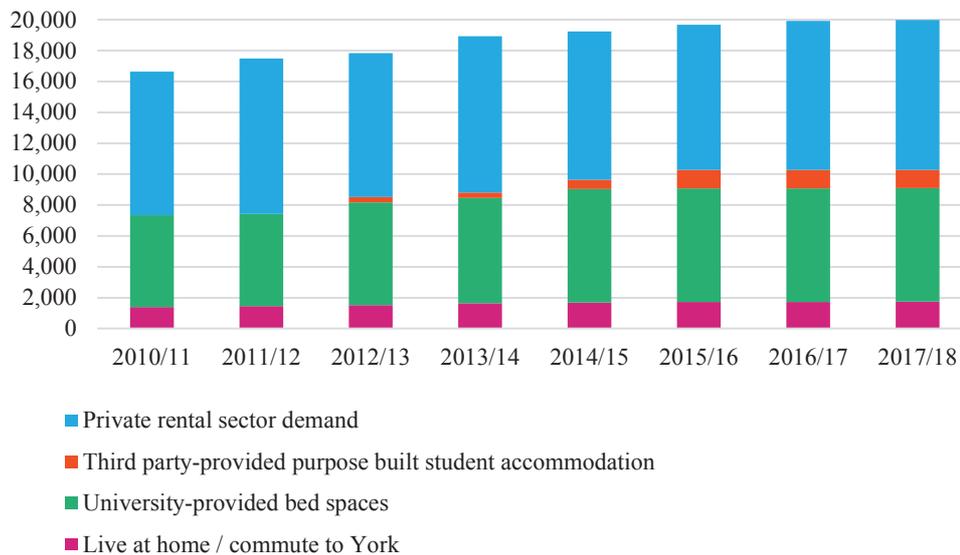
However, notwithstanding student population, it is also important how these students are housing. Due to the split between institutional and non-institutional student populations, it is also important to consider changes in the way the student accommodation in York access housing. The main categories are:

- living at home / commuting to university from outside the authority.
- university-provided accommodation.
- third party-provided accommodation.
- private rental sector.

The household population projections produced by DCLG exclude institutional population, which in the case of York seems to include those students within university halls of residence. A comparison of the ONS total population projections with the DCLG household populations suggests an institutional population of around 7,600 in 2012 (which in part is made up by students in halls of residence, but will also include correctional and penal institutions, care homes, religious institutions etc.). Discussions with the Universities suggest that the split between halls and other provision is likely to remain fairly constant, although student expectations of quality is increasing. As the requirements of students in halls of residence are excluded from household projections, the area of interest is the proportion of students living in the private rental sector, as this has a direct competition factor on non-student population also trying to access accommodation. Analysis has been undertaken by CYC into the likely change in accommodation demand to 2017/18, based on student population projections and recent and expected completions of university-provided and student-provided accommodation. This is set out in full in Appendix A3.

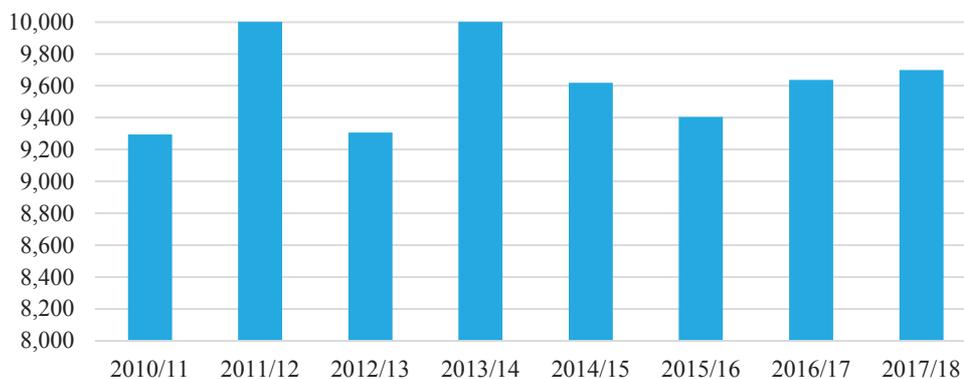
Figure 6 and 7 show the expected change in types of accommodation used to 2017/2018. Whilst they show the student demand on the private rental sector has / is expected to increase and decrease year-by-year (as a result of changes to the availability of purpose-built units), over the course of the period there is a slight increase in students accessing private rental sector bed space (though the proportion of students is expected to decrease). If an average student household size of 4.0 is used, this suggest that between 2010/11 and 2017/18, an additional 101 non-purpose built homes are required for student use. If this trend were to continue over the plan period, it would equate to approximately 14 homes per year, or just 1.85-1.95% of the household requirements depending on the one used (before backlog is applied). This assumes that the current rate of delivery of purpose built accommodation will stay broadly the same over the plan period. If purpose-built accommodation is also included, students reflect less than 15% of requirements.

Figure 6 Student accommodation demand, University of York and York St John University



Source: CYC analysis

Figure 7 Student private rental sector demand, University of York and York St John University



Source: CYC analysis

In practice, the long term translation of student numbers into households is complex given the different options available to students and little data is available on student household size. Without advance knowledge of housing choices it is difficult to make accurate predictions. Assumptions also need to be made about changes in the relative proportion of different housing options. Once again the safest assumption is that provision follows existing trends and is reflected in official projections. Any reduction in household numbers, would be dependent upon the universities making a commitment to provide a higher proportion of accommodation than in the past and a clear sign that this accommodation would be attractive to students. It would also depend on the existing stock of student accommodation being upgraded as student expectations of accommodation increase, otherwise it is likely that students will move into market housing provision. The scope to predict student choices and enforce controls on student residential choice over the life of the plan is typically limited. Any approach to increase students in specialist accommodation would thus need to be carefully and specifically evidenced, possibly as part of a future housing needs assessment/SHMA. Universities' policies on accommodation provision for students may also change over time (e.g. a concerted move towards on-site provision) and this should be monitored for impacts on the availability of private rented housing in York.

6.2.4 Recommendations

As the student demand on private housing going forward is low (as shown in the calculations on the previous page), and that there is no compelling evidence that it will change over the period, there is not considered to be any justification for additional sensitivity testing around student populations or student housing requirements.

CYC might choose to offset the impact of student housing need through the provision of additional purpose-built student accommodation, either on-campus provided by the universities, or by third parties. Encouraging more dedicated student accommodation may provide low cost housing may takes pressure off the private rented sector and allow for development at densities which otherwise would not be appropriate for non-student housing. If this occurs, it is important that it is reflected in the trajectory. One of the reasons that Durham's Local Plan was found unsound related to its treatment of student housing, as no consideration in the trajectory was given for the release of former student accommodation back on to the market. Given the University of Durham's estate strategy of significantly increasing the proportion of students to be housed in purpose-built accommodation. However, whilst there have been some recent completions of purpose-built accommodation in York, there is no indication that either university is moving towards such a strategy. Furthermore, there would have to be strong evidence that this could be enforced, i.e. there were mechanisms in place to ensure students did not choose private rental sector properties over purpose-built accommodation even when available.

However, it is important to recognise that this is a supply-side, delivery consideration; **it does not change the overall housing requirement**. As previously stated, there is no compelling evidence to suggest that the impact of students on housing requirements will be significantly different over the plan period.

For presentation purposes, CYC may choose to state the student and non-student household requirements separately, based on the growth aspirations provided by the universities and the analysis CYC have undertaken on likely changes to student accommodation requirements. However, this approach does not appear to have been used elsewhere and is not possible at present as there is no firm evidence. It is also difficult to establish the role of students in any backlog calculations, especially as market rents may be acting as a deterrent to students accessing the private housing market. Evidence is dependent on obtaining projections of average student household size and preferences, which is being considered as part of the forthcoming SHMA.

6.3 Market signals

Following the analysis of the latest demographic and household projections as the starting point for establishing housing need, the NPPG suggests that household projections should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and the supply of dwellings. The Guidance advises that the assessment of prevailing market conditions should take account both of indicators relating to price and quantity¹⁷, and concludes that where adjustment based on housing need is required, plan makers should set this at a level that is reasonable¹⁸. (Rate of development is also identified as a market signal within the NPPG, although levels of completions and the impact of rate development have been considered elsewhere within this report and so are not considered as part of this section.)

Market signals are typically a key component of a Strategic Housing Market Assessment (SHMA). Indeed, the NPPF and NPPG states that local authorities should prepare a SHMA as a key piece of evidence in determining their full housing needs¹⁹. Presently, the North Yorkshire Strategic Housing Market Assessment (2011) forms the latest evidence base document which details the assessment of market signals and housing market dynamics. CYC, along with Hambleton District Council, Ryedale District Council and North Yorkshire Moors National Parks Authority, have jointly commissioned a new SHMA to replace the 2011 assessment. Therefore the up-to-date analysis of market signals undertaken within this report (as set out in the sub-sections below) is purely to understand whether market factors could impact the overall housing requirement. It does not substitute a detailed assessment of full housing needs within a SHMA.

6.3.1 House Prices, Land Prices, Rents and Affordability

The NPPG states that housing need should be appropriately adjusted to reflect appropriate market signals, such as house prices, land prices, rents and affordability²⁰:

- **House Prices:** Mix adjusted house prices measure inflation in house prices and longer term changes indicate imbalance between the demand for and the supply of housing. The Guidance suggests that ONS and Land Registry Index should be used in the assessment.

¹⁷ Paragraph: 020 Reference ID: 2a-020-20140306

¹⁸ Paragraph: 020 Reference ID: 2a-020-20140306

¹⁹ NPPF Paragraph 159 and NPPG Paragraph:045 Reference ID: 3-045-20141006

²⁰ Paragraph: 019 Reference ID: 2a-019-20140306

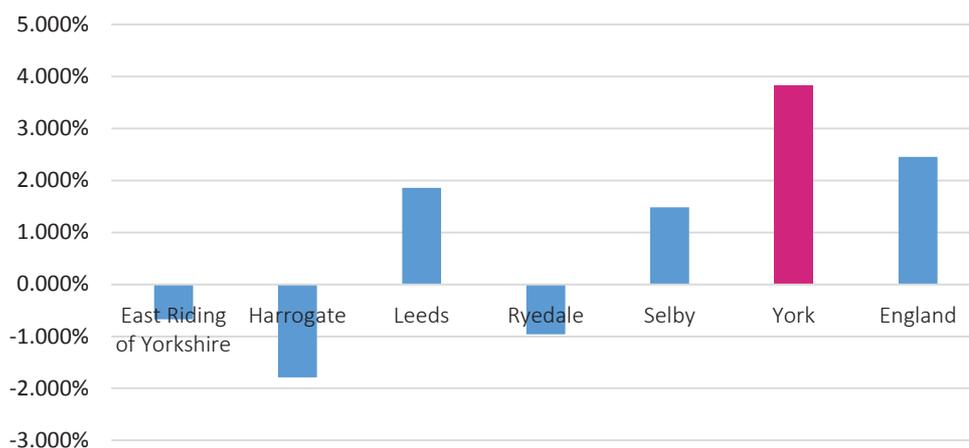
- **Land Prices:** Land values are determined by the demand for land in particular uses, relative to the supply of land in those uses. The allocation of land supply designated for each different use, independently of price, can result in substantial price discontinuities for adjoining parcels of land (or land with otherwise similar characteristics). Price premiums provide direct information on the shortage of land in any locality for any particular use.
- **Affordability:** Assessing affordability involves comparing housing costs against the ability to pay. The ratio between the lower quartile house prices and the lower quartile income or earnings can be used to assess the relative affordability of housing. The Guidance suggests that the DCLG quarterly releases of lower quartile house prices to lower quartile earnings ratios should be used in the assessment.
- **Rents:** Rents provide an indication of the cost of consuming housing in a market area. Mixed adjusted rent information shows changes in housing costs over time. The Guidance suggests that ONS Private Rental Index should be used in the assessment.

House Prices and Affordability

Between 2011 and 2012 (the latest CLH House Price data available), house prices in York increased from an average of £201,286 to £208,983 (or an increase of 3.8%), which was greater than the average change in house prices for neighbouring Local Authorities and the percentage change between the 2010 and 2011 period for York.

Average house prices within York for 2012 are therefore now 2% less than the 2007 peak, where house prices averaged £210,942. The increased average price in York, as with Leeds, Selby and the national average, is likely to be the result of a more positive housing market following a recessionary period.

Figure 8 Change in mean house prices between 2011 and 2012



Source: CLG Table 585 Housing market: mean house prices based on Land Registry Data

The Inspector's Interim Views on the Eastleigh Local Plan Examination suggested that where 'modest market pressures' existed, this required an uplift adjustment on the overall housing requirement. 'Modest market pressures' were identified as the highest median prices within the 2011 SHMA area. Table 18, which represents

analysis of median house prices undertaken by YCC, suggests that median house prices within York have both been above and below the median prices for neighbouring local authorities. The North Yorkshire Strategic Housing Market Assessment (2011)²¹ identifies that the southern area of Ryedale and Hambleton, the eastern area of Harrogate and the northern area of Selby fall within the York Sub-Area. The median house prices within York are relatively average when assessed against authorities within the 2011 SHMA area, and therefore ‘modest market pressures’ and an upwards adjustment comparable to that identified in Eastleigh does not appear to be justified.

Table 18 House price change 2003-2012 (£000)

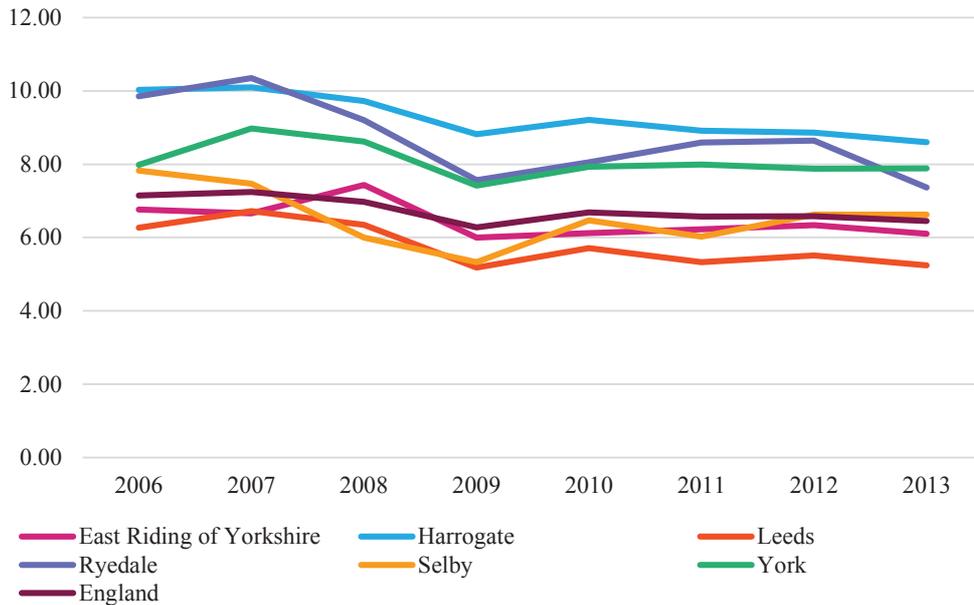
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
York	133	153	160	170	180	172	165	177	173	180
Hambleton	142	179	185	195	200	200	180	200	200	200
Harrogate	158	177	189	198	218	210	195	220	215	210
Ryedale	135	170	175	190	196	187	170	185	184	178
Selby	123	143	158	160	170	156	160	157	157	160
East Riding	100	130	135	143	150	147	140	145	138	141

Source: CLG Live Housing Tables. Table 585 Median house prices based on Land Registry data by District from 1996’

The provisional Housing Affordability Data for 2013 shows the affordability ratio for York as 7.89²², which suggests that affordability has largely remained consistent over the last four years and that York is ‘holding its own’ despite faster market recovery than in surrounding districts. However, the ratio of affordability remains higher than the national average and many of the neighbouring authorities (except Harrogate), although broadly speaking York, Ryedale and Harrogate have been the least affordable districts within the region over the long term and this relative position remains unchanged.

²¹ GVA (2011) North Yorkshire Strategic Housing Market Assessment

²² DCLG Table 576 Ratio of lower quartile house price to lower quartile earnings by district, from 19971-7

Figure 9 Affordability ratios for Local Authorities neighbouring York (2006 - 2013)

Land Prices

The principal source of data for land values is the Valuation Office Agency (VOA) property reports. Whilst the most recent Property Report (2011) does not consider York, land values within Leeds have fallen to £1.36m per hectare. The City of York Plan Viability Draft Report (2014) by Peter Brett Associates uses the latest VOA Property Report Data for York (from 2009) and derives the following assumptions for land values (Table 19).

Table 19 Land Prices for areas within York

City Areas	Price per Net Developable Area
City Centre and City Centre extensions	£1,500,000
All other areas	£1,200,000
Strategic Sites (over 5 hectares)	£1,000,000

Source: Local Plan Area Wide Viability Study (PBA)

Private Rental Market

Similar relationships are evident in the rental market. The Valuation Office Agency publishes statistics on the private rental market by Local Authorities in England. The lower quartile gross monthly rent paid for a 2 bedroom dwelling in York is £595 per month, which is substantially higher than the Yorkshire and Humber lower quartile figure of £425 per month or the national lower quartile figure of £485 per month.

Table 20 below sets out the lowest, highest and average rental levels for Local Authorities within the City Region²³. Whilst York has an upper weekly rental level consistent with the highest rental levels demanded within the City Region,

²³ 'Huw Jones (2013) 'Research on the affordability of housing in the Leeds City Region'

the average rental level within York is below that of Harrogate. These trends are consistent with the Valuation Office Agency private rental trends.

Table 20 Monthly rent levels by local authority within the City Region (2013)

Market Rent		1 Bed	2 Bed	3 Bed	4 Bed	All
York	Highest	£349.62	£312.46	£402.23	£339.00	£307.38
	Average	£154.96	£186.51	£237.79	£289.90	£226.62
	Lowest	£105.00	£153.00	£173.08	£267.00	£153.92
Harrogate	Highest	£136.15	£186.46	£280.62	£494.54	£267.00
	Average	£126.88	£166.52	£224.58	£370.48	£233.40
	Lowest	£102.69	£141.00	£162.46	£258.92	£150.69
Selby	Highest	£138.00	£153.23	£262.15	£267.00	£265.15
	Average	£97.85	£133.12	£168.53	£218.50	£161.47
	Lowest	£78.69	£112.15	£119.77	£167.54	£107.08
Leeds	Highest	£126.69	£190.62	£225.00	£315.00	£268.62
	Average	£103.19	£137.77	£161.93	£263.61	£148.39
	Lowest	£82.85	£95.54	£111.23	£127.62	£101.54
City Region	Highest	£349.62	£312.46	£402.23	£494.54	£307.38
	Average	£101.17	£124.11	£153.81	£235.34	£144.69
	Lowest	£71.54	£89.31	£98.08	£106.85	£80.77

The rental levels achieved within York are, again, consistent with the trends identified in the Private Sector Rent within the SHMA (2011). Although York and Harrogate record higher rental levels than other local authorities, the SHMA also identifies that these two authorities also have more stock advertised with the rental market and this forms a larger part of their housing markets, particularly in the ‘city’ centre market areas²⁴.

6.3.2 Overcrowding and Homelessness

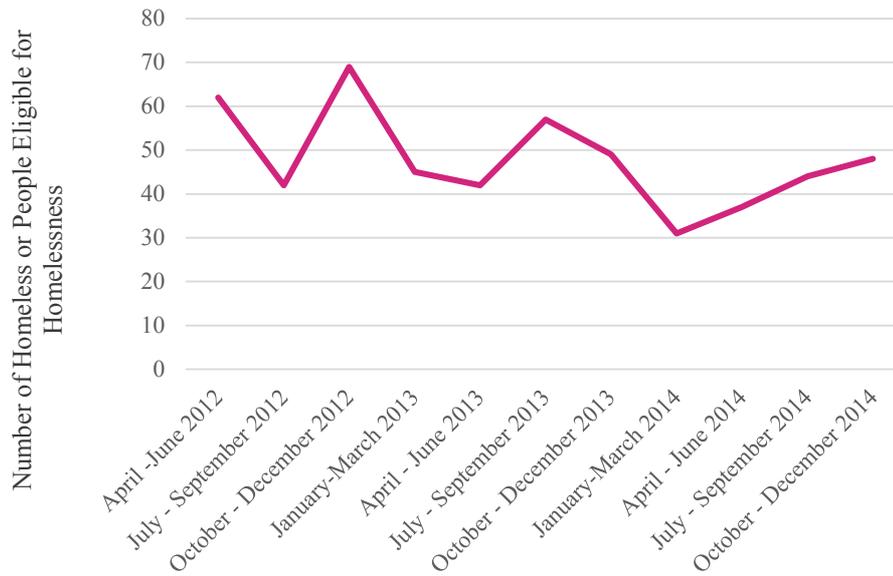
Indicators on overcrowding, concealed and sharing households, homelessness and the numbers of households in temporary accommodation is provided within DCLG’s Homelessness Statistics. Specifically, detailed local authority-level homelessness figures provide data by quarter for the following households:

- Eligible Households which are unintentionally homeless and in priority need
- Eligible Households which are homeless and in priority need, but intentionally so
- Eligible Households which are unintentionally homeless but which are not in priority need
- Eligible Households but which are not homeless
- Ineligible Households.

²⁴ GVA (2011) North Yorkshire Strategic Housing Market Assessment

Analysis of Eligible Households between April 2012 and December 2014 (including those which are intentionally homeless and those which are eligible, but not currently homeless) indicates that total levels have ranged between 62 and 48 per quarter (see Figure 10). In comparison with East Riding and Leeds, York displayed lower absolute levels of homelessness.

Figure 10 Homeless or ‘Eligible Households’ within York



In the period between April 2012 and December 2014, the level of homeless ‘in Priority Need’ within York, fell by 29%. Both Selby and Harrogate experienced growth in their total levels of homeless or ‘eligible households’ within this Period. Although an assessment of full housing needs through the evidence in a SHMA may identify further levels of homelessness or concealed households, it is not considered that levels of homelessness in York represent a ‘worsening trend’.

The 2011 Census analysis provided by CYC indicates that York could be experiencing greater overcrowding when compared with neighbouring authorities based on the number of households with at least one less bedroom that required. Approximately 3.5% of households within York are considered to have at least one less bedroom that required, compared to 1.9% of households in East Riding, 2.2% of households within Harrogate and 1.9% of households in Selby. This may in part be a reflection of housing costs in York when compared with income and the inability of households to purchase the amount of ‘housing space’ they require.

6.3.3 Conclusions

The outcomes of both the Cheshire East and Durham City Council interim comments highlight the importance of clarity in how market signals have influenced the objective assessment of need. Where ‘market pressures’ existed, for example in Eastleigh, the Inspector required a 10% uplift to be added to the OAN.

The NPPG indicates that a worsening trend in market signals within the Housing Market Area may require an upward adjustment to planned housing number

compared to ones based solely on household projections. In areas where an upward adjustment is required, plan makers should set this adjustment at a level that is reasonable. In the case of Durham City Council, the Inspector commented that any upward adjustment of the objectively assessed need resulting from market signals must be grounded in realism.

Conclusions

The brief analysis of house prices and affordability could suggest that York is a higher cost housing location relative to some other areas in the wider region, but that affordability remains similar and there is no direct evidence to suggest that affordability has worsened. Moreover, if provision is made to meet the 2012 projections, the economic needs and backlog, it is likely that potentially supply will already be considerably higher than recent completions. It is considered that an upward adjustment to reflect worsening market signals is not necessary.

CYC should apply the findings of the upcoming SHMA to this analysis to assess whether York reflects a worsening affordability trend within the wider SHMA area.

7 Land Requirements beyond 2031

The Local Plan for York seeks to determine a permanent and resilient Green Belt boundary. To ensure the boundary can be resilient, it is prudent to identify safeguarded land for potential consideration in the next plan period.

The basis for identifying the quantum of safeguarded land to be released beyond 2031 is the Safeguarded Land Technical Paper, City of York Local Plan – Safeguarded Land 29th January 2014 and advice received from Counsel John Hobson QC. The approach suggested by both is that a further ten years of development land should be safeguarded for after the plan period. It is not part of this commission to provide commentary on the proposed approach to defining safeguarded land; rather, this section simply applies the most recent household projections to this approach, to help inform the requirement for safeguarded land beyond the plan period.

The Safeguarded Land Technical Paper extrapolated the housing requirement from Arup's Housing Requirements in York Report (2013), to forecast the longer term development needs of the district to inform decisions on Green Belt boundaries. Table 21 updates this calculation, based on the most up-to-date projections.

- The actual annual requirement is derived from household projections for the period 2031-2036 (660).
- The requirement for 2036- 2041 (735) is the average 2012 – 2036.

Provision for backlog has not included, as it is assumed that this will have been met over the plan period.

Table 21 Ten year housing requirement

	Household projections (Section 4.2)
Annual Requirement 2031 – 2036 (5 year requirement)	660 (3300)
Annual Requirement 2036 – 2041 (5 year requirement)	735 (3675)
Total Requirement 10 years	6,975

However, it should be noted that not all of this requirement will need to be reflected in safeguarded land. Development may come forward:

- on the recycling of brownfield sites;
- on long-term strategic allocations which are expected to still be delivering after the plan period; or
- through small scale windfall development.

It is understood that CYC are progressing work on their site portfolio and a standalone paper on windfalls.

Conclusions

It is recommended that CYC use the calculated ten year housing requirement for 2031-3041 to inform their continuing work on safeguarded land allocations.

8 Conclusions

The purpose of this 2015 Update Report has been to assess the implications of the 2012-based sub-national household projections on York's objectively assessed housing requirement. This section provides a summary of the conclusions drawn, as well a set of 'next steps' which highlights what should be kept under review as CYC progress their draft Local Plan.

