
APPENDIX

SOUTH CAMBRIDGESHIRE DISTRICT HOUSING EVIDENCE BASE

TECHNICAL REVIEW

On behalf of MCA Developments Ltd (3652)
Appendix to Matter Statement 3 – Housing Need

October 2014

**SOUTH CAMBRIDGESHIRE DISTRICT
HOUSING EVIDENCE BASE
TECHNICAL REVIEW**

MCA Developments Ltd

Project Ref:	19102/A5
Status:	Draft
Issue/Rev:	01
Date:	10/10/2014
Prepared by:	Dan Usher
Checked by:	Simon Macklen
Authorised by:	Simon Macklen

Barton Willmore LLP
The Observatory
Southfleet Road
Ebbsfleet
Dartford
Kent
DA10 0DF

Tel: 01322 374660 Ref: 19102/A5/DU/mg
Fax: 01322 374661 Date: 10 October 2014
Email: research@bartonwillmore.co.uk

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1.0 INTRODUCTION

1.1 This Technical Review of the housing evidence base for South Cambridgeshire District Council has been prepared by Barton Willmore on behalf of MCA Developments Ltd. The review has been undertaken in the context of the requirements of the National Planning Policy Framework (NPPF), which at paragraph 159 states that:

“Local planning authorities should have a clear understanding of housing needs in their area. They should:

Prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period 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 (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes); and**
- **caters for housing demand and the scale of housing supply necessary to meet this demand.”**

1.2 Furthermore, our review focuses on the methodological approach which should be applied in the production of the SHMA, in the context of the Planning Practice Guidance (PPG) requirements. This review is structured as follows:

Section 2 provides a summary of the relevant policy set out in the National Planning Policy Framework (NPPF), the Planning Practice Guidance (PPG), and relevant Local Planning Policy;

Section 3 summarises the latest official ONS and CLG projections and estimates in the context of the Council’s proposed housing target;

Section 4 reviews the content of the Council’s housing evidence base in accordance with national policy and guidance, as follows:

- Technical Report on Population, Housing, and Employment Forecasts (Cambridgeshire County Council, May 2013);
- Strategic Housing Market Assessment (2012 and 2013 Update);

Section 5 evaluates the proposed housing target of the draft Local Plan in the context of the publicly available information presented in this technical paper.

2.0 PLANNING POLICY CONTEXT

A) NATIONAL PLANNING POLICY

i) Introduction

2.1 The National Planning Policy Framework (NPPF, 27 March 2012) and the accompanying Planning Practice Guidance (PPG, 06 March 2014) set out the requirements within which local planning authorities should be setting their overall housing targets as part of a full objective assessment of overall need. These requirements are summarised below.

ii) National Planning Policy Framework (27 March 2012)

2.2 In respect of housing requirements, the NPPF states the following:

- **“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 restricted.¹**

- **local authorities should significantly boost the supply of housing and 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.”²**

2.3 More detail as to how ‘objectively assessed needs’ should be established is set out in the ‘Plan-making’ section of the NPPF. This section states the following:

¹ Paragraph 14, National Planning Policy Framework, 27 March 2012;

² Paragraph 47, National Planning Policy Framework, 27 March 2012;

“Each local planning authority should ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals.”³

2.4 To ensure the full objective assessment of overall housing need is undertaken, paragraph 159 of the SHMA states the following:

“Local planning authorities should have a clear understanding of housing needs in their area. They should:

- **prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries; The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period 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 (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes).”⁴**

2.5 Furthermore, the NPPF states how the local planning authority should submit a plan which is ‘sound’; namely that it is:

³ Paragraph 158, National Planning Policy Framework, 27 March 2012;

⁴ Paragraph 159, National Planning Policy Framework, 27 March 2012;

“Positively prepared – the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development.”⁵

iii) Planning Practice Guidance (PPG, 06 March 2014)

- 2.6 PPG was issued as a web based resource on 6th March 2014. Guidance on the assessment of housing development needs (PPG ID: 2a) includes the SHMA requirement set out in NPPF.
- 2.7 The assessment of need is introduced as an objective assessment based on facts and unbiased evidence to which constraints should not be applied (2a-004). The area assessed should be the housing market area (2a-008), reflecting the key functional linkages between places where people live and work (2a-010).
- 2.8 The PPG methodology for assessing overall housing need (2a-014:029), summarised below, commences with a starting point estimate of overall housing need.

Starting Point Estimate

- 2.9 The household projections published by the Department for Communities and Local Government (CLG) provide the starting point estimate of overall housing need. CLG household projections are trends based and may require adjustment to reflect factors, such as unmet or suppressed need, not captured in past trends (2a-015).
- 2.10 The latest household projections (CLG 2011-based interim) only cover the period up to 2021; therefore an assessment of likely trends after 2021 is required to align with development plan periods (2a-016).
- 2.11 Whether on an adjustment to the starting point estimate is required depends on the results of three discreet tests.

⁵ Paragraph 182, National Planning Policy Framework, 27 March 2012;

Test 1 - Adjusting for Demographic Evidence

- 2.12 Adjustments to household projection-based estimates of overall housing need should be made if justified on the basis of established sources of robust demographic evidence, such as the latest projections and population estimates published by ONS. Adjustments might include alternative/ updated components of change and household formation rates (2a-017).

Test 2 - Adjusting for Likely Change in Job Numbers

- 2.13 In addition to demographic evidence, job trends and or forecasts should also be taken into account when assessing overall housing need. The implication is that housing numbers should be increased where this will enable labour force supply to match projected job growth (2a-018).

Test 3 - Adjusting for Market Signals

- 2.14 The final test is concerned with market signals of quantity and price. A worsening trend in any indicator will require an upward adjustment the starting point estimate of overall housing need. Particular attention is given to the issue of affordability. The more significant the affordability constraints, the larger the additional supply response should be (2a-019:20).

