

# **Warrington Local Plan 2021-2038: Examination in Public**

Hearing Statement by Peel L&P (Holdings) UK  
Ltd (representor no. UPSVLP 0426)

Matter 4: Housing Need and the  
Housing Requirement

July 2022

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Peel L&P (Holdings) UK Ltd

**Our reference**

PEEM3056

22 Jul 2022

# 1. Introduction

- 1.1 This Statement is prepared by Turley on behalf of Peel L&P (Holdings) UK Ltd (hereafter called 'Peel') in respect of the examination of the Warrington Local Plan 2021-2038. It provides Peel's response to the Matters, Issues and Questions ('MIQs')<sup>1</sup> identified by the Inspectors in respect of Matter 4: Housing need and the housing requirement.
- 1.2 The context to Peel's representations, including its development interests in the Borough, is set out in its Matter 1 statement.
- 1.3 This Statement should be read alongside Peel's statements in relation to Matters 1, 3, 6a, b and c, 7a, b, c and d, 8, 11 and 14. It should also be read alongside statements submitted jointly on behalf of Peel L&P (Holdings) UK Ltd and Peel Ports (representor number UPSVLP 0438) which relate specifically to Peel's land interest at Port Warrington and Warrington Waterfront.

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<sup>1</sup> ID02

## 2. Summary of Comments

2.1 This statement draws out the following points in response to the questions set out:

- At least one of the circumstances listed in the Planning Practice Guidance ('PPG'), which justify a higher housing need than the standard method, applies to Warrington.
- The conclusion reached in the 2021 LHNA<sup>2</sup>, that the standard method is reflective of the needs arising from the baseline forecast level of job growth preferred by the Council, is unjustified because of flawed assumptions in the modelling.
- The Council's recent downgrading of its expectations around job growth, curtailed to the average of two baseline forecasts, is not justified where stronger economic performance must be assumed to arise from the potential realisation of its growth plans and investment as well as the more positive approach taken to provide for employment land within the Updated Proposed Submission Version Local Plan ('UPSVLPP').
- Peel maintains, as per the 2021 representations, that there is evidence of a need for at least 1,057 homes per annum over the plan period.
- The proposed stepped housing trajectory, which would see housing provision below even the minimum standard method need until 2026, is unjustified.

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<sup>2</sup> Warrington Local Housing Needs Assessment Update (August 2021) [Document H2]

### 3. Matter 4: Housing need and the housing requirement

**Q1: Has the calculation of Local Housing Need (816 homes per annum) been undertaken appropriately using the standard method and correct inputs?**

- 3.1 Yes, the Council correctly applied the standard method formula in calculating a need of 816 dwellings per annum. However, with Planning Practice Guidance (PPG) confirming that the calculated number should be kept under review and revised where appropriate<sup>3</sup>, it is of note that the method suggested a need for 828 dwellings per annum at the point of submission in April 2022, with the difference equating to some 204 dwellings over the plan period (2021-38).

**Q2: Should the housing need figure be higher than the minimum Local Housing Need figure of 816 homes per annum? Do any of the circumstances set out in paragraph 10 of the housing and economic needs assessment chapter of the PPG (or any other relevant circumstances) apply in Warrington?**

- 3.2 Yes. Our technical submissions – the latest of which was a report produced during the latest consultation in November 2021 and named *'Paper 2: Technical Review of the Proposed Housing Requirement'*<sup>4</sup> – have consistently highlighted that there is evidence to justify a higher level of housing need in Warrington.
- 3.3 It is clear that at least one of the circumstances listed in the PPG applies in the case of Warrington, with the UPSVLP repeatedly referencing the existence of growth strategies that the Council presumably considers to be deliverable.
- 3.4 We document these references within our technical submission<sup>5</sup> also observing that the critical role of housing is explicitly recognised within the vision of the UPSVLP.