Table 22 provides a summary of the implications for housing numbers of the 2012-based projections across the plan period 2012 – 2031:

Table 22 Implications of the 2012-based projections

	Household projections (Section 4.2)	Economic Baseline / Scenario 2 (Section 4.3)	Economic Scenario 1 (Section 4.3)
Newly arising requirement	14,404	14,276	14,993
Newly arising annual requirement	758	751	789
Annual backlog requirement (Section 4.4)	59	58	65
Total annual requirement	817	809	854
<i>Five year requirement + 20%</i> (Section 5.1)	<i>4,902</i>	<i>4,854</i>	<i>5,124</i>

The main conclusions and recommendations from this Report can be summarised as follows:

Household Projections: Demographic and Economic

The NPPG advises that the DCLG Household Projections should provide the starting point for the estimate of overall housing need. Subsequently, plan-makers should make an assessment of employment trends and implications for objectively assessed need. [Section 4](#) concludes:

- Across the period from 2012 to 2031, the 2012-based projections suggest that the number of households in York is expected to grow by 14,404 dwellings (or 17%) to 98,651 in total. This equates to an **annual average growth rate of approximately 758 dwellings**, based on 19 financial/monitoring years (1 April to 31 March reflecting a plan start date of 1 April 2012). [\(See Section 4.2.\)](#)
- Analysis undertaken suggests that economic-led housing need (based on OEF's baseline forecast) broadly aligns with (although is slightly lower than) the demographic-led housing need, and that no adjustment is required. This is a result of a reduction in forecast employment and population growth across the plan period compared with earlier forecasts. This is also true of a scenario of faster growth in professional services, financial and insurance, and information and communication, accompanied with lower growth within wholesale and retail trade and accommodation and food services (Scenario 2).
- A scenario of higher migration and a faster recovery of the UK economy (Scenario 1) would lead to more houses than the demographic-led housing

need, equating to an annual average growth rate of approximately 789 dwellings.

- The second edition of PAS' 'Objectively assessed need and housing targets: Technical advice note' (2015) states that demographic projections should be tested against expected future jobs to see if housing supply in line with the projections would be enough to support the jobs. If that is not the case, the demographic-led need should be adjusted upwards (but never downwards). In effect this means that, where a demographic-led and economic-led projection have been prepared, the higher of the two should be taken forward.
(See Section 4.3.)

Past Delivery Rates: Backlog and Shortfall

Local planning authorities must reflect the consequences of past under-delivery, and it is concluded:

- It is considered that the 2012 base date remains sensible in the calculation of under-delivery and should continue to be used.
(See Section 3.4 and Section 4.4.)
- Recent under delivery against annual averages is likely to be associated with property cycles and recovery is expected over the remaining 16 years of the plan.
(See Section 3.4 and Section 4.4.)
- This means that the housing requirement (including both newly arising and backlog), should be **817 homes per year** (using the demographic-led requirement) or **854 homes per year** (using the Scenario 1 economic-led requirement). (For comparison, the baseline or Scenario 2 economic-led requirement would be 809 homes per year.)
(See Section 3.4 and Section 4.5.)
- It is considered that applying the Sedgefield approach would be unrealistic in market terms, and could only be achieved through the development in less sustainable locations. The Liverpool approach, which applies under-delivery over the remaining plan period, is recommended as a more appropriate and realistic way forward.
(See Section 4.4 and Section 4.5.)

Sensitivity testing

The NPPG suggests that plan-makers may consider sensitivity testing specific to local circumstances within a Local Authority based on alternative assumptions. Table 23 sets out the sensitivity testing that has been considered and/or undertaken, and the implications for housing requirements (not including backlog), if applicable.

Table 23 Potential implications of sensitivity testing on objectively assessed need

	Potential implications for OAN
<i>2012 based subnational population projections</i>	758
Population and household projections components of change: Migration (See Section 6.1.1.)	755-794
Population and household projections components of change: Updated Mid Year Estimate (See Section 6.1.2.)	N/A
Population and household projections components of change: Unattributable Population Change (See Section 6.1.3.)	732
Population and household projections components of change: Households (See Section 6.1.4.)	927
Student housing requirements (See Section 6.2.)	N/A
Market signals (See Section 6.3.)	N/A

Justification for adjusting the official projections on the basis of this sensitivity testing has been considered, and it has been concluded:

Population and household projections components of change

- Given that migration is a key component of the difference between the 2008, 2010 and 2012 statistical releases, it was considered appropriate to test the sensitivity of this component. The application of the 2008 and 2010-based migration components of the population projections to the 2012 sub-national population projection made a limited difference to the overall indicative housing requirement. There does not appear to be a rationale for variant population projections as part of the objective assessment of need. (See Section 6.1.1.)
- It is considered that the population indicated by the recently-released 2014 Mid Year Estimate could most reasonably be regarded as normal variance around the 2012 population projection, and does not justify an adjustment to the housing requirements. (See Section 6.1.2.)
- Unattributable Population Change (UPC) affects some local authorities more than others, and in the case of York, the difference between the two 2010 mid-year estimates was 3.6%. On balance, it is considered that no correction for UPC should be made because: the reasons for the difference between the estimates are not clear; there is no evidence of when the error in the estimates occurred; and there is significant risk in using an approach which does not accord with recent Inspector's decisions. (See Section 6.1.2.)
- Sensitivity testing shows that households are very sensitive to average household size; a return to 2008-based household formation levels after 2021 would result in an additional 169 homes per year. However, there is no evidence as to what a more appropriate household formation rate might be. In our judgement, there does not appear to be compelling evidence to suggest that a variant of the 2012-based household projections should be used to inform the objective assessment of need. (See Section 6.1.4.)

Market signals

- Notwithstanding the work currently being undertaken on a new SHMA, the brief analysis of house prices and affordability might suggest that York is a higher cost housing location relative to some other areas in the wider region. However, there is no direct evidence to suggest that affordability has worsened over time. Moreover, if provision is made to meet the 2012 projections, the economic needs and backlog, it is likely that potentially supply will already be considerably higher than recent completions, which would improve affordability in York. It is considered that an upward adjustment to reflect market signals is not necessary.
(See Section 6.3.)

Student housing requirements

- It is considered that the projected increase of 350 students per year for University of York and 250 students per year for York St John University broadly represents an on-trend increase. It is understood that student housing is viewed as an important local political issue. However, based on the analysis undertaken, there is no justification for making any correction in the objectively assessed need based on student populations or student housing requirements. This is because there is no compelling evidence that these requirements will change over the Plan period.
(See Section 6.2.)

For these reasons, it is considered that there is no reason or justification for adjusting the objectively assessed need figure on the basis of sensitivity analysis.

Supply Side: Buffers and flexibility

Paragraph 47 of the NPPF states that Local Planning Authorities should provide five years' worth of deliverable land with an additional buffer of 5%. Where there is evidence of 'persistent under-delivery' within a Local Planning Authority, this buffer should be increased to 20%. Section 5 concludes:

- The recommendation remains that a 20% buffer is added to the total supply requirement in the first five years to allow for under delivery prior to 2012.
(See Section 2.4 and Section 5.1.)
- CYC may wish to ensure that their trajectory is demonstrably flexible enough to be able to withstand changes across the plan period, particularly in terms of phasing of delivery, as this has been raised in recent Examinations.
(See Section 5.2.)

Supply Side: Greenbelt boundaries

The Safeguarded Land Technical Paper extrapolated the housing requirement from Arup's Housing Requirements in York Report (2013), to forecast the longer term development needs of the district to inform decisions on Green Belt boundaries. Table 24 updates this calculation, based on the most up-to-date projections.

Table 24 Estimated 2031-2041 housing requirement

	Household projections (Section 3.2)
Annual Requirement 2031 – 2036 (5 year requirement)	660 (3,300)
Annual Requirement 2036 – 2041 (5 year requirement)	735 (3,675)
Total Requirement 10 years	6,975

Next Steps

- Through the production of a new SHMA, jointly commissioned with Hambleton District Council, Ryedale District Council and North Yorkshire Moors National Parks Authority, CYC should:
 1. Consider whether any evidence in relation to market signals might justify an uplift to the objectively assess need.
 2. If, for presentation purposes only, it is decided to state the student and non-student housing requirements separately, this should be carefully evidenced through the SHMA.
 3. In accordance with the NPPG, identify the needs of different groups, and consider whether there is a need to alter the housing number included in the Local Plan to reflect this.
- CYC should continue to monitor Inspectors' approach to Unattributable Population Change, given that it is likely to feature more in the Plans which will be examined in the near future.
- CYC should continue to engage with University of York, York St John University and Askham Bryan College to monitor whether there is any change in their projected student numbers over the plan period, or way students are likely to be accommodated.
- There may be a need for review following the release of Stage 2 of the DCLG 2012-based household projections.

Appendix A

Review of Inspector's Reports

Detailed Review of Inspector's Reports from Postponed Examinations

Cheshire East Council

Date of Submission	20 th May 2014
Date of Examination	August – October 2014, Hearings postponed in October 2014
Date of Inspector's Interim Report	12 th November 2014

Cheshire East Council (CEC) identified their housing requirement as 27,000 new houses between 2010 and 2030. The basic provision averages to 1,350dpa, with allowances made for phasing over 5 year periods (ranging between 1,200dpa and 1,500dpa). This provision is to be made by taking account of completions and commitments since 2010 (totalling 10,906 houses or 40% of the total housing requirement) along with new strategic site allocations. The Inspector argued that the overall proposed requirement was too low and failed to realise trends in the economic and housing markets. Interim comment's covered the following components of OAN:

- Projections:** The latest DCLG housing projections (the 2011-based interim household projections, extended to 2030) formed the starting point for the objective assessment of need. However the Inspector queries the manipulation of this original demographic projection from 1,180 to 845 dpa based on using revised mid-year estimates and therefore the latest fertility, mortality and migration rates, with a limited justification offered for the rationale taken. In addition, CEC assumed that household formation rates will remain constant after 2021, which the Inspector argues does not account for the suppression of household formation rates based on economic recession, past under-supply or worsening affordability.
- Housing Factors and Market Signals:** Although the SHMA takes into account a range of market signals, including house prices, rents and affordability and provision for older people, the Inspector suggests that it is not clear how the results of these assessments have been taken into account in the OAN estimates.
- Housing Supply and Delivery:** Annual delivery between 2008 and 2014 fell short of the RSS and the Local Plan. A consistent record of under-delivery for a period of 6 consecutive years represents a 'substantial accumulated shortfall'. It would therefore seem that a 20% buffer for the five year supply would be appropriate.
- Backlog:** To address the shortfall in provision, CEC proposed to spread the under-supply over the Plan Period (2014 – 2030), despite being able to accommodate the under-supply within the next five years of the Plan period. The Inspector highlighted that since the latter is recommended in the NPPG and this is generally the approach adopted in recent appeal cases, there are few reasons why this should not be the approach taken. In addition, the Inspector argued that in the context of recent under-provision of housing, there is clearly a case to meet this shortfall as soon as practicable, and increasing housing within the first five years would 'significantly boost the level of housing provision' in line with NPPF Paragraph 47.

- **Allowance for Economic Growth:** The Inspector argued that the economic activity rates, both for economic and job growth, are unduly pessimistic. In addition, the projections make optimistic assumptions about the future economic activity rates of older people. Using these pessimistic projections and optimistic economic activity rates results in an artificially depressed need for new housing to accommodate the needs of future employees.

In summary, the Inspector highlighted the importance of addressing and incorporating market signals as a key factor of objectively assessed need, and offered further context to the definition of ‘persistent under-delivery’. As the local authority had identified sufficient land for 50,000 houses, the Inspector argued that there was a strong justification to deliver backlog within the first five years.

Durham City Council

Date of Submission	25 th April 2014
Date of Examination	September to October 2014, with Hearing Sessions adjourned on 13th November 2014.
Date of Inspector’s Interim Report	18 th February 2015

Durham City Council (DCC) identified a housing requirement of 1,651 dpa across the Plan period from 2011 to 2030, with an application of a 20% buffer using the ‘Sedgefield’ method to assist supply. The Inspector considered the objective assessment of housing needs to be too high as the council’s vision for a successful local economy incorporates unrealistic assumptions about jobs growth and associated in-migration. The Inspector also identifies shortcomings in the assumptions for level of housing supply.

Linking Employment Growth to Objectively Assessed Need

Using POPGROUP modelling software and 2011 Census Data, the authority tested a number of scenarios based on a ‘mid-point’ of DCLG 2008 and 2011 headship rates to define a requirement. The outcome of this work was a ‘trend based forecast’ whereby the population of the county rises from 513,000 to 560,721 during the plan period, which resulted in an average of 1,435dpa needed. In terms of jobs, the ‘Trend’ indicates that there would be 3,266 fewer jobs in the economy by 2030, based on an employment rate of 66.3% reflecting the rate 2011/2013. It was recognised that latter did not align with the economic growth aspirations of DCC, and therefore it was considered appropriate to appraise alternative scenarios that aim for economic growth. However, the Inspector recognised that in accordance with the NPPF’s general guidance on Local Plans, growth scenarios should be aspirational but realistic.

DCC’s preferred economic growth scenario comprised a policy-on ‘Employment Rate 73% plus 30,000 jobs’. This was based on job growth of 30,000 jobs within County Durham and the remainder created in the wider regional area. The job growth linked to this scenario is based on an increase of approximately 23,000 jobs in County Durham with the other 7,000 created within the wider regional area and accessed by County Durham residents out-commuting.

When the 2012 sub-national population projections are applied into the policy-on scenario, this produces an upward population outcome which is opposite to the recent population trend indicated by the ONS 2012. This is because the anticipated population growth totals vary to accommodate the required labour

force target (30,000) with a higher level of net in-migration used to ensure an appropriately sized labour force.

The Inspector identified that *‘reliance on high employment growth and associated high level of in-migration that is built into the preferred economic scenario represents an unacceptable risk ... Although the chosen jobs target may accord with the regional economic aspirations and the results of econometric forecasts, it is imperative to take account of the fact that other authorities in the North East are similarly seeking growth’*. In summary, the Inspector queried the use of the ‘policy-on’ employment-led scenario. The Inspector also queried the presumption that 7,000 of the 30,000 jobs will be created in the wider regional area and accessed by County Durham residents, as a number of neighbouring authorities submitted evidence to suggest ambitions to reduce the proportion of jobs taken up by in-commuters. Whilst there is a cross boundary agreement in terms of levels and locations of jobs, this agreement does not extend to housing provision. Therefore, the Inspector questions whether there is a degree of housing over-provision derived from this element of the jobs target.

The NPPG and NPPF state that Plans should take account of market signals and deliver the required number of affordable homes. The Inspector considered that ‘any further upward adjustment in respect of affordable housing need and market signals would result in a calculation of OAN that is not grounded in realism in respect of associated population levels’.

In conclusion the Inspector disagreed that 1,651 dpa would be a reasonable calculation of OAN: *‘A more cautious jobs growth target, reducing the reliance on in-migration, would be a more realistic and deliverable scenario that would reduce the evident risk that the planned level of housing may well be forthcoming but the anticipated jobs may not. As such OAN is too high and should be lowered. A reduced economic scenario would represent a more realistic forecast upon which to plan for’*.

In summary, the Inspector questioned the realism of ‘policy-on’ employment adjustment and recommended that a reduced economic scenario, or baseline economic adjustment, was utilised.

Housing Supply

The Inspector questioned the proposed ‘residual for allocation’, that is, the overall supply requirement. The assumptions do not account for demolitions, nor allow for small windfall sites or for empty homes to be brought back into use.

The Inspector also highlights that *‘there is also no allowance for large windfall sites or for the release of former family homes back to the market as the existing properties converted to student accommodation become vacant...which will be the consequence of the University of Durham’s estate strategy of significantly increasing the proportion of students to be housed in purpose built accommodation’*.

In conclusion, by making a conservative assumption that large windfalls and demolitions cancel each other out due to their likely irregular nature and even after making an allowance for the non-implementation of some of the commitments, the Inspector considered that the ‘residual for allocation’ figure is over-stated by around 2,000 units.

Durham City Council are seeking a Judicial Review of the Inspector's decision.

Stratford-on-Avon District Council

Date of Submission	30 th September 2014
Date of Examination	January to February 2015
Date of Inspector's Interim Report	20 th March 2015

The Inspector concluded that Stratford-on-Avon District Council need to revisit the objective assessment of housing need because the labour market adjustments that are contained in the supporting evidence are not justified and fail to demonstrate that an adequate labour force supply will be available to meet the projected job growth within the district. The inspector stipulated that *'housing supply trajectory is tight and in view of the likely need to increase the OAN it needs to provide more headroom'*.

Linking Employment Growth to OAN

The demographic component for determining OAN comprised an assessment of nine alternative scenarios with the preferred scenario based on a 'part return to trend', a vacancy rate including second homes of 3% and a 10-year net migration trend which reflects the district's employment levels. The Inspector was content with the demographic component of the assessment of need.

Within the Inspector's Interim Conclusions, attention is drawn to PAS' 'Objectively Assessed Need and Housing Targets' guidance which states that 'if both a job-led projection and a trend-led demographic projection have been prepared, the higher of the two resulting housing numbers if the objectively assessed need'. Which the Inspector states that 'no such advice is contained within the Planning Practice Guidance, the PAS guidance is material'.

Job growth in Stratford-on-Avon is derived from Experian Forecasts for the period from 2025 to 2031. The Economic-led projections are significantly higher than the figures derived from the demographic modelling; a range from 764dpa-976dpa economically-led scenario to 508dpa arising from the demographic-led scenario. Acknowledging the PAS guidance here would appear to suggest that there remains a case for considering an uplift to housing numbers in order to support economic growth.

The Inspector identifies a series of concerns with labour force adjustments which ultimately impact the level of housing required:

- **Over-reliance on the economic activity of an ageing population:** The 2012-based SNPP shows a decrease in the resident population aged 16-64 of 4,600 between 2012 and 2031, and 6,000 if the base year is 2011 to match the Plan Period. The Inspector states that 'given this significant contraction in what I shall call the conventional economically active population (aged 16-64) it is difficult to understand the justification for the projection increase in the working population or the labour force supply'. The projection appears to rely on an ageing workforce, which despite an increase in the state pension age, is not credible.
- **Levels of in-commuting from outside the District:** The proposed labour force adjustment for levels of in-commuting contradicted the CS objective to 'reduce the level of net commuting'. A consequence of changing this objective

would logically be to increase the provision of housing, as opposed to planning for more cross-boundary commuting.

- **Reducing the level of out-commuting:** The Inspector identified that this would require ‘some 9% of commuters to be recalled over the lifetime of the CS. This is risky as the PAS guidance says’.

ERM concludes that if housing were provided above the demographic need level there is a ‘strong likelihood’ that these would be taken by retired people or out-commuters, but the Inspector states that the claim appears to be based on a pessimistic view that the new jobs created will be low paid and/or part time.

The Inspector concludes by stating that:

‘For the above reasons I have concerns about all of the labour market adjustments that have been advanced in an attempt to show there would be an adequate labour force supply to meet the projected growth in jobs of 12,100 in the District over the lifetime of the CS.

*For these reasons the demographic-led projection is inadequate to meet future changes in the District’s labour market: in short, it would appear that job growth within the District, even without the JLR allocation, is likely to exceed the labour supply. In the circumstances **the housing figure is not aligned to the employment growth forecast** and there are grounds for concern that **the Council appears to be planning for a situation in which a key part of its labour force cannot live in the District.***

For the identified reasons there is no alternative but to refer the matter back to the Council to enable it to revisit its estimate of OAN, moving on from the ERM Consolidated Review, to ensure it can maintain an adequate labour force supply...The Council needs to plan to meet its own projection of the growth in job numbers within its boundaries’.

Eastleigh Borough Local Plan

Date of Submission	15 th July 2014
Date of Examination	November – December 2014, Hearings in January 2015 postponed.
Date of Inspector’s Interim Report	11 th February 2015

Eastleigh Borough Council identified a need for 549 dpa for the borough, when calculated for the Plan period 2011 to 2029. This equates to a need for 9,882 dwellings for the borough. In conclusion, the Inspector identified that the Council failed to recognise the true scale of the affordable housing need within their assessment of market signals. The Plan also failed to provide inadequate flexibility in the land supply to respond to changing circumstances and deliver sufficient supply in the first five years.

The Inspector raised key concerns as follows:

- **Accounting for Unattributable Population Change:** For Eastleigh, the UPC is a significant positive figure suggesting likely under-recording of in-migration. ONS has not included UPC as a component in the 2012 SNPP, hence the population projections for Eastleigh are lower than before, and ONS consider that the UPC should not be attributed to migration (as by its nature,

the reasons for the adjustments are unknown). Although the Inspector agrees that Eastleigh should not attribute this to migration, he comments that *‘nevertheless, UPC may represent higher than accounted for migration into Eastleigh in the past, which may continue in the future. This is not reflected in the 2012- based SNPP and thus not in the JGC Study's outputs’*.

- **Shortfall within the wider Housing Market Area:** Eastleigh identifies that there is a shortfall in housing supply of between 360-750 dwellings between 2011 and 2026 within the SHMA area. The Inspector notes that *‘considered in isolation, Eastleigh Borough does not have to accommodate all this shortfall, but it should seek to accommodate some of it so as to reduce the extent to which any PUSH Review has to address a backlog of provision’*.
- **Identifying Affordable Housing:** The Inspector commented that *‘it is clear that much of the early preparatory work for this Plan was not informed by an up-to-date understanding of the need for affordable housing in the district. This is a significant shortcoming’*. The SHMA substantially reduces the need for affordable housing by discounting from the *‘assessed need an estimate for future lettings in the Private Rented Sector to households in receipt of Local Housing Allowance’*. Eastleigh identified that there is no need to increase housing provision to meet affordable housing needs, which the Inspector queries as *‘30% of an estimated income required to access market housing in Eastleigh would be insufficient to rent an entry level two bedroomed property’*. He further *‘there is no justification in the Framework or Guidance for reducing the identified need for affordable housing by the assumed continued role of the PRS with LHA’*.

The Council notes that *‘323 affordable units had been delivered between 2011-2014; existing planning permissions have secured a further 686 units; and on the basis of the percentages in policy DM28, a further 2,000 could be secured from future permissions, resulting in about 3,000 new affordable housing units over the plan period. This is the maximum likely to be delivered. Actual delivery might be less as it depends on the viability of specific sites to deliver at 35%’*. The Council's estimate equates to an average of 167 pa, which the Inspector argues is *‘substantially below the need for affordable housing and below even the SHMA's figure of 310 pa where the role of the PRS with LHA was assumed to be meeting part of the need’*.

- **Market Signals:** Eastleigh conclude that *‘market signals are not significant for most of the core authorities, but identifies modest market pressure in Eastleigh and Fareham’*. The identification of *‘modest market pressures’* stems from Eastleigh and Fareham having experienced the highest median prices within the SHMA area for the most property types where affordability issues are more acute.

The Inspector argues that *‘Time series rental data from the Valuation Office Agency is available only between 2011 and 2013, but indicates rents rising by 7.4% in Eastleigh compared with 4.4% nationally and 6.9% in Hampshire (Open House, paragraph 5.12). Overall, market signals do justify an upward adjustment above the housing need derived from demographic projections only’*. Whilst the Inspector states that it is difficult to judge the appropriate scale for such an uplift, a *‘cautious approach is reasonable bearing in mind that any practical benefit is likely to be very limited because Eastleigh is only a part of a much larger HMA. Exploration of an uplift of, say, 10% would be*

compatible with the "modest" pressure of market signals recognised in the SHMA itself.

- **Accommodating Economic Growth:** The Inspector states that ‘Economic forecasts have a high degree of uncertainty and, in isolation, do not provide a robust basis for planning land use requirements. It is also preferable for economic forecasts to be based on the functional economic area rather than an individual district and the LEP/Partnership for Urban South Hampshire (11 LPAs) best reflect this approach’
- **Housing Supply:** In the three years since the base date of the Plan, a shortfall of 790 homes (or 46%) has accumulated. Whilst the council ‘considers that the undersupply should be made-up over more than five years and to do otherwise is unrealistic’ because of the on-going effects of recent recession. However the Inspector argues that ‘*in publishing the Guidance last year the Government would have been mindful of national circumstances in the house-building industry. The delay in having an up-to-date local plan is the Council's responsibility and does not justify delay in making good the shortfall. I have seen no evidence that it is not possible to achieve the preferred approach of the Guidance. Accordingly, on the basis of the submitted Plan and current evidence, the shortfall should be made up in the first five years (the "Sedgefield" method)*’.
- **Supply Buffer:** As Eastleigh only met the Local Plan’s annual average housing requirement in two years between 2001 and 2011, overall delivery fell short of the overall required total. The Inspector identified that this was ‘clear evidence of persistent under-delivery’ and considered that a 20% buffer was required.

Despite the inclusion of a supply buffer of 20% and making up the shortfall since 2011, the Council calculates that there is only a 4.37 years supply in relation to the requirement set out in the submitted Local Plan. The Inspector considered that the ‘*land supply is therefore inadequate because there is not sufficient flexibility to respond to changing circumstances and because the supply in the first five years needs to be increased. With the identified need for greater housing provision, the land supply will need to be increased even further*’.

Recently found sound Local Plans

Table 1 below builds on the research undertaken for the 2014 Update Report and represents a further review of relevant sound Local Plan documents between 31st March 2014 and 6th March 2015. Those Plans found sound most recently are highlighted in grey.