Overall Housing Need

- 2.15 An objective assessment of overall housing need is therefore a test of whether the household projection based starting point can be reconciled with a) the latest demographic evidence, b) the ability to accommodate projected job demand, c) the requirement to address worsening market signals. If it cannot be reconciled, then an adjustment should be made.
- 2.16 The extent of any adjustment should be based on the extent to which it passes each test. That is:
- It will at least equal the housing need number implied by the latest demographic evidence;
 - It will at least accommodate projected job demand; and,
 - On reasonable assumptions, it could be expected to improve affordability.

Assessing Affordable Housing Need

2.17 In summary, PPG advises that total affordable need is estimated by subtracting total available stock from total gross need (2a-022:029). Whilst it has no bearing on the assessment of overall housing need, delivering the required number of affordable homes can be used to justify an increase in planned housing supply (2a-029).

iv) South Cambridgeshire Submission Local Plan (July 2013)

2.18 Policy S/5: 'Provision of New Jobs and Homes' of the Submission Local Plan for South Cambridgeshire states the following:

"Development will meet the objectively assessed needs in the district over the period 2011-2031 for:

- a. **22,000 additional jobs to support the Cambridge Cluster and provide a diverse range of local jobs;**
- b. **19,000 new homes, including affordable housing and 85 Gypsy & Traveller pitches."**⁶

2.19 The evidence of objectively assessed need (OAN) is set out in the 2012 SHMA as identified in the supporting text to Policy S/5, which also reads as follows:

"The SHMA identifies a need for 19,000 new homes in South Cambridgeshire by 2031. This takes account of natural change in the existing population, including demographic changes such as an ageing population, having regard to the latest information available, including the Census 2011. It also takes account of forecast migration to South Cambridgeshire to support growth in the local economy."⁷

2.20 We assess whether this target meets objectively assessed need in the following section of this report.

⁶ Policy S/5: Provision of new jobs and homes, page 25, Proposed Submission South Cambridgeshire Local Plan, July 2013

⁷ Paragraph 2.37, Policy S/5: Provision of new jobs and homes, page 25-26, Proposed Submission South Cambridgeshire Local Plan, July 2013

v) Summary

2.21 As we have set out above, the NPPF and supporting PPG state how a full objective assessment of overall housing need should be set out in an up-to-date Strategic Housing Market Assessment (SHMA). The SHMA should provide the following:

- A full unconstrained objective assessment of overall housing need across the relevant housing market area in line with the duty to cooperate;

2.22 As part of this full objective assessment of overall housing need, the SHMA should consider the following:

- Demographic and economic led scenarios for overall housing need in the HMA;
- Affordable housing need (backlog and newly arising need);
- The implications of market signals (affordability, house prices, rents, rate of development, overcrowding, and land prices) on overall housing need;

2.23 In the following section of this technical review we summarise the content of the South Cambridgeshire evidence base and specifically its assessment of overall housing need in South Cambridgeshire, in the context of the NPPF and PPG requirements set out above.

3.0 HOUSEHOLD DEMOGRAPHICS

i) Introduction

3.1 This section reviews the latest official ONS and CLG projections for South Cambridgeshire District, in line with paragraph 159 of the NPPF, and the 'Housing and Economic Development Needs' section of the PPG.

A) SOUTH CAMBRIDGESHIRE DISTRICT (SCD)

i) Office for National Statistics (ONS) population projections

3.2 Historic ONS sub national population projections (SNPP) for SCD are set out in Table 3.1 (below). The 2012-based SNPP shows a slightly lower projection than the previous 'interim' 2011-based projection, however projected population growth remains significant. However the 2012-SNPP should be treated with caution for the reasons set out below.

Table 3.1: ONS Population Estimates and Projections for South Cambridgeshire, 2011-2021 & 2011-2031

	2011	2016	2021	2026	2031	2011-2021 (per annum)	2011-2031 (per annum)
2008-based	147,800	156,700	165,400	173,300	180,100	17,600 (1,760)	32,300 (1,615)
2010-based	149,600	160,400	169,600	177,400	183,500	20,000 (2,000)	33,900 (1,695)
2011-based (interim)	149,800	161,500	171,900	N/A	N/A	22,100 (2,210)	N/A
2012-based	149,800	159,200	168,700	176,600	182,900	18,900 (1,890)	33,100 (1,655)

Source: Office for National Statistics (rounded to nearest hundred) Note: Figures may not sum due to rounding

3.3 The 2012 SNPP replace the interim 2011-based interim SNPP with a 25 year trend based population projection underpinned by 2012 midyear population estimates. The 2012 SNPP are based on past short term trends in migration and population change, and as such are heavily influenced by the recessionary period (2007-2012). They are therefore prudent in scope.

- 3.4 Furthermore, the 2012-based SNPP are constrained to the 2012 national projections published in 2013. Since the publication of the national projections, the ONS has released a revised set of international migration estimates for England. However, the ONS do not appear to have updated the national or sub national net international migration assumptions to reflect this.
- 3.5 Working age population is also a significant consideration in the context of SCD's requirement to increase job growth by 22,000 over the Plan period. From reference to the detailed output of the 2012-based ONS SNPP, they project an increase in the working age (16-64) population of approximately 9,900 people. Although this is an increase it is significantly lower than the increase in job growth (22,000 new jobs) planned for (23,760 people would be needed to fill 22,000 new jobs due to the existing net out-commuting ratio of 1.08). This would wholly fail to meet the clear economic growth aspirations of the draft Plan.
- 3.6 The 2012-based SNPP should therefore be treated with caution for these reasons.

ii) Communities and Local Government (CLG) household projections

- 3.7 As Table 3.2 (below) shows, the latest 'interim' 2011-based CLG household projections show growth of 972 households per annum, 2011-2021, in South Cambridgeshire District. To reach a dwelling requirement, account needs to be taken of vacancy rates, second homes, and shared dwellings (2.98% in South Cambridgeshire). This would lead to a dwelling requirement of 1,001 dwellings per annum, 2011-2021. As the PPG states (see above), CLG projections should form the 'starting point estimate' only of overall housing need as part of a full objective assessment of need.

