

# Developer rebuttals Warrington Local Plan

Warrington Borough Council

February 2022

## **Prepared by**

### **GL Hearn**

GL Hearn Limited  
4th Floor  
65 Gresham Street  
London EC2V 7NQ

T: +44(0)20 7851 4900  
glhearn.com

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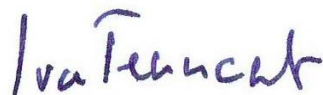
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This document must only be treated as a draft unless it has been signed by the Originators and approved by a Business or Associate Director.

DATE	ORIGINATORS
February 2022	Ivan Tennant Associate Planning Director

A handwritten signature in blue ink that reads "Ivan Tennant". The signature is written in a cursive style with a large initial 'I'.

## Limitations

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

# 1 INTRODUCTION

- 1.1 Over October-November 2021 the Warrington Updated Proposed Submission Version Local Plan 2021 (UPSVLP 2021) and related evidence base documents, was subject to a six week public consultation.
- 1.2 The Council received a large number of representations objecting to the Council's housing and employment needs evidence. This report focusses on two representations which provided a comprehensive critique of the Local Housing Needs Assessment Update (LHNAU) methodology and provided their own detailed assessment of Warrington's housing needs. These are:
- Lichfields obo a "Consortium of Developers and Housebuilders" and
  - Turley's obo Peel Holdings (UK) Limited (papers 1 and 2).
- 1.3 These are referred to as "the representations".
- 1.4 In this report, GL Hearn and Justin Gardner Consulting, authors of the LHNAU, review the responses received and comment on the issues raised where they are relevant to the LHNAU and the UPSVLP policies which are informed by it.

## 2 RELEVANT ISSUES RAISED

2.1 This section of the report sets out the arguments put forward in the two representations submitted and GL Hearn's detailed response.

### **HNF derived from OAN for employment land**

2.2 In their representation Lichfields state that the Objectively Assessed Need (OAN) for employment land arrived at in the Warrington Economic Development Needs Assessment Refresh (EDNA 2021 Refresh) points to a substantially higher housing need figure (HNF) than the standard method-based figure of 816 dwellings per annum (dpa).

2.3 The EDNA 2021 Refresh arrives at an OAN for employment land of 316.29 ha based on a past take-up rate of 14.22 ha/year over the period 1996/97-2019/20). Oxford Economics (OE) indicate that employment in the Borough grew over this period by 48,350 jobs, or 2,015/year. Lichfields submit that, if this rate of employment growth were sustained over the 17- year plan period, this would result in the creation of 34,255 jobs.

2.4 This level of jobs growth is substantially higher than that the 14,855 identified in the LHNAU. This is derived from a mid-point calculation between forecasts of employment in the Borough over the period 2021-2038 provided by OE and Cambridge Econometrics (CE). While a HNF of 816dpa is likely to support this level of growth, Lichfields argue that would not be enough to support an additional 19,400 jobs.

2.5 The representations, therefore, state that the Council should ensure that the HNF aligns with its employment land target. They estimate that this would result in a HNF of between 1,545 and 1,592dpa by 2039.

- 2.6 The Warrington Local Plan Consultation Responses Review (WLPCRR) prepared by BE Group sets out why employment land need is an unreliable basis on which to produce jobs growth forecasts.<sup>1</sup> For this reason, they should not be used to arrive at housing need.
- 2.7 GL Hearn is in agreement with the arguments put forward in the WLPCRR. The report notes that employment land need does not translate into robust jobs growth forecasts because of, firstly, the rapid pace of technological change that, in a number of key sectors, has de-coupled business expansion from job creation; secondly, the radically altered macro-economic picture in which inflationary pressures, and therefore interest rates, are likely to be significantly higher than in the period 1996/97-2019/20; and, thirdly, the impact that both Brexit and the Covid-19 pandemic (the Pandemic) will have on the economy over the medium term. Both these represent significant macro-economic shocks that are likely to dampen prospects for jobs growth over the plan period.
- 2.8 Instead of basing the HNF on these unstable foundations, the LHNAU uses forecasts provided by OE and CE. These take into account the factors outlined in the previous paragraph. The mid-point calculation of jobs growth between these forecasts, therefore, provides a properly evidenced and reasoned assumption that can inform policy making as to an appropriate HNF that will support economic growth over the plan period.

### **Employment-led housing need figure**

- 2.9 Lichfields assert that the Council should adopt a HNF in excess of the standard method-based figure that reflects the economic circumstances as set out in the previous assessment of local housing need completed in 2019 (LHNA (2019)). This put forward a HNF of 945dpa to support jobs growth in the Borough. This was justified by the Strategic Economic Plan (SEP) developed by Cheshire & Warrington LEP.

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<sup>1</sup> BE Group, Warrington Local Plan Consultation Responses Review, Draft Report, January 2022, Para 3.14-3.25, pages 8-9

- 2.10 Lichfields conclude that the economic evidence that led to the figure of 945dpa remains robust (i.e. the economic circumstances remain unchanged). PPG notes that a HNF that exceeds the standard method minimum should be justified by the existence of *“growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals)”*<sup>2</sup>.
- 2.11 The LHNAU takes into account *“previous assessments of need”* and uses these as an integral part of the consideration as to whether *“it is appropriate to plan for a higher level of need than the standard model suggests”*<sup>3</sup>. That said, there is no obligation to be driven by these earlier studies. It is vital if plan-making is to be fit for purpose that changing economic circumstances are taken into account.
- 2.12 The judgement turns on whether the SEP remains a reliable indicator of future jobs growth, or whether the evidence on which it is based is out of date. The SEP was developed at the same time as the LEP programme document was being prepared for the European Strategic Investment Fund (ESIF) activities.
- 2.13 The SEP was launched in 2014 and was refreshed in 2017 with the ambition to grow the economy’s GVA to £50 billion per annum by 2040. The adoption of a SEP was a requirement of Government and aligned with the funds released by ESIF and the provision of Regional Growth Fund.
- 2.14 The SEP was the last economic document adopted formally across all LEPs. It was to be superseded by the Local Industrial Strategy (LIS) but while a draft document was prepared by Cheshire & Warrington the requirement for adoption was withdrawn by the Government. Since this point much of the funding earmarked for economic growth has taken the form of challenge funds and is aimed at a Local Authority level.