Table 1 Summary of Inspector's reports from recent Local Plan examinations

Local Authority	Approach to Backlog	ONS projections or Alternative Scenario	Reference to Market Signals	Buffer for 5 year Housing Land	Sedgefield vs Liverpool	Base Year
Allerdale Borough Council (adopted July 2014)	With an average provision of 172 dwellings per annum, it was considered that the LPA 'consistently under-achieved' against the former RSS of 267 dpa. Inspector was content that the Plan target did not rely upon the now revoked RSS, but represents a fresh and objective assessment. This figure contained a proportion of the cumulative backlog.	Projections underpinned by 2008-interim Household Projections. Final housing requirement does not correspond to any of the five projections scenarios. Instead, it corresponds to a mid-point between two scenarios: 5-year Migration Trend and Employment Baseline Growth.	The total OAN figure is influenced by affordability ratios (see Housing Growth Topic Paper 2013), and the overall housing requirement (not OAN) accounts for house prices differentials identified within the SHMA,	20%	No reference in Inspector's Report Local Plan text sets out Sedgefield approach.	2011 (2011 – 2028)
Broxtowe, Gedling and Nottingham City Aligned Core Strategies (adopted September 2014)	There is no reference to backlog in the Inspector's Report. However, in the Housing Background Paper Addendum, it states: ‘The aligned Core Strategy authorities have assessed their past housing delivery against the policies of the Nottinghamshire and Nottingham Structure Plan (February 2006) and Regional Plan which were current at the time. They have concluded that their past performance cannot be described as ‘a record of persistent under delivery’, as it is only in recent years, following the credit crunch and housing market collapse that they have slipped behind what was required. Inspector's report does state: ‘The Council suggested that the net in-migration figures in the ONS 2008-based population and DCLG projections were not realistic as they were based on trends of high growth in university students and international migration. Nottingham has substantial student and immigration populations, but it	Projections are underpinned by mid-year estimates and interim 2011-based household projections scaled against the following three scenarios: rescaled 2010 headship rate for 5 years, rescaled (actual) 2010 headship rates for all years to 2031 and rescaled historical trends for years 2001 – 2008.	The OAN referenced past rates of development, however the overall requirement was not influenced by rates.	5%	No reference in Inspector's report	2011 (2011 – 2028)

Local Authority	Approach to Backlog	ONS projections or Alternative Scenario	Reference to Market Signals	Buffer for 5 year Housing Land	Sedgefield vs Liverpool	Base Year
	seems reasonable to assume changed growth trends in future in view of shifts in Government policy on student fees and control on immigration from overseas.					
Christchurch and East Dorset (adopted April 2014)	Annual Monitoring Reports demonstrate that Councils have delivered more housing than the target in the 1994 – 2011 Structure Plan. On this basis the Councils have planned appropriately with a 5% buffer.	As a result of the extrapolation of economic downturn trends, approach applies the ONS/CLG population and household change rates from the 2008-based projections to updated baseline information for mid-2011.	The final OAN includes a vacancy allowance, which was defined by the SHMA as a result of the level of second homes and overall vacancy, of 2-3%.	5%	No reference in Inspector's report	2013 (2013 – 2028)
West Northamptonshire Joint Planning Unit (Daventry, Northampton, South Northamptonshire and West Northamptonshire) (adopted December 2014)	The shortfall from 2011-2013 against the annualised figures based on objectively assessed need have been re-profiled with the bulk of the shortfall being met during the middle of the plan period. Meeting shortfall in the first five years is considered to be undeliverable when considered both against the base position and the time required before the defined Sustainable Urban Extensions are delivering new homes.	Tested five scenarios: <ul style="list-style-type: none"> • 2008 SNHP Projections; • 2001-2011 trend which rolled forward average migration rates by age and sex for 2001-2011; • 2006-2011 trend which rolls forward average migration rates for previous five years; • A 'Partial Return to Trend' which assumes that after 2015 the household formation rates recover toward the 2008 rates, reaching a mid-point by 2025, where they stay to 2031. • 'Tracking 2008 based rates', which assumes that the rates do not continue to diverge, but that by 2025 the CLG rates will have 	The overall OAN was increased by 900 (2.1% of the overall housing requirement) to account for current market conditions, such as market prices and to help redress historically lower proportions of social rented units.	Not identified, which may reflect the long run-in for the Plan Process.	Backlog to be delivered in the middle of the Plan Period, as SUEs progress. This approach reflects a phased version of the Liverpool Method.	2011 (2011-2029)

Local Authority	Approach to Backlog	ONS projections or Alternative Scenario	Reference to Market Signals	Buffer for 5 year Housing Land	Sedgefield vs Liverpool	Base Year
		returned to the level which the 2011 Census rates were above. The tracking 2008 based rates was the approach adopted.				
Fenland (adopted May 2014)	<p>Fenland District Council have delivered housing at a rate above the RSS target for the years 2001/2 to 2009/10. Notwithstanding the last few years of under delivery, the rolling average is almost in line with the RSS target.</p> <p>Council entered into a Memorandum of Co-operation which concerns the distribution of dwellings within the Cambridge HMA. This MOU represents a time period that starts in 2011, and therefore five years' worth of these dwellings (from 2006 – 2011) are not relevant. This reduced the number of homes to be provided in Fenland by 1,000 homes.</p> <p>The annual requirement has not been achieved for the first two years of the plan. The Council relies on this shortfall in provision over the first two years of the Plan being re-distributed over the remaining 18 years</p>	<p>Given the time of Local Plan publication and the vastly different Mid-Year Population Estimates for Housing Market Area, analysis compares official population projections against the 2011 Census. Population is forecasted by using a base year of 2010 within the East of England Forecasting Model.</p> <p>This model is common with the 2011-based projections which follow the assumption that occupancy ratios will fall in the future, but that the fall will not be as strong as suggested in the 2008-based projections.</p>	The Inspector commended the inclusion of a 'trigger point' within the Core Strategy to commence a partial review of the OAN based on high sustained rates of development	5%	Liverpool Approach ('the residual method')	2011 (2011 – 2031)
Gravesham Borough Council (adopted September 2014)	<p>Based on the varying state of the local housing market, the need for some existing employment uses to first relocate/reorganise and the absence of any other realistic alternative, strategic level, potential sites that are outside the Green belt, it is not unreasonable to accept that the new housing delivery in the borough will need to be back-loaded instead.</p> <p>This is to be achieved through a varying new housing trajectory incorporating material increases in delivery over three distinct parts of the overall Plan Period that</p>	<p>Initial submission was based on a net nil migration scenario which was considered not to be an Objective Assessment of Need by the Inspector.</p> <p>Following a pause in the examination, the re-run migration projection 'Long Term Average Migration Trend' resulted in an additional 205 people per year, or a</p>	OAN accounts for market signals identified within the SHMA, including increasing number of elderly people.	5%	Phased approach to Liverpool Method.	2011 (2011 – 2026)

Local Authority	Approach to Backlog	ONS projections or Alternative Scenario	Reference to Market Signals	Buffer for 5 year Housing Land	Sedgefield vs Liverpool	Base Year
	takes account of the under-provision of new housing since the 2011-based date.	corresponding additional housing requirement of approximately 1,800. Inspector identified that this was not best practice, or consistent with national guidance, but is sufficient given the unique local circumstances.				
Royal Borough of Greenwich	Royal Greenwich's recent record has been one of under achievement but, like other London Boroughs, this can be attributed mainly to the state of the economy and housing market, not due to any under provision of suitable sites by the Council.	Based on The London Plan 2011 Housing Requirement.		20%	No reference in the Inspector's Report	2013 (2013 – 2028)
Leeds City Council (adopted November 2014)	<p>The Housing Background Paper (CD6-48a) considers whether it is appropriate to address 'backlog' as a component of future housing requirement. The paper states that 'given the significant recalibration of the Leeds population in recent years and the errors involved in modelling international migration it would be very difficult to estimate with precision a level of undersupply prior to 2012. Given as well that the Core Strategy target is at the upper end of the likely growth scenarios for Leeds it is considered unnecessary to account for backlog in the Core Strategy housing trajectory'.</p> <p>The Core Strategy states that 'commencement date for the housing requirement is 2012/13 to tie-in with the adoption date of the Plan. Given the depressed state of the housing market over recent years, no calculation has been made of over or under-supply against targets in the Regional Strategy. The start of the housing requirement marks a clean break from the past.'</p>	The adopted Core Strategy states projections are primarily based on the 2008-based population projections within the context of evidence derived from the SHMA and has not reflected the 2012-based population projections which were established at a very late point in the Examination Process.	<p>The Inspector concluded that 2011 SHMA assessed the existing market and housing stock, affordability and modelled different scenarios for growth, it concluded that an employment-led scenario would be most appropriate.</p> <p>In terms of affordability, the SHMA indicates that approximately 1,150 affordable dwellings per year would have to be built over 5 years to</p>	<p>None identified.</p> <p>The Inspector stated that increasing the housing requirement over the first five years is likely to lead to a level of development which cannot be supported by the necessary infrastructure.</p>	No provision for backlog or undersupply, however this is considered to be atypical.	2012 (2012 to 2028)

Local Authority	Approach to Backlog	ONS projections or Alternative Scenario	Reference to Market Signals	Buffer for 5 year Housing Land	Sedgefield vs Liverpool	Base Year
			clear the backlog in provision.			
North Warwickshire (adopted October 2014)	Interestingly, the North Warwickshire Plan Period originally extended from 2006 to 2028, however the Strategic Housing Market Assessment uses 2011 as a base date and forecasts housing need up to 2031. Following a number of Consultee Responses which argued that the plan period should be extended to 2031, the council proposed a change of Plan Period from 2011 to 2031. The inspector stated that 'providing that changing the base date does not result in any backlog in the identified need for housing or employment being written off, I see no practical reason why the start date should not be changed from 2006 to 2011'.	Projections use CLG 2011-based projections updated through two methods: extending the projection to 2031 based on demographic trends in revised mid-year estimates, and updating the projections to take full account of the 2011 Census and revised ONS projections. The SHMA uses 4 models (demographic, economic, component, and dwelling led to produce 11 different housing projections. The component (zero net migration, zero employment growth) and dwelling led (past build rates) projections are rightly discounted.	The Inspector states: 'In taking account of market signals, including affordability, the PPG states that increases in supply should be based on reasonable assumptions consistent with the principles of sustainable development. Providing affordable housing is an important objective but, in light of the findings of the further SA work, the evidence before this examination weighs against setting a higher figure at this time'.	5%	No reference in the Inspector's Report	2011 (2011 - 2029)
Richmondshire District Council (adopted December 2014)	Between 2004 and 2013, Richmondshire delivered a total of 1,122 dwellings against a target for the Period of 1,125 (125 per annum). Although the LPA recognises that the definition of 'past under-delivery is arguable', they have identified the sites to deliver a 20% buffer to their housing requirements. The Inspector states that 'where there has been a record of persistent under-delivery of housing, it is necessary for planning authorities to add an additional 20% buffer to the supply of land for housing identified for the first five	Overall, six scenarios of population change and household growth have been considered. The Core Strategy adopts a 'migration-led scenario' which uses the basis of the derivation of its migration assumptions from the components of change evident in the 2011 MYE.	No references to market signals.	20%	Sedgefield Approach (delivery within first five years of the Plan Period)	2012 (2012-2028)

Local Authority	Approach to Backlog	ONS projections or Alternative Scenario	Reference to Market Signals	Buffer for 5 year Housing Land	Sedgefield vs Liverpool	Base Year
	years moved forward from later in the Plan Period. I consequently concur that in this regard the expectations of the Framework are met’.	Which the Inspector considers to be appropriate.				
Rotherham (adopted September 2014)	<p>Core Strategy Policy CS6 states that sufficient land will be allocated in the Sites and Policies DPD to meet Rotherham’s housing requirement of 850 net additional dwellings per annum or 12,750 for the period 2013 to 2028, plus any shortfall in the delivery against that annual target from April 2008 to the adoption of the Core Strategy. The shortfall is the difference between annual completions and the target of 850, which between 2008/9 and 2012/13 result in a shortfall of 1,621 dwellings. The total requirement is therefore 14,371.</p> <p>However, the inspector also highlighted that it was tempting to just assess shortfall according to the degree to which net housing completions have fallen short of the target set out in the development plan which was extant at this time. This included the RS. This therefore implied taking account of the shortfall and latent demand during the 10 year period from 2004/5 to 2012/13, which gives a total backlog of 4,383.</p> <p>This under-delivery should be treated as a ‘persistent record’, which means that the Council should increase the buffer to 20%.</p>	Housing Requirement is based on a Baseline Economic Growth (determined through REM and 2008-based Household Projections).	The OAN figure takes into account completion rates and rates of development. No further references to market signals.	20%	Sedgefield approach – The Inspector seeks to bring forward a buffer of 20%, indicating that: Year 1 -5: 1,150 dpa (based on annual requirement + backlog + 20%) Year 6- 15: 862 dpa.	2013 (2013 – 2028)
Stafford Borough Council (adopted June 2014)	As regards previous shortfalls in housing provision, SBC recognises that Stafford Borough has under-performed to a degree which justifies a 20% boost to the first 5-year housing land supply period. Past provision exceeded the level of housing provision needed under the last formally approved 2004 WMRSS (280 dw/yr), but there is a	The proposed level of housing provision takes account of the additional households estimated to be formed in Stafford Borough between 2011-2031, (at 461 households/year based on the 2008 DCLG household	The OAN figure takes account of market demand, including past rates of delivery and affordability. The Inspector states: ‘It	20%	Sedgefield approach	2011 (2011 – 2031)

Local Authority	Approach to Backlog	ONS projections or Alternative Scenario	Reference to Market Signals	Buffer for 5 year Housing Land	Sedgefield vs Liverpool	Base Year
	<p>shortfall of 1,150 dwellings when measured against the Phase 2 Revision proposals. Housing provision did not proceed at the expected rate, partly due to the economic recession, but the former WMRSS has now been revoked, and the submitted Plan commences at 2011. Looking forward, housing needs within the overall plan period have been assessed and the PSB makes more provision than needed to meet these objectively assessed housing needs. It is therefore unnecessary to make specific additional provision to accommodate this past shortfall; any shortfalls since 2011 would be taken into account by updating the housing trajectory in the future.</p>	<p>projections); and includes an element of further growth (natural change accounts for only 30% of new households, with in-migration representing nearly 70% of the total).</p>	<p>would not be appropriate to further increase the overall level of housing to fully meet the need for affordable housing as a proportion of market housing, since there are other means of making such provision, and increased levels of housing may not be sustainable or deliverable'.</p>			

Appendix B

University of York and York St
John University monitoring data

University of York and York St John University monitoring data

Overview of HEI accommodation demand in York 2010-2018 UoY and YSJU

Academic Year	Institution	Total FT York In	Live at home / commute to York	University provided bed spaces	Third party provided purpose built student accommodation	Private Rental Sector Demand	Avg houses based on 4 sharing	Change in housing demand per year	% students living in Private Rental Sector
2010/1	UoY	12,493	625	4618	0	7,250	1,813		61.09%
2011/2	UoY	13,153	658	4618	0	7,877	1,969	157	63.04%
2012/3	UoY	13,156	658	5303	350	6,845	1,711	-258	54.77%
2013/4	UoY	13,659	683	5218	350	7,408	1,852	141	57.09%
2014/5	UoY	13,476	674	5746	594	6,462	1,616	-236	50.48%
2015/6	UoY	13,472	674	5746	594	6,458	1,615	-1	50.46%
2016/7	UoY	13,597	680	5746	594	6,577	1,644	30	50.92%
2017/8	UoY	13,661	683	5746	594	6,638	1,659	15	51.15%
								-153	-9.94%
2010/1	YSJU	4,153	769	1340	0	2,044	511		60.40%
2011/2	YSJU	4,329	808	1340	0	2,181	545	34	61.94%
2012/3	YSJU	4,670	859	1350	0	2,461	615	70	64.58%
2013/4	YSJU	5,281	954	1608	0	2,719	680	65	62.84%
2014/5	YSJU	5,768	1004	1608	0	3,156	789	109	66.25%
2015/6	YSJU	6,208	1052	1608	0	3,548	887	98	68.81%
2016/7	YSJU	6,321	1052	1608	0	3,661	915	28	69.48%
2017/8	YSJU	6,321	1052	1608	0	3,661	915	0	69.48%
								404	9.08%
2010/11	Both HEIs	16,646	1,394	5,958	0	9,294	2,324		60.94%
2011/12	Both HEIs	17,482	1,466	5,958	0	10,058	2,515	191	62.80%
2012/13	Both HEIs	17,826	1,517	6,653	350	9,306	2,327	-188	57.06%
2013/14	Both HEIs	18,940	1,637	6,826	350	10,127	2,532	205	58.53%
2014/15	Both HEIs	19,244	1,678	7,354	594	9,618	2,405	-127	54.75%
2015/16	Both HEIs	19,680	1,726	7,354	1,195 ²⁵	9,405	2,351	-53	52.38%
2016/17	Both HEIs	19,918	1,732	7,354	1,195	9,637	2,409	58	52.99%
2017/18	Both HEIs	19,982	1,735	7,354	1,195	9,698	2,424	15	53.15%
								101	-7.79%

²⁵ Includes 601 bed spaces associated with The Press application, which are open to students from both universities.

Annex 1

NB: Based on full-time students.

Assumptions: University of York:

- Excluding students on placements out of York
- Based on MTP figures used for College 9 Modelling in Jan 2013
- Assume 5% of FT students live at home
- College 9 opens in 2014/5 with one older block being removed
- Stock includes allowance for 50 family houses both on-site and in the city (e.g. McHugh Court)
- Includes allowance of 158 for visiting students

Assumptions: York St John University:

- Assume 20% of FT students live at home

Assumptions: Purpose-built accommodation:

- Assumes Boulevard aimed towards UoY students
- Assumes Caddick 244 on stream from 2014/5 - per planning application and aimed towards UoY students
- Assumes Press Offices Site 601 on stream from 2015/6 (58 flats, 303 studios in planning application), and open to all students

Assuming 100% occupancy of purpose-built and university-managed bed spaces

Appendix C

City of York Council analysis on
student numbers

City of York Council analysis on student numbers

	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016
Number of students																
York St John College	4910	5255	5905	5625	5720	6460	6435	6205	6535	5875	5950	5975	6050	6420		
The University of York	9480	10640	11240	12385	12625	13750	13270	13185	13490	15265	16675	17405	16150	16680		
Askham Bryan College***			580	621	632	641	737	892	957	1073	1508	1943	2378	2814		
Total students at Universities	14390	15895	17145	18010	18345	20210	19705	19390	20025	21140	22625	23380	22200	23100		
All students	14390	15895	17725	18631	18977	20851	20442	20282	20982	22213	24133	25323	24578	25914		
UoY Projected*															17030	17380
YSJ projected**															6670	6920
Total Number of Projected students at Universities															23700	24300
Number of bed space																
York St John College								1139	1281	1423	1565	1707	1849	1849		
The University of York					3047	3188	3865	3640	4081	4615	4627	4640	5253	5393	5600	
Askham Bryan College										275	289.5	304	318.5	333	333	
Total at Universities					3047	3188	3865	4779	5362	6038	6192	6347	7102	7242	5600	
Total (All)					3047	3188	3865	4779	5362	6313	6481.5	6651	7420.5	7575	5933	
Student Accomodation Planning Permissions (at 1st April 15)																
Completions****															340	
With Permission/ Under Construction *****															1854	
Total															2194	

Annex 1

	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030
Number of students														
York St John College														
The University of York														
Askham Bryan College***														
Total students at Universities														
All students														
UoY Projected*	17730	18080	18430	18780	19130	19480	19830	20180	20530	20880	21230	21580	21930	22280
YSJ projected**	7170	7420	7670	7920	8170	8420	8670	8920	9170	9420	9670	9920	10170	10420
Total Number of Projected students at Universities	24900	25500	26100	26700	27300	27900	28500	29100	29700	30300	30900	31500	32100	32700
Number of bed space														
York St John College														
The University of York														
Askham Bryan College														
Total at Universities														
Total (All)														
Student Accomodation Planning Permissions (at 1st April 15)														
Completions****														
With Permission/ Under Construction *****														
Total														

Assumptions used:

* Assumption for UoY projection is 350 students per year increase from 2013/14 taken from University of York Projection data

** Assumption for YSJ projection is 250 students per year increase from 2013/14 taken from York St John's University Projeciton Data

*** Assumed that growth between 2010/11-2013/2014 was 435 per year; calculated by $((2814-1074)/4)$.

**** Completion refers to 11/01496/REMM (6-18 Hull Road; now known as The Boulevard, UoY accomodation).

***** Planning permissions include: 13/03522/FULM (Hallfield Road), 13/03349/FUL (Lawrence street), 13/01916/FULM (Yorkshire evening press, Walmgate).

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Annex 2: Indicative 5 yr supply at 1st April 2015

Local Plan Site Reference	Application Reference	Site Name	Total Site Units Planned/ Remaining	
Category 1: Committed Development				
	10/02336/REMM	Yeomans Yard Little Hallfield Road	10	
	13/02064/FULM	British Heart Foundation 34 Piccadilly	10	
	07/00846/FUL	Elliots Hotel 2 Sycamore Place	9	
	14/01983/ORC	North Lodge Clifton Park Avenue	11	
	13/00982/FUL	Yearsley Grove Hotel Huntington Road	2	
	13/02712/FULM	Shepherd Group Social Club 131 Holgate Road	12	
	14/00169/FULM	Blue Bridge Hotel 39 Fishergate	12	
H18	14/01550/FULM	Land Lying to South of Centurion Office Park Tribune Way	13	
	15/00132/ORC	First York 45 Tanner Row	14	
	14/00763/FULM	Pack of Cards 164 Lindsay Avenue	14	
	14/02446/FUL	Hunter House 57 Goodramgate	14	
	14/01974/ORC	First Floor Matmer House Hull Road	15	
	13/03245/ORC	Premier Global Xpedite Systems Ltd 3 Pioneer Business Park Amy Johnson Way	22	
	14/00811/ORC	Hilary House 16 St Saviours Place	11	
H15	13/01833/FUL	Former Civic Amenity Site Beckfield Lane	18	
	13/03099/FULM	Fox and Hounds 39 Top Lane Copmanthorpe	28	
	14/00622/ORC	Castle Chambers 7-13 Clifford Street	28	
H17	13/01538/FULM	Burnholme Social Club	22	
	14/02091/FULM	1-9 St Leonards Place	40	
	13/03342/ORC	Aviva Roman House 4-8 Rougier Street	49	
	13/02983/ORC	Holgate Villa 22 Holgate Road	50	
H32	12/03149/FULM	The Tannery Sheriff Hutton Road Strensall	4	
H13	13/02892/FULM	Our Ladys Primary School	55	
H16	13/02724/FULM	Sessions of York Huntington Road	18	
ST16	09/01606/OUTM	Terrys (Remaining)	81	
ST16	13/03429/REMM	Terrys Phase I	85	
ST16	14/01716/REMM	Terrys Phase II	200	Extends beyond 5 year trajectory (A further 29 homes are anticipated from this site)
ST28	12/02979/FUL	Land Adj to & R/O Windy Ridge & Brecks Lane Huntington	87	
	13/03522/FULM	Proposed Student Accommodation Hallfield Road	91	
	14/02579/ORC	Hudson House Toft Green	115	
	14/02420/ORC	Crown Prosecution Service United House Piccadilly	116	
ST23	13/02279/REMM	(Phase 2) Land to West of Metcalfe Lane Osbaldwick	85	
ST23	12/01878/REMM	(Phase 3 & 4) Land to West of Metcalfe Lane Osbaldwick	175	Extends beyond 5 year trajectory (A further 119 homes are anticipated from this site)
	13/03015/FULM	(Phase 2) Hungate Development Site	195	
	12/02282/OUTM	(Remaining) Hungate Development Site	131	Extends beyond 5 year trajectory (A further 227 homes are anticipated from this site)
ST3	11/00860/OUTM	The Grain Stores Water Lane	197	
H14	12/02609/FULM	Former Citroen Garage 32 Lawrence Street	218	
ST22	12/00384/REMM	Germany Beck Site East of Fordlands Road	250	Extends beyond 5 year trajectory (A further 405 homes are anticipated from this site)
	13/01916/FULM	Yorkshire Evening Press 76-86 Walmgate	361	
H4	14/02404/FULM	St Josephs Monastery	541	
H47	13/03481/FULM	Royal Masonic Benevolent Institute Connaught Court	14	
ST17	10/01955/OUTM	Nestle South	205	Extends beyond 5 year trajectory (A further 110 homes are anticipated from this site)
	13/02397/FULM	Banana Warehouse 36-44 Piccadilly	37	
H10	13/02135/FULM	The Barbican	187	
ST3	15/00121/REMM	Former Grain Stores Water Lane	18	Increase to original consent (197) approved through reserved matters
	14/01383/FULM	2-14 George Hudson Street	58	
	13/03727/FUL	Bert Keech Bowling Club Sycamore Place	5	
	14/01478/OUTM	Del Monte Skelton Park Trading Estate Shipton Road Skelton	60	
Sub-total of committed development sites				3993
	Various	Housing Sites <10 homes	397	
Sub-total of housing sites <10 units				397
Category 2: Local Plan Submission Draft Housing Site Allocations where not already committed development				
H1		Former Gas Works, 24 Heworth Green	210	Extends beyond 5 year trajectory (A further 73 homes are anticipated from this site)
H3		Burnholme School	25	
H5		Lowfield School	72	
H7		Bootham Crescent	73	
H8		Askham Bar Park & Ride	50	
H11		Land at Frederick House Fulford Road	15	Extends beyond 5 year trajectory (A further 18 homes are anticipated from this site)
H19		Land at Mill Mount	8	Extends beyond 5 year trajectory (A further 8 homes are anticipated from this site)
H20		Oakhaven EPH	7	Extends beyond 5 year trajectory (A further 8 homes are anticipated from this site)
H21		Woolnough House EPH	5	Extends beyond 5 year trajectory (A further 6 homes are anticipated from this site)
H22		Heworth Lighthouse	13	
H23		Grove House EPH	11	
H25		Heworth Green North	10	Extends beyond 5 year trajectory (A further 10 homes are anticipated from this site)
H48		Haxby Hall EPH	15	
H51		Morrell House EPH	10	
Sub-total of draft housing allocations where not already committed development				524
Category 3: Local Plan Submission Draft Strategic Housing allocations where not already committed development				
ST1		British Sugar/Manor School	105	Extends beyond 5 year trajectory (A further 1035 homes are anticipated from this site)
ST17		Nestle South overage (additional residential capacity over and above original consent)	70	Extends beyond 5 year trajectory (A further 60 homes are anticipated from this site)
ST16		Terry's overage (assume)	104	Extends beyond 5 year trajectory (A further 71 homes are anticipated from this site)
Sub-total of draft strategic housing allocations where not already committed development				279
Total Identified Supply				5193

Sites awaiting legal/conditions approval at 1st April 2015

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Annex 3: Windfalls Analysis

Table 1: Historic Windfall Rates 2005 to 2015

Year	Very Small Windfalls (net)	Small Windfalls (net)	Medium Windfalls (net)	Large Windfalls (net)	Conv/ COU (net)	Total (net)
2005/ 2006	107	70	86	43	146	452
2006/ 2007	155	125	7	10	91	388
2007/ 2008	96	91	21	23	72	303
2008/ 2009	135	29	13	74	71	322
2009/ 2010	32	3	10	17	62	124
2010/ 2011	49	29	19	172	60	329
2011/ 2012	28	5	15	21	41	110
2012/ 2013	26	0	5	12	55	98
2013/ 2014	36	17	0	45	52	150
2014/ 2015	15	26	0	0	96	137
Totals	679	395	176	417	746	2413

Table 2: Comparison of net windfall completions as a proportion of total net housing completions

Year	Net Dwelling Gain	Net Windfall Completions	Proportion of Windfalls as a % of Overall Completions
2005-2006	906	452	49.89%
2006-2007	798	388	48.62%
2007-2008	523	303	57.93%
2008-2009	451	322	71.40%
2009-2010	507	124	24.46%
2010-2011	514	329	64.01%
2011-2012	321	110	34.27%
2012-2013	482	98	20.33%
2013-2014	345	150	43.48%
2014-2015	507	137	27.02%
2005-2015	5354	2413	45.07%

Table 3: Types of Windfall and 10 yr average

Size/Type of Windfall	Ten Year Total	Ten Year Average	Windfall Types Represented as a Proportion of Total Windfalls (%)
Very Small Windfalls (Less than 0.2 ha)	679	67.9	28.14%
Small Windfalls (0.2 - 0.4 ha)	395	39.5	16.37%
Medium Windfalls (0.4 - 1.0 ha)	176	17.6	7.29%
Large Windfalls (> 1.0 ha)	417	41.7	17.28%
Conversions/COU	746	74.6	30.92%
Totals	2413	241.3	100.00%

**Local Plan Working Group****29 September 2015**

Report of the Acting Director for City and Environmental Services

City of York Local Plan – Economic growth**Summary**

1. It is an important part of the overall National Planning Framework that we need to develop a plan that builds a strong competitive economy. As part of the Local Plan process, we need to provide an assessment of the future trends for our local economy to determine the likely scale of economic growth in the city and the appropriate level of commercial space to meet this demand.
2. It is also important that the local plan is consistent with the economic plans and strategies, including the Strategic Economic Plans for both the Leeds City Region and the York, North Yorkshire and East Riding Local Enterprise Partnerships. It will also need to be consistent with the York Economic Strategy, which is currently being refreshed by the business-led York Economic Partnership.
3. The Working Group are invited to consider this evidence of demand for employment land and the options set out at below as a starting point for determining the amount and type of employment land required to be identified in the Plan.