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<sup>3</sup> PPG Reference ID: 2a-008-20190220

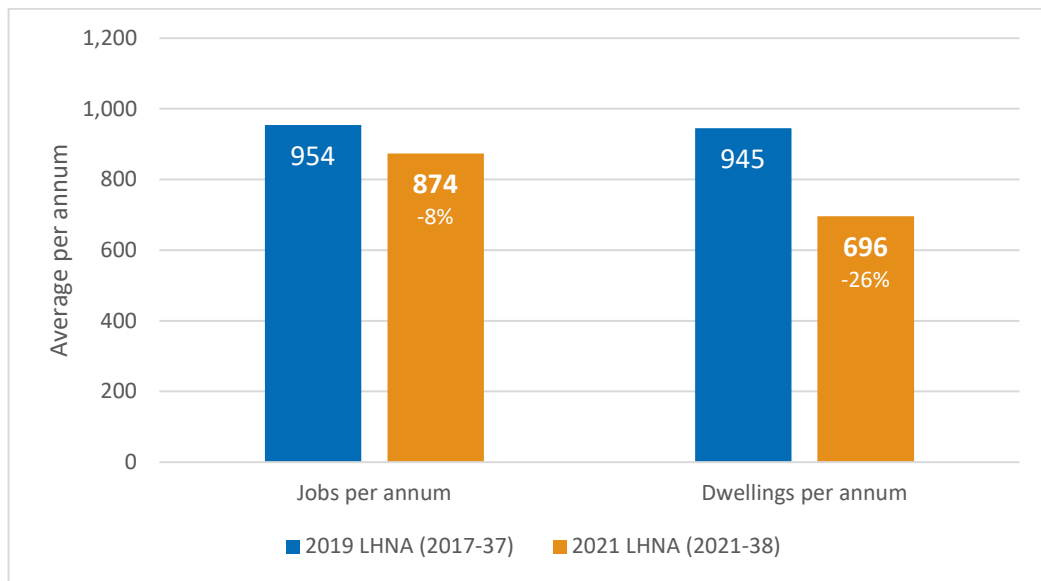
<sup>4</sup> UPSVLP-0426-P2. This report was produced by Turley on behalf of Peel L&P as one of a number of papers submitted during the consultation on the updated Proposed Submission Version of the Warrington Local Plan

<sup>5</sup> UPSVLP-0426-P2, paragraphs 5.9 – 5.17. Specific references cited from the UPSVLP include paragraphs: 3.1.6, 4.2.1 and 4.2.7 and text references on page 20

**Q3: The Local Housing Needs Assessment Update 2021 concludes that 816 homes per annum will provide an increase in working age population sufficient to support the number of additional jobs likely to be created over the plan period. Are the assumptions and calculations which support this analysis robust and is the conclusion justified?**

- 3.5 As we set out in our representations<sup>6</sup> we consider that there are assumptions and calculations in the LHNA<sup>7</sup> which are not robust, therefore undermining the justification of the Council’s conclusion.
- 3.6 Where the Council appears to primarily base its justification on the belief that Warrington will create fewer jobs over the plan period, a position we challenge in our responses to later questions (4/5), the importance of other changed assumptions must be recognised where, as we show in **Figure 3.1**, the assumed level of job growth has been downgraded by only 8% but the associated level of housing growth has been reduced by some 26%<sup>8</sup>.

**Figure 3.1: Comparing Modelling in 2019 and 2021 LHNAs**



(Source: GL Hearn; Turley analysis<sup>9</sup>)

- 3.7 Our latest submission identified that a key factor contributing to this marked reduction in housing need was the application of a flawed assumption that 4,000 individuals living in Warrington in 2021 and purported to be ‘unemployed’ will be able to fill

<sup>6</sup> UPSVLP-0426-P2

<sup>7</sup> Document H2

<sup>8</sup> UPSVLP-0426-P2, as we note at paragraphs 2.8 – 2.11 it is of note that the conclusion of the previous LHNA (2019, Document H3) was that there was a need for 945 homes per annum, a level which was higher than the outcome of standard method and predicated on an appreciation of the implications of aligning employment growth and housing need.