Table 3.2: CLG Household Projections for South Cambridgeshire District, 2011-2021 & 2011-2031

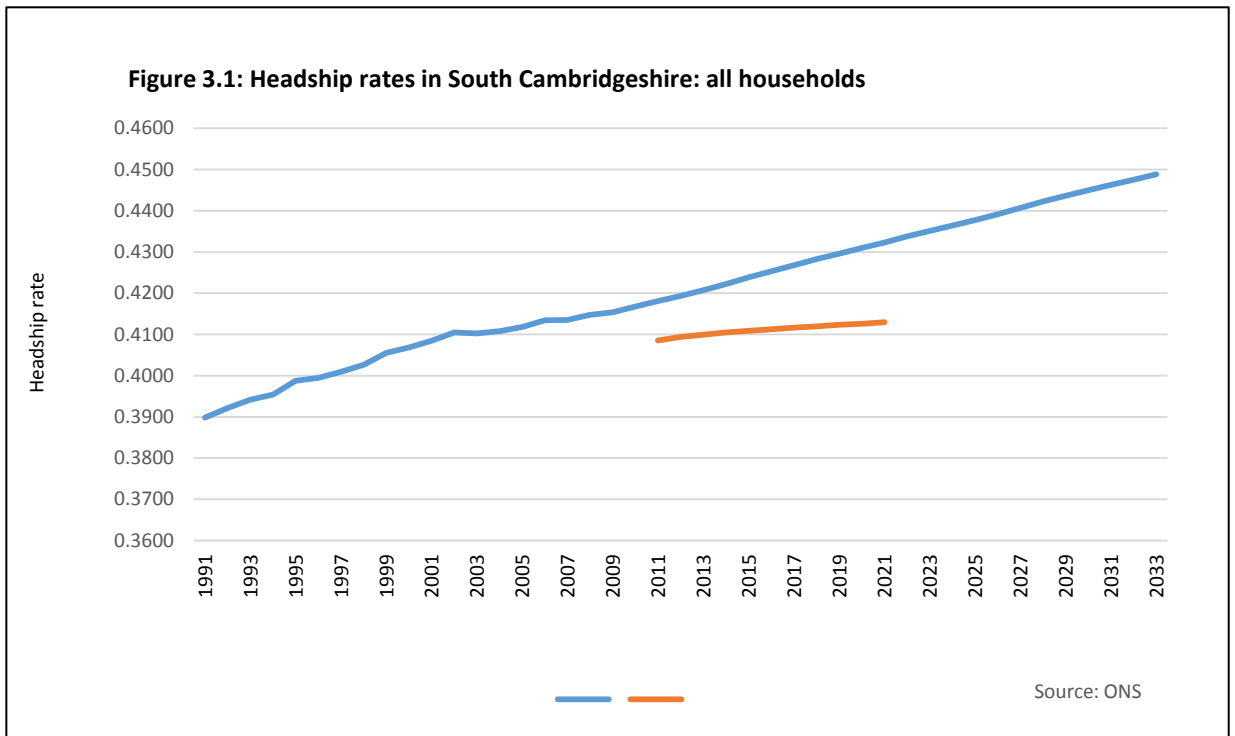
	2011	2016	2021	2026	2031	2011-2021 (per annum)	2011-2031 (per annum)
2008-based	60,756	65,526	70,325	74,841	78,961	9,569 (957)	18,205 (910)
Interim 2011-based	60,401	65,565	70,117	-	-	9,716 (972)	-

Source: (CLG) Communities and Local Government (some figures are rounded to nearest hundred) Note: Figures may not sum due to rounding

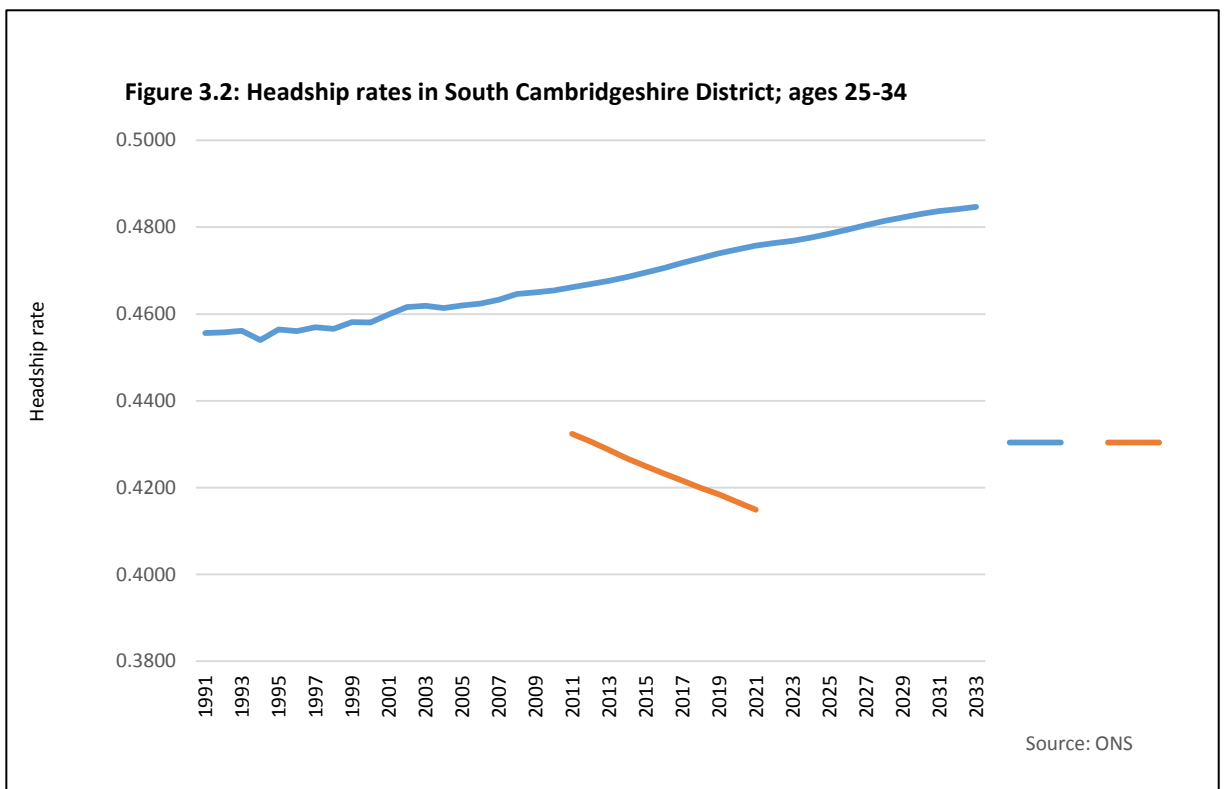
- 3.8 Notwithstanding that the 'interim' 2011-based CLG projection exceeds the planned housing target of SCDC, caution should be applied to the projections.
- 3.9 It is important to understand how the 'interim' 2011-based CLG household projections are underpinned by recessionary trends in household formation, and are therefore widely accepted as underestimating household formation, and projecting forward concealed households created by these recessionary trends. A return to pre recessionary conditions over the Plan period would therefore necessitate a significantly higher figure than the 1,001 dwellings per annum identified above.
- 3.10 It is not expected that the recessionary trends underpinning the interim 2011-based CLG household projections will continue in the long-term, and in this context it is not considered prudent to plan on this basis over a 15 to 20-year period, particularly in the context of the NPPF's aspirations to 'boost significantly the supply of homes', 'promote economic growth' and 'positively prepare' Local Plans.
- 3.11 Indeed, research by leading academics suggests how planning on the basis of the 'interim' 2011-based CLG household projections formation rates would not be a prudent position to plan forward on.⁸ In addition recent Planning Inspectorate decisions have confirmed how the 'interim' 2011-based CLG household formation rates should not be used after 2021, with a return to the 2008-based formation rates the most prudent assumptions to apply.⁹
- 3.12 Figures 3.1 and 3.2 illustrate how the 'interim' 2011-based CLG household formation rates suppress household formation, compared with the pre recessionary 2008-based formation rates, particularly in younger age groups.