National Planning Policy and Practice Guidance

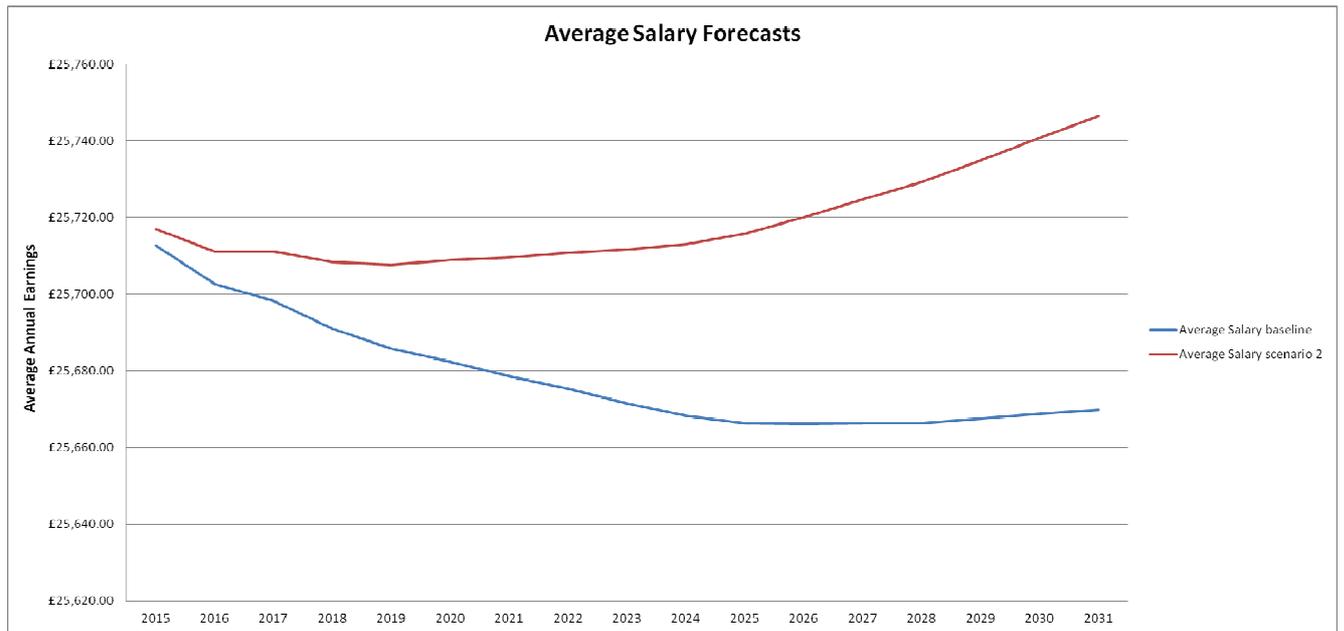
4. The National Planning Policy Framework (NPPF) provides a clear position on the need to build a strong competitive economy. In respect of Local Plans it states at paragraph 21 of the guidance the Plan should: -
 - set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth; and
 - set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period.
5. This policy reflects the overarching policy in NPPF (paragraph 14) of meeting the objectively assessed need for development in the Plan area. The NPPF also says at paragraph 180 that:

‘Local planning authorities should take account of different geographic areas, including travel-to-work areas. In two tier areas, county and district authorities should cooperate with each other on relevant issues. Local planning authorities should work collaboratively on strategic planning priorities to enable delivery of sustainable development in consultation with Local Enterprise Partnerships.’
6. The practice guidance which accompanies the NPPF provides a framework for assessing the need for employment land. It refers to the use of both quantitative and qualitative information; and sectoral and employment forecasts to help understand the demand for land along with analysis of the supply of land. (The land supply will be dealt with in a separate paper to a forthcoming LPWG).
7. The technical work described in this report will provide a major component of the update of the 2009 Employment Land Review which will bring together the evidence on the demand for and supply of land. This work will provide the evidence to inform the choices of employment

sites and the policy approach to promoting economic growth that will be set out in the Plan.

Economic Forecast for York – Summary

8. To help build the picture of the demand for employment land the council has sought expert technical advice from Oxford Economics (OE). Some members of the LPWG may recall a presentation at the seminar for members on 1st Dec 2014 by Anthony Light from OE. Since that time we have commissioned an update of the forecasts and an assessment of how the forecast for different sectors of the economy will affect the demand for employment land.
9. The new report from OE is included as annex 1 to this report. It produces a baseline scenario and two alternative scenarios for York's economy.
10. The baseline scenario, is what the forecaster expect is likely to happen projecting forward past trends without significant change in the composition of York's economy. The baseline scenario also shows that the sectors that are most likely to grow are sectors which include sectors which pay lower wages. Analysis by colleagues working on the Council's Economic Strategy indicates that under this scenario we will see a fall in wages (based on 2015 average wage levels for sectors) of just under 1% over this period.
11. Two alternative scenarios are listed; one is based on higher migration and faster recovery, the other shows re-profiled growth, through opportunities including York Central where we have additional employment land focused on high value jobs. Using OE Forecast numbers, this would lead to a real increase (in 2015 productivity and wage terms) of 1.1%. This would have a low impact on overall housing demand as, high value sectors tend to have less intensive labour demands. The OE forecast shows that this would also lead to a very small number of additional jobs compared with the baseline scenario. A comparison on the impact of wage levels and the baseline scenario is outlined in the chart below.



Source: CYC based on ONS and OE data
 (Note – this is an ‘all other things being equal analysis’ and assumes that salary levels stay at average 2015 levels for the period)

Economic Forecast for York – Context

12. The UK’s economic recovery is well established. GDP grew by 2.8% in 2014, the strongest rate of expansion since before the recession. The labour market has performed impressively with employment now at a record high, boosted by the creation of 1,085,000 jobs – most full time – in 2014. That said, the recovery has been uneven across the UK with Yorkshire generally lagging in this respect but as the North West grew more strongly it is not a simple north south divide. However, looking forward conditions remain supportive of strong growth.
13. The Councils Strategy and Policy Group (Economy and Place) who are working on York’s Economic Strategy have indicated that although York’s economic position is strong in some areas there are notable concerns in others (particularly the growth in low wage occupations and the recent corresponding fall in average wage levels). York has significantly higher levels of skills locally and one of the lowest job

seeker claimant rates in the north of England. The local economy has significant local employment in professional services, financial services (particularly insurance), hospitality and tourism.

14. There are however some challenges for York's economy. Over the last 20 years there has been a re-profiling of sectors in York's economy away from manufacturing to the service sector. This has led to a reduction in productivity and wage levels in the city despite its considerable advantage in terms of skills. This is the key challenge for York's economy to address.
15. One barrier to addressing this challenge is availability of good quality grade A office space in the city centre. Recent reports for example (<http://www.centreforcities.org/publication/beyond-the-high-street/>) have shown that this is likely to be the areas of high growth in the future.
16. In addition colleagues from the Strategy and Policy Group (Economy and Place) have highlighted that their analysis indicates that there has long been pent up demand in York through longstanding historic lack of suitable city centre office accommodation in the city. GVA Consultants, in their 2015 report, 'City of York Key Sites: Commercial Property Case' state that in York "the overall supply of Grade 'A' space is restricted and the amount of accommodation marketed to let or for sale at any one time is limited." While one may look at city-wide availability as a headline measure, GVA suggest that "[this] figure is misleading, especially when we consider what space might in reality be available to an inward investing occupier who is looking for high quality space." It explains that "Indigenous demand for office space in York is considered to be relatively strong and the City benefits from a healthy level of inward investment enquiries; however this demand is not matched by an equivalent supply of modern space."
17. With consideration of the forecasts, without intervention to address the issues above, employment in York is forecast to grow in the baseline scenario outlined below. It is important to consider the opportunities that realistic and deliverable interventions might create.

Economic Forecasts

18. As previously highlighted OE provides a baseline trend forecast of economic growth and two scenario based forecasts. The purpose of these scenarios is two fold; to explore the impact of an overall faster rate of recovery in the UK economy and to explore how local interventions could change the rate of economic growth. These scenarios are helpful in understanding the impact on the Local Plan of inevitable uncertainties in forecasting economic growth. This point will be returned to later in the report.
19. These three forecasts are presented as an analysis of growth by employment sector. This can then be assigned to use classes and using widely accepted assumptions about employment density it can be converted into floor space and then into site requirements.
20. Table 1 below shows the forecast sector growth using a trend based forecast. It shows strong growth in a number of sectors including; Professional scientific and technical, wholesale and retail and human health and social work. With manufacturing showing the greatest shrinkage in job numbers.

Table 1

York employment - baseline forecast				
	Level		Change 2014-31	
	2014	2031	%	level
Agriculture, forestry & fishing	669	534	-20.2	-135
Mining & Quarrying	0	0	-	-
Manufacturing	4,291	3,160	-26.3	-1,131
Electricity, gas, steam & air	92	111	19.9	18
Water supply	390	351	-9.9	-39
Construction	5,605	6,784	21.0	1,179
Wholesale & retail trade	18,347	19,922	8.6	1,575
Transportation & storage	10,914	11,929	9.3	1,015
Accommodation & food service	10,185	11,237	10.3	1,052
Information & communication	2,818	3,284	16.5	466
Financial & insurance	4,303	4,346	1.0	43
Real estate activities	1,890	2,265	19.9	375
Professional, scientific & tech	8,725	11,472	31.5	2,747
Administrative & support	6,324	8,028	26.9	1,704
Public administration & defence	6,141	5,355	-12.8	-787
Education	12,440	12,340	-0.8	-100
Human health & social work	15,861	17,073	7.6	1,212
Arts, entertainment & rec	3,020	3,836	27.0	815
Other service activities	3,364	3,914	16.3	550
Total	115,377	125,937	9.2	10,560

Source: Oxford Economics

Note: Data presented is on an annual basis

21. This forecast of job growth is lower than the previous (spring 2014) forecast. This change has arisen for two reasons, firstly the availability of more recent data from businesses about their growth and secondly the revision to the national and international economic outlook. This earlier forecast indicated job growth of 13,555 over the period 2013 to 2030. Whereas the current forecast indicates a growth of 10,560 over the period 2014-31. Part of the revision to the economic outlook is a recognition that some 700 more jobs have been already created when compared to what was forecast in spring 2014 and that the long term forecast shows slightly slower growth. That said; the key sectors for growth are unchanged from the earlier forecast but show slightly lower overall job growth.

22. Table 2 below provides a comparison of the overall and sector based growth in the two forecasts. It should be noted that this table provides a comparison over the time period 2014-31 and as a consequence shows a smaller difference between the two forecasts than the figure quoted above where the 2014 forecast is for the period 2013-30.
23. A significant point, as mentioned above, is that this sector growth projection will, without intervention, lead to a higher proportion of employment in lower wage and lower productivity sectors in York over this period. Applying these forecasts to the current average wage rates for these sectors implies that average wages in York will fall by just under 1% under the baseline scenario.

Table 2 comparison of 2013 and 2014 forecasts

York employment							
Oxford Economics' forecasts comparison Feb 2014 and May 2015	Level - Feb 2014		Level - May 2015		Level change 2014-31		
	2014	2031	2014	2031	Feb 2014	May 2015	Diff
Agriculture, forestry & fishing	588	471	669	534	-95	-135	-40
Mining & Quarrying	0	0	0	0	0	0	0
Manufacturing	4,202	2,923	4,291	3,160	-1,279	-1,131	149
Electricity, gas, steam & air	137	60	92	111	-77	18	96
Water supply	389	340	390	351	-28	-39	-10
Construction	5,268	6,291	5,605	6,784	1,023	1,179	155
Wholesale & retail trade	17,550	19,174	18,347	19,922	1,624	1,575	-49
Transportation & storage	10,937	12,290	10,914	11,929	1,353	1,015	-338
Accommodation & food service	10,158	10,918	10,185	11,237	781	1,052	291
Information & communication	2,964	3,661	2,818	3,284	697	468	-231
Financial & insurance	5,168	5,391	4,303	4,346	224	43	-181
Real estate activities	1,243	1,786	1,890	2,265	543	375	-168
Professional, scientific & tech	8,796	11,685	8,725	11,472	2,890	2,747	-143
Administrative & support	6,232	7,978	6,324	8,028	1,746	1,704	-43
Public administration & defence	5,536	5,170	6,141	5,355	-366	-787	-420
Education	11,779	11,902	12,440	12,340	122	-100	-222
Human health & social work	16,987	18,573	15,861	17,073	1,598	1,212	-374
Arts, entertainment & rec	3,742	4,735	3,020	3,836	992	815	-177
Other service activities	3,098	3,613	3,364	3,914	518	550	32
Total	114,729	126,961	115,377	125,937	12,232	10,560	-1,672

Source: Oxford Economics

24. Having set out the overall trend based forecasts for growth and examined the reasons for the differences between the May 2015 forecast and the spring 2014 forecast we now need to consider the two scenario based forecasts. As stated previously these scenario forecasts help to quantify the degree of uncertainty inherent in economic forecasting. However care needs to be taken in using these forecasts as

Local Plan Examinations have been suspended to enable further consideration of the efficacy of using non trend based economic forecasts. It is generally recognised that trend based forecasts are more certain; as the use of a non trend forecast has to be backed by evidence that shows how the changes in the trends to move the economy to the scenario envisaged in the forecast can be achieved. For example, how clearly funded local interventions to promote job growth can make a scenario reality.

Scenario 1: Higher migration and faster recovery

25. The OE report explores two scenarios, the first being one which considers the impact on York of higher migration and faster recovery in the wider United Kingdom economy. This is not a policy based scenario as such, in that it considers how wider national and international economic circumstances could impact on York. This is an important consideration as the depth of the 2008 recession and the subsequent recovery has been outside the normal parameters of economic forecasting. Exploring the likely additional job growth in York arising from scenario will help in considering the degree of flexibility needed in the supply of employment land to enable the Local Plan to adequately respond to increasing economic activity brought about by a faster national recovery without the need to review the Plan.
26. This scenario forecasts an additional 4,900 jobs above the baseline growth of 10,560 jobs. The professional scientific and technical sector is expected to see the largest gain of 3,160 jobs followed by wholesale and retail with a growth of 2,400 jobs.
27. Table 3 below shows in detail the sectoral breakdown of the growth forecast in this scenario.

Table 3: Sector growth scenario 1

York employment							
Oxford Economics' forecasts comparison May 2015 & Scenario 1	Level - May 2015		Level - Scenario 1		Level change 2014-31		
	2014	2031	2014	2031	May 2015	Scenario 1	Diff
Agriculture, forestry & fishing	669	534	669	555	-135	-114	21
Mining & Quarrying	0	0	0	0	0	0	0
Manufacturing	4,291	3,160	4,291	3,294	-1,131	-997	134
Electricity, gas, steam & air	92	111	92	116	18	23	5
Water supply	390	351	390	366	-39	-24	15
Construction	5,605	6,784	5,605	7,039	1,179	1,434	256
Wholesale & retail trade	18,347	19,922	18,347	20,755	1,575	2,408	833
Transportation & storage	10,914	11,929	10,914	12,415	1,015	1,501	486
Accommodation & food service	10,185	11,237	10,185	11,683	1,052	1,498	446
Information & communication	2,818	3,284	2,818	3,413	466	595	129
Financial & insurance	4,303	4,346	4,303	4,546	43	244	201
Real estate activities	1,890	2,265	1,890	2,340	375	450	75
Professional, scientific & tech	8,725	11,472	8,725	11,885	2,747	3,160	413
Administrative & support	6,324	8,028	6,324	8,334	1,704	2,010	306
Public administration & defence	6,141	5,355	6,141	5,556	-787	-585	201
Education	12,440	12,340	12,440	12,765	-100	325	425
Human health & social work	15,861	17,073	15,861	17,718	1,212	1,857	645
Arts, entertainment & rec	3,020	3,836	3,020	3,983	815	962	147
Other service activities	3,364	3,914	3,364	4,081	550	717	167
Total	115,377	125,937	115,377	130,842	10,560	15,464	4,904

Source: Oxford Economics

Scenario 2: Re-profiled sectoral growth

28. This scenario considered the impact of faster growth in professional services, financial & insurance, and information & communication accompanied with lower growth within wholesale & retail trade and accommodation & food services. This combination of factors was chosen to reflect the economic policy priorities of the Council which are to drive up the skill levels of the workforce, encourage growth in businesses which use higher skilled staff; and the investment proposals in the LEP Growth Deals agreed with Government. (see the next section of the report)
29. This scenario shows a small overall increase of 490 in the number of jobs forecast in the sectors identified in the economic priorities of the Council (and unlocking the barriers to growth including providing significant grade A office accommodation in the city centre proposals for which are included in the Growth Deals), with fewer jobs in retail and tourist related businesses. This will lead to a growth in the average wages in the city by just over 1%. Table 4 below shows in detail the sectoral breakdown of the growth forecast in this scenario.

Table 4: Sector growth scenario 2

York employment							
Oxford Economics' forecasts comparison May 2015 & Scenario 2	Level - May 2015		Level - Scenario 2		Level change 2014-31		
	2014	2031	2014	2031	May 2015	Scenario 2	Diff
Agriculture, forestry & fishing	669	534	669	534	-135	-135	0
Mining & Quarrying	0	0	0	0	0	0	0
Manufacturing	4,291	3,160	4,291	3,160	-1,131	-1,131	0
Electricity, gas, steam & air	92	111	92	111	18	18	0
Water supply	390	351	390	351	-39	-39	0
Construction	5,605	6,784	5,605	6,808	1,179	1,203	25
Wholesale & retail trade	18,347	19,922	18,347	19,759	1,575	1,412	-163
Transportation & storage	10,914	11,929	10,914	11,950	1,015	1,037	21
Accommodation & food service	10,185	11,237	10,185	11,132	1,052	947	-105
Information & communication	2,818	3,284	2,818	3,387	466	569	103
Financial & insurance	4,303	4,346	4,303	4,355	43	52	9
Real estate activities	1,890	2,265	1,890	2,273	375	384	8
Professional, scientific & tech	8,725	11,472	8,725	12,020	2,747	3,295	548
Administrative & support	6,324	8,028	6,324	8,057	1,704	1,733	30
Public administration & defence	6,141	5,355	6,141	5,355	-787	-787	0
Education	12,440	12,340	12,440	12,340	-100	-100	0
Human health & social work	15,861	17,073	15,861	17,073	1,212	1,212	0
Arts, entertainment & rec	3,020	3,836	3,020	3,843	815	822	7
Other service activities	3,364	3,914	3,364	3,921	550	557	7
Total	115,377	125,937	115,377	126,428	10,560	11,050	490

Source: Oxford Economics

Developments in regional economic policy and Local Enterprise Partnership Strategies

30. In addition to the technical work on forecasting economic growth carried out by OE there are a number of premises about economic growth which are associated with the Local Enterprise Partnership Growth Deals and Strategic Economic Plans.
31. Currently, York is in two Local Enterprise Partnership areas (Leeds City Region and York, North Yorkshire and East Riding) and, following the Chancellor's announcements on devolution earlier in the year, there is an ongoing discussion on regional devolution which will have an impact on regional economic plans and intervention. As part of this work, both Local Enterprise Partnerships are currently revising their Strategic Economic Plans.
32. It is important to explore the degree of alignment between the technical work by OE and forecast economic growth associated with those currently being revised by both LEPs. In the current Strategic Economic

Plans, York is identified as a key economic growth hub. York Central is a key investment priority for each plan.

33. The analysis in this paper focuses on the current Strategic Economic Plans, but the Local Plan Working Group should be aware that both are currently under review and may be affected by further decisions and announcements in the coming months on devolution.
34. The two LEPs which share an overlapping geography are collaborating on the development of investment proposals to promote growth. These Growth Deals include forecasts of likely job growth that will be achieved if the public and private investment proposed in the Strategic Economic Plans is forth coming. Effectively these economic plans set out the additional economic success (measured by job and GVA growth) that can be levered by public and private investment particularly public investment that is controlled by central government. The Local Plan will need to consider the likely impact of the Growth Deals on the demand and need for employment land; growth scenario 2 set out above helps to do this.
35. Also currently under review is York's Economic Strategy. This review is being led by the business community. However, a key focus of this review is what is required to unlock current barriers to high value jobs in the city.

Duty to Cooperate

36. The Local Plan is being prepared for the York UA area. However, it is important to keep in mind how the Plan will interact with the Plans of our neighbouring authorities and how such interactions are addressed through discharging the legal requirements of the Duty to Cooperate.

Figure 1: York travel to work area



Source ONS 2001 TTWA

37. One important piece of evidence on the economic relationship that York has with its neighbours is patterns of travel to work. ONS are expecting to publish shortly the new geography of travel to work from the 2011 census in the form of Travel to Work Areas (TTWA). This analysis is published for each census and provides a helpful geography of the labour market for York.
38. The current TTWA as shown on figure 1 above extends well beyond the York UA boundary particularly to the south into Selby District. This geographic analysis requires joint working with neighbouring authorities particularly Selby to determine what economic relationships should be addressed through the Local Plans that each authority prepares. For example, in relation to the market for employment land and the supply available.
39. To ensure we have a clear understanding of the future trends in the York economy we need to be able to compare forecasts of growth across the travel to work area. The neighbouring authorities in the TTWA use a different forecasting model to that used by York – the Experian/Regional Economic Model – usually referred to as the REM. This model is also used by the Local Economic Partnerships.

40. Table 5 below is a comparison of the most recent trend based forecasts from the two models

Table 5 Comparison of OEF and REM Forecasts

York employment							
Oxford Economics' May 2015 and REM Mar 2015 forecast comparison	Level - OE May 2015		Level - REM Mar 2015		Level change 2015-31		
	2015	2031	2015	2031	OE	REM	Diff
Accommodation, Food Servs & Rec	16,815	18,986	13,958	12,830	2,171	-1,128	3,299
Agriculture, Forestry & Fishing	642	534	745	472	-108	-273	164
Construction	5,628	6,784	5,841	6,160	1,156	319	837
Extraction & Mining	0	0	2	1	0	-1	1
Finance & Insurance	4,296	4,346	5,655	4,990	49	-664	714
Information & communication	2,867	3,284	2,733	2,321	416	-412	829
Manufacturing	4,303	3,160	4,298	3,475	-1,143	-822	-321
Professional & Other Private Servs	17,142	21,765	22,781	24,832	4,622	2,051	2,571
Public Services	34,416	34,768	35,909	46,903	352	10,994	-10,643
Transport & storage	11,101	11,929	8,479	9,522	828	1,043	-215
Utilities	485	462	407	421	-23	14	-37
Wholesale & Retail	18,434	19,922	17,709	17,747	1,487	38	1,449
Total	116,130	125,937	118,516	129,675	9,807	11,160	-1,352

Source: Oxford Economics, REIU

41. This comparison shows very similar levels of overall job growth, with a difference of only 1,352 jobs over the period 2015-31, the REM forecasting the slightly higher growth rate. However there are significant differences between the models when comparing how different sectors perform. In particular the REM assumes a significant growth in public services employment and lower growth in professional and other private services.

Options Appraisal

42. This report has set out the main considerations in determining the objectively assessed need for employment. These considerations lead to the options that are set out below.

Option 1

43. Use of trend based economic forecast to determine objectively assessed need for employment land.

44. This option reflects the experience of Plan examinations across the country where Inspectors have supported trend based forecasts because they are the most likely to come to fruition. Consequently this is the option with least risk associated with it.
45. This option will lead to a change in the sectoral employment in York's economy which will effect a slight fall in wage levels compared to the current situation.

Option 2

46. Use of scenario 1 forecast (Higher migration and faster recovery economic) to determine objectively assessed need for employment land.
47. This option concerns understanding the implications of the volatility in the economic recovery and what could happen if the pace of national recovery increased. Such a change in the economic fortunes of the city is not dependent on local policy interventions. It is a greater risk than option 1 and is more appropriate as a mechanism to help quantify the scale of uncertainty in determining the demand for employment land.

Option 3

48. Use of scenario 2 economic forecast (Re-profiled sectoral growth) to determine objectively assessed need for employment land. This scenario explores the likely impact on future economic growth of local policy interventions. As such it is important to provide evidence that the policy interventions are funded and will be implemented.
49. This scenario will help address the current challenges of low wages and low productivity in the city and is expected to deliver a slight increase in real wages compared to the current position.
50. Based on experience of Local Plan examinations elsewhere the use of this scenario is a higher risk than option 1, unless it is possible to satisfactorily evidence the probability of the investments required to deliver the scenario coming to fruition.

51. The GVA evidence outlined above of pent up demand in York for Grade A office accommodation and national policy developments including Growth and Devolution Deals and the potential impact of York Central help support this as a realistic option.