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<sup>2</sup> PPG (housing needs) Ref ID:2a-010

<sup>3</sup> PPG (housing needs) Ref ID 2a-010

- 2.15 The result is that while the SEP remains the last formally adopted economic strategy for the sub-region it is now a dated document with a lot of detailed funding commitments having been met or superseded. Its economic overview is also dated having last been refreshed in 2017 (i.e. before the commencement of the Pandemic and confirmation of the terms of the UK's exit from the EU).
- 2.16 Thus, while useful background, the SEP is a dated source from which to plan employment or housing needs.
- 2.17 Lichfields go on to suggest the funding is in place that fulfils the criteria of PPG 2a-010, justifying a HNF that exceeds the standard method minimum. This is in the form of the award to Warrington of £22.1m Town Deal funding and an estimated £212 million for infrastructure improvements. While welcome, this funding is not of insufficient scale to lead to a significantly greater number of jobs being created over the plan period (and therefore support an argument for a higher LHNF).
- 2.18 Turning to the question of the impact of the Pandemic, the representations state that the "latent labour supply" identified in the LHNAU is not justified by unemployment statistics. Turley have carried out their own modelling to suggest what the HNF is when set against job forecasts; they arrive at a figure of 1,057 dwellings per annum.
- 2.19 The "latent labour supply" denotes the cohort of people who lost their jobs because of the Pandemic but are still economically active. The LHNAU assumes that these people will fill jobs created as the economy recovers from the Pandemic and, given they already have homes, that no additional dwellings will be required to house them. Lichfields suggest this assumption should be replaced with one that the Pandemic has had no impact on the unemployment rate and that, as a result, the totality of new jobs created should be reflected in the HNF.

### *Unemployment*

- 2.20 The evidence is over-whelming that the Pandemic has had an impact on the unemployment rate although it remains to be seen the extent to which this will be medium or short term.



- 2.21 In recent years, changes to different unemployment benefits have clouded the data relating to unemployment to the extent that the Office of National Statistics (ONS) has now produced a different dataset that cuts through the definitions of different benefits. It now measures those people immediately available for work and claiming some type of benefit for being out of work. This is the 'Alternative Claimant Count' (ACC) and allows analysis on a time series basis with no data discontinuities.
- 2.22 In 2020, Government stated that, *“Under Universal Credit, a broader span of claimants are required to look for work than under Jobseeker’s Allowance”*.<sup>4</sup> This has the effect of increasing the Claimant Count and ONS have stated that the figures are no longer a reliable economic indicator.
- 2.23 To address this, the new ACC statistics measure the number of people claiming unemployment benefits by modelling what the count would have been if Universal Credit had been in place since 2013 with the broader span of people this covers.
- 2.24 The guidance goes on to state that
- “The statistics provide a consistent measure of local levels of unemployed claimants over time and across areas and a better indication of labour market change than the Claimant Count data. The ACC do not replace the Claimant Count but, given the implementation of Universal Credit and the natural increases to the Claimant Count that this brings, the statistics do provide a*
- *consistent unemployed claimant series; and*
  - *better indicator of local labour market change over time than the Claimant Count.”*
- 2.25 The data has therefore been gathered and back-dated to ensure consistency.
- 2.26 When this data is examined over the period of the Pandemic in Warrington, it can be seen that the Pandemic had a dramatic impact on claimants in Warrington despite the introduction of the furlough scheme (see the figure below).

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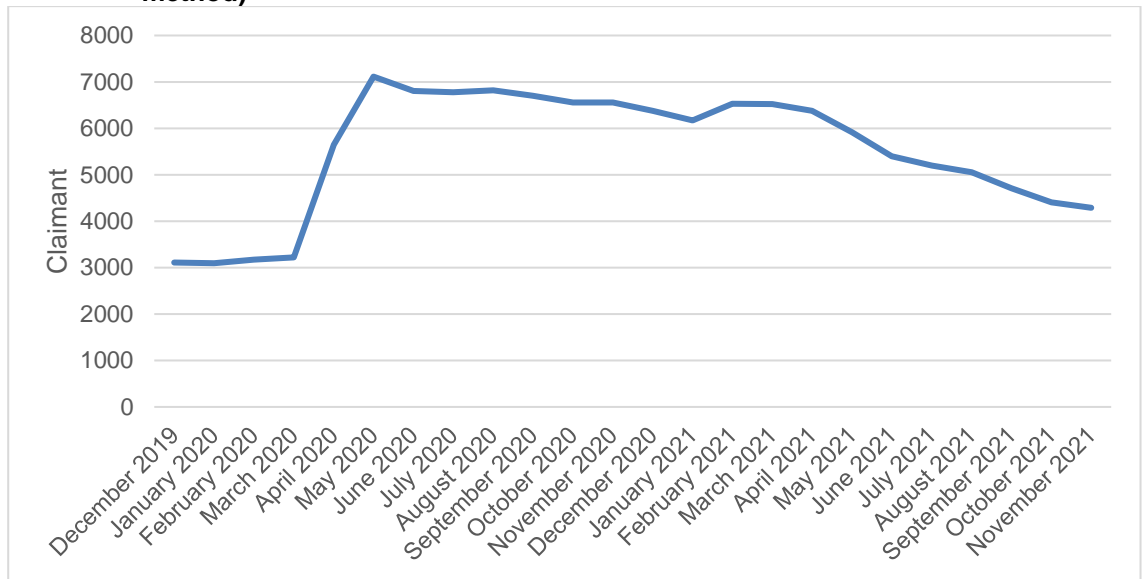
<sup>4</sup> [Alternative Claimant Count statistics: background information and methodology](#) (visited 02/02/22)

2.27 Prior to any lockdown measures, the ACC in Warrington was recorded in February 2020 at 3,172 people and peaked in May 2020 at 7,114 (May 2020). This represented an increase of an additional 3,942 claimants within 3 months or a rise of 124%.