⁸ Key Headline 8, page 3, New estimates of housing demand and need in England, 2011 to 2031, Town & Country Planning Tomorrow Series Paper 16, September 2013

⁹ Paragraph 21, page 6, Examinations of the Bromsgrove District Plan (Bdp) and Borough of Redditch Local Plan No. 4 (Borlp4) Inspector's Interim Conclusions, 17 July 2014



Source: RTPI, CLG



Source: RTPI, CLG

3.13 Furthermore it should be noted how the 2008-based CLG household projections show broadly similar household growth as the 'interim' 2011-based CLG household projection. This is despite the underpinning interim 2011-based population projection showing 26% higher growth than the 2008-based ONS population projection.

3.14 **However notwithstanding these concerns, the 'starting point' estimate for South Cambridgeshire exceeds the housing target planned for (950 dwellings per annum) by 50 dwellings per annum.** However, to provide a full objective assessment of overall housing need in line with the PPG, economic-led growth, affordable housing provision, and market signals must also be considered in addition to this 'starting point'.

iii) ONS Estimates of Net Migration

3.15 Net-migration is one of the key components of population change in South Cambridgeshire District and the most recent levels of net migration are shown in Table 3.4.

Table 3.4: ONS Estimates of Net Migration: South Cambridgeshire District

											Annual average	Annual average
	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	2003-2013	2008-2013
Net Migration	1,162	1,266	1,409	1,673	1,450	1,492	1,632	1,317	607	690	1,270	1,148

Source: ONS

3.16 The figures in Table 3.4 show a trend of significant net in-migration to the District over the past decade, both in the short-term and long-term. These trends compare with average net in-migration of only 1,000 people per annum projected forward by the 2012-based ONS SNPP.

3.17 It is therefore considered that the 2012-based ONS SNPP is underpinned by lower levels of net-migration than experienced trends show. In particular, the short-term trend covers the recessionary period and shows how the recessionary conditions have not impeded net in-migration to the area. A return to pre recessionary conditions could potentially see an increase to short-term net-migration trends.

iv) Housing Completions

3.18 Table 3.5 (below) sets out net completions for South Cambridgeshire over the past decade.

Table 3.5: South Cambridgeshire – Net Completions vs Development Plan targets, 2003-2013

Year	Net Completions	Requirement	Shortfall/Overprovision
03/04	979	1,176	-197
04/05	571	1,176	-605
05/06	877	1,176	-299
06/07	924	1,176	-252
07/08	1,274	1,176	+98
08/09	610	1,176	-566
09/10	611	1,176	-565
10/11	656	1,176	-520
11/12	671	1,176	-505
12/13	587	1,176	-589
03/04-12/13	776	1,178	-400

Source: South Cambridgeshire District Annual monitoring Report, 2012/13.

3.19 As Table 3.5 shows, there has been significant under-provision (averaging -400 dpa) in the District over the past decade. This trend would have had an effect on the propensity of people to migrate into the District, playing a part in inhibiting the level of net in-migration to the District over the same period. Delivery in line with development targets would have therefore resulted in an increase to the trends outlined above.

v) Summary

3.20 In summary, this section has considered official ONS and CLG projections; i.e. the PPG 'starting point' in fully assessing overall housing need in South Cambridgeshire District. The main points to note are as follows:

- The 'starting point estimate' of overall housing need for South Cambridgeshire District is 972 households per annum, equating to 1,001 dwellings per annum; significantly higher than the draft plan target (950 dwellings per annum);

- However, growth of 972 households per annum, (1,001 dwellings per annum) could represent a significant underestimate due to the recessionary based 'interim' 2011-based household formation rates they are underpinned by;
- The 2012-based ONS SNPP is the latest official population projection available. However it is considered to underestimate population growth over the Plan period due to the migration assumptions (1,000 people per annum) it is underpinned by, compared with the short term and long term trend experienced (1,150 and 1,270 people per annum respectively);
- Significant under-delivery (-402 dwellings per annum average, 2003-2013) against targets would have suppressed net in-migration;
- The 2012-based ONS SNPP will only grow the working age population (16-64) by 9,900 people, 2012-2031; significantly lower than the level of job growth aspired to (22,000 jobs 2011-2031). Application of the 2011 Census commuting ratio (1.08) shows how working age/ labour force of 23,760 people will actually be needed to ensure unsustainable commuting patterns are not exacerbated;
- To grow the population and housing to support the job growth aspired to, significantly higher household growth than that created by the 2012-SNPP would be needed.