Option 4

52. Scenario 2 would have significant benefits for the York Economy and there is emerging evidence that could support this at a Local Plan Examination. This includes work on the delivery of the York Central site and the implications of the reviews of the Strategic Economic Plans being prepared by the LEPs and any additional funding tied to devolution deals. In developing the Local Plan it is possible to do additional work both on the Baseline and Scenario 2. This would include an evaluation of any spatial and delivery implications. This would be reported back to the Local Plan Working Group in due course. It should be noted that neither of these scenarios requires an up lift over and above the DCLG housing projections.
53. Under this option Members would effectively be instructing Officers to develop work around both the baseline and scenario 2 at this stage.

Council Plan

54. The information in this report accords with the following priorities from the Council Plan
- Create jobs and grow the economy
 - Get York moving
 - Build strong communities
 - Protect the environment

Implications

55. The following implications have been assessed.
- **Financial** – The work highlighted within the report will be met within existing dedicated resources.

- **Human Resources (HR)** – The production of a Local Plan and associated evidence base requires the continued implementation of a comprehensive work programme that will predominantly, although not exclusively, need to be resourced within CES.
- **Community Impact Assessment** - A Community Impact Assessment (CIA) has been carried out as the plan has developed and will be undertaken again at the next stage of production.
- **Legal** – The procedures which the Council is required to follow when producing a Local Plan derive from the Planning and Compulsory Purchase Act 2004 (as amended) and the Town and Country Planning (Local Development) (England) Regulations 2012. The legislation states that a local planning authority must only submit a plan for examination which it considers to be sound. This is defined by the National Planning Policy Framework as being:
 - **Positively Prepared:** based on a strategy which seeks to meet objectively assessed development and infrastructure requirements;
 - **Justified:** the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence;
 - **Effective:** deliverable over its period and based on effective joint working on cross-boundary strategic priorities; and
 - **Consistent with national policy:** enable the deliver of sustainable development in accordance with the policies in the Framework.

56. The Council also has a legal duty to comply with the Statement of Community Involvement in preparing the Plan. (S19(3) 2004 Act). Planning Inspectorate guidance states that “general accordance” amounts to compliance.

57. The Council also has a legal “Duty to Co-operate” in preparing the Plan. (S33A 2004 Act).

58. In due course Council will be asked to approve the publication draft Local Plan which will be subject to examination by a member of the Planning Inspectorate before being finally adopted.

- **Crime and Disorder** – The Plan addresses where applicable.

- **Information Technology (IT)** – The Plan promotes where applicable.
- **Property** – The Plan includes land within Council ownership.
- **Other** – None

Risk Management

59. In compliance with the Council's risk management strategy, the main risks in producing a Local Plan for the City of York are as follows:
- The need to steer, promote or restrict development across its administrative area:
 - The potential damage to the Council's image and reputation if a development plan is not adopted in an appropriate timeframe;
 - Risks arising from failure to comply with the laws and regulations relating to Planning and the SA and Strategic Environmental Assessment processes and not exercising local control of developments; and
 - Financial risk associated with the Council's ability to utilise planning gain and deliver strategic infrastructure.
60. Measured in terms of impact and likelihood, the risks associated with this report have been assessed as requiring frequent monitoring.

Recommendations

61. It is recommended that the Local Plan Working Group accept the analysis as presented and endorse Option 4 highlighted above.

Reason: To provide a basis for undertaking further work on the development of an NPPF compliant Local Plan. This will include a further assessment of both scenarios covered by the recommendation and the development of a potential portfolio of sites. All this will be presented to the working group at a future meeting.

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Report
Approved



Date 18/09/15

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Wards Affected: *List wards or tick box to indicate all*

 All

For further information please contact the author of the report

Annex

City of York Economic Forecasts Final Report May 2015 Oxford
Economics

Background Papers

Centre for Cities, Beyond the High Street, City Centres not just the High Street are important to support jobs of the future (2013)

Bilfinger GVA, City of York Key Sites: Commercial Property Case (2015)

Abbreviations:

ABI	Annual Business Inquiry
AES	Annual Employment Survey
ASHE	Annual survey of hours and earnings
BRES	Business Register and Employment Survey
DCLG	Department for Local Government
ELR	Employment Land Review
GDP	Gross Domestic Product
GVA	Gross Value Added
LEP	Local Economic Partnership
LPWG	Local Plan Working Group
MYE	Mid Year Estimate
NES	National Earnings Survey
NOMIS	ONS Labour Market Statistics
NPPF	National Planning Policy Framework
NUTS	Nomenclature of Territorial Units for Statistics
OE	Oxford Economics – Consultants
OEF	Oxford Economics Forecasting
ONS	Office for National Statistics
REM	Regional Economic Model
REIU	Regional Economic and Intelligence Unit
TTWA	Travel to work area
WFJ	ONS Workforce Jobs
UA	Unitary Authority



York economic forecasts

This briefing note has been prepared by Oxford Economics for the City of York Council. It sets out Oxford Economics' May 2015 long term forecasts for York, and compares these to forecasts prepared by Oxford Economics in 2014 and those available from the Regional Economic and Intelligence Unit (REIU). Two alternative growth scenarios are also described. The analysis is presented in four sections:-

1. An overview of the latest Oxford Economics' forecasts for York
2. An assessment of how Oxford Economics' current forecasts compare to those produced in 2014
3. A comparison of the Oxford Economics' forecast to those provided by the REIU
4. A comparison of the Oxford Economics' forecast with two alternative growth scenarios
5. A summary of the methodology used by Oxford Economics to produce the forecasts

This briefing note is accompanied by a detailed database of economic, labour market and demographic forecasts for York, Yorkshire & the Humber region and the UK. The database contains both the baseline forecasts and two alternative growth scenarios described in this briefing note.

York is defined as the City of York Unitary Authority District

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The economic outlook for York

This section provides an overview of Oxford Economics' May 2015 forecasts for the York economy, set within the broader UK and regional outlook.

Context

The UK's economic recovery is well established. GDP grew by 2.8% in 2014, the strongest rate of expansion since before the recession. The labour market has performed impressively with employment now at a record high, boosted by the creation of 1,085,000 jobs – most full time – in 2014. This has facilitated a sharp fall in the unemployment rate¹ from close to 3.5% at the start of 2014 to 2.4% in the first quarter of 2015.

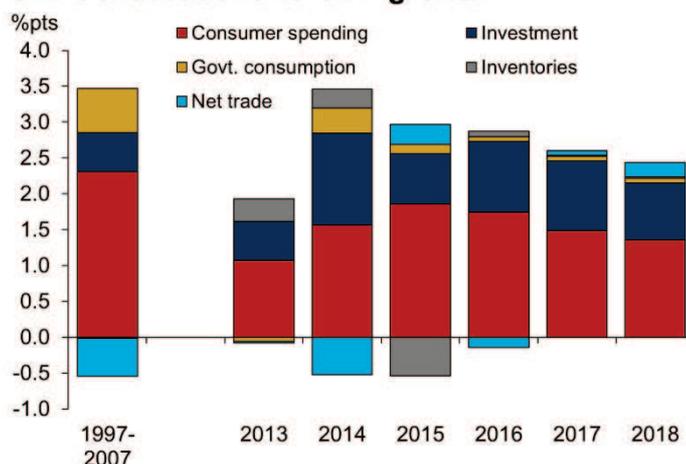
The recovery is being felt across the UK, albeit with the gains being felt unevenly. Whilst it is true that London and the wider south east have achieved stronger than average rates of growth since the recovery took hold, the story is more complicated than a simple north/south divide. The North West for example created jobs at a faster pace than any other part of the UK through 2014, being particularly successful in creating professional services jobs. By contrast, employment in the North East and Yorkshire & Humber grew by just a third of the UK rate, showing that disparities within the north are as evident as between the north and the south.

Conditions remain supportive of relatively strong growth over the remainder of the decade. UK GDP is forecast to rise on average by 2.6% per year, with further, albeit more modest, increases in employment. The key drivers of the forecast are:-

- Stronger household spending power as inflation remains very low and a tightening labour market and growing recruitment difficulties slowly feed into a pickup in wage growth.
- Improving export outlook as both the US and Eurozone economies are forecast to strengthen over the short to medium term.
- Strong corporate finances supporting investment as businesses act on firm investment intentions and corporate finances are in a robust position.
- Sustained strength in house building will provide direct support to economic growth as well as helping to keep a lid on house prices.
- Low inflation means there is little pressure on the MPC to dramatically tighten monetary policy. The first interest rate rise is likely in the first half of 2016 and we assume the subsequent tightening comes at the very measured pace of 50bps per year such that rates end the decade at 3%.

This means consumer spending will continue to play an important role in driving the UK economy forward. But its contribution to overall growth is unlikely to be as large as it was in the decade leading up to the recession. Some of this gap will be filled by stronger investment as businesses increase spending to compensate for a number of years of very weak investment. Stronger demand from key export markets and slower growth in imports means net trade is

UK: Contributions to GDP growth



Source : Oxford Economics

¹ Claimant count unemployment rate defined as the number of people collecting unemployment-related benefits expressed as a percentage of the working age population (persons aged 16-64).



unlikely to provide the drag on GDP growth that has been seen in recent years.

One of the key features of the UK's recent economic performance has been stronger than expected employment, both during the recession and through the subsequent recovery. A consequence of this has been very weak productivity growth. Many explanations have been offered to explain why productivity has been so weak. These include a collapse in investment as a result of many businesses having limited access to finance or the confidence to invest; strong labour supply growth, fuelled by migration, which has restricted wage growth and encouraged labour hoarding; and a suspicion that the official statistics underreport the true level of GDP and therefore productivity growth. Our forecast assumes the recent recovery in business investment, demand and confidence, alongside weaker labour supply growth and recovery in wages, will facilitate stronger productivity growth of around 2% per year.

The General Election yielded a surprise with the Conservatives winning a small majority. The result removed short term concerns that lengthy coalition negotiations would foster a climate of uncertainty which would be detrimental to growth. But attention will quickly turn to the substantial challenges the government face over the course of the next parliament, with fiscal policy coming towards the top of the list. These plans will be firmed up in July's emergency Budget, but it is clear a further period of government austerity is in prospect, and this means public spending will provide a much smaller contribution to growth over the medium term than has historically been the case.

The longer term outlook for the UK economy is influenced by supply side structural factors. Chief amongst these is demographics. Unlike many of its European peers, the UK is set to benefit from a rising population, most importantly among working age people, and this helps to support sustained job creation and economic growth. Between 2020 and 2031, GVA growth is forecast to average 2.5% per year, and employment 0.4%.

Of course, the forthcoming EU referendum provides a degree of uncertainty to the economic outlook. The baseline forecast is predicated on the UK remaining in the EU. But should the public vote for to leave the EU, whether an exit would be good or bad for the UK would depend on what terms of exit were negotiated. The UK could leave on good terms, preserve free trade with the EU, save on its contributions to the EU budget, remove some red tape for business – and see a boost to its economy. Equally, leaving on bad terms might result in EU tariffs with adverse consequences for exports and the economy. Or just as likely is that the impact would be negligible, with benefits largely offsetting costs. Ultimately, the success or otherwise of the UK economy, including our ability to sell to the European market, largely comes down to domestic issues around controlling costs, maximising productivity and producing goods and services that people want to buy.

York economic outlook – headline figures

The recession had a more detrimental impact on the York economy than nationally. The number of jobs in York fell by almost 5% between 2007 and 2010 compared with a reduction of less than 2% across the UK. And since then, employment growth has been weaker and more erratic in York than it has been nationally. The number of jobs in York is currently below its pre-recession peak, a benchmark already passed across the UK as a whole.

Workplace based people in employment remained fairly flat throughout the recessionary period, despite the fall in job numbers. This suggests a fall in the number of jobs held by one person. Residence based employment on the other hand, has enjoyed continual growth over recent years and is currently above pre-recession levels, thus implying a fall in net commuting.

The outlook for employment is encouraging. Building on a year of strong job creation in 2014, employment in York is forecast to grow by 0.7% in 2015 and at a similar rate in 2016 and 2017.

May
2015

The long term view for employment is for growth to average around 0.6% per year to 2025, slowing thereafter to nearer 0.3% per year as demographic developments, most notably a slowdown in the growth of the working age population, become less supportive of employment growth. On this basis it is likely to be around 2021/22 that the number of jobs in York returns to the high recorded in 2007. Nonetheless, employment in York in 2031 is forecast to be 125,900, more than 10,000 higher than in 2014. This is equivalent to a change of 11,220 jobs between 2013/14 to 2030/31².

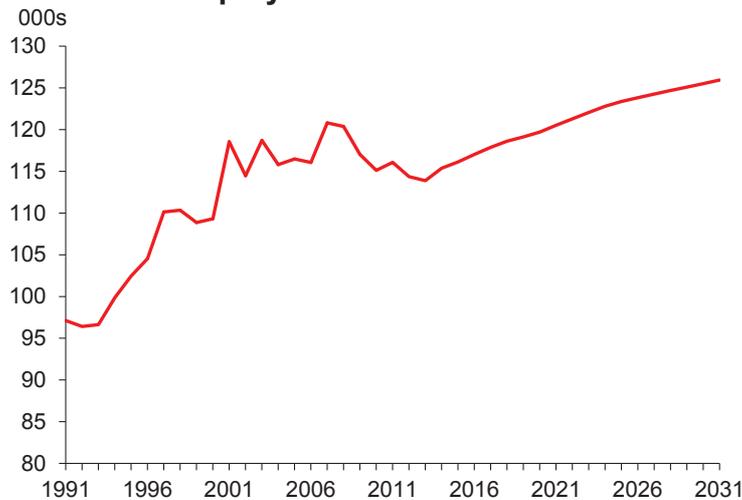
Job creation in York will be to the benefit of the local population. The number of York residents in employment is forecast to grow by 0.3% per year between 2014 and 2031, equivalent to an additional 6,200 local residents in work³. This will be accompanied by a modest reduction in the rate of unemployment.

York GVA is forecast to grow at an average annual rate of 2.4% between 2014 and 2031, well ahead of the 1.6% per year recorded on average over the last 5 years. This equates to an additional £2.3bn of economic activity (measured in constant 2011 prices) and means the York economy will be almost 50% larger in 2031 than it was in 2014. Productivity growth over this period is forecast to average 1.9% per year. Whilst this is a little below the UK average it represents a marked improvement on the lacklustre productivity growth achieved in recent years and, alongside a tightening labour market and low inflation, should support a recovery in real wage growth.

The long term outlook for York compares favourably to the regional average. GVA growth is forecast to be stronger than across Yorkshire & Humber and ahead of almost all districts in the region – only Leeds and Harrogate are expected to have a clear growth premium over York.

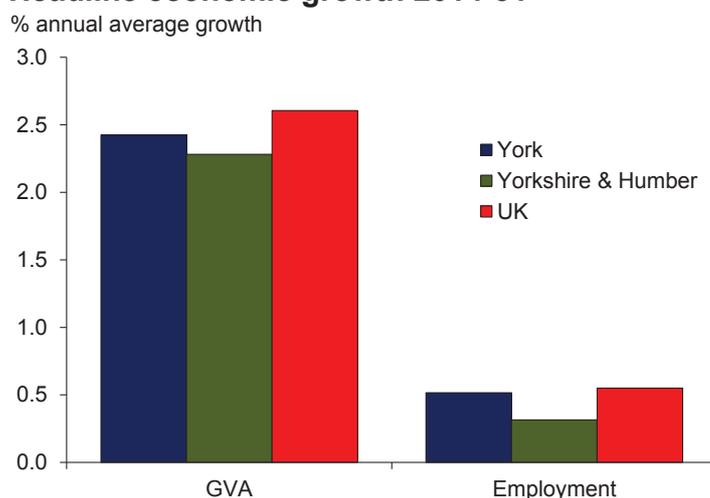
A similar comparison can be drawn for employment, with growth in York at 0.5% per year in the period to 2031 well above the 0.3% Yorkshire & Humber average. Nevertheless, job creation in York is unlikely to match the national average on either measure as strong performances by London and the wider south east boost the UK aggregate.

York total employment



Source: ONS, Oxford Economics

Headline economic growth 2014-31



Source: Oxford Economics

² The figure quoted is on a financial year basis

³ The growth in the number of jobs in York is different to the growth in the number of York residents in employment. This is because some of the new jobs created in York will be filled by in-commuters, and some of York's working residents will be employed outside of the local authority. Furthermore, the number of people in employment is lower than the number of jobs as some people hold more than one job. The ratio of jobs to the number of people in work is likely to rise over time as jobs creation becomes more heavily concentrated in sectors with higher incidence of part time or flexible employment.



York economic outlook – sectoral composition

The sector composition of economic development in York is shaped by the wider UK trend of growth being centred on consumer spending and investment, particularly in the short to medium term. This means the private sector, and private services in particular, are expected to account for a significant proportion of growth. More than 80% of GVA growth in York will be provided by private services with the largest contributions from wholesale & retail trade, real estate and professional, technical & scientific services. Each of these sectors is expected to grow faster than the total economy, with professional, technical & scientific services the strongest growing (average 4.3% per year). Information & communication (4.0% per year) is also forecast to grow significantly faster than the rest of the economy.

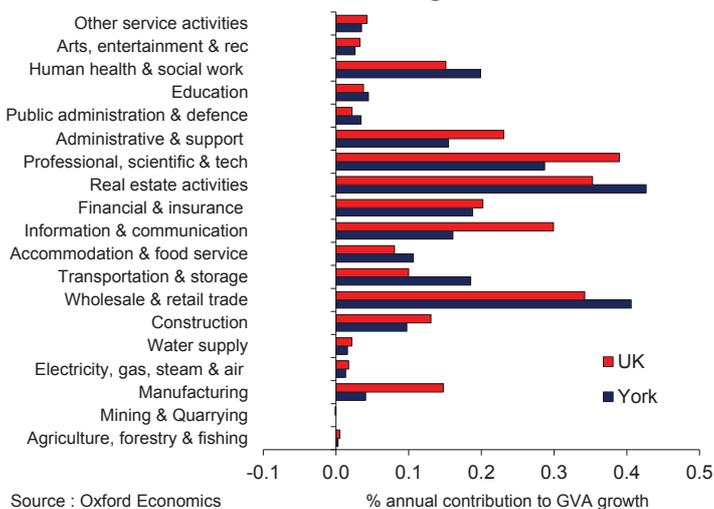
Public services account for almost a quarter of York GVA, compared with less than a fifth of the national economy. The outlook for public services is mixed. Public administration, and to a lesser extent education, will feel the impact of restrained government spending over the next five years, with pressures easing as we move into the next decade. Health and social work will not be immune to austerity, but the impact will be less severe as front line NHS spending is protected and an ageing and growing population increases demand for health and care services.

Construction and manufacturing each account for around 5% of the York economy. Construction is likely to be the faster growing of the two, particularly in the short term as the sector benefits from the pick-up in business investment and more buoyant housing market. But neither sector is expected to match the pace of growth achieved by private services over the medium to long term, so their contribution to overall growth is relatively small.

The sector profile of employment growth in York is skewed even more heavily towards private services. This is largely underpinned by growth of around 1.5% per year in professional, technical & scientific services and administrative & support services, which equate to 4,500 more jobs in these two sectors alone by 2031.

The jobs outlook for other sectors is largely positive. Retail & wholesale trade is forecast to see a 1,600 rise in employment by 2031, although this is as much a reflection of the size of the sector rather than a particularly strong rate of growth. Around 1,000 jobs are expected to be created in each of construction, transport & storage and accommodation & food services. A smaller rise in absolute terms is forecast in information & communication despite the pace of job creation being twice the all economy average.

Sector contributions to GVA growth 2014-31



By contrast, around 700 public administration jobs are expected to be lost by 2020 with employment in the sector remaining flat thereafter. A more modest reduction in education employment is anticipated and health & social care again bucks the wider public sector trend with a 1,200 increase in employment by 2031. And it is our view that rising manufacturing activity will be achieved through the adoption of new technologies and increased productivity rather than through higher employment, a feature that will be important to maintain competitiveness in increasingly competitive international markets. Indeed, manufacturing employment in York is forecast to be 1,100 lower by 2031.



York employment - baseline forecast

	Level		Change 2014-31	
	2014	2031	%	level
Agriculture, forestry & fishing	669	534	-20.2	-135
Mining & Quarrying	0	0	-	-
Manufacturing	4,291	3,160	-26.3	-1,131
Electricity, gas, steam & air	92	111	19.9	18
Water supply	390	351	-9.9	-39
Construction	5,605	6,784	21.0	1,179
Wholesale & retail trade	18,347	19,922	8.6	1,575
Transportation & storage	10,914	11,929	9.3	1,015
Accommodation & food service	10,185	11,237	10.3	1,052
Information & communication	2,818	3,284	16.5	466
Financial & insurance	4,303	4,346	1.0	43
Real estate activities	1,890	2,265	19.9	375
Professional, scientific & tech	8,725	11,472	31.5	2,747
Administrative & support	6,324	8,028	26.9	1,704
Public administration & defence	6,141	5,355	-12.8	-787
Education	12,440	12,340	-0.8	-100
Human health & social work	15,861	17,073	7.6	1,212
Arts, entertainment & rec	3,020	3,836	27.0	815
Other service activities	3,364	3,914	16.3	550
Total	115,377	125,937	9.2	10,560

Source: Oxford Economics

Note: Data presented is on an annual basis

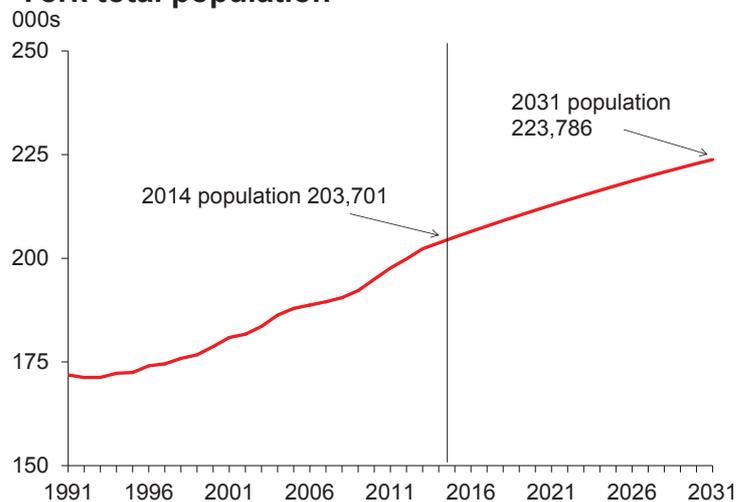
York demographic outlook

The population of York averaged 203,700 in 2014 having risen consistently throughout the past decade. Population growth in York has been above the Yorkshire & Humber and national averages in recent years, rising by 0.9% per year since 2005. The working age population of York has grown at a similar pace.

York's rising population has been predominately fuelled by positive net migration, adding around 1,400 to the population each year over this period. Natural change – the number of births less deaths – has made a smaller, yet still positive contribution, to population growth.

York's population is forecast to grow on average by 0.6% per year between 2014 and 2031, less than the 0.9% per year recorded over the past decade.

York total population



Source: ONS, Oxford Economics

This will see the number of people living in York rise to 223,800 in 2031, an increase of 20,100 compared to 2014 (this is equivalent to a change of 20,370 people between 2013/14 to 2030/31). Growth in York will be in line with the UK and above the Yorkshire & Humber average (0.4%). This forecast is comparable to the ONS 2012 projections. These show the population in York rising by 20,600 between 2014 and 2031, just 500 more than in the Oxford Economics forecast, again at an annual average growth rate of 0.6%.

Population growth in York will continue to be underpinned by a combination of natural change and net migration. Fertility and mortality rate assumptions used in the forecast are consistent with those incorporated in the ONS 2012 population projections.

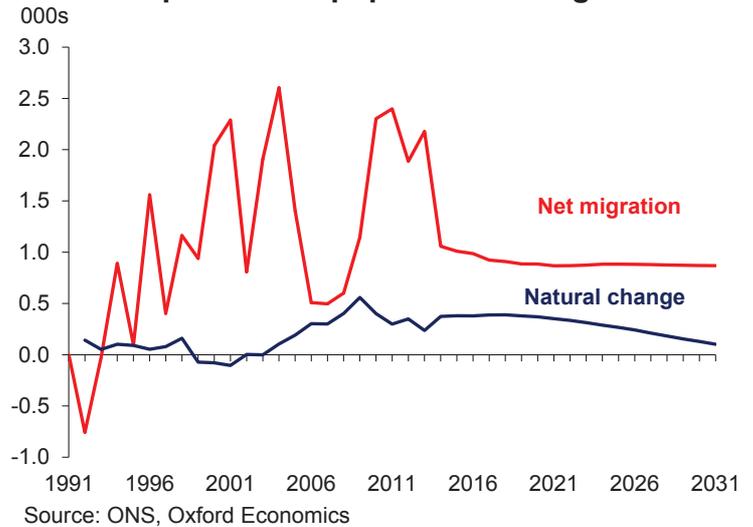
These show natural change making a modest yet positive contribution to York population growth, accounting on average for a rise of 300 people per year between 2014 and 2031. Falling birth rates mean the rise in population from this source weakens towards the end of the forecast period.

Net migration is affected by local economic prospects, the rationale being that migrants are attracted to areas where there is perceived to be relatively strong employment opportunities. We expect net migration into York to be weaker over the next decade than recently, averaging 900 people per year in the period to 2031. This reflects a general reduction in net migration into the UK as the one-off influence of EU enlargement fades and economic growth on the continent improves, thereby reducing the relative attractiveness of the UK as a place to find work.

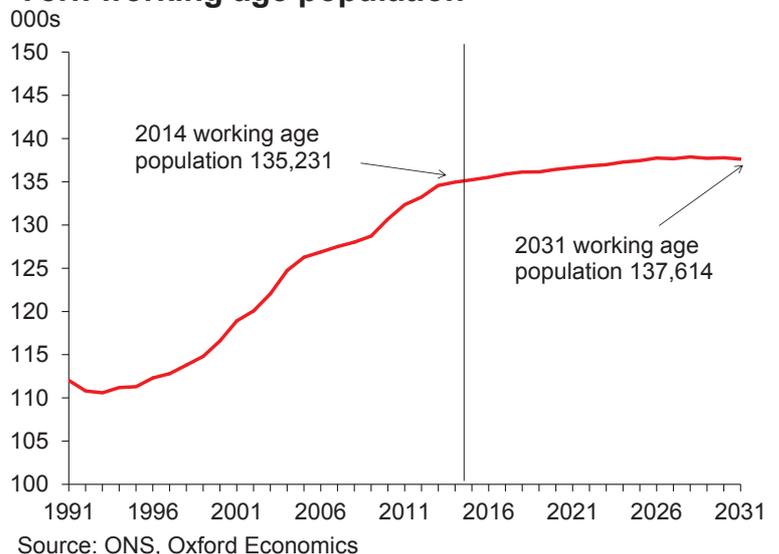
The working age population⁴, whilst influenced by the development of the existing population, is especially affected by migration as a high proportion of migrants are of working age. Therefore, lower net migration in the future is illustrated by a slowdown in the growth of York's working age population over the forecast period.