2.28 Since the peak of May 2020, the number of claimants has been falling but on a more gradual basis. The number remains above the pre-Pandemic levels and in November 2021 the number of claimants was 4,287. This remains 1,115 claimants greater than pre-Pandemic (an increase of 35%).

2.29 It is unclear whether the ACC number will return to the pre-Pandemic level and over what period. It is also generally the case that there is a seasonal effect in employment data. For this reason, ACC data may show a rise in claimant counts in January 2022 when people who were in temporary jobs in retail and hospitality over the Christmas period become unemployed.

**Figure 1: Claimant Count Warrington Dec 2019 – Nov 2021 (Alternative Claimant Count method)**



Source: Department for Work and Pensions data from Stat-Xplore

*Economic Inactivity*

2.30 In addition to the claimant count data, it is useful to consider the impact of the Pandemic on economic inactivity. The economically inactive are those individuals of working age (16-64 years old) who are not currently participating in the workforce and do not receive a benefit linked to their worklessness.

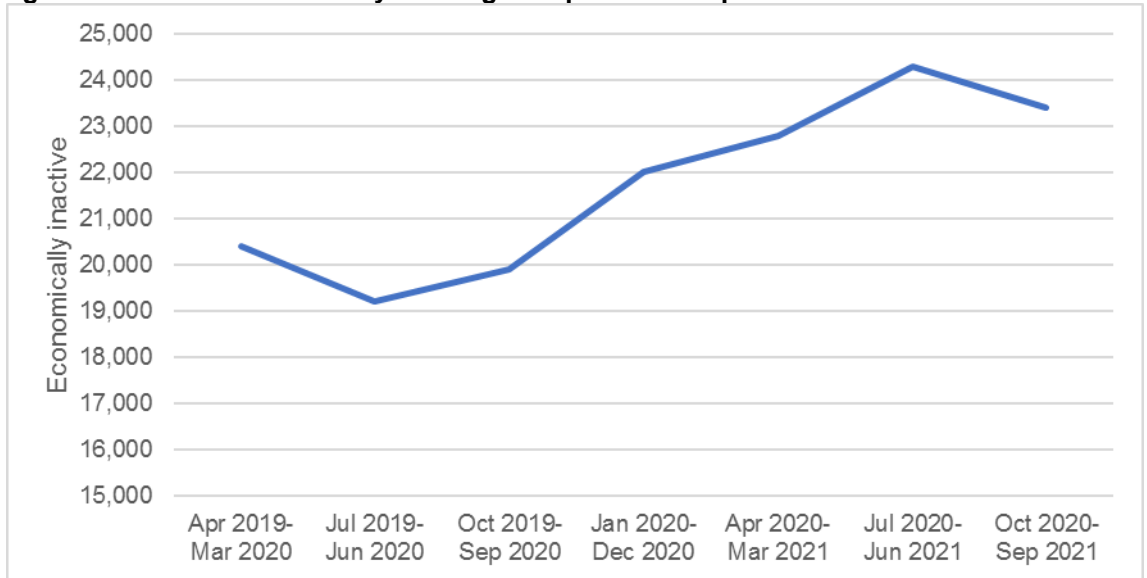
- 2.31 The evidence suggests the fall in employment that has been seen since the start of the Pandemic may be attributed to increases in economic inactivity as well as increases in unemployment.<sup>5</sup> Given the age profile of those who have become economically inactive during the Pandemic it is likely a large proportion will return the labour market once the economy is able to fully open up.<sup>6</sup>
- 2.32 Economic inactivity is considered over a 12-month period and measured quarterly. In the 12-month period to the start of the Pandemic (April 2019 – March 2020) the economically inactive in Warrington was recorded at 20,400. When the same 12-month period was measured 1 year later the economically inactive had increased to 22,800 (a rise of 2,400 people or 11.8%). The figure peaked in the 12-month period to June 2021 when it was measured at 24,300 (a rise of 3,900 or 19% from the start of the Pandemic).
- 2.33 Economic inactivity then decreased with the figure for 12 months to September 2021 measured at 23,400. This remains 3,000 over the initial point at the start of the Pandemic.
- 2.34 There are many reasons for economic inactivity but it appears likely that the Pandemic was responsible for an increase in the number of Warrington residents removing themselves from the labour market (voluntarily or as a result of redundancy but with no associated claim on benefits).

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<sup>5</sup> Coronavirus: Impact on the labour market, page 7

<sup>6</sup> The Resolution Foundation, The truth will out, Understanding labour market statistics during the coronavirus crisis, page 3

**Figure 2: Economic inactivity Warrington Apr 2019 – Sept 2021**



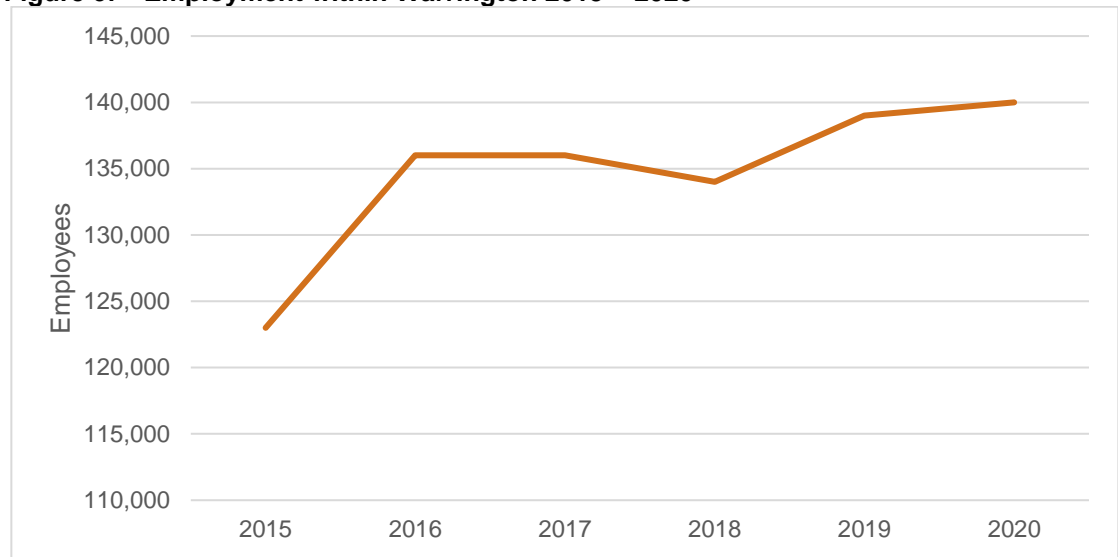
Source: Annual Population Survey Jan 2022