3.21 For the purposes of the full objective assessment of need, the demographic starting point is therefore 1,001 dpa, 2011-2031 (as highlighted above).

4.0 SOUTH CAMBRIDGESHIRE DISTRICT EVIDENCE CRITIQUE

i) Introduction

4.1 This section provides a technical review of the evidence base underpinning the housing target (19,000 new dwellings, 2011-2031) proposed by South Cambridgeshire District Council (SCDC) in their submission Local Plan. Specifically we address the findings of the following documents.

- Technical Report on Population, Housing, and Employment Forecasts (Cambridgeshire County Council, May 2013);
- Strategic Housing Market Assessment (2012 and 2013 Update);

4.2 In addition the Greater Essex Demographic Forecasts 'Stage 6' report by the Essex Planning Officers Association is summarised. This provides the most recent demographic and economic led scenarios for growth in South Cambridgeshire.

ii) Technical Report on Population, Housing, and Employment Forecasts (Cambridgeshire County Council, May 2013);

Introduction

4.3 The Cambridgeshire City Council technical report (CCC report) states that it provides the 'objective assessment' of overall housing need required by the NPPF (paragraph 47), and has been collated using data from the following sources:

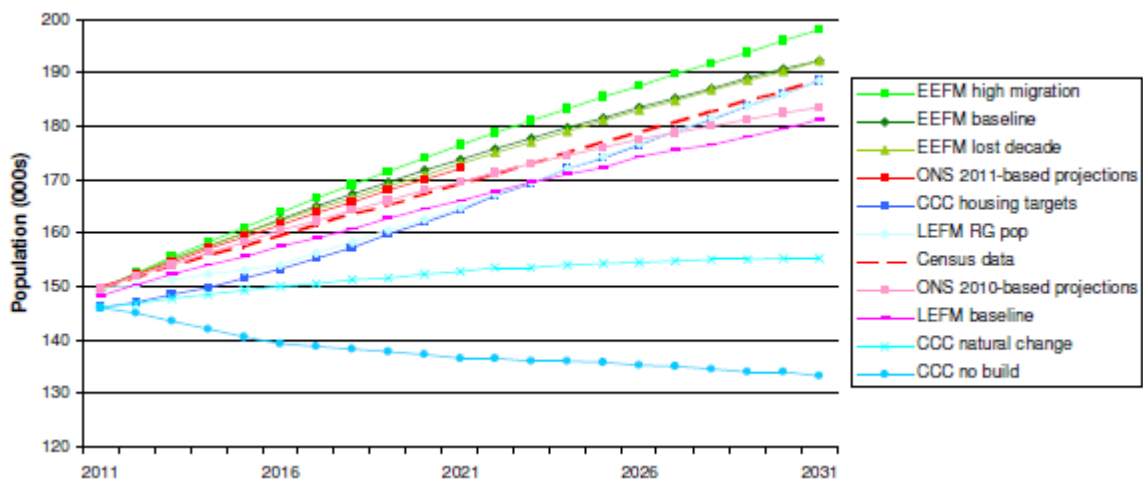
- Office for National Statistics Population Projections;
- Communities and Local Government Household Projections;
- Cambridgeshire County Council (CCC) population forecasts;
- East of England Forecasting Model (EEFM);
- Local Economy Forecasting Model (LEFM).

4.4 At the outset it is important to note how the CCC report fails to take account of market signals or affordable housing. It does not therefore comply with the PPG requirements and cannot be considered a full objective assessment of overall housing need (FOAN).

- 4.5 The CCC report considers the range of sources set out above, and concludes with an 'indicative' population growth figure for the County and the individual local authorities. This is summarised in Paragraph 6.1.3 of the CCC report as follows:

“By considering all of the forecasts together, an indicative population figure for each district is determined, which reflects the economic and demographic projections, and is influenced by both, but not wholly dependent on either, due to the forecasting uncertainties and limitations associated with both of these methodologies. The indicative population figure is therefore based on past trends, reflects the economic and demographic evidence, and encapsulates, within a single figure, the overall outlook for the district’s population in 2031, on the balance of the available forecasts, and in the light of the 2011 Census.”

- 4.6 In total, 10 scenarios for population growth are considered, as summarised and illustrated in the following chart, taken from the CCC report.



Source: CCC report, May 2013

CCC scenarios

- 4.7 Of the CCC scenarios, the 'no build' scenario is not a realistic, given that a situation in which no additional homes are built over the 20 year Plan period will not occur.
- 4.8 Furthermore, we have highlighted in Section 3 how significant net in-migration has been experienced in South Cambridgeshire over the past decade, despite a significant

undersupply in housing over the same period. In this context the 'CCC natural change' scenario assumes no net migration and is not realistic.

- 4.9 The final CCC scenario is the 'CCC housing targets' scenario. In Paragraph 2.1.4 the CCC population forecast methodology, which underpins the CCC housing targets, is explained as follows:

"The starting point for the latest CCC forecasts is the 2001 Census, which provides a 2001 dwelling stock figure, to which is added the number of dwellings completed each year to 2010, and the number of dwellings forecast for completion each year from 2011, from the district housing trajectories. From the number of dwellings forecast for each district, CCC's forecasting model forecasts the population of each district, a forecast which is consistent with the district's housing trajectory."

- 4.10 This approach is considered entirely self-fulfilling and restrictive, as it is not underpinned by demographic trends or projections, but by past supply and projected future supply. This methodology is not referred to in the NPPF, or the PPG.