The working age population is forecast to rise from 134,900 in 2014 to 137,600 in 2031, an increase of 2,700 at an average annual rate of 0.1%. This compares to an increase of 10,200 at a rate of 0.8% per year over the past decade, and is also set against a modest fall in Yorkshire & Humber's working age population. This means the working age will account for a falling proportion of York's total population – from 66% in 2014 to 61% in 2030.

York components of population change



York working age population



⁴ The working age population is defined as people aged 16 to 64.

Forecast comparisons

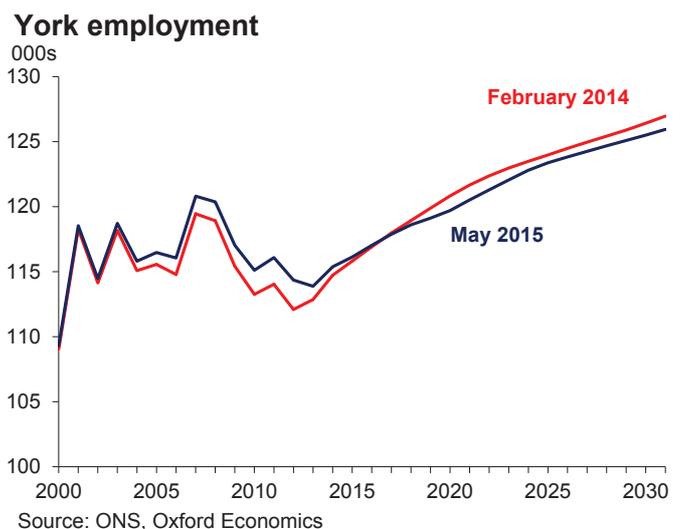
This section compares Oxford Economics' forecasts for York presented in the first section of this paper with alternative datasets. The first is a set of forecasts produced by Oxford Economics in February 2014. The second comparison is against a forecast produced by Experian in May 2015 for the Regional Economic Intelligence Unit (REIU). Finally, two alternative growth scenarios are presented relative to the latest Oxford Economics' baseline.

1 Oxford Economics' forecast February 2014 and May 2015

Differences between the two Oxford Economics' datasets are largely explained by two factors:-

1. **Changes to historical data.** The historical data underpinning the two datasets is different. Changes to the historical data affect the starting point for the forecasts and the structural composition of the economy upon which the forecast is based. Between February 2014 and May 2015 two key data sources provided new information. The BRES⁵ – which provides detailed employment for York – provided data to 2012 when the February 2014 dataset was compiled, with 2013 data and revised 2012 data available for the May 2015 forecast. Secondly, the most recent Oxford Economics' dataset includes a broad range of information from the 2011 Census which wasn't available in February 2014. This includes information on commuting, self-employment and population.
2. **Revisions to the economic outlook.** The forecast for any location is predicated on assumptions about the scale and composition of future economic growth. These encompass a wide range of factors including an assessment of international growth prospects (for example, the strength of the global economy and risks to the outlook), domestic growth factors (such as the influence of government and monetary policy on national and local economic growth) and local demand and supply conditions. For example, very low inflation is currently providing a boost to real household disposable incomes and this means the short term outlook for UK consumer spending growth has been revised up in our latest forecasts.

The long term outlook for the York economy is broadly comparable between the two Oxford Economics' datasets. In February 2014, Oxford Economics' forecast total employment in York in 2031 to be 127,000, up from 114,700 in 2014. This represented an increase of 12,200 jobs at an average annual growth rate of 0.6%. New and revised official employment data for York, alongside a stronger than anticipated labour market over the past 18 months, means employment in York in 2014 is currently estimated at 115,400, 700 higher than predicted in February 2014. The latest forecast is for an increase in the number of jobs in York to 125,940 by 2031, equivalent to an additional 10,600 jobs at an average growth rate of 0.5% per year. The modestly weaker growth profile reflects a combination of a higher starting



⁵ The Business Register and Employment Survey (BRES) is the official source of employees in employment data for York. This is combined with Oxford Economics' estimates of self-employment to create a measure of total employment. See the methodological guide in the annex of this report for more information.

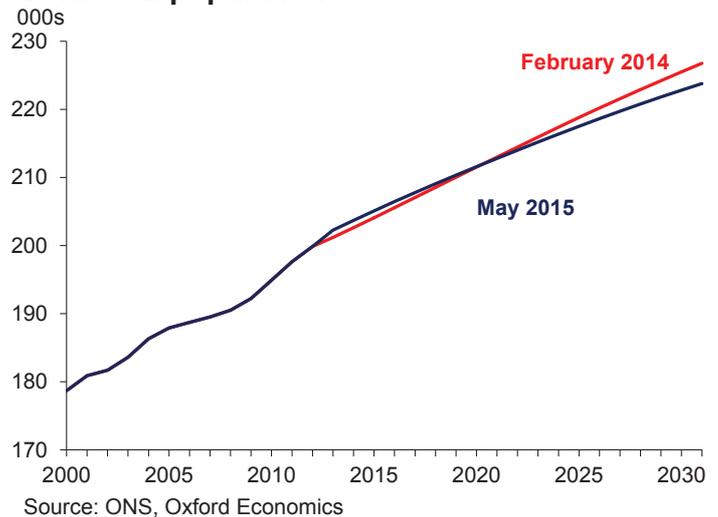
point for employment and smaller increase in the population.

These factors are reflected in the long term GVA forecasts. In February 2014, York GVA was forecast to grow at an average annual rate of 2.8% per year. The corresponding figure in the May 2015 dataset is 2.4%, with the downgrade reflecting the modest reduction in the pace of employment growth and stronger than anticipated growth over the past 18 months.

As noted above, the May 2015 economic forecast is accompanied by a smaller population increase for York than was presented in February 2014. In February 2014, York's population was forecast to be 226,800 in 2031, an increase of 24,100 from 202,600 in 2014. The latest forecast incorporates a revised 2014 estimate of 203,700, rising by 20,100 to 223,800 in 2031.

The projection for the growth York's working age population is largely unchanged. In February 2014 an increase of 2,900 was forecast between 2014 and 2031. This has been revised to 2,700 in the May 2015 dataset. But as with total population, the starting level in 2014 is higher than anticipated in February 2014, and given the similar growth profile, so too will it be in 2031.

York total population



The sector profile of growth is similar in the two Oxford Economics' forecasts with a number of key trends remaining the same:-

- Private services dominate job creation in York. In both forecasts, more than half on net job creation in York is forecast to be in just three sectors – Professional, scientific & technical services, administrative & support services and wholesale & retail trade. Health & social work is the fourth largest contributor to job creation in both forecasts.
- Other private services sectors, especially transport & storage and accommodation & food services, and construction are forecast to create significant numbers of new jobs in York in both forecasts.
- Manufacturing and public administration remain the two sectors that are forecast to record the largest reductions in employment by 2031.

The smaller increase in total employment in the latest Oxford Economics forecast means most sectors are also expected to see more modest growth than was forecast in February 2014. The most notable revisions to the sector forecasts, and the reasons for the revisions, are:-

- The May 2015 forecast has education employment in York marginally lower in 2031 than 2014. This is in contrast to a small increase in the February 2014 forecast. The downward revision to growth reflects two factors. First, education employment in York is currently significantly higher than we had anticipated it would in February 2014. Second, the latest forecast incorporates a slightly lower population forecast and this has a modest impact on the growth in education employment. Nonetheless, the May 2015 forecast has a higher level of education employment in 2031 than previously forecast.
- The lower population forecast has implications for other parts of the public sector. In particular, the May 2015 forecast incorporates a larger fall in public administration jobs and smaller increase in health & social work than

forecast in February 2014. The level for public administration employment in 2014 is also higher than originally envisaged, and this too is factored into the latest outlook.

- The scale of employment growth in accommodation & food services has been increased in the latest forecasts to reflect an upward revision to growth at the UK level.

York employment

Oxford Economics' forecasts comparison Feb 2014 and May 2015	Level - Feb 2014		Level - May 2015		Level change 2014-31		
	2014	2031	2014	2031	Feb 2014	May 2015	Diff
Agriculture, forestry & fishing	566	471	669	534	-95	-135	-40
Mining & Quarrying	0	0	0	0	0	0	0
Manufacturing	4,202	2,923	4,291	3,160	-1,279	-1,131	149
Electricity, gas, steam & air	137	60	92	111	-77	18	96
Water supply	369	340	390	351	-28	-39	-10
Construction	5,268	6,291	5,605	6,784	1,023	1,179	155
Wholesale & retail trade	17,550	19,174	18,347	19,922	1,624	1,575	-49
Transportation & storage	10,937	12,290	10,914	11,929	1,353	1,015	-338
Accommodation & food service	10,158	10,918	10,185	11,237	761	1,052	291
Information & communication	2,964	3,661	2,818	3,284	697	466	-231
Financial & insurance	5,168	5,391	4,303	4,346	224	43	-181
Real estate activities	1,243	1,786	1,890	2,265	543	375	-168
Professional, scientific & tech	8,796	11,685	8,725	11,472	2,890	2,747	-143
Administrative & support	6,232	7,978	6,324	8,028	1,746	1,704	-43
Public administration & defence	5,536	5,170	6,141	5,355	-366	-787	-420
Education	11,779	11,902	12,440	12,340	122	-100	-222
Human health & social work	16,987	18,573	15,861	17,073	1,586	1,212	-374
Arts, entertainment & rec	3,742	4,735	3,020	3,836	992	815	-177
Other service activities	3,096	3,613	3,364	3,914	518	550	32
Total	114,729	126,961	115,377	125,937	12,232	10,560	-1,672

Source: Oxford Economics

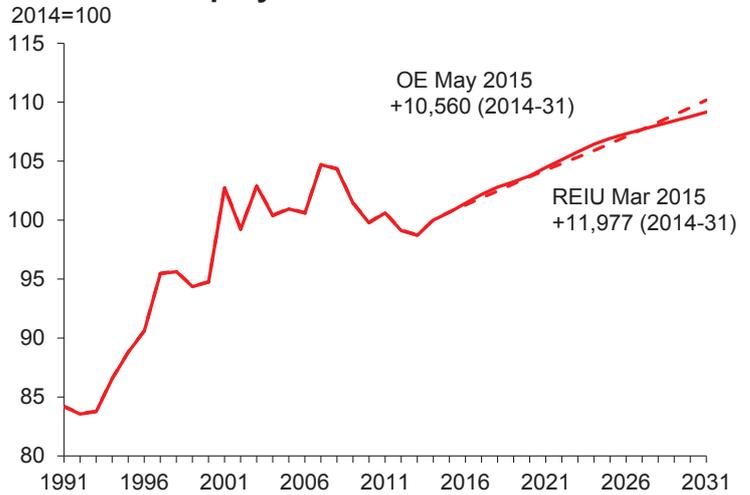


2 Oxford Economics' forecast May 2015 and REIU

This section compares the Oxford Economics' forecast for York to those produced by the REIU. The REIU figures were provided to Oxford Economics in June 2015.

Oxford Economics' June 2015 long term employment forecasts for York are similar to those provided by the REIU. Oxford Economics forecast an additional 10,560 jobs in York between 2014 and 2031 compared with the REIU projection of 11,977, a difference of approximately 1,417 jobs. These absolute changes in the level of employment are equivalent to an average annual growth rate of 0.5% in the Oxford Economics' forecast compared with 0.6% from the REIU. The starting level (2014 estimate) of employment in York underpinning these forecasts is lower in Oxford Economics' dataset (115,377) than in the REIU dataset (117,699).

York total employment index



Despite the employment outlook's being similar, the sectoral composition of employment growth differs considerably between the two datasets. Oxford Economics' forecast is for job creation in York to be led by the private services sector, with about 46% of new jobs being created in professional, scientific & technical activities and administrative & support services activities (Professional and other private service in the table below). Forecasts from the REIU have a much smaller proportionate contribution from these sectors. The REIU forecasts suggest that growth will be led by public services, accounting for over 90% of growth. Oxford Economics' assumes public sector employment growth will be restricted by government austerity, particularly in the short run, and forecast less than 5% of new jobs created in York by 2031 coming from these sectors. .

York employment

Oxford Economics' May 2015 and REM Mar 2015 forecast comparison	Level - OE May 2015		Level - REM Mar 2015		Level change 2015-31		
	2015	2031	2015	2031	OE	REM	Diff
Accommodation, Food Servs & Rec	16,815	18,986	13,958	12,830	2,171	-1,128	3,299
Agriculture, Forestry & Fishing	642	534	745	472	-108	-273	164
Construction	5,628	6,784	5,841	6,160	1,156	319	837
Extraction & Mining	0	0	2	1	0	-1	1
Finance & Insurance	4,296	4,346	5,655	4,990	49	-664	714
Information & communication	2,867	3,284	2,733	2,321	416	-412	829
Manufacturing	4,303	3,160	4,298	3,475	-1,143	-822	-321
Professional & Other Private Servs	17,142	21,765	22,781	24,832	4,622	2,051	2,571
Public Services	34,416	34,768	35,909	46,903	352	10,994	-10,643
Transport & storage	11,101	11,929	8,479	9,522	828	1,043	-215
Utilities	485	462	407	421	-23	14	-37
Wholesale & Retail	18,434	19,922	17,709	17,747	1,487	38	1,449
Total	116,130	125,937	118,516	129,675	9,807	11,160	-1,352

Source: Oxford Economics, REIU



Other notable differences in the sectoral composition of growth include the Oxford Economics forecast suggesting growth within the consumer sectors of wholesale & retail and accommodation, food service & recreation activities, where these are expected to account for 38% of growth. The REIU projections suggest a fall in employment within accommodation, food service & recreation activities and employment in wholesale & retail is expected to remain broadly flat. Other notable differences in the sectoral composition of growth include the Oxford forecast having a higher proportion of new jobs being created by construction than incorporated in the REIU projections. By contrast, Oxford Economics' forecast modest growth within information & communications and finance & insurance, whereas the REIU projections suggest a contraction. There is broad consensus between the two datasets that transport & storage will be an important source of new jobs, and that job shedding is likely to continue from the manufacturing sector.

Oxford Economics' projections show York residence-based employment growing at an average rate of 0.3% per year between 2014 and 2031. This is slower than Oxford Economics' forecast for workplace employment, which implies a rise in the number of jobs held by commuters. The REIU forecast has resident employment growing at a faster pace – 0.5% per year on average – broadly in line with workplace employment in the REIU dataset.

Oxford Economics forecast York GVA to grow on average by 2.4% per year in York between 2014 and 2031. This is in line with the REIU projection, despite REIU projecting faster employment growth. Oxford Economics' forecast productivity growth to average 1.9% per annum over the forecast period, above the REIU projection of 1.8% per year. This productivity differential is likely to be explained by the sectoral composition of growth assume in each forecast dataset. The REIU forecasts suggest almost all job creation in York over the next two decades will be from public services. These activities tend to exhibit low levels of productivity, at least in terms of their contribution to measured GVA, and the implication will be to significantly hold back overall productivity and therefore economic growth.

3 Oxford Economics' forecast May 2015 and scenario 1: Higher migration and faster recovery

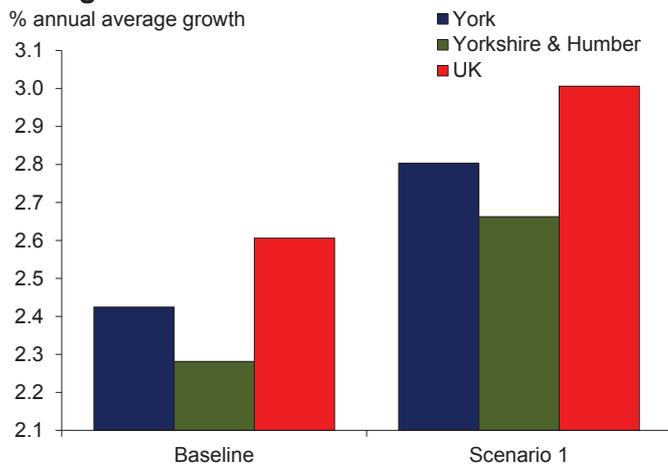
As part of this analysis, Oxford Economics assessed the impact of an alternative outlook for the UK and consequently Yorkshire & Humber and thus York. Under this scenario there is little in the way of policy influence to attract disproportionate shares of the alternate growth sectors to any given location – rather past performance in these sectors will generate future growth. The assumptions were applied at the UK level, with the model estimating the impact upon York.

Scenario 1 assumes higher migration and a faster recovery of the UK economy. The assumptions remain the same as per the original analysis in February 2012, namely:

- 0.4pp higher growth per annum 2014 onwards at UK level;
- Gradual productivity improvement (1.0% higher productivity by 2020, rising to 2.5 % higher by 2030); and
- 60% of additional jobs will be taken by migrants.

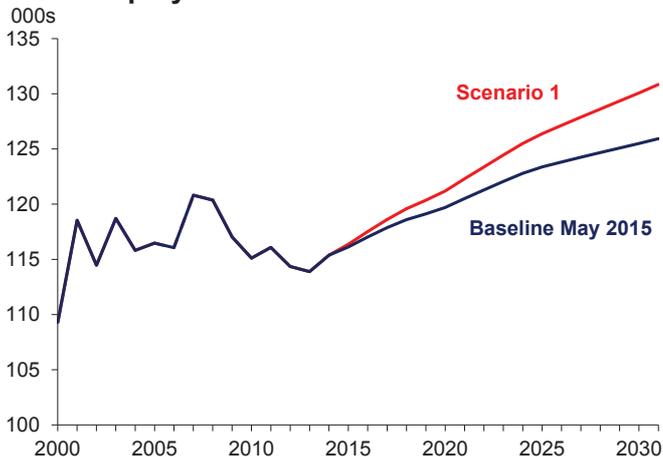
A summary of the impacts compared with the Oxford Economics May 2015 baseline forecast are set out below. The scenario assumes that UK recovery accelerates with GVA growth increasing from 2.6% per annum to 3.0% per annum over the period 2014-2031. York is impacted by a similar magnitude with average growth also increasing by 0.4 percentage points. Faster rates of growth are also accompanied by productivity increases, with York's productivity growth expected to increase to 2.1% per annum.

GVA growth 2014-31



Source : Oxford Economics

York employment



Source: ONS, Oxford Economics

The employment outlook is much stronger than the baseline, with the results suggesting an increase of 15,500 jobs, an additional 4,900 above the baseline. The employment level within York is thus expected to exceed 130,000 by 2030. Employment growth is expected to average 0.7% per annum compared with 0.5% under the baseline. This is equivalent to a change of 15,920 jobs between 2013/14 to 2030/31.

Within York, all sectors are expected to benefit under the scenario. Wholesale & retail trade is expected to enjoy the biggest gains in absolute terms, with a net additional 2,400 jobs forecast by 2031. Consumer confidence is assumed to rise given the improvements in wider economic conditions, accompanied with improved access to finance helping to boost consumer spending. This in turn benefits consumer led sectors including wholesale and retail trade and accommodation and food services.

The scenario assumes increased investment and higher exports performance. This provides a significant boost to manufacturing, information & communications and professional services. Thus the contraction within manufacturing employment is expected to slow with the scenario suggesting a fall of 1000 jobs by 2031 compared with 1,130 under the baseline. Job creation within professional services and information and communications

are expected to increase from 2,750 and 470 net jobs to almost 3,160 and 595 under the scenario.

Given the improved economic conditions, the government benefits from increased revenue and is able to ease the austerity program. As a result the contraction within the public sector employment slows. Health and social work will enjoy considerable gains with employment increasing to over 17,700 by 2031.

York employment

Oxford Economics' forecasts comparison May 2015 & Scenario 1	Level - May 2015		Level - Scenario 1		Level change 2014-31		
	2014	2031	2014	2031	May 2015	Scenario 1	Diff
Agriculture, forestry & fishing	669	534	669	555	-135	-114	21
Mining & Quarrying	0	0	0	0	0	0	0
Manufacturing	4,291	3,160	4,291	3,294	-1,131	-997	134
Electricity, gas, steam & air	92	111	92	116	18	23	5
Water supply	390	351	390	366	-39	-24	15
Construction	5,605	6,784	5,605	7,039	1,179	1,434	256
Wholesale & retail trade	18,347	19,922	18,347	20,755	1,575	2,408	833
Transportation & storage	10,914	11,929	10,914	12,415	1,015	1,501	486
Accommodation & food service	10,185	11,237	10,185	11,683	1,052	1,498	446
Information & communication	2,818	3,284	2,818	3,413	466	595	129
Financial & insurance	4,303	4,346	4,303	4,546	43	244	201
Real estate activities	1,890	2,265	1,890	2,340	375	450	75
Professional, scientific & tech	8,725	11,472	8,725	11,885	2,747	3,160	413
Administrative & support	6,324	8,028	6,324	8,334	1,704	2,010	306
Public administration & defence	6,141	5,355	6,141	5,556	-787	-585	201
Education	12,440	12,340	12,440	12,765	-100	325	425
Human health & social work	15,861	17,073	15,861	17,718	1,212	1,857	645
Arts, entertainment & rec	3,020	3,836	3,020	3,983	815	962	147
Other service activities	3,364	3,914	3,364	4,081	550	717	167
Total	115,377	125,937	115,377	130,842	10,560	15,464	4,904

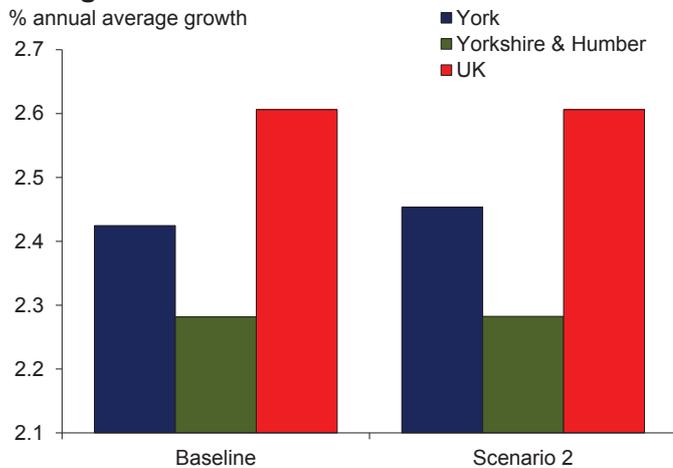
Source: Oxford Economics

4 Oxford Economics' forecast May 2015 and scenario 2: Re-profiled sectoral growth

The second scenario considered was the impact of faster growth in professional services, financial & insurance, and information & communication accompanied with lower growth within wholesale & retail trade and accommodation & food services. The scenario assumes that the UK outlook remains unchanged from the baseline, with the assumptions being applied at the local level and thus aims to align future sectoral trends with the Strategic Economic Plans. The assumptions used are set out below:

- 20% higher growth than the baseline projection within professional services, financial & insurance, and information & communication
- 10% lower growth than the baseline projection within wholesale & retail trade, accommodation & food services

GVA growth 2014-31

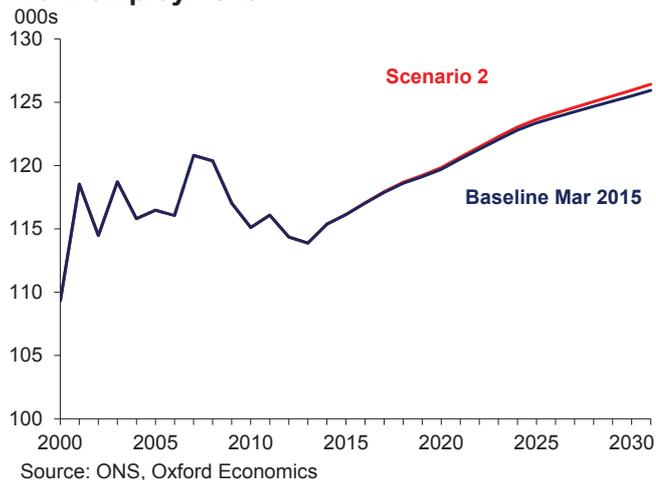


Source : Oxford Economics

Under scenario 2, there is a positive impact on GVA growth within York, with minimal impact upon employment growth. GVA growth within York increases from 2.4% per annum to 2.5% per annum over the period 2014-2031. GVA growth with Yorkshire & Humber and the UK remains unchanged from the baseline.

Employment growth is slightly higher under scenario 2, though considerably below the rate assumed within scenario 1. The results suggest an increase of over 11,050 jobs within York by 2031, 490 above the baseline. The employment level within York is expected to exceed 126,000 by 2031, with jobs growth forecast to average 0.54% per annum, slightly above the baseline rate of (0.52%). Such growth is equivalent to a change of 11,680 jobs between 2013/14 to 2030/31.

York employment



Within York, professional services are expected to enjoy the biggest gains under scenario 2, with employment expected to increase by almost 3,300 by 2031. Growth within information & communications is also faster, an increase of almost 570 jobs within York by 2031, over 100 above the baseline. As a result of the increased level of activity in these sectors, a number of other sectors including administrative & support and construction are also expected to enjoy small indirect gains compared to the baseline.

Under the scenario, wholesale & retail trade is expected to increase by 1,412 jobs by 2031, 163 jobs below the baseline. Growth within accommodation & food services is also slower; around 950 additional jobs are expected by

2031, over 100 below the baseline.