2.35 Overall, therefore, the additional number of claimants and those now economically inactive from the start of the Pandemic to the point of the most recent data (as at January 2022) showing a difference of 4,115 albeit the differing start and end points of the data mean that adding the two data sources creates a slightly inaccurate figure.

*Employment Growth*

2.36 Against the backdrop of the Pandemic and rising unemployment and inactivity, employment was also estimated to have risen over the early period of the Pandemic (from 2019 – 2020). In this period an increase of 1,000 jobs was estimated (a rise of 0.7%). That said, there is no published Business Register and Employment Survey (BRES) data beyond 2020. BRES data is collected by survey and the date at which employment is measured is Sept 11<sup>th</sup> each year.

**Figure 3: Employment within Warrington 2015 – 2020**



Source: Business Register and Employment Survey (BRES)

- 2.37 It is clear from the evidence gathered that there has been an increase in unemployment as a result of the Pandemic.
- 2.38 As regards modelling of a HNF set against jobs forecasts it is important the modelling stays faithful to the forecast itself. As noted, the mid-point of the OE and CE forecasts, as used in the LHNAU, shows a decline in the number of jobs of around 4,000, with these forecast to be made up in the early years of the projection period (the forecast expects people to move back into work following the Pandemic).
- 2.39 If the representations are right that there has been no unemployment as a result of the Pandemic then the forecasts would need to be adjusted so that the loss and subsequent gain of 4,000 jobs is removed.
- 2.40 For the 2021-38 period, this would mean the forecasts showing a lower increase in jobs by 4,000 and there being no requirement for an adjustment for unemployment in the modelling.
- 2.41 Ultimately, if treated correctly, the outputs of the housing needs model would be the same whether or not the forecasts are correct about an increase in unemployment due to the Pandemic.

- 2.42 Lichfields go on to argue that there is a mis-match between the age structure of the population and the growth of the working age population that undermines the proposition that the existing population will support economic growth.
- 2.43 In advancing this argument, Lichfields suggest that the labour supply cannot increase in the way suggested in the LHNAU as the actual number of people aged 16-66 is projected to decrease slightly.
- 2.44 Whilst there is clearly a relationship between change to the age structure and growth in the number of people who are economically active, this is also a function of assumptions made about how economic participation will change in the future.
- 2.45 As can be seen from Figure 6 and Table 25 of the LHNAU the modelling in Warrington has drawn on OBR forecasts for changes to economic activity by age and sex. From this source it is clear that OBR is forecasting for there to be some notable increases in participation for females and also in older age groups (for both sexes). These assumptions will be linked to past trends and also take account of known changes (such as to pensionable age).
- 2.46 Given the assumptions about current and future economic activity it is clear that seeing little or no change to the number of people aged 16-66 does not mean that there cannot be growth in the number of people who are economically active. It is notable that, in para 4.11 of their study, Lichfields use the same OBR source for economic activity rates indicating they accept their validity.
- 2.47 In a related point, put forward by Turley's, the suggestion is made that a housing need of 816dpa would only support 490 jobs per annum. This finding again fails to recognise additional jobs for people returning to work following the Pandemic which the economic forecasts put at around 4,100 jobs.
- 2.48 Be that as it may, the detailed modelling from Turley is not set out and even with these additional jobs, the figure of 490 jobs per annum looks to be too low and may be an error.

- 2.49 Lichfields conclude their critique of the LHNAU by setting out their own modelling of the housing need. Projections are developed for 2021 to 2038 and 2021 to 2039. Two sets of projections have been produced as the Local Plan is 2021-38 inclusive; this is an 18-year period but, given that most demographic data being mid-year, a 2021-38 period would only be 17-years. In reality, adding an extra year to the analysis shouldn't have any notable impact on the findings.
- 2.50 Rather than go through the detail of the modelling, it is worth noting that the credibility of their analysis does not attempt to deal with changing unemployment data. Were Lichfields to reflect unemployment properly in their modelling, it is likely they would show a need not in excess of the standard method (for 816 dpa).
- 2.51 Overall, the LHNAU uses robust and up-to-date evidence to assess the need for homes and ensure this number will support economic growth while leaving some headroom in the event growth exceeds expectations. Failure to do so may lead to an over-supply of dwellings and potentially excessive amounts of Green Belt release. This results in a view, revised from the LHNA (2019), that an uplift is no longer justified.