Local Economy Forecasting Model (LEFM)

- 4.11 The LEFM is an economic-led model, and as such, population is an 'input' to the model, which does not change if economic growth in the local area changes.¹⁰ The model is not demographic-led using demographic projections and trends, unlike the official Central Government ONS and CLG projections.
- 4.12 In addition the 2008-based ONS sub national population projections were used to underpin the scenarios set out in the report. These are now out of date, being superseded by the 2010-based sub national population projections (SNPP) (March 2012), the interim 2011-based SNPP (September 2013), and the 2012-based SNPP.
- 4.13 In respect of local planning authorities, the LEFM is also 'policy-neutral' and therefore does not consider the policies of the draft Local Plan for South Cambridgeshire. However the draft Local Plan (July 2013) for South Cambridgeshire was published after the LEFM report and this would therefore not have been possible.

¹⁰ Paragraph 2.2, page 2, Scenario Projections for the Cambridgeshire Local Authorities and Peterborough UA, Cambridge Econometrics, 07 November 2012.

- 4.14 This means that the clear economic growth aspirations of South Cambridgeshire District Council (growth of 22,000 new jobs, 2011-2031) are not considered in the baseline LEFM.
- 4.15 Notwithstanding the restrictions placed on the LEFM baseline, the model projects growth of 22,300 new jobs between 2011 and 2031. It is important to note how the LEFM also provided a 'low growth' and a 'high growth' scenario, which project growth of 14,000 and 29,200 new jobs respectively. In this context it should be noted that these projections are from the Spring 2012 forecasts. In the intervening period, the economic health of the UK has increased, and therefore the baseline scenario could be potentially be significantly higher. These forecasts are therefore considered to be significantly outdated.

East of England Forecasting Model (EEFM)

- 4.16 The EEFM presented in the CCC technical report is the Spring 2012 data. This has been superseded by the Spring 2013 forecasts, which have not been considered in the Council's evidence base.
- 4.17 A brief rationale of the EEFM is set out as follows:

"The EEFM bases the current population on the latest ONS mid-year estimate (the original mid-2010 estimate for the spring 2012 forecasts). The EEFM then forecasts population growth in line with employment growth, and uses the level of net commuting to maintain the relationship between jobs and employed residents, providing a forecast for the total population, of all ages. So if the number of jobs increases, the population (and the demand for dwellings) increases, rather than the level of net in-commuting."¹¹

- 4.18 The EEFM is therefore economic-led and dependent on the economic assumptions underpinning its scenarios, rather than demographic projections and estimates as produced by ONS and CLG.

¹¹ Paragraph 2.1.5, pages 4-5, Technical Report on Population, Housing, and Employment Forecasts, Cambridgeshire County Council, May 2013

4.19 There are three separate scenarios for growth presented by the EEFM; 'baseline', 'lost decade', and 'high migration, explained as follows:

- **Baseline:** The economic outlook in the baseline forecast reflects OE's interpretation of the latest available data. Consideration of the latest economic output (GDP) and UK migration figures, as well as the latest workforce jobs and other labour market data, and an assessment of the impact on the national economy of global factors such as the eurozone crisis, determines the model's economic and demographic assumptions at a national level. Analysis of the latest available data and past trends determines the allocation of the national economic output and net UK migration to the regions, and the subsequent allocation of the East of England's output (GVA) and migrants to the local authorities in the region.
- **Lost Decade:** The EEFM "lost decade" scenario is a lower growth scenario, which assumes five more years of sluggish economic growth. The level of national economic growth in the lost decade scenario over the period 2012-17 is 1.4% per annum, compared with 2.4% per annum in the baseline. The level of net UK migration is assumed to remain relatively high, despite the lower level of economic growth, as observed during the first half of the "lost decade". As such, population growth in the lost decade scenario is comparable with the baseline forecast, but the lower level of employment growth in the scenario means that the unemployment level is higher.
- **High Migration:** The EEFM "high migration" scenario is a higher growth scenario, which uses official (ONS) migration assumptions. A higher level of growth attracts more migrants, and the level of growth in the high migration scenario is such that the level of net UK migration is the same as in the ONS 2010-based projections.

4.20 However the CCC report does not set out the full results of the EEFM. For each of the three scenarios set out above, the EEFM 2012 sets out three sub-scenarios based on differing household formation rates. The CCC report only sets out the results of the 'baseline' occupancy rates. The three different occupancy rates tested in the EEFM 2012 are as follows:

- **Flat Occupancy Rate:** No change from the last data point;
- **Official:** Growing in line with the official occupancy ratios estimated using DCLG 2008 based household data and ONS 2008 based population.

4.21 We therefore set out the dwelling stock growth for each scenario and occupancy rate in Table 4.1 below:

Table 4.1: EEFM 2012 Dwelling Stock Growth, 2011-2031

Household Formation Rate	Baseline	Lost Decade	High Migration	AVERAGE
Flat Occupancy	17,670	17,600	19,930	18,400
Baseline Occupancy	21,370	21,270	23,720	22,120
Official Occupancy	22,410	22,300	24,800	23,170

Source: <http://www.cambridgeshireinsight.org.uk/EEFM>

- 4.22 The scenarios are underpinned by growth of 1,237 jobs per annum (baseline), 836 jobs per annum (lost decade), and 1,560 jobs per annum (high migration). This equates to an average of 1,200 jobs per annum.
- 4.23 In respect of the resultant dwelling growth, it is considered that the 'flat occupancy rate' scenario can be ignored, as occupancy rates will decline over the 20-year Plan period of the Council's Plan period (2011-2031).
- 4.24 It is therefore considered that the 'baseline' occupancy scenarios are the minimum level which should be considered in an objective assessment of need. The three occupancy rate scenarios for 'Baseline' occupancy average at growth of 22,120 dwellings, 2011-2031; significantly higher than the draft Plan target (19,000 dwellings, 2011-2031).
- 4.25 Furthermore the 'Official' occupancy rates, underpinned by the pre recessionary household formation rates of the 2008-based CLG projections show growth of almost 23,170 dwellings 2011-2031, again significantly in excess of the Council's housing target.
- 4.26 In this context it is considered that the Council's conclusion that objectively assessed need shows overall housing need of 19,000 dwellings in South Cambridgeshire, 2011-2031 is flawed on the basis of the Council's own evidence.