York employment

Oxford Economics' forecasts comparison May 2015 & Scenario 2	Level - May 2015		Level - Scenario 2		Level change 2014-31		
	2014	2031	2014	2031	May 2015	Scenario 2	Diff
Agriculture, forestry & fishing	669	534	669	534	-135	-135	0
Mining & Quarrying	0	0	0	0	0	0	0
Manufacturing	4,291	3,160	4,291	3,160	-1,131	-1,131	0
Electricity, gas, steam & air	92	111	92	111	18	18	0
Water supply	390	351	390	351	-39	-39	0
Construction	5,605	6,784	5,605	6,808	1,179	1,203	25
Wholesale & retail trade	18,347	19,922	18,347	19,759	1,575	1,412	-163
Transportation & storage	10,914	11,929	10,914	11,950	1,015	1,037	21
Accommodation & food service	10,185	11,237	10,185	11,132	1,052	947	-105
Information & communication	2,818	3,284	2,818	3,387	466	569	103
Financial & insurance	4,303	4,346	4,303	4,355	43	52	9
Real estate activities	1,890	2,265	1,890	2,273	375	384	8
Professional, scientific & tech	8,725	11,472	8,725	12,020	2,747	3,295	548
Administrative & support	6,324	8,028	6,324	8,057	1,704	1,733	30
Public administration & defence	6,141	5,355	6,141	5,355	-787	-787	0
Education	12,440	12,340	12,440	12,340	-100	-100	0
Human health & social work	15,861	17,073	15,861	17,073	1,212	1,212	0
Arts, entertainment & rec	3,020	3,836	3,020	3,843	815	822	7
Other service activities	3,364	3,914	3,364	3,921	550	557	7
Total	115,377	125,937	115,377	126,428	10,560	11,050	490

Source: Oxford Economics



Oxford Economics' forecast methodology

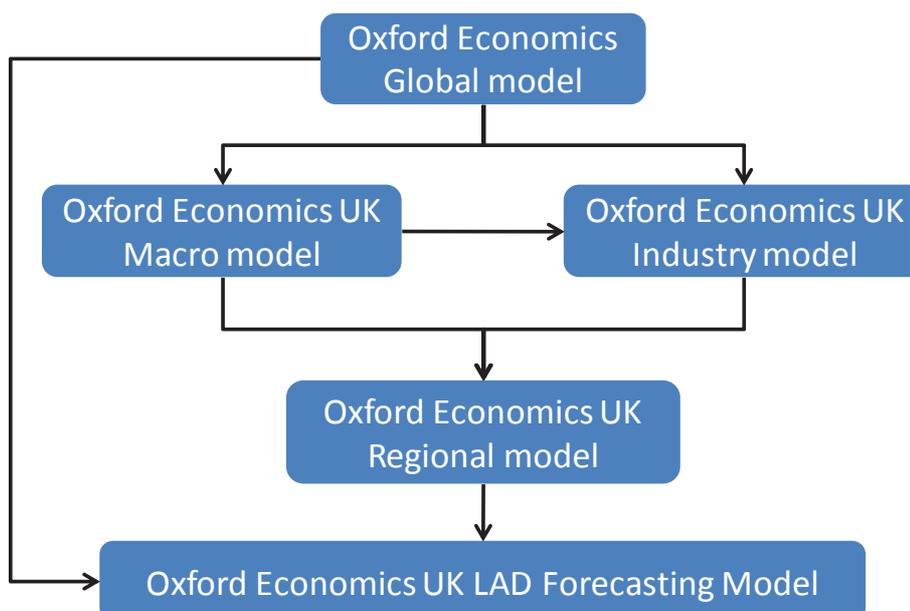
Model overview

This section provides technical information on the structure of Oxford Economics' Local Authority District Forecasting Model and details of the data sources and definitions of variables within the model. The model should be viewed as one piece of evidence in making policy decisions and tracking economic and demographic change. It is not intended to be used on its own to set employment targets for local authority areas. Such targets will need to take account of local opportunities, constraints and community aspirations. As with all models it is subject to margins of error which increase as the level of geographical detail becomes smaller, and relies heavily upon published data.

Models, though predominantly quantitative, also require a degree of local knowledge and past experience, or more generally forecasting art, to make plausible long term projections. To this end the Oxford Economics' model has been developed by a team of senior staff who have a long history in model building and forecasting at both local and regional levels.

The Local Authority District Forecasting Model sits within the Oxford suite of forecasting models. This structure ensures that global and national factors (such as developments in the Eurozone and UK Government fiscal policy) have an appropriate impact on the forecasts at a local authority level. This empirical framework (or set of 'controls') is critical in ensuring that the forecasts are much more than just an extrapolation of historical trends. Rather, the trends in our global, national and sectoral forecasts have an impact on the local area forecasts. For example, in the current economic climate of government austerity, this means most, if not all local areas in the UK will face challenges in the short-term, irrespective of how they have performed over the past 15 years.

Hierarchal structure of Oxford Economics' suite of models



The Local Authority District Forecasting Model produces base forecasts, which can be compared with other published forecasts (though care should be taken over data definition issues), and as a guide to aid commentary or analysis of a local economy. These forecasts can in one sense be considered to provide baseline ‘policy off’ projections with which the actual outturn under policy initiatives could be compared. The base projections are ‘unconstrained’ in the sense that they make no allowance for constraints on development which may be greater than in the past.

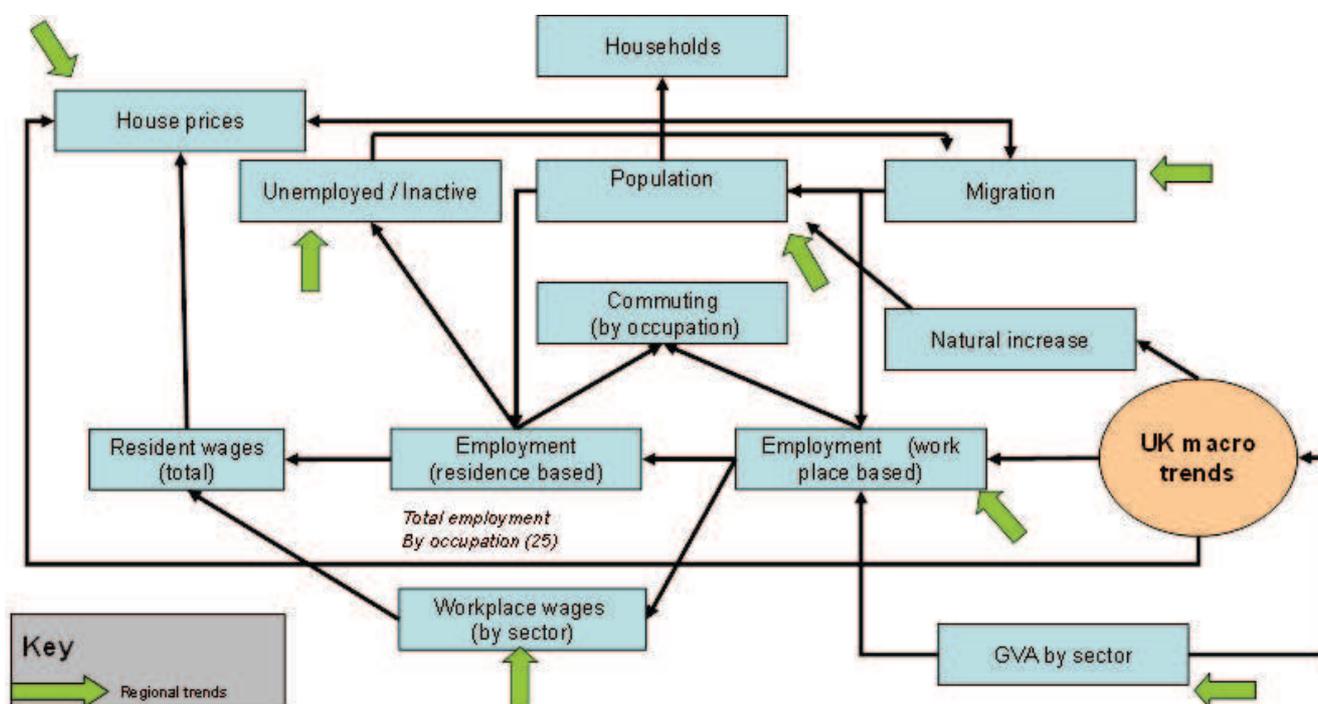
Our local area forecasts essentially depend on three factors:

- National/regional outlooks – all the forecasting models we operate are fully consistent with the broader global and national forecasts which are updated on a monthly basis;
- Historical trends in an area (which implicitly factor in supply side factors impinging on demand), augmented where appropriate by local knowledge and understanding of patterns of economic development built up over decades of expertise, and
- Fundamental economic relationships which interlink the various elements of the outlook.

Model structure

The main internal relationships between variables are summarised in Figure 1.2. Each variable is related to others within the models. Key variables are also related to variables in the other Oxford Economics models.

Main Relationships between variables in the Local Authority District Forecasting Model

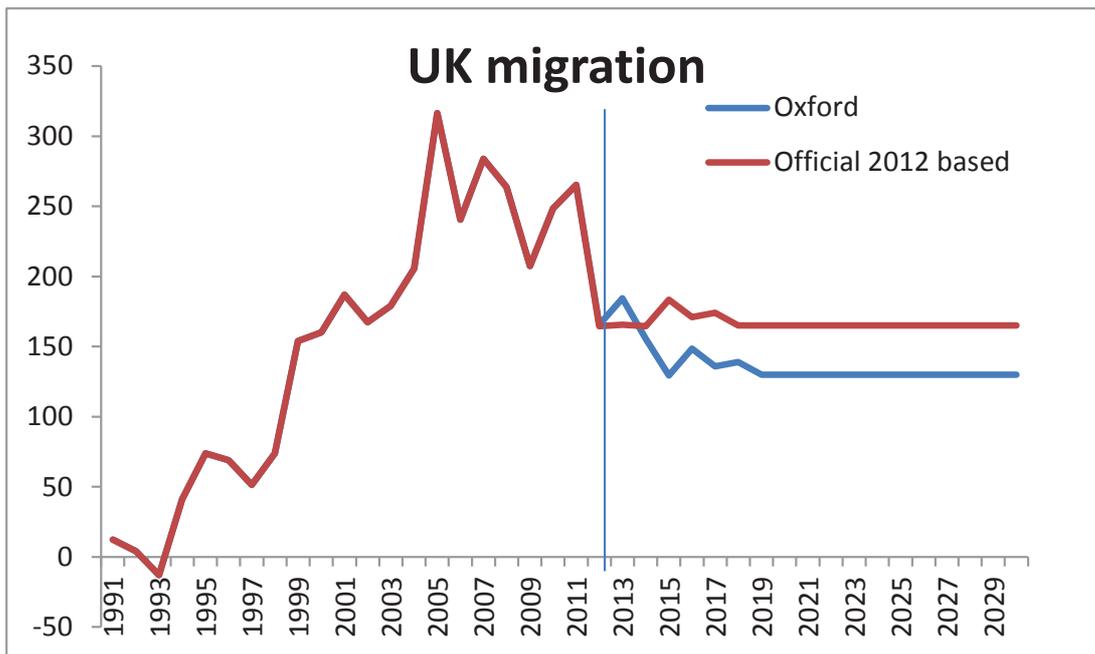




Data sources and assumptions

Population and migration

Population and migration data are collected from the national Mid-Year estimates (MYE) for each area. These have been revised in line with the 2011 Census results. The latest data available is for 2013. Oxford Economics produce their own forecasts of population which are economically driven and thus differ from the official population projections. Official births and deaths projections from 2012-based population projections are used. The chart below sets out the Oxford migration forecast for the UK compared with the 2012-based population projection. Oxford Economics expect UK net migration to average 130,000 per annum in the long-term compared to 165,000 in the official projections.



The divergence reflects the removal of one-off effects from EU enlargement and weaker economic prospects. Oxford Economics' population forecasts are derived from an economically driven model whereas official projections are trend based and do not consider how demand in the economy (and the likely impact on employment rates) affects migration. At the local authority level, migration is linked to the employment rate forecast. If the employment rate within an area is falling too fast, migration reacts as the model assumes that people would not be attracted into this area to live, given that the employment prospects are weak. This approach ensures that the relationship between the labour market outlook and the demographic forecasts is sensible. This series is scaled to be consistent with the migration forecast for the respective region from the UK Regional Model. The total population forecast is then constructed using the forecast of migration and the natural increase assumptions. Natural increase for local areas is forecast based upon recent trends in both the historical data and the official projections.

Working age population

Working age population data is also collected from the Mid-Year estimates for each area up to 2013. It is defined as all people aged 16 to 64. The share of working age to total population is forecast using both trends in the official projections and trends in the forecast for the respective region from our UK Regional Model. This is applied to the total population forecast and scaled to be consistent with the working age population for the respective region.



Employees in employment

There are two key sources for the employee jobs data – ONS Workforce Jobs (WFJ) and the Business Register and Employment Survey (BRES):

- The WFJ series is reported on a quarterly basis, providing estimates of employee jobs by sector (based on the 2007 Standard Industrial Classification – SIC 2007) for the UK and its constituent government office regions, over the period 1981 Q3 to 2014 Q4.
- The Business Register and Employment Survey (BRES) is an employment survey which has replaced the Annual Business Inquiry (ABI). Similar to WFJ, BRES data is based upon SIC 2007, but it is only published for the years 2008-13. Prior to this, ABI and Annual Employment Survey (AES) data is available for employee jobs data, however this is based on an older industrial classification (SIC 2003). Data is available at local authority level and more detailed sector definitions. It is worth noting that the BRES is first and foremost a survey and is therefore subject to volatility, particularly when the level of detail becomes more refined. The survey is collected in September of each year and not seasonally adjusted.

There are a number of steps in constructing regional employee jobs. These address changes in sectoral classifications across the various sources and restrictions on data availability over particular periods of time. Initially, we take employee jobs data for each sector directly from the BRES over the years 2009-13, which reflects recent methodological changes to the BRES in accounting for working proprietors. This relates to September figures and is based upon SIC 2007 sectors. In 2008, levels of employee jobs are constructed by extrapolating back the trend in the old BRES. Data from the ABI and AES is used to construct the data back to 1991. This constructed local dataset is then scaled to be consistent with the UK employee jobs series from WFJ, by applying an adjustment factor to all sectors which converts the data to annual average values (seasonally adjusted). This is measured on a workplace basis.

The starting point for producing local authority employment forecasts is the determination of workplace-based employees in employment in each of broad 19 SIC2007 based sectors consistent with the regional and UK outlooks. At local authority level some of the sectors are driven predominantly by population estimates, others by total employment in the area, and the remainder relative to the regional performance (largely exporting sectors). All sectors are also influenced by past trends in the local area, and care is taken to ensure the forecast is not effected by volatility in the historical data. Taken in totality, employment is cross referenced with a number of variables (including population, relative performance across similar areas, historical cyclical performance and known policy) for checking and validation purposes. Where necessary, manual adjustments are made to the projected trends to reflect this validation process. The methods of sectoral projection are as follows, each of which are forecast based upon recent trends:

- Agriculture - share of the region
- Mining and quarrying - share of the region
- Manufacturing - share of the region
- Electricity, gas, & steam - share of the region
- Water supply; sewerage, waste management - share of the region
- Construction - location quotient based upon total employment
- Wholesale and retail trade - location quotient based upon consumer spending
- Transportation and storage - location quotient based upon consumer spending
- Accommodation and food service activities - location quotient based upon consumer spending
- Information and communication - share of the region

- Financial and insurance activities - share of the region
- Real estate activities - location quotient based upon total employment
- Professional, scientific and technical activities - location quotient based upon total employment
- Administrative and support service activities - location quotient based upon total employment
- Public administration and defence - location quotient based upon population
- Education - location quotient based upon population
- Human health and social work activities - location quotient based upon population
- Arts, entertainment and recreation - location quotient based upon consumer spending
- Other service activities - location quotient based upon consumer spending

Self-employment

Self-employment data for the region is taken from ONS Workforce Jobs survey (19 sector detail). Data for the local authorities is Census based (and scaled to the regional self-employed jobs estimates) and is broken down by sector using the employees in employment sectoral structure. Self-employment in each sector is forecast using the growth in the sectoral employees in employment data and the estimates are scaled to the regional estimate of self-employment by sector.

Total employment (jobs)

Total employment includes employees in employment, the self-employed and Her Majesty's Forces. This is measured on a workplace basis. No specific forecasting for this measure is required - it is calculated from the forecasted elements discussed above. Note that this estimate is a jobs and not people measure (i.e. one person can have more than one job and would be counted more than once in this indicator).

Unemployment

Claimant count unemployment data is provided by ONS, via NOMIS. Annual average values are calculated from the monthly data. The latest data available is April 2015. Unemployment (claimant count) is projected based on regional trends and a measure of overall labour market tightness (relative employment rate) in the local area. It is not at present directly affected by migration though they do impact indirectly through the employment rate (which has working age population as its denominator). The unemployment rate is defined as claimant count unemployment as a percentage of the working age population. No specific forecasting of this measure is required.

Resident employment

This is a measure of the number of people living in an area who are in work. Resident employment data is taken from the Annual Population Survey. The latest year of available data is 2014. Given that this data is survey based and tends to be very volatile, data is 'smoothed' by taking a 3 year average. Residence employment is based on a commuting matrix taken from the 2001 Census. This matrix tells us where employed residents of an area work. Using this information each available job (see workplace employment people based above) is allocated to a resident of a given local authority. This method assumes the proportions of commuting do not change over time. Employment rate is defined as residence employment as a percentage of the population aged 16 plus. No specific forecasting of this measure is required.

Labour force

Labour force is the sum of resident employment and unemployment (claimant count). No specific forecasting for this measure is required - it is calculated from the forecasted elements discussed above.

**Gross Value Added**

Regional GVA forecasts are available by sector from our UK Regional Model. For areas within the region, GVA is available at NUTS 3 level up to 2013. This includes counties and former Metropolitan counties. Our forecasts at local authority level are obtained firstly by calculating an 'expected' GVA in each area. This is calculated by multiplying the region's GVA per employee in each sector by workplace employment in each sector within each local authority area. An adjustment factor based upon relative earnings is also applied as areas with higher wages should produce higher levels of GVA. Expected GVA is then scaled to add the GVA at NUTS 3 level and the regional sectoral forecasts from the UK Regional Model.

Workplace based wages

Regional data on average wages by sector is available from the Annual Survey of Hours and Earnings (ASHE), the latest year of data is 2014. At the level of individual local authorities estimates of total wages on a workplace basis and a residence basis are also available from the NES and now ASHE. The growth in UK wages by sector is applied to the local area sectoral wage series (constructed using ASHE totals for authorities and regional industry totals) to give an estimate of wages within each sector. An adjustment factor is applied to reflect the relative occupation structure of each area. Hence areas where higher paying occupations are growing faster than the regional average will have higher wages. These wages estimates are then scaled to be consistent with regional wage totals.

Residence based wages

Residence based wages are forecast within the model by adjusting the workplace based wages for local areas. An adjustment factor, which is based upon ASHE workplace based and residence based data, is applied to ensure consistency with the published data. This factor is held constant but can be adjusted for scenario purposes.

York's Objectively Assessed Need for Housing

2015 Update

Chris Tunnell, Arup

ARUP

Focus of 2015 Update

2012 CLG Sub National Household Projections released.

Updated PAS guidance on Objectively Assessed Housing Need.

Additional sensitivity testing. NPPG allows this provided changes are clearly explained, justified and evidenced.

National Planning Policy Framework

Housing evidence base should identify the scale and mix of housing which:

- meets household and population projections, taking account of migration and demographic change;
- addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
- caters for housing demand and the scale of housing supply necessary to meet this demand. (NPPF Para 159).

National Planning Policy Framework (cont.)

Where the development plan is absent, silent or relevant policies are out-of-date, granting permission unless:

- any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or
- specific policies in this Framework indicate development should be restricted.” (NPPF Para 14)

Planning Practice Guidance

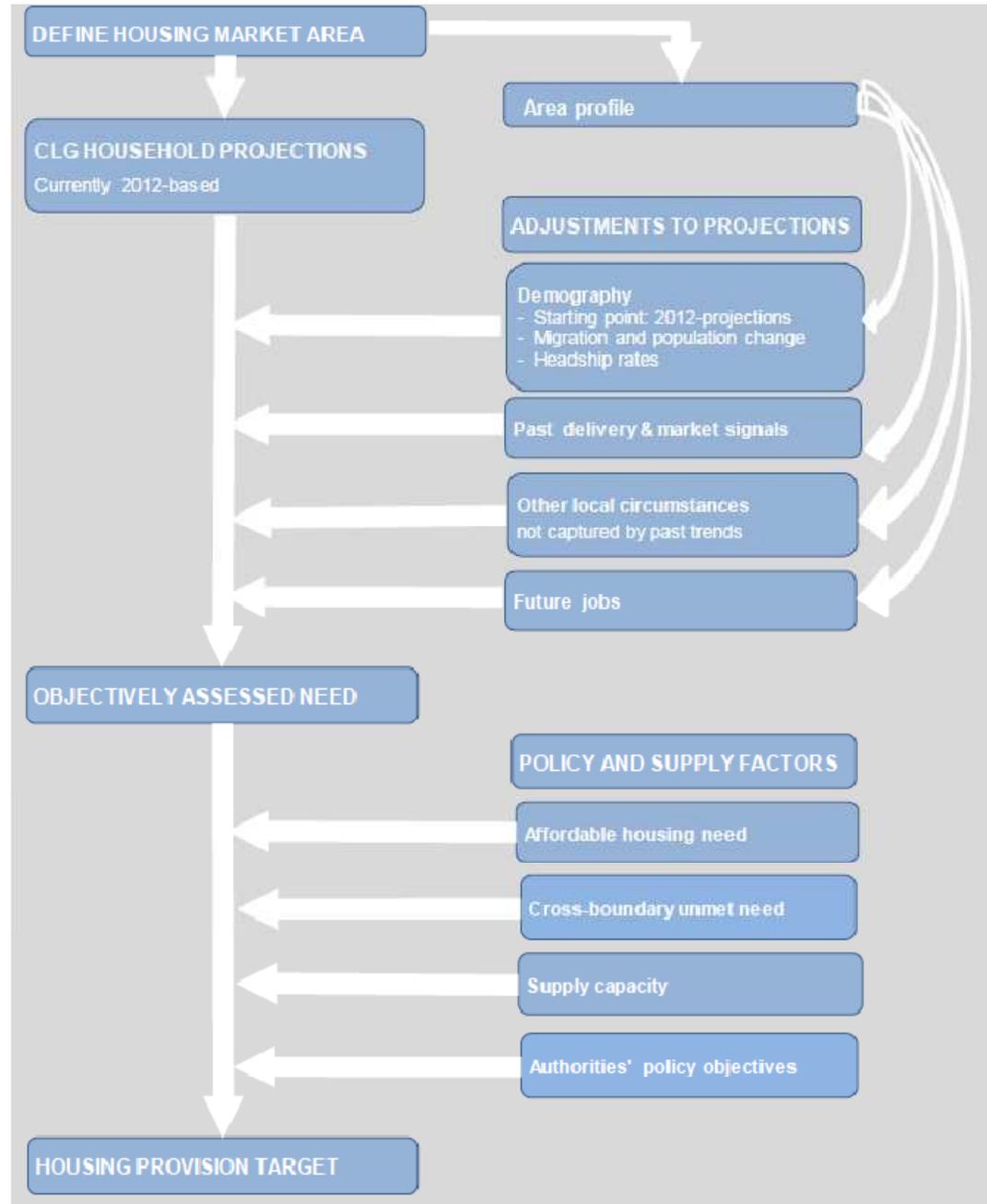
Planning Practice Guidance (PPG):

- States that DCLG household projections should be the start point for OAN
- Recommends that consequences of under-delivery are reflected
- Calls for employment trends to be considered
- Suggests sensitivity testing specific to local circumstances

PAS Guidance July 2015

Practical guidance to supplement the technical advice provided by the NPPG.

Shows the process and inputs examined to determine a Local Plan Housing Provision Target.



2012 CLG Projections

Released in February 2015 (2012 to 2037).

Plan Period for York is 2012 to 2031.

NPPG advises these should be the start point for OAHN.

Stage 2 release (which included household representative data from 2011 census is awaited (No release date given).

14,404 additional dwellings in York between 2012 and 2031
= annual average of **758** dwellings.

Sensitivity Testing: Migration

Tested migrations rates from previous SNPP releases on the housing requirement.

	Population (2031)	Difference from 2012 based population (2031)	% change	Indicative housing requirement	Indicative annual housing requirement
2012-based SNPP (original)	223,500	N/A	N/A	14,404	758
2012-based SNPP, with interim 2011-based SNPP migration applied	224,500	1,000	0.4%	14,468	761
2012-based SNPP, with 2010-based SNPP migration applied	222,700	-800	-0.4%	14,352	755
2012-based SNPP, with 2008-based SNPP migration applied	234,000	10,500	4.7%	15,081	794

Sensitivity Testing: Unattributable Population Change

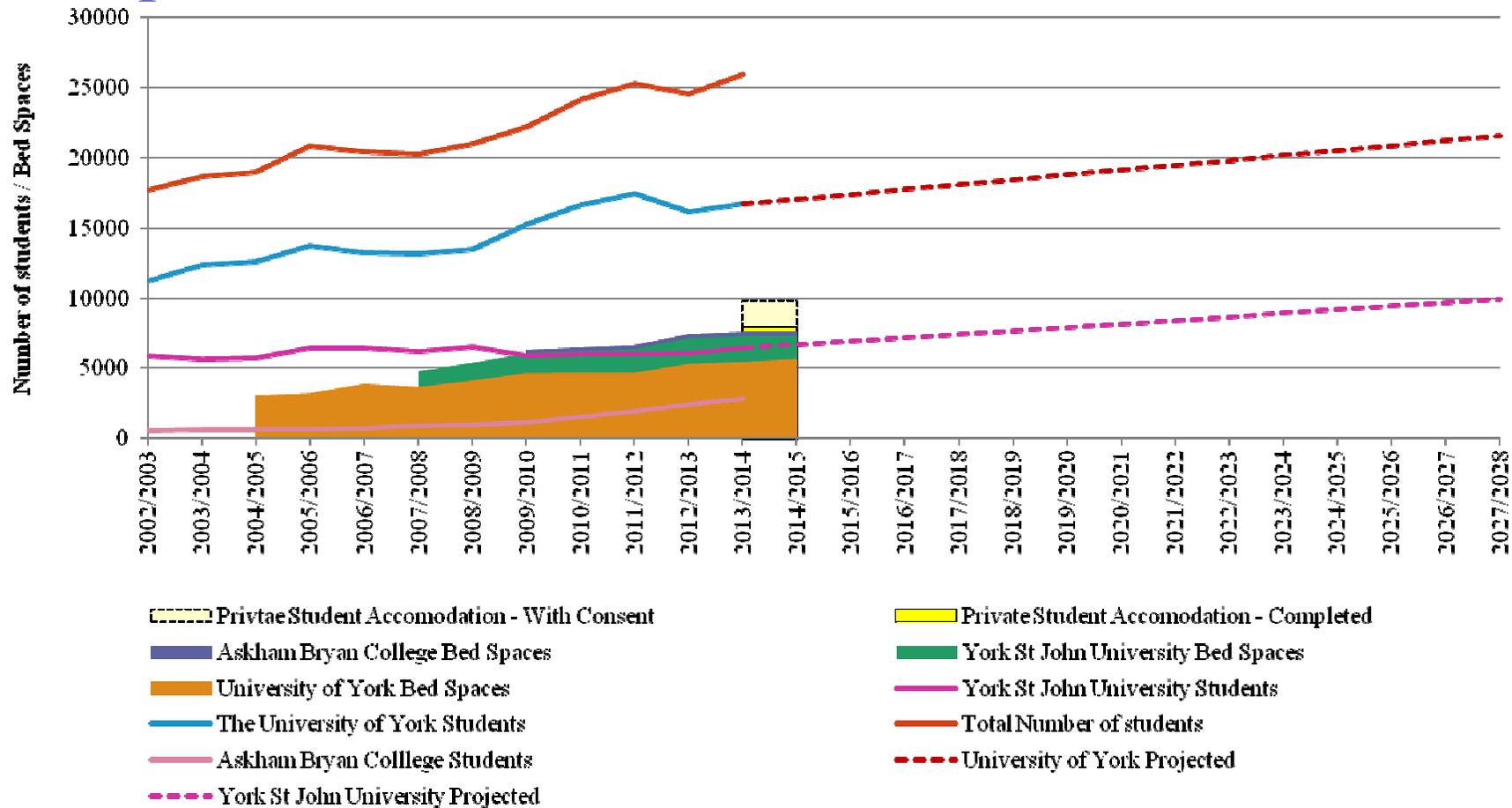
UPC is the discrepancy in population statistics between the Mid Year Estimates.