## **Uplifting the housing number to address affordable housing**

- 2.1 Lichfields suggest that the HNF does not take into account the need for affordable homes. They state that *“even if 30% of WBC’s entire housing target of 816 dpa were to come forward as social housing, this would only equate to 245 dpa, or 4,406 dwellings over the 18-year plan period. This is only 58% of the identified requirement”*.
- 2.2 Lichfields have not given proper consideration to the LHNAU, where the issue of the link between affordable housing need and overall need is given substantial consideration (see paragraphs 8.68 to 8.82 of that report).
- 2.3 In short, the LHNAU recognises the complex link between overall housing need and affordable need, in particular noting that many of those with an affordable need already live in accommodation (which would be available for another household if they moved).
- 2.4 The report also recognises the way in which the housing market works to meet these needs (through use of the PRS) which again does not point to the need for an uplift.
- 2.5 Also, it is clear that the Council have considered the issue of uplifting the housing need due to affordable housing through their Development Options and Site Assessment Technical Report of September 2021 (see Sections 5.18 to 5.32). In this document the Council highlight a number of points made in the LHNAU, including recognising that many households already live in accommodation (existing households) and do not therefore generate the need for an additional home overall (paragraph 5.27).
- 2.6 However, the Council does expand on the analysis in the LHNAU, noting, for example, that the standard method already includes an uplift above the demographic need to address affordability (paragraph 5.28). The Council also note that there are sources of affordable housing supply other than through market-led development which are likely to deliver a ‘much higher’ level of affordable housing (paragraph 5.30).



- 2.7 A good example of how affordable housing can be secured outside the planning system is the activities of Torus, a social housing provider operating in the Borough.
- 2.8 As a strategic partner of Homes England, Torus has been able to use their grant funding to purchase a number of schemes in Warrington town centre to deliver 100% affordable housing where the planning content did not secure any affordable housing through S106.
- 2.9 Also, Torus have been able to purchase homes using their grant funding to provide additional affordable homes on sites in Warrington where an existing level of affordable housing has been secured through S106.
- 2.10 The Council also note that the PPG recognises that the needs for particular groups may well exceed or be proportionately high in relation to the overall housing need<sup>7</sup> (paragraph 5.26).
- 2.11 Overall, the Council therefore does not propose to further uplift housing provision above the target of 816 dpa but does state that delivery will be kept under review (paragraphs 5.31 and 5.32).
- 2.12 It is clear that both the LHNAU and the Council have properly considered the issue of affordable housing within the overall need and reasonably conclude there is no justification to further increase the need above the level shown by the standard method.
- 2.13 It should also be noted that the standard method housing need is already 14% the base need shown in the 2014-SNHP, which would provide additional affordable housing. Indeed the 816dpa figure is also 93% higher than the latest evidence of demographic need from the 2018-based SNHP.

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<sup>7</sup> PPG (Housing needs of different groups) Ref ID: 67-001

## **Need beyond the plan period**

- 2.14 A final issue picked up by this report is considering housing land supply beyond the plan period – this is particularly in relation to paragraphs 5.8 to 5.17 of the Development Options and Site Assessment Technical Report of September 2021 – we briefly consider the method used by the Council to look at need beyond 2038.
- 2.15 As regards housing need the Council has considered household growth in the 2014-based SNHP for the last 10-years of the plan period. This seems a sensible approach as these projections are used in the standard method and we would note that using more up-to-date projections (e.g. from the 2018-based SNHP) would show a notably lower level of household growth (392 dpa compared with the 605 dpa used by the Council).
- 2.16 The Council has also considered that delivery in line with the standard method in the plan period would mean that affordability pressures will no longer be a significant issue post 2038. This seems a reasonable position to take given that a) the standard method need (816 dpa) is significantly above current projections of household growth (422 dpa based on 2018-SNHP in the 2021-38 period) and b) the observation that there has been no worsening of affordability over the past 16-years, including dwelling delivery lower than 816 dpa for each of the 12-years to 2020.
- 2.17 The Council also note (paragraph 5.12) that the level of job growth is forecast to decrease over time and therefore this would be a sufficient number of homes to provide a balance between jobs and housing. We have briefly tested this by modelling a housing need of 605 dpa post 2038 (to 2047 for the purposes of modelling). Using exactly the same assumptions as in the LHNAU, the analysis shows that the economically active population can be expected to continue to increase at a rate of 441 people per annum on average – with account taken of commuting patterns and double jobbing this could support around 484 jobs each year (4,840 over a notional 10-year period).

2.18 Therefore it is considered that the estimate of need used by the Council for the post-2038 period is sound and this would continue to support a growth in the labour supply that would allow for a notable continued level of job growth and therefore a continued balance between jobs and homes.

### **The Demographic assumptions**

2.19 Lichfields suggest that a HNF should not use the 2014-based SNHP. They state that *“It is worth bearing in mind that the standard method figure is predominantly based on official household projections which are trend-based and effectively ‘lock in’ trends in constrained household formation over the past number of years”*.

2.20 One of the key purposes of the uplifts in the standard method is to deal with any constraints in past household formation. This is clear from the PPG, shown below. As a result, any further adjustments made would introduce double counting in any needs estimate.

*“An affordability adjustment is applied as household growth on its own is insufficient as an indicator of future housing need because:*

- *household formation is constrained to the supply of available properties – new households cannot form if there is nowhere for them to live; and*
- *people may want to live in an area in which they do not reside currently, for example to be near to work, but be unable to find appropriate accommodation that they can afford.<sup>8</sup>*

2.21 For the avoidance of doubt, in Warrington the assessed housing need (816 dpa) includes an affordability adjustment, as directed by the relevant PPG.

2.22 Lichfields also suggest that the HNF should be raised to allow for the suppression of household formation over the period from which the 2014-based SNHP draw their data to inform future projections of need.