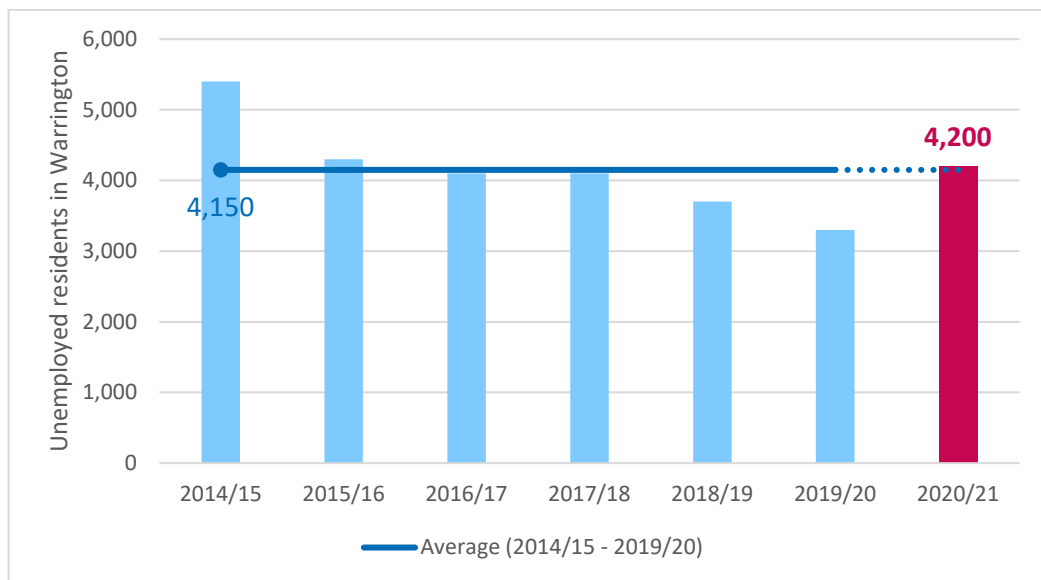
<sup>9</sup> This chart was originally presented as Figure 2.1 in Turley’s *Paper 2: Technical Review of the Proposed Housing Requirement* (November 2021) submitted on behalf of Peel L&P (Holdings) UK Ltd [UPSVLP-0426-P2]

roughly a quarter of the 14,858 new jobs now forecast in Warrington over the full plan period.

3.8 As we evidence, this assumption does not stand up to reasonable economic logic. It fails to adequately appreciate the context in which 4,000 additional people were claiming unemployment benefits and not actively participating in the labour force during the pandemic. As explained in our technical submission<sup>10</sup>:

- The peak in the number of additional claimants was in May 2020, the height of the first lockdown, with this quickly falling to 1,175 additional claimants by the end of that year<sup>11</sup>; and
- Using the ONS’s preferred dataset<sup>12</sup>, it is evident from **Figure 3.2** that over the year to June 2021 there were only around 4,200 residents identified as unemployed *in total*. This was only 900 more than the historic low recorded in the equivalent period of the previous year (2019/20).

**Figure 3.2: Unemployed Residents in Warrington (Year to June 2014 – June 2021)**



(Source: ONS; Turley analysis)

3.9 To implicitly assume that virtually all of those classified as unemployed by the ONS will take up new jobs in Warrington over the plan period is unjustifiable. This would implicitly make unemployment close to zero, with such a scenario being unprecedented in England and essentially unattainable. Whilst it is not a realistic proposition it would also be economically harmful acting as a disincentive to business

<sup>10</sup> Paragraphs 4. 8 – 4.15, UPSVLP-0426-P2

<sup>11</sup> Our previous technical report referenced an excess of 1,955 claimants in September 2021 but this provisional figure has since been revised down to 1,845 by the ONS. This analysis has been limited to 2021 to align with the first year of the plan period, but it is of note that the excess has continued to reduce to the point where there were only 690 additional claimants in May 2022 than in February 2020

<sup>12</sup> UPSVLP-0426-P2, paragraph 4.10. The ONS has long made clear – even prior to the pandemic – that ‘*the claimant count is not an alternative measure of unemployment*’, giving greater prominence to metrics that align with the internationally accepted definition (ONS (January 2015) Labour Force Survey (LFS) Quality and Methodology Information)

investment where a complete absence of labour market capacity would severely constrain the growth of local businesses.