For York, the difference between the two 2010 mid-year estimates was 3.6%.

However:

- the reasons for the differences are not clear;
- there is no evidence of when the error in the estimates occurred; and
- adjusting the Housing Target due to UPC does not accord with recent Inspector's decisions.

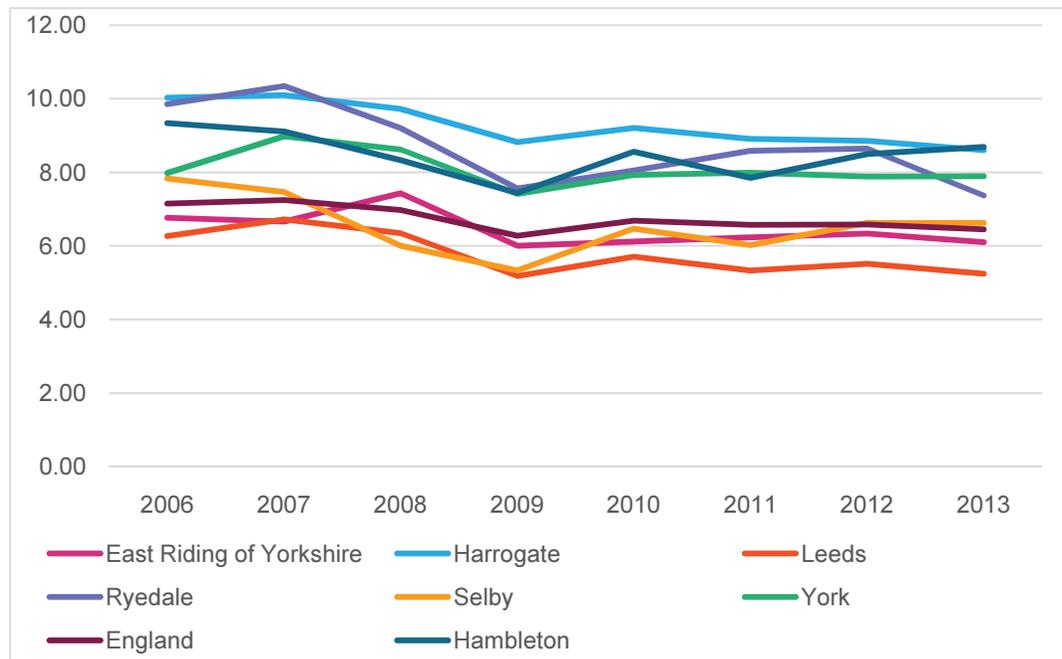
Sensitivity Testing: Student Housing Requirements



Source: City of York Council analysis 01 April 2015 (known student numbers from universities, planning consents and completions)

Sensitivity Testing: Market Signals

Affordability ratios 2006 to 2013



The forthcoming Strategic Housing Market Assessment will explore market signals in more detail.

Indicative OAHN over Plan Period (2012 to 2031) by source

Source	Indicative Plan Target	Indicative Annual Average
2012 CLG Projections (Demographic)	14,404	758
OEF Economic Baseline (2015)	14,276	751
OEF Economic Scenario 1 (2015)	14,993	789
OEF Economic Scenario 2 (2015)	14,276	751

In determining the Housing Provision Target, the shortfall in delivery from commencement of plan period (2012) should be considered.

The current shortfall 2012 to 01 April 2015 is 940 dwellings.

Next Steps

Consider the implications of the CLG Stage 2 release on household formation rates.

Consider if the SHMA provides any further local evidence.

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Local Plan Working Group: Evidence on economic growth

*Andy Haigh
Development Officer*



The scope of the presentation

- National Planning Policy
- Economic Forecasts by OEF
- York's economic performance
- Future growth scenarios
- The LEP Growth Deal
- Working with our neighbours
- Suggested way forward



National Planning Policy

- Strong pro growth policy
- Meet anticipated needs
- Take account of different geographies and work with neighbours and LEPs



Economic Forecasts by OEF

- An update of the previous forecasts has been provided by Oxford Economic Forecasting (OEF)
- A baseline trend forecast and two scenario forecasts have been provided
- Their report also includes a comparison with the Regional Econometric Model (REM) forecast used by neighbouring authorities and the LEPs

York's Economic Performance

- This forecast shows lower growth than the previous one because of changes in the national and international outlook and more recent data from businesses about their growth
- Spring 2014 forecast 13,555 compared with 10,560 in their spring 2015 forecast. Part of this change is because more jobs (700) have already been created.
- The sector growth in the baseline forecast would result in a small reduction in average real wages for the city (based on current national sector wage data).

Growth Scenarios

- OEF were asked to provide two scenarios to help us understand the degree of uncertainty inherent in these forecasts.
- Scenario 1 higher migration, faster recovery
 - Predicated on faster growth in the wider UK economy
 - 4,900 more jobs, average real wages decreasing slightly
- Scenario 2 re-profiled sector growth
 - Predicated on shift towards high value sectors, based on release of pent up demand for grade A office space, and local policy interventions
 - Assumption based on *shift* to higher value jobs not additional jobs per se.
 - 490 more jobs, average real wages increasing slightly

The LEP Growth Deal

- The LEP Strategic Economic plans are focussed on delivering high value jobs for the region, with a particular focus on key sectors.
- In the Leeds City Region, the focus is on particular:
 - Financial and professional services
 - Healthcare Innovation
 - Advanced manufacturing
 - Digital
- In York, North Yorkshire & East Riding, the focus is on:
 - Biorenewables and agri-tech
 - Energy sector
 - SMEs
- This *could* impact sectoral growth against the baseline forecast if policy interventions are successful.

Working with our neighbours

- National policy stresses the importance of understanding the functional geography
- For the economy the Travel to Work Areas help in understanding the link between where people live and where they work
- The York travel to work area includes much of Selby district.
- We will use the Duty to Cooperate to explore with Selby, in particular, the implications for the Local Plan.

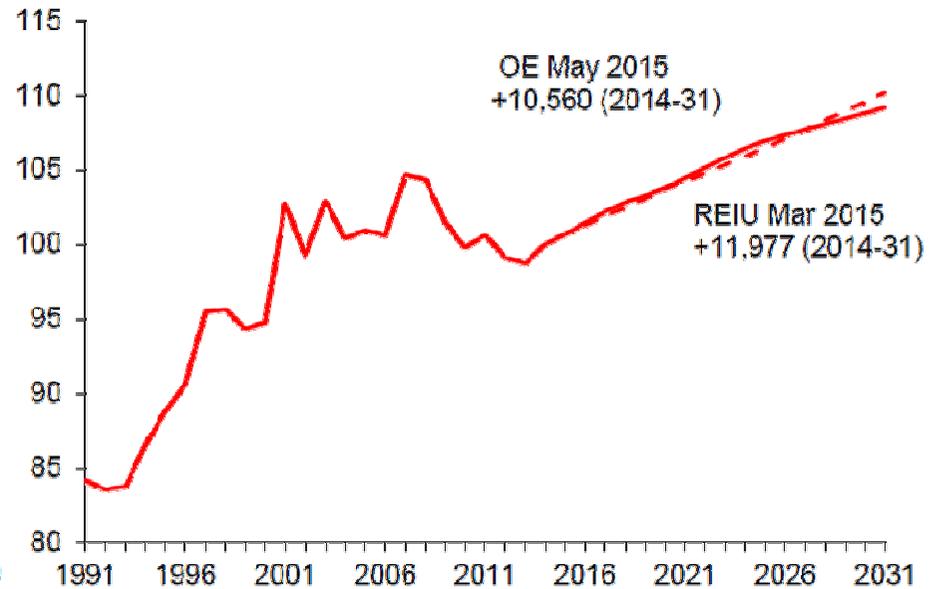
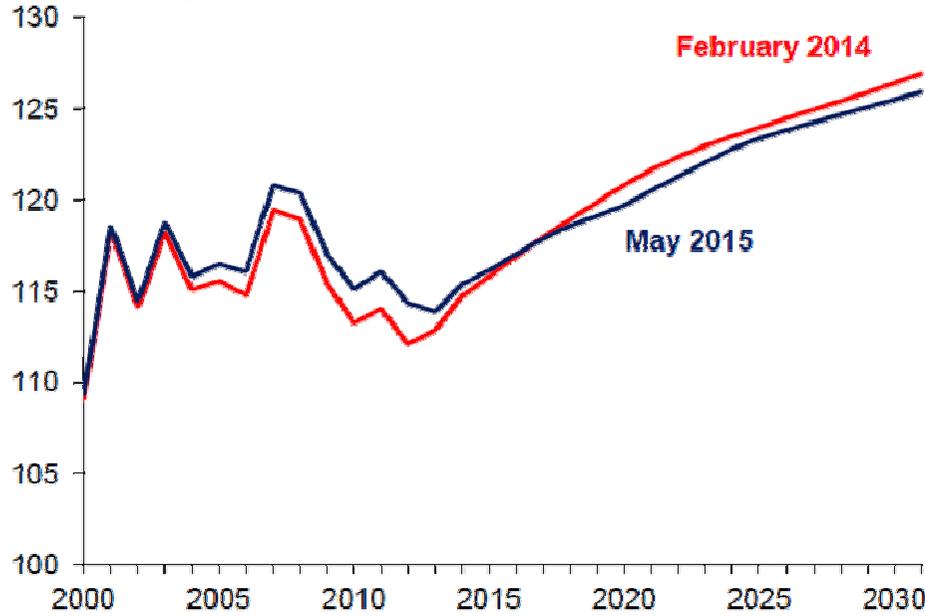
Suggested way forward

- The Options and Recommendation in the report set out the different ways in which the work can be progressed.
- Our recommendation to you is to endorse option 4 which is to do further work to build a robust evidence based case for the growth forecast in scenario 2 which will lead to a stronger higher wage York economy.

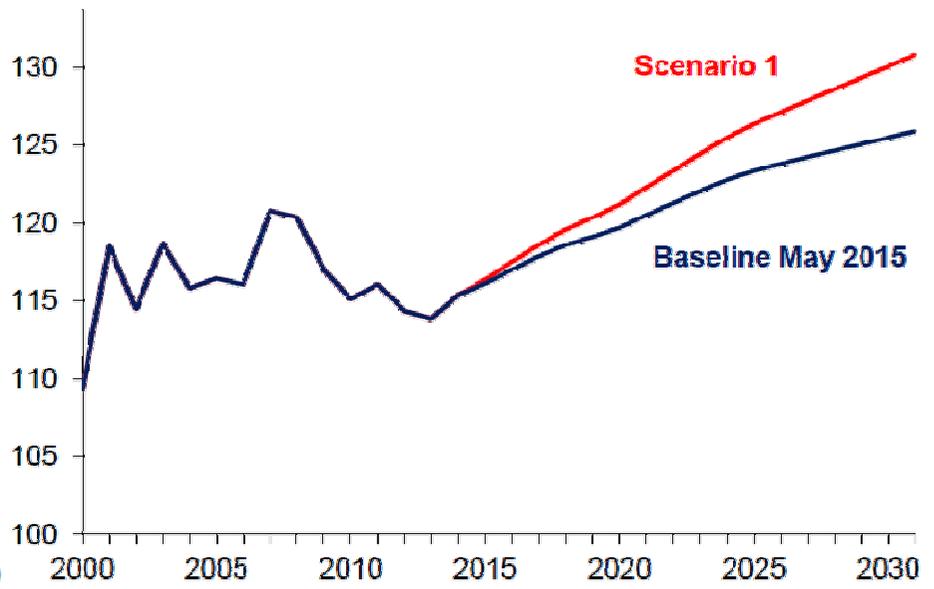
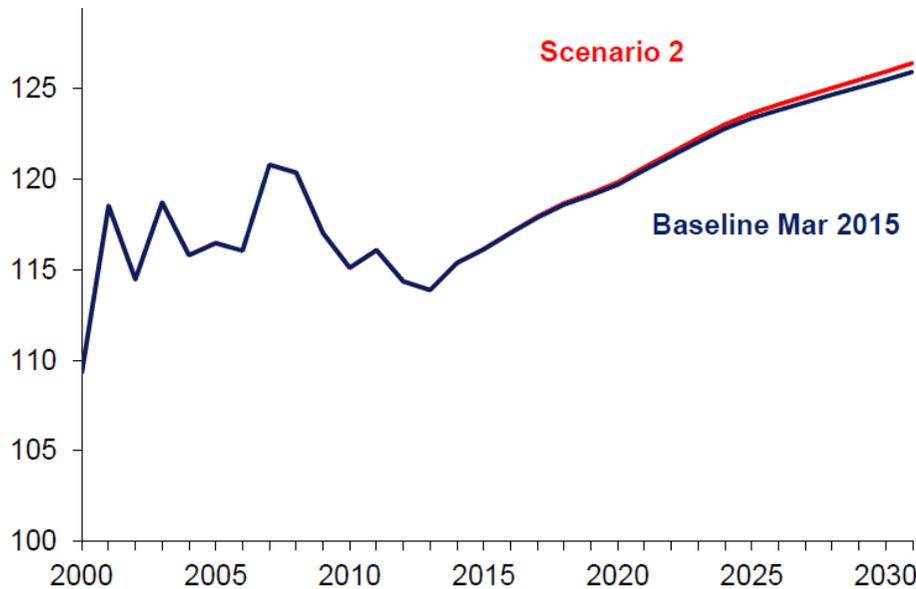
Local Plan Working Group: A summary of the difference between forecasts



UNDERSTANDING THE DIFFERENCE BETWEEN FORECASTS: JOB NUMBERS

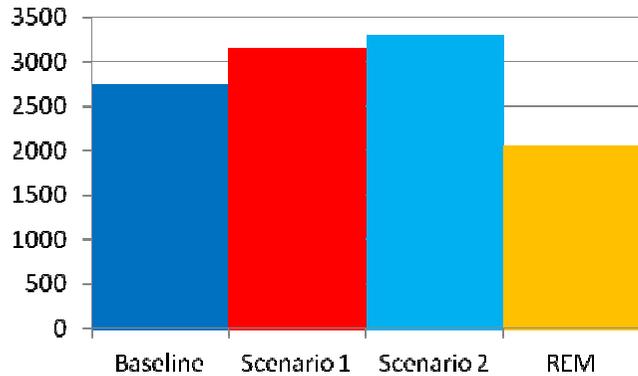


CONCLUSION: ALL VERY SIMILAR EXCEPT FOR SCENARIO 1, THE MOST SIMILAR ARE THE LATEST BASELINE & SCENARIO 2

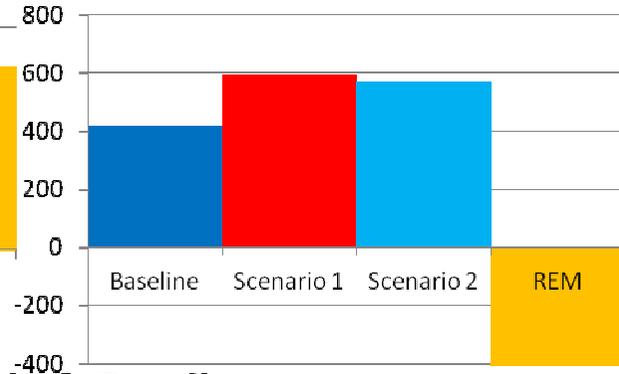


UNDERSTANDING THE DIFFERENCE BETWEEN FORECASTS: SECTOR GROWTH

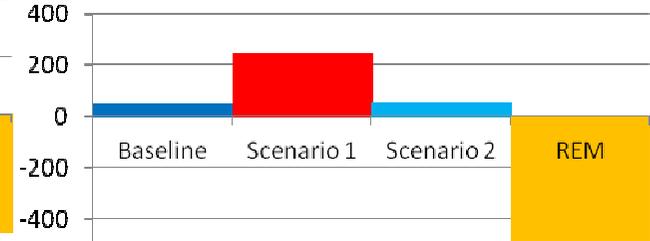
**Professional services,
scientific & tech**



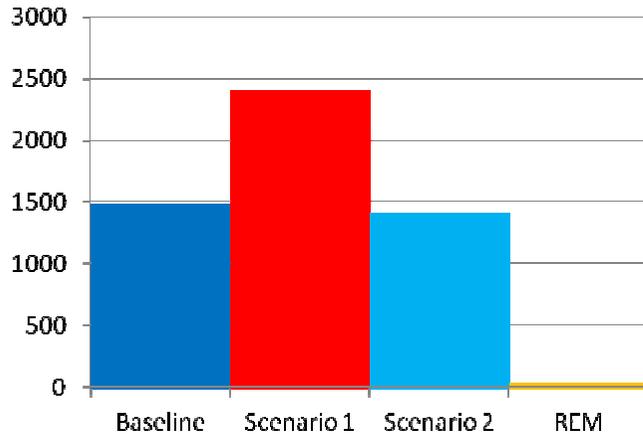
**Information &
Communication**



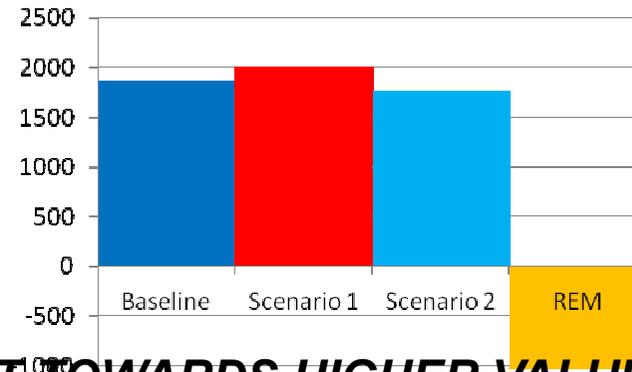
Finance & Insurance



Wholesale & Retail

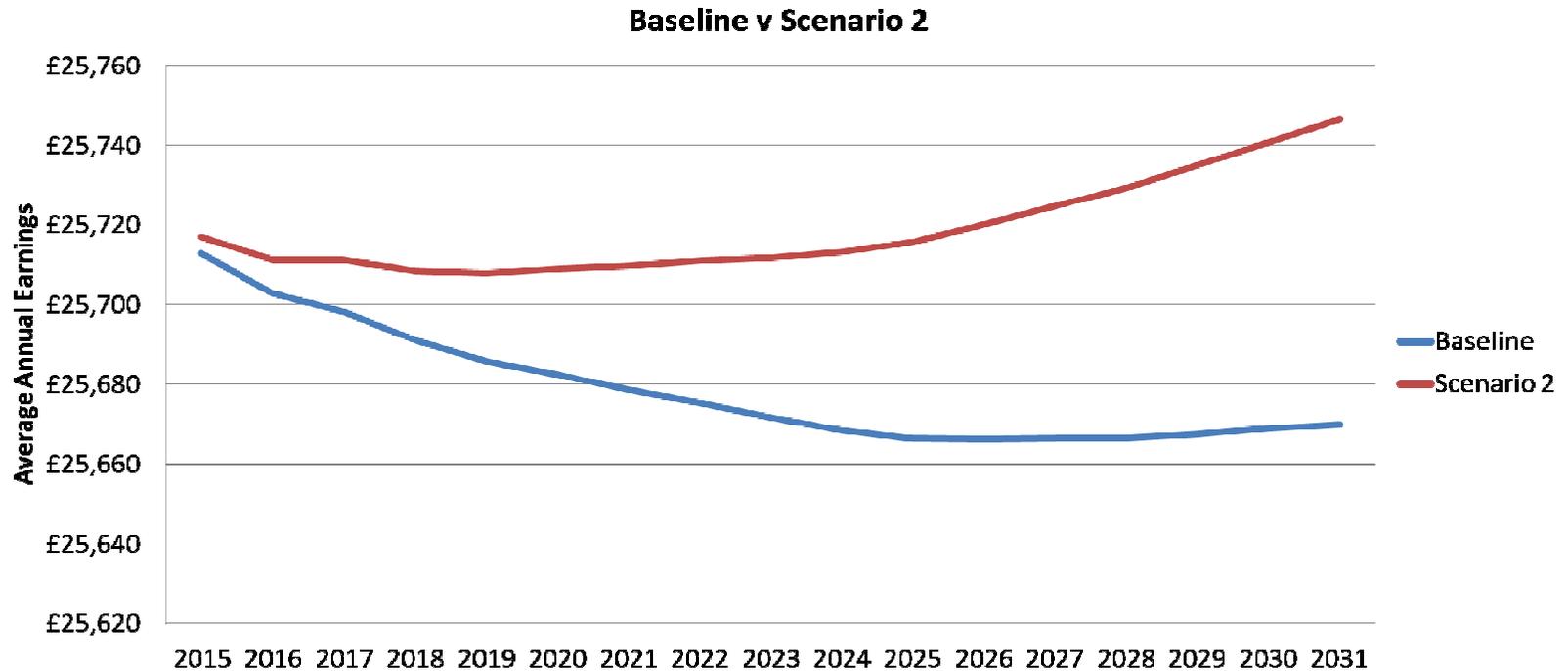
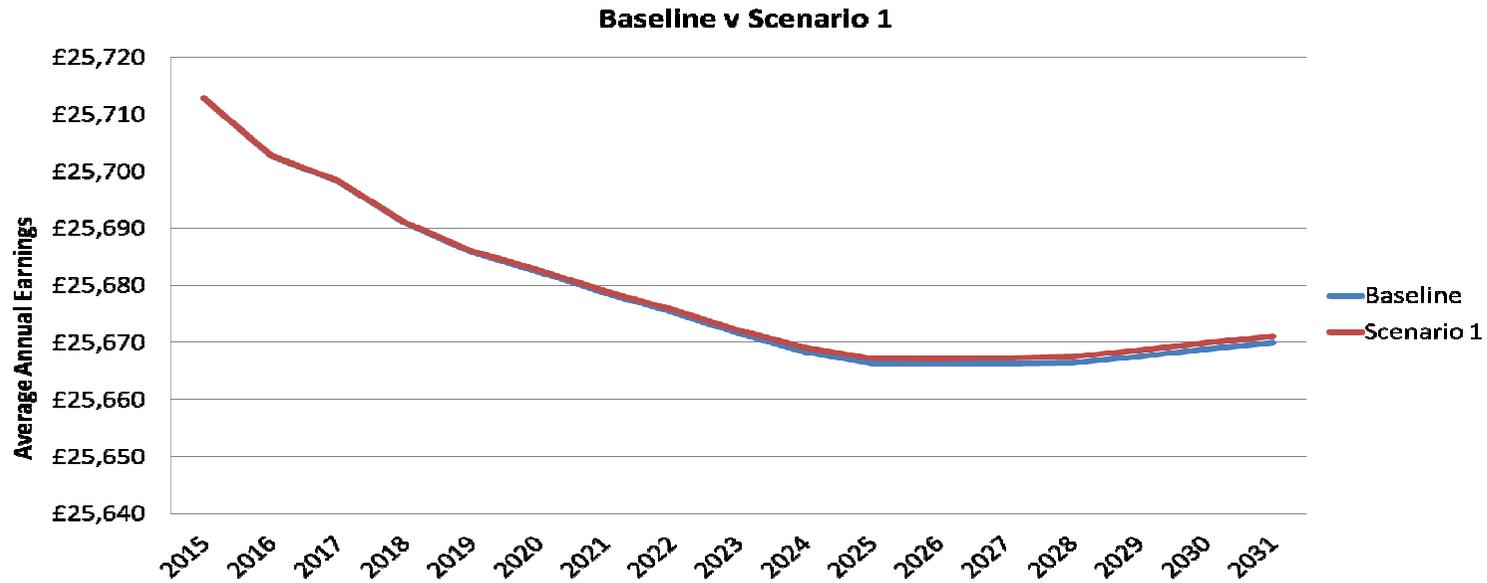


**Accommodation, Food &
Recreation**



**CONCLUSION: THERE IS A SLIGHT SHIFT TOWARDS HIGHER VALUE SECTORS
IN SCENARIO 2 (LIGHT BLUE)
DIFFERENCES BETWEEN SCENARIOS ARE SMALLER THAN DIFFERENCES
BETWEEN ECONOMETRIC MODELS**

UNDERSTANDING THE DIFFERENCE BETWEEN FORECASTS: WAGES



CONCLUSION: BASELINE & SCENARIO 1 LEAD TO A FALL IN AVERAGE REAL WAGES, SCENARIO 2 RESULTS IN A SMALL RISE

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