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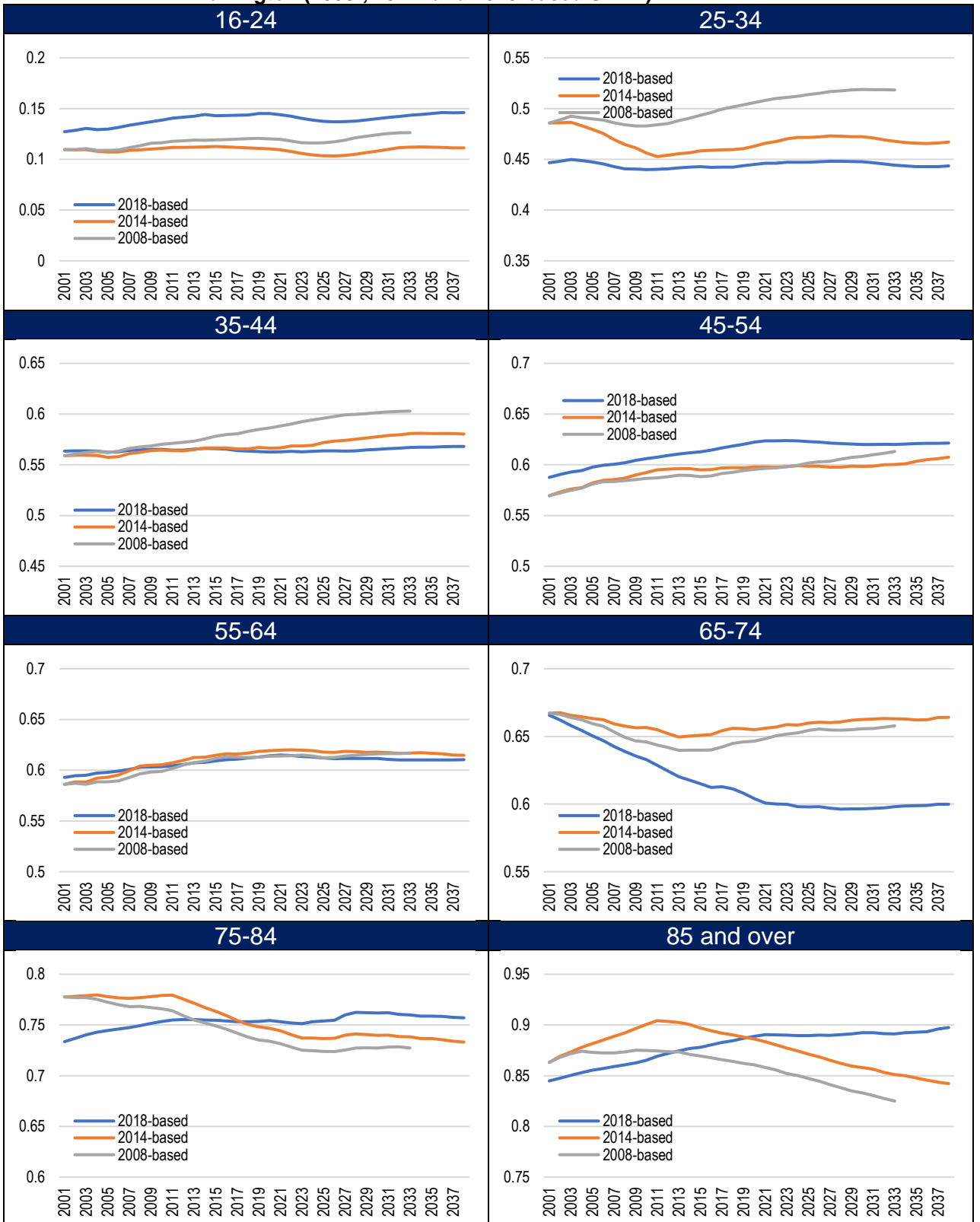
<sup>8</sup> PPG (housing needs) Ref ID: 2a-006

- 2.23 Lichfields are correct to note that the approach taken to household formation rates has changed from the LHNA (2019) assessment and LHNAU. This has mainly been due to more detailed consideration being given to the methodology (and outputs) of more recent SNHP and whether there is really any strong evidence of suppression within the data and projections.
- 2.24 A similar analysis could have been done with the 2016-based SNHP (a point made by Turley) but, nevertheless, it is considered that using the most up-to-date projections is reasonable where the data can be seen to be robust.
- 2.25 To start a discussion on this topic, it is worth setting out some of the background data, with the figure below showing household representative rates from each of the 2018-, 2014- and 2008-based SNHP.
- 2.26 In essence, the issue raised by the representations is that there has been a suppression of household formation among younger households and that this should be corrected to some degree moving forward.
- 2.27 Where there is evidence of suppression an adjustment is reasonable but, in our view for Warrington, when looking at the 2018-based projections this is not clear cut. Focussing on the 25-34 age group in the figure makes this clear. According to the 2014-SNHP it looks as if household formation dropped from 2001 to 2011 but in the 2018-SNHP only a very modest decline is shown.
- 2.28 Both figures actually rely on the same data but take a different approach to establishing the household reference person. In the 2014-SNHP a male is taken as a default HRP where there is a couple household (of different sexes) whereas the 2018-SNHP uses the Census definition of a HRP which takes account of the economic activity and age of people in a household.
- 2.29 Arguably the Census definition is better and more accurately reflects who might be considered as the “head of household” but, nevertheless, it is clear from the 2018-SNHP that using the Census definition does not show any clear suppression in the 2001-11 period, or within the projections moving forward.

- 2.30 The same can also be said for other age groups (16-24 and 35-44) and therefore it is considered that the approach in the LHNAU is reasonable on the basis of the data studied (although it is recognised this is different to the approach used in the LHNA (2019) for the Council).
- 2.31 There is also the issue as to whether an adjustment for older (2008-based) data is appropriate. Again focussing on the 25-34 age group it can be seen that the 2008-based data projects a notable increase in formation rates post-2011 which are arguably unrealistic, this is also the case for the 35-44 age group.
- 2.32 On this basis we do not now consider such an approach to be particularly relevant or robust for Warrington, although the main reason for using 2018-based data is the improved methodology (definition of HRR) and the fact this does not seem to show any notable suppression.
- 2.33 Whilst all of the focus on HRRs is normally in relation to younger age groups, it is also worth noting that the different projections often show different patterns in older groups – this potentially has a greater impact on a conversion from population to households than for younger age groups.
- 2.34 In the case of Warrington one notable age group is 85 and over where both the 2018- and 2014-based figures show an increase in HRRs in the 2001-11 period, but only the 2018-based figure continue this trend onwards – a largely opposite situation can be seen for the 65-74 age group.
- 2.35 It is difficult to say for sure which figures are more realistic, the 2018-based data arguably uses a better definition of an HRP but is more limited in the past trend data used to develop a projection. That said, it does look like there is a clear disconnect between the 2001-11 trends and future projections in the 2014-based projections for many older age groups.