- 3.10 By relying on this segment of the labour market in this way, the LHNA consequently understates the need to attract and retain extra people if forecast job growth is to be achieved and fails to account for their housing needs.
- 3.11 We note the Council’s response to this criticism in February 2022<sup>13</sup>. This appears to at least partially acknowledge the limitations of its estimate of the number of residents permanently detached from their jobs, but switches to argue that if these jobs were not lost from the local economy then it is correct not to forecast their return over the plan period. Such an argument, whilst appealing in its simplicity, does not stand up to scrutiny where it must be accepted that the Council’s support of economic growth is predicated on a much more ambitious expectation that Warrington will continue to create *new* jobs over the plan period, which are clearly additional to those protected during the pandemic.
- 3.12 As we set out in our submissions, the latest LHNA is equally simplistic in its interpretation of two baseline forecasts, which are uncritically relied upon with no attempt made to check that they are representative of the local economy or consistent with the Council’s economic growth plans. This starkly contrasts with the approach of the previous LHNA<sup>14</sup> which undertook a more considered assessment of the potential impact of investment on the underlying performance of the economy<sup>15</sup>.
- 3.13 Whilst this flawed assumption on unemployment appears to have had the most pronounced impact in supposedly reducing need, our latest submissions highlighted that the unjustified use of assumptions linked to the 2018-based household projections also had a negative effect. The Government has been clear to retain 2014-based projections within its standard method, and it is widely accepted that the 2018-based dataset has limitations that lead it to underestimate need. We note that the so-called “Addendum” to the LHNA<sup>16</sup> appears to correct this error, presenting further modelling that draws assumptions from the 2014-based projections, and as such we believe that earlier modelling linked to 2018-based projections should be no longer presented or considered justified.

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<sup>13</sup> Document H1

<sup>14</sup> Document H3

<sup>15</sup> UPSVLP-0426-P2 – At paragraph 2.10 we note that in the 2019 LHNA the analysis included the presentation of a forecast which took account of the Council’s growth strategy by adjusting one of the baseline forecasts – serving to add 319 jobs per annum, or 6,830 jobs in total over the plan period then covered.

<sup>16</sup> Document H1, described as an “Addendum” in the evidence library but otherwise titled as “Developer rebuttals”



**Q4: What is the relationship, if any, between the housing need figure of 816 homes per annum and the amount of employment being provided for i.e. approx. 316ha?**

- 3.14 We understand that it is the Council's case that there is no relationship between the two figures. This is articulated on page 7 of the 'Warrington Local Plan consultation Responses Review' which was produced in February 2022<sup>17</sup>.
- 3.15 Irrespective of the evidential connection, or lack thereof, in the Council's evidence it is the case that the NPPF (paragraph 82c) requires account be given to the relationship to avoid potential barriers to investment<sup>18</sup>.

**Q5: What are the implications of this amount of employment land in terms of jobs growth? Is it possible/ reasonable to estimate the number of jobs likely to be created from this amount of employment land using past trends, evidence from recent proposed and permitted schemes in Warrington and the wider region or analysis in the Economic Development Needs Assessment 2021 (noting that it estimates the amount of land needed for projected jobs growth using both Oxford Economics and Cambridge Econometrics models)?**

- 3.16 We agree that it is challenging to directly compare the job growth suggested by employment forecasts to the scale of job growth which could be potentially generated following the development of allocated employment land. We nonetheless consider that the positive approach taken to provide some 316 ha of employment land, which is strongly supported albeit noting as set out in our Matter 5 statement that the UPSVLP does not allocate sufficient amount of land to ensure needs will be met in full, sits at odds with the approach taken to provide only for a minimum level of housing need. This is because:
- The latest iteration of the Economic Development Needs Assessment<sup>19</sup> (EDNA) suggests a higher average annual need for employment land than previously concluded in 2019<sup>20</sup> (18.6/18.1ha per annum). This is illogical where the supposed reduction in housing need is at least partially due to a downgrading of forecast job growth;
  - Whilst the EDNA's authors have sought to highlight the limitations of deriving a job growth forecast from the assumed occupation of employment land, in their response to points raised during the last consultation<sup>21</sup>, Table 43 of this document does confirm that Warrington saw some 48,350 jobs created when 341.29 ha of employment land was taken up between 1996 and 2020; and
  - Warrington has therefore been successful at creating new employment opportunities over a long period of time. It is evident that this has remained the