Indicative Conclusions of the CCC report

- 4.27 In summarising the findings of the CCC report, the report concludes with an indicative figure for population, jobs, and dwellings, from the various sources set out above. This translates as population growth of 38,000 people (1,900 people per annum); job growth of 22,000 (1,100 new jobs per annum); and dwelling growth of 19,000 new dwellings (950 new dwellings per annum), 2011-2031.
- 4.28 This assumption of population growth is considered questionable in the context of the caution which should be applied to the 2012-based ONS SNPP, which also projects population growth of 1,900 people per annum, 2011-2021.
- 4.29 Furthermore as our summary of the EEFM 2012 scenarios (above) shows, realistic growth scenarios show dwelling growth of at least 22,000 dwellings, 2011-2031 (1,100 dwellings per annum).

iii) East of England Forecasting Model 2013

- 4.30 In addition to the EEFM 2012 considered in the CCC technical report and the SHMA 2012 (and 2013 update), the EEFM 2013 figures should also be considered as they are more recent. Furthermore the job growth underpinning the scenarios is 625 jobs per annum (lost decade), 808 jobs per annum (baseline) and 915 jobs per annum (high migration), an average of 780 jobs per annum which broadly aligns with the job growth scenario (834 jobs per annum) modelled by the EPOA report (below). This remains significantly lower than the Council's aspirational growth of 1,100 jobs per annum.
- 4.31 The results of the 2013 EEFM are summarised in Table 4.2 (below):

Table 4.2: EEFM 2013 Dwelling Stock Growth, 2011-2031

Household Formation Rate	Baseline	Lost Decade	High Migration	AVERAGE
Flat Occupancy	17,920	17,610	19,320	18,280
Baseline Occupancy	19,900	19,600	21,330	20,280
Official Occupancy	22,410	22,090	23,900	22,800

Source: <http://www.cambridgeshireinsight.org.uk/EEFM>

- 4.32 As we have explained above, the 'flat occupancy' scenarios can be disregarded for the reasons given above. The 'baseline' and 'official' occupancy scenarios therefore show an

average of at least 1,200 additional dwellings over the Plan period than is planned for by the Council in the draft Plan.

iv) Essex Planning Officers Association (EPOA) Stage 6 report (September 2014)

- 4.33 It is considered appropriate to include the most recent demographic forecasts by the EPOA. Their 'stage 6' report provides up-to-date assessments of overall housing need as of September 2014, based on a range of demographic and economic-led scenarios.
- 4.34 For each scenario, the EPOA report considers sensitivity testing for household formation, based on a) interim 2011-based rates and b) the 2008-based household formation rates. A mid-range figure is then presented in the summary of results. We reproduce these results below:

Table 4.3: EPOA dwelling growth scenarios, September 2014

Scenario	Average annual dwelling requirement, 2012-37		
	Option A (2011-based)	Option B (2008-based)	Average
Jobs	1,047	1,132	1,090
Employed people	1,035	1,119	1,077
SNPP-2012	795	872	833
PG-5Yr-X	783	864	823
SNPP-2010	783	861	822
PG-5Yr	762	843	802
PG-10Yr-X	756	838	797
PG-10Yr	740	821	781
Net Nil	337	404	370
Natural Change	321	413	367

Source: EPOA Stage 6 report, September 2014

- 4.35 As Table 4.3 shows, demographic led need underpinned by the 2012-based ONS SNPP shows a mid-point target of 833 dwellings per annum, lower than the Council's proposed target.
- 4.36 However for the reasons given above in section 3, the 2012-based ONS SNPP is considered to be based on suppressed levels of net in-migration and population growth due to the recessionary trends it is underpinned by. Furthermore it would only result in job growth of only 456 new jobs per annum; significantly lower than the Council is seeking to achieve in the draft Local Plan (1,100).

- 4.37 It may be argued that the 2012-based ONS SNPP meets demographic led need, but it wholly fails to meet the job growth aspirations of the draft Plan, or the job growth forecast (834 jobs per annum) tested in the EPOA report, or that sought by the Council (1,100 jobs per annum).
- 4.38 As Table 5.3 shows, to meet the job growth forecast included in the EPOA, approximately 1,100 dwellings per annum are required. However this should also be considered a prudent assessment given the Council's aspiration to create 1,100 new jobs per annum.
- 4.39 In addition, the EPOA job growth forecast is taken from the revised 2013 'baseline' EEFM, produced in August 2013, prior to the recent upturn in the national economy. Sources such as Experian have produced four quarterly forecasts in the intervening period since the revised 2013 EEFM were published, and it is therefore considered that the economic led scenarios of the EPOA are potentially informed by outdated and conservative forecasts.
- 4.40 Furthermore, the EPOA report provides objective assessment based on demographic and economic led factors, but does not consider market signals and affordability. These should also be considered as part of a full objective assessment of overall housing need, to comply with the PPG.

v) Strategic Housing Market Assessment, 2012 and 2013 Update

- 4.41 As the draft Plan states:

"The Cambridge Sub Region Strategic Housing Market Assessment 2012 (SHMA) identifies the objectively assessed need for additional jobs and homes in South Cambridgeshire over the plan period."¹²

- 4.42 In referring to the 2012 SHMA, it is confirmed that the CCC technical report (discussed above) provides the evidence for the objective assessment of need. The SHMA confirms this as follows:

"The objectively assessed housing need figures included in this chapter have been informed by a Technical Report

¹² Paragraph 2.34, Policy S/5: Provision of new jobs and homes, page 25, Proposed Submission South Cambridgeshire Local Plan, July 2013

prepared by Cambridgeshire County Council Research Group (CCCRG) setting out analysis of a range of projections and forecasts at national, sub-national and local levels. This includes data from the 2011 Census.”¹³