2.36 Overall, whilst the points about the method used in the LHNA (2019) is noted, it is considered that the 2018-based HRRs are reasonable to use for the purposes of assessing housing need, particularly given that using the latest Census definition of an HRP. The 2018-based SNHP provides no evidence of any significant suppression of household formation.

**Figure 4: Projected Household Representative Rates by age of head of household – Warrington (2008-, 2014- and 2018-based SNHP)**



Source: Derived from ONS and CLG data

2.37 Regardless of the points made above, we have taken the opportunity to rerun our projections by attaching the 2014-based HRRs and also the 2014-based HRRs with an uplift for younger age groups (as done by Lichfields). These have been attached to the economic (job growth) led scenarios.

2.38 The table below shows with 2014-based figures that housing need is shown to be higher than when using 2018-based figures, but for both scenarios the need is still below that from the standard method. When adding an additional uplift for younger age groups the analysis shows a need below the Standard method with Census commuting patterns (an approach used by Turley and implicitly by Lichfields). On balance this would therefore point to the standard method being broadly right and providing alignment between jobs and homes.

**Table 1: Annual housing need under a range of household representative rate assumptions (linked to job growth forecasts)**

Assumption	Annual need
2018-based HRRs	696
2014-based HRRs	731
Part-return to trend HRRs	781

**High levels of delivery Justify a higher HNF**

2.39 Lichfields state that high levels of delivery from previous years supports the contention that a higher HNF is desirable and achievable.

2.40 Lichfields note that, in the view of the LHNAU the figure of 945 dpa in the LHNA (2019), is *“now too high and not reflective of an achievable level of housing delivery”*. The basis for this view is the changed economic circumstances that are described in the report, and expanded on in this rebuttal.

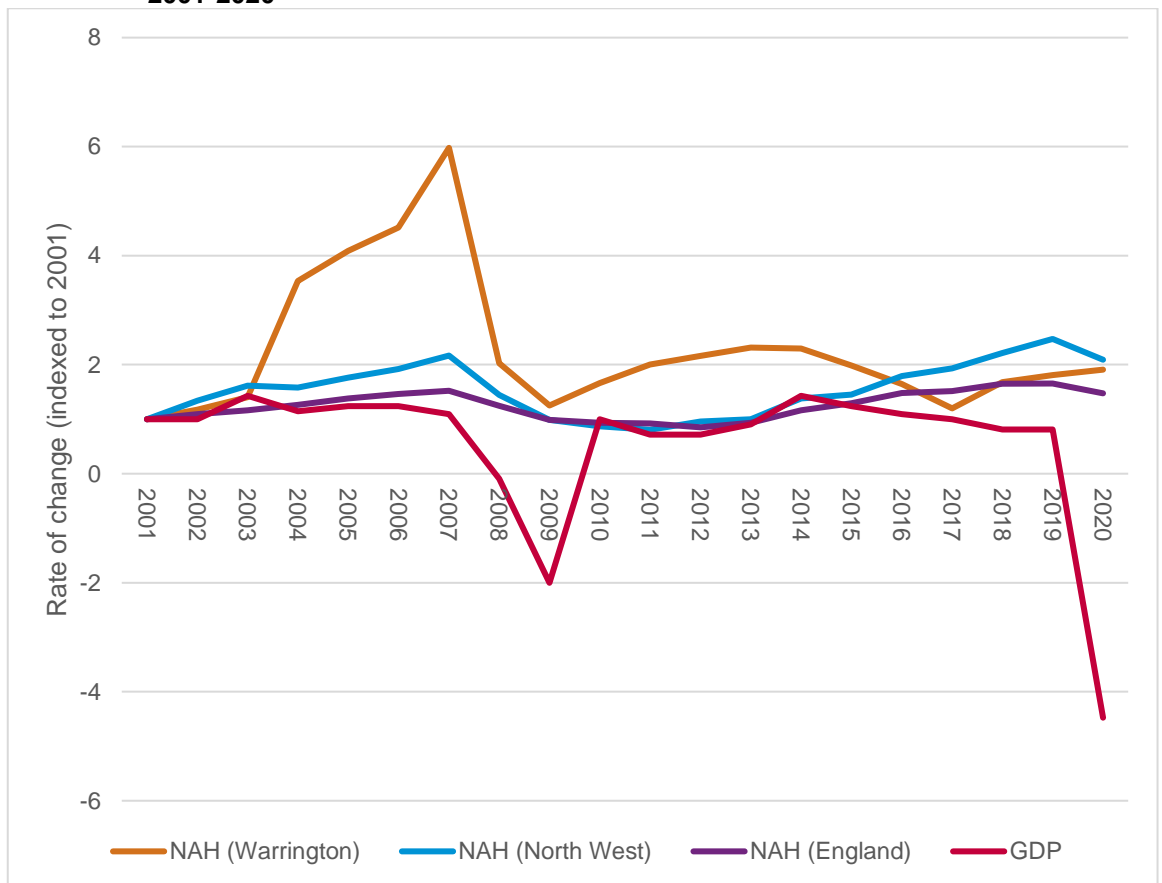
2.41 Lichfields attempt to make a case that higher rates of delivery over the period 2003/4 until 2006/7, the period immediately before the financial crisis, support the case for setting a HNF that exceeds the standard method minimum within Warrington’s new Local Plan.



2.42 Setting aside for one moment that a very different economic circumstances prevailed in this period compared with today, it is worth assessing whether this period reflects Warrington's "true" capacity, or whether it is likely to be an outlier.

2.43 Rates of housing delivery reflect changes in GDP given development is a risky enterprise and developers need to be sure the market strength exists to support achieve sales values that generate an acceptable return. The figure below shows the relationship between rates of housebuilding in Warrington, the North West Region and England over the period 2001 - 2020 together with the rate of GDP growth achieved in this period.