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<sup>17</sup> Document EC1

<sup>18</sup> NPPF (paragraph 82c) states that planning policies: "*seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment*" (emphasis added)

<sup>19</sup> Document EC2

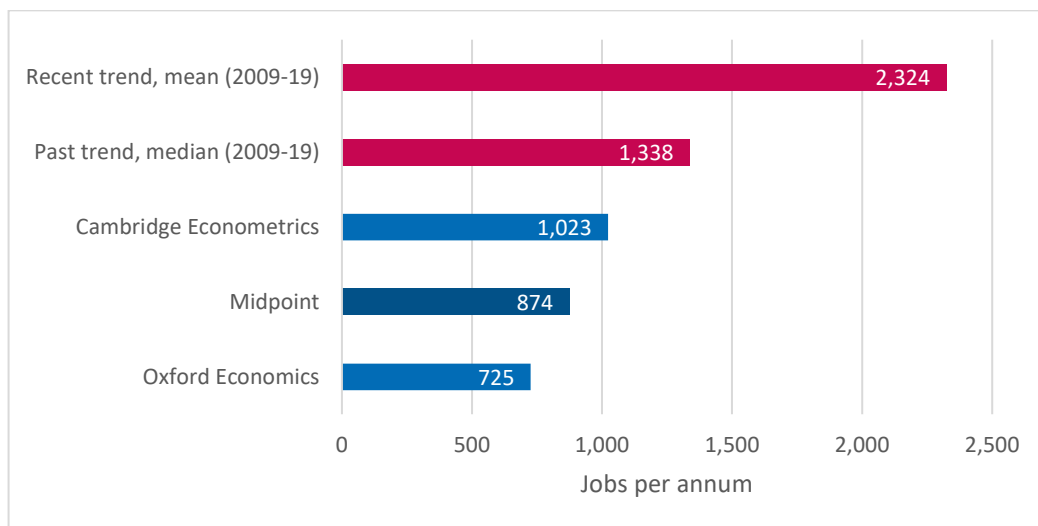
<sup>20</sup> Document EC3

<sup>21</sup> Document EC1

case over the more recent historic period from 2009 to 2019 where an average of 2,324 jobs (mean) have been generated each year or 1,318 jobs (median).

- 3.17 The Council’s continued stating of its growth ambitions and its positive approach to employment land imply that such levels of growth continue to be expected. This position is however contrary to the approach taken to calculate housing need on the basis of considerably lower baseline forecasts, as shown in **Figure 3.3**.

**Figure 3.3: Benchmarking Forecasts Against Past Trend**



*(Source: Oxford Economics; Cambridge Econometrics; BRES; Turley analysis)*

**Q6: Does the scale of employment land provision justify an increase in the housing need figure?**

- 3.18 Whilst we accept that the relationship between the two is complex, for the reasons set out in our response to Q5 above, we consider that the UPSVLP’s provision for sufficient employment land to sustain recently strong rates of take-up will, if delivered, be expected to assist in similarly maintaining above baseline levels of job growth.
- 3.19 Where our technical submissions conclude that the provision of 816 dwellings per annum would be insufficient to accommodate even the purported baseline level of job growth, for the reasons set out in response to Q4, we consider that there is a clear justification for the Council increasing its housing need figure to ensure that it supports its economic growth strategy.

**Q7: Notwithstanding the above, is the housing requirement of 816 homes per annum justified? Should it be higher or lower than this and if so to what level and on what basis?**

- 3.20 No, the proposed housing requirement is not justified. The Council’s newfound attempts to claim that the outcome of the standard method is representative of the full need for housing in Warrington lacks a robust evidential basis.

