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Client

Peel Holdings (Management) Ltd

Our reference

PEEM3056

June 2019

1. Introduction

1.1 This Paper forms part of a suite of documents which together comprise the submission of Peel Holdings (Management) Ltd (“Peel”) to the Warrington Proposed Submission Version Local Plan (“PSLP”) and accompanying background documents published by Warrington Borough Council (“the Council”).

Peel’s Representations

1.2 Peel’s representations are contained chiefly within a number of separate but related ‘strategic papers’. Paper 1 provides an overview of Peel’s representations to the PSLP and introduces four further papers and supporting materials. This paper (Paper 2) should be read in conjunction with the remainder of Peel’s submission and particularly Paper 1.

1.3 The full list of papers are as follows:

- Paper 1: Overview representation
- Paper 2: The proposed housing requirement and supply (this paper)
- Paper 3: The spatial strategy
- Paper 4: Outlying Settlements: site allocations
- Paper 5: Other matters

1.4 Peel has a number of land and development interests across the Borough which are detailed in Paper 1. Peel’s representations relate to these interests.

1.5 The above papers are concerned principally with Peel’s land interests in the defined Outlying Settlements of the Borough and their treatment through the PSLP. In addition, Peel is part of a consortium of landowners with an interest in the proposed South West Urban Extension site allocation (PSLP Policy MD3 relates). Peel is also owner and developer of the proposed Port Warrington allocation subject to PSLP Policy MD1 of the PSLP.

1.6 Peel has submitted separate representations to the PSLP in relation to Port Warrington and, as part of a consortium of landowners, further separate representations in relation to the South West Urban Extension.

1.7 Peel’s submission to the PSLP also includes a series of Development Prospectuses and a full suite of supporting technical reports provided in respect its land interests in the Outlying Settlements of the Borough. This material demonstrates how these sites could be delivered for residential development in a sustainable manner over the plan period, securing significant local benefits in the process.

1.8 The Development Prospectuses and associated technical work supplement the analysis presented in Papers 1 to 5 above and demonstrate that, in the context of the issues of

soundness revealed , the subject sites would represent sustainable development opportunities and that their allocation for development would go some way to correcting the soundness issues raised within Peel’s representations.

- 1.9 They also demonstrate that when considered on a like-for-like basis, the sites put forward by Peel for allocation within the Outlying Settlements would be inherently more sustainable than those proposed by the Council through the PSLP irrespective of any strategic level changes to PSLP and the spatial strategy it seeks to deliver as proposed through Peel’s submission.

This paper

- 1.10 This paper is concerned with the proposed PSLP housing requirement and the land supply upon which the PSLP is reliant to deliver this requirement. It considers whether this will meet the development needs of the Borough over the plan period and beyond, and whether therefore the PSLP satisfies the requirements of the National Planning Policy Framework (NPPF) in this regard.

- 1.11 The paper concludes that:

- It is justified and necessary for the Council to conclude that **housing need will exceed the outcome of the standard method**. This recognises the Council’s stated economic objectives, planned economic investment and the approach taken within the PSLP to provide for new employment land;
- The Council’s proposed requirement of 18,900 homes over the plan period (2017 – 2037), equivalent to 945 homes per annum, **will not support the level of job growth in Warrington** necessary to reflect these economic objectives, recognising the labour-force characteristics of the borough;
- The Council’s **downgrading of the scale of job growth that it considers likely over the plan period (from the previous draft Plan) is not justified**. It does not take account of the borough’s economic credentials or planned investment;
- The PSLP should plan to be able to accommodate in the order of **23,500 additional jobs** over the plan period, based on the conclusions of AMION Consulting. This is some 4,420 more jobs than used to inform the Council’s calculation of housing need. It is noted that this scale of job growth is closely aligned to the 24,800 job growth figure previously considered to be reasonable by the Council, based upon the evidence presented to support its Preferred Development Option. **Supporting job growth at this level would indicate the need to provide for approximately 24,200 homes, or 1,210 homes per annum;**
- Even where the Council’s lower job forecast is used to inform the calculation of housing need, modelling presented in this report, addressing shortcomings in the Council’s modelling, concludes that **there will be a need to provide for 1,077 homes per annum as a minimum**. This integrates more appropriate labour-force behaviour assumptions, which are used consistently in the presented modelling, and positively responds to the acknowledged consequences of historic under-supply, which has worsened the affordability of housing in the borough;