**Figure 5: Net additions to the housing stock (Warrington, the North West and England) 2001-2020**



Source: ONS (Tale 122), ONS (GDP)

2.44 This shows that the period identified by Lichfields as illustrative of the level of housing delivery that Warrington is capable of (2003-2007) was a period of relatively benign economic conditions. Also, the rates achieved in Warrington in this period were very high compared with those achieved in the North West region and England.

- 2.45 As with rates of housebuilding in the comparator geographies, supply in Warrington was impacted very severely by the financial crisis. In 2009, rates in the Borough return to roughly speaking the regional average.
- 2.46 The period from 2009 to 2015 then describes a period of that, while strong compared with the North West and England average in much more aligned with these comparators than the period 2003-2007. With a dip in delivery in 2017, rates have returned to a growth path in line with the comparators.
- 2.47 Furthermore, it is worth considering the rates of delivery of new homes in terms of average levels achieved over relevant time-periods in order to gain a sense of what level is realistically achievable. The table below sets out the 5, 10 and 20 year averages of home delivery in Warrington.
- 2.48 This shows that over none of these time periods did average levels of growth achieve 816dpa.

**Table 2: Average number of homes delivered 5, 10 and 20 year periods**

<b>Metric</b>	<b>No</b>
<b>5 year average (2015-2020)</b>	<b>517</b>
<b>10 year average (2010-2010)</b>	<b>569</b>
<b>20 year average (2001-2020)</b>	<b>725</b>

Source: [ONS](#) (Tale 122)

- 2.49 The evidence gathered conclusively demonstrates that the figure of 816dpa is an achievable but challenging target for Warrington. To assume the Council should aim to exceed this would be over-ambitious based on past trends. The period from 2003-2007 shows an abnormal level of housing delivery; now, as then, such a rate would not be sustainable.
- 2.50 The appetite of housebuilders for development is irrelevant to the consideration of how many dwellings the borough needs. History shows us that, where housebuilders are wrong-footed by changing economic circumstances the resulting correction, as during the financial crisis, can be sharp.

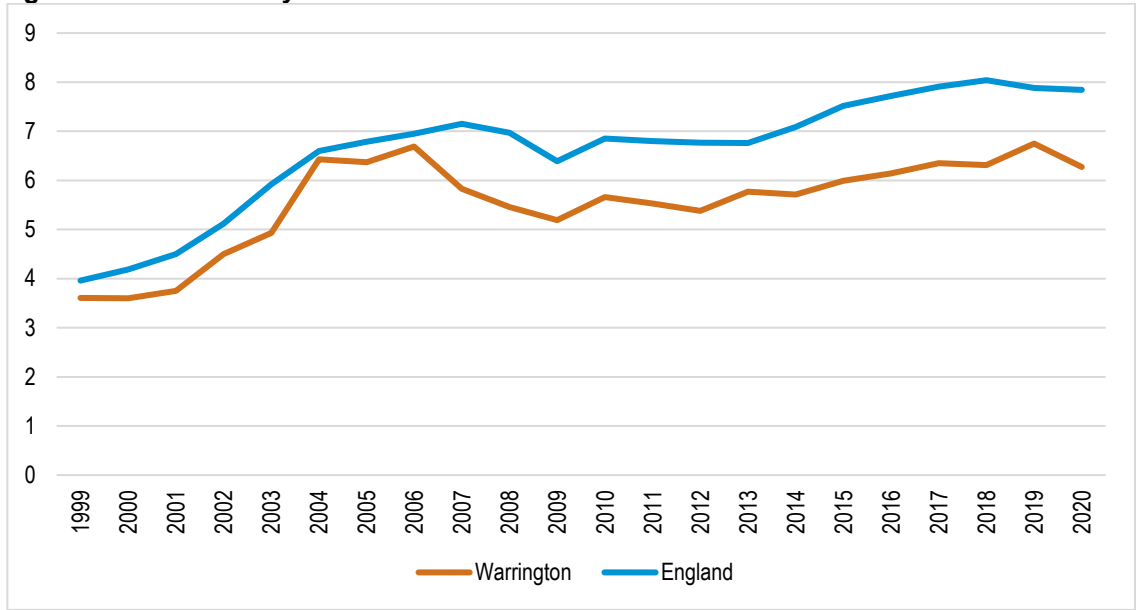
## Market signals

- 2.51 Lichfields suggest that affordability over time should be taken into account in arriving at a HNF.
- 2.52 The introduction of the standard method for calculating housing need in 2018 was meant to *“to enable all communities to have a clear, transparent understanding of the homes they need as a minimum.”*<sup>9</sup>
- 2.53 Before the introduction of the standard method PPG required Local Planning Authorities to prepare a Strategic Housing Market Assessment (SHMA) in which an assessment of a range of market signals was considered appropriate.
- 2.54 In abolishing the SHMA methodology, the requirement to consider market signals, including trends in affordability over time, were replaced with a requirement to adjust the 2014-based household projections with one market signal, the latest median affordability ratio (MAR).
- 2.55 It is worth noting that the Government, in the changes to the standard method put forward for consultation in 2020, considered taking into account the change to the MAR over the previous 10 years. However, the decision was made to leave the method, broadly speaking, unchanged. In the event the Government wanted take account of worsening affordability, this would be reflected in the method.
- 2.56 Furthermore it is the case in Warrington that there is no strong evidence of a worsening affordability ratio in the recent past. The figure below shows the workplace affordability ratio over the past 20-years (this being the ratio used in the standard method).
- 2.57 In Warrington, the current (2020) ratio is actually lower than was seen 16 years previously. If Lichfields were right that an approach should take account of worsening trends over time, it would be unlikely to have any impact on an analysis for Warrington.

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<sup>9</sup> MHCLG, Planning Update Newsletter, September 2018

**Figure 6: Affordability Ratios 1999-2020**



Source: ONS

2.58 Lichfields go on to suggest that changes in house prices should be taken into account in setting a HNF. However, house prices are an integral part of the MAR and should not be considered as a stand-alone market signal.

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