- 3.21 We maintain, as per our 2021 submissions, that there is evidence of a need for at least 1,057 homes per annum over the plan period<sup>22</sup>. We consider that such a level of provision is needed as a minimum to support even the baseline level of job growth forecast in the Council’s latest EDNA. A still higher level of provision will be needed to support the stronger job growth that appears to be the ambition of the UPSVLP<sup>23</sup>.
- 3.22 We note that the authors of the LHNA have commented on these conclusions and suggested that our modelling assumptions have not been made clear<sup>24</sup>. While we believe that our Appendix 1 provided an adequate amount of detail, we have set out below the assumptions that most substantially differ from the Council’s approach for its benefit:
- We have used headship rates derived from the 2014-based household projections, with a positive adjustment made for those aged 25 to 34 to allow for a gradual recovery in the rate at which these younger individuals form households. This aims to return to the situation recorded in 2001 by the end of the plan period, where such a return is not already projected (para 3.21 and footnote 28); and
  - An unemployment rate of 3.7% is assumed over the plan period, based on the average recorded over the past five calendar years using ONS data (paragraph 4.14). This approach notably aligns more closely with the Council’s preceding LHNA<sup>25</sup>.
- 3.23 For the Council’s reference, the modelling also assumes a retention of the 2011 Census commuting rate<sup>26</sup>, adjustments to 2011 economic activity rates based on OBR forecasts<sup>27</sup> and an assumption that 3.1% of workers have two jobs based on the long-term average recorded in Warrington between 2004 and 2020<sup>28</sup>.

**Q8: What is the basis for the stepped housing requirement (678 homes per annum rising to 870 per annum from 2026)? Where were the particular time periods and annual averages chosen? Is this approach justified?**

- 3.24 The PPG accepts that there are circumstances where a stepped trajectory could be considered appropriate and it is therefore the Council to present evidence to justify such an approach<sup>29</sup>. Such a justification, which adequately explains why other potentially deliverable sources of land early in the plan period have not been allocated, is severely lacking.

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<sup>22</sup> UPSVLP-0426-P2 – paragraph 4.23

<sup>23</sup> UPSVLP-0426-P2 – paragraph 5.27

<sup>24</sup> Document H1, paragraph 2.48

<sup>25</sup> Document H3, paragraph 8.13

<sup>26</sup> The August 2021 LHNA [Document H2] confirms use of this dataset at paragraph 6.27 (a ratio of 0.877 is shown at Table 27)

<sup>27</sup> The August 2021 LHNA [Document H2] confirms use of this dataset at paragraph 6.23

<sup>28</sup> The August 2021 LHNA [Document H2] confirms that a double jobbing figure of 3.1% has been applied (paragraph 6.34) based on the Annual Population Survey with the inference that this is calculated from the period 2004 - 2020

<sup>29</sup> PPG Reference ID: 68-021-20190722

- 3.25 As we have set out in our submissions, we do not consider the Council’s approach to be justified, where there is a clear risk that it will delay meeting identified and growing development needs<sup>30</sup>.
- 3.26 We separately observe that the latest affordability data suggests a continued worsening of conditions facing households in Warrington where a mid-market home in Warrington cost the average worker the equivalent of some 7.08 years’ earnings in 2021. This is the highest ratio recorded in Warrington – having risen by 28% over the last decade – and was also notably higher than the regional ratio of 6.43 in the same year, which had increased by a smaller amount (22%).
- 3.27 Where it is evident that supply is failing to keep pace with need and demand, and there are significant numbers of households facing challenges in accessing the housing market, the proposal to provide for fewer than even the minimum calculated need until 2026 clearly lacks any credible justification.

**Q9: Should the Local Plan set housing requirements for designated neighbourhood areas in light of paragraph 66 of the NPPF?**

- 3.28 Peel considers that this question is for the Council to answer.

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<sup>30</sup> UPSVLP-0426-P1 Paper 1: Main Representation – Representations to the Warrington Proposed Submission Version Local Plan (November 2021) submitted by Turley on behalf of Peel L&P (Holdings) UK Ltd, paragraphs 3.36 – 3.44. Within this we highlight that the Council’s LHNA [Document H2, paragraph 8.37] confirms there are currently 5,200 households living in unsuitable housing and that two-fifths of newly forming households will be unable to afford market housing (to rent privately) (H2, paragraph 8.51). We also calculate that as of 2020 there was a shortfall of provision across all tenures of circa 2,000 homes when calculated against successive calculations of housing need published by the Council (see Figure 3.1 of UPSVLP-0426-P1).

Turley



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