- 4.43 The SHMA also considers affordable housing in its assessment, reporting affordable housing need of 11,838 dwellings, 2011-2031. This is over half the objectively assessed figure for South Cambridgeshire (19,000 dwellings, 2011-2031), which is considered by the Council to be appropriate to deliver the full objective assessment of overall housing need for South Cambridgeshire.
- 4.44 However, to comply with policy H/9 of the draft Plan, and deliver 40% affordable housing, there is overall housing need for 29,600 dwellings, 2011-2031. The proposed target of 19,000 dwellings will meet 64% of affordable need, providing all planning applications achieve 40% affordable housing provision. However to alleviate the need identified in the evidence base, overall housing need significantly higher than is currently planned for will be required.

vi) Summary

- 4.45 This section has provided a summary and critique of the evidence base used by the Council in reaching their proposed housing target (19,000 dwellings, 2011-2031). The main headlines of our critique are as follows:
- Two of the CCC scenarios ('no build' and 'natural change') are unrealistic;
 - The remaining CCC scenario (household growth) is entirely self-fulfilling and restrictive, as it is not underpinned by demographic trends or projections, but by past supply and projected future supply. This methodology is not referred to in the NPPF, or the draft PPG;
 - The LEFM scenarios (Spring 2012) use outdated 2008-based ONS sub national population projections as a base. Furthermore they are economic led, and do not model the effect of demographic variables; they are also 'policy neutral', therefore not considering the aspiration of SCDC to create 22,000 new jobs, 2011-2031;

¹³ Page 1, Chapter 12, Cambridge sub-region SHMA 2012, Forecasts for homes of all tenures

- The EEFM scenarios incorporated in the CCC technical report are from spring 2012. The latest EEFM 2013 projections are not considered. Furthermore the EEFM is another economic led projection model, and demographic projections and estimates are therefore of minimal influence;
- The CCC report only includes the baseline household occupancy rate scenarios of the EEFM. The EEFM was also run using alternative household occupancy rates not reported in the CCC report ('flat occupancy' and 'official 2008-based occupancy');
- The EEFM 'flat occupancy' scenarios can be ignored as household occupancy rates have fallen historically, including over the recessionary period.
- The EEFM 'baseline' occupancy scenarios average at overall housing need of between 20,280 and 22,120 dwellings, 2011-2031, for SCDC. Pre-recessionary 2008-based official occupancy rates result in need of between 22,800 and 23,170 dwellings, 2011-2031. All four figures are in excess of the proposed housing target for SCDC, but are only underpinned by average growth of 780 jobs per annum, significantly lower than the draft Plan target (1,100 jobs per annum) but aligning with the EPOA job growth (834 jobs per annum).
- The CCC report concludes on an indicative housing target of 19,000 dwellings, 2011-2031 (950 dwellings per annum). This is underpinned by population growth of approximately 1,900 people per annum, which broadly aligns with the recent 2012-based ONS SNPP. However as we have identified in section 3 of this report the 2012-based ONS SNPP should be treated with caution, and demographic led need underpinned by experienced migration trends has the potential to show higher need.
- The economic-led scenarios of the recent EPOA 'stage 6' report are underpinned by significantly lower job growth (EEFM, 834 jobs per annum) than the Council proposes to create over the Plan period (1,100 jobs per annum), and by outdated EEFM job growth forecasts from August 2013. More recent Experian job growth forecasts will incorporate the upturn in the UK economy and have the potential to indicate significantly higher household growth.

5.0 SUMMARY AND CONCLUSIONS

5.1 In summary the key housing figures for South Cambridgeshire District are as follows:

Table 5.1: Key Housing Figures – South Cambridgeshire District Council

Source	Dwellings per annum
SCDC Submission Plan (July 2013)	950
CLG Interim 2011-based household projection (April 2013)	1,000*
EEFM 2012	1,010 – 1,110
EEFM 2013	1,140 – 1,160**
Essex Planning Officers Association – Economic led scenarios	1,080 – 1,100***
To achieve affordable housing need in full	1,480****

*Underpinned by household growth of 972 households per annum, and a vacancy rate of 2.98%;

**Underpinned by average growth of 780 jobs per annum;

***To achieve growth of 834 jobs per annum from the 2013 EEFM 'baseline' scenario;

****Affordable need reported in the CCC technical report as 590 per annum, 2011-2031.

5.2 We would make the following headline comments in respect of the proposed housing target for South Cambridgeshire District Council (SCDC), and the evidence base it is underpinned by.

- The PPG states how the 'starting point estimate' of the full objective assessment of overall housing need are the latest CLG household projections. The 'interim' 2011-based CLG household projection (972 households per annum) exceeds the Council's proposed housing target. This is before a consideration of employment growth, affordable housing need, and market signals. The Council's housing target fails the first test of the PPG to begin with the most recent projection of CLG;
- The most recent net migration trends, considered in the context of the migration underpinning the 2012-based ONS SNPP, suggest that demographic led need based on experienced trends has the potential to exceed the proposed housing target further;
- The 'Technical Report' which underpins the Council's SHMA fails to fully consider the range of East of England Forecasting Model (EEFM) scenarios, which show overall housing need of between 1,010 and 1,160 dwellings per annum;
- The latest EPOA report (September 2014) shows economic led growth of 1,080 to 1,100 dwellings per annum.

- This is underpinned by growth of 834 jobs per annum, from an EEFM scenario of August 2013. More recent forecasts are available which have the potential to show significantly higher job growth due to the upturn in the economy since the end of 2013;
- The job growth forecast of the EPOA (834 jobs per annum) and the 2013 EEFM (780 jobs per annum) falls significantly short of the 1,100 jobs per annum aspired to by the draft Local Plan;
- To achieve affordable housing need in full at 40% of all planning permissions, 1,480 dwellings per annum would be required.

5.3 In summary the Council's housing target fails to achieve the 'starting point estimate' for full objective assessment, and therefore fails to meet economic led need set out in the EPOA report, or the job growth aspired to in the draft Local Plan.

5.4 To ensure the economically active (labour force supply) population balances with job growth forecasts, and affordable housing need is met in full, the publicly available information presented here shows how there is overall housing need significantly in excess of 950 dwellings per annum.