- Based on these conclusions, the Warrington Local Plan must provide for a **minimum of 21,540 homes over the plan period, equivalent to 1,077 dwellings per annum, but the true requirement is 24,200 or 1,210 dwellings per annum.** On the basis of this established range, a reasonable minimum to plan for is therefore **22,000 homes, or 1,100 dwellings per annum;**
- The Council's identified housing supply places significant reliance on an embryonic city centre market and the delivery of large sustainable urban extensions (SUEs) to the south of the urban area. In identifying sufficient residential land to meet housing needs in full, the Council must apply a **greater flexibility allowance of 20%** to mitigate the risks associated with under-delivery. Against the Council's housing requirement this means **provision must be made for 22,680 homes as a minimum.** Against the advanced higher housing requirement minimum of 1,100 homes per annum, **provision should be made for 26,400 homes;**
- **The Council has failed to recognise the full scale of need beyond the plan period in its consideration of safeguarded land.** The economic growth which is sought by the Council will sustain housing needs at least at the level calculated within the plan period in the ten years thereafter. It is critical to recognise that the absolute size of Warrington's economy and population will have increased as a consequence. In identifying safeguarded land the Council must not double-count the flexibility allowance already applied over the plan period. This is provided to facilitate delivery at a higher level and land is being removed from the Green Belt to accommodate that prospect. It must therefore be assumed that it is there to be used and it can be used in its entirety during the plan period. Accordingly, there is a need for the PSLP to release additional sites from the Green Belt, which can cumulatively **provide up to 6,287 dwellings, to be allocated as safeguarded land for the 10 years after the plan period, in accordance with the requirements of NPPF.** Even based on the Council's approach, which Peel does not accept, and **with only the post-plan period requirement adjusted to reflect a continuation of the plan period annual requirement, there would be a need to identify safeguarded land capable of delivering 2,847 dwellings.**

1.12 This report is structured as follows:

- Chapter 2 presents a concise overview of the evidence published by the Council in support of its proposed Policy DEV1.
- Chapter 3 challenges the housing requirement advanced within the PSLP and the evidence upon which it is based. An evidenced position is advanced that in supporting the full economic needs of Warrington a higher level of housing need is justified following the NPPF and Planning Practice Guidance (PPG). Reference is made to detailed technical supporting information provided by AMION Consulting and Edge Analytics which are included at Appendices 1 and 2.
- Chapter 4 challenges the extent to which the proposed supply of residential land is sufficient to meet the full need for housing, with flexibility. In particular this highlights reliance on the delivery of land within the Warrington urban area and

proposals for large SUEs, one of which it is noted is the South West Extension that is being promoted by a Peel-led consortium.

- Chapter 5 presents in tabular form the implications of the evidence as to a higher need for housing and a need for a greater level of flexibility allowance on the level of housing the Council should be looking to provide for where changes are made to the PSLP.
- Chapter 6 challenges the approach taken by the Council to not identify a sufficient supply of safeguarded land to protect the Green Belt for a further period after the end of the plan period.
- Chapter 7 presents a summary of the report and concisely sets out the key actions required to address the points in which the current evidence is considered deficient and unsound.

2. Overview of the Council’s Evidence on Housing Need and Supply

- 2.1 The Council has published a Local Housing Needs Assessment¹ (LHNA), dated March 2019, as part of the background supporting documents to the PSLP.
- 2.2 The LHNA aims to follow the PPG in its calculation of housing need. It concludes that there is a requirement for 945 homes per annum in Warrington over the plan period (2017 to 2037), or 18,900 homes in total². It is observed that this requirement is 4% above the ‘*minimum number of homes expected to be planned for*’³, calculated as 909 homes per annum in the LHNA using the standard method.
- 2.3 The LHNA confirms that, in accordance with the PPG / NPPF, the output of the standard method would not be able to support anticipated jobs growth in the borough. The higher recommended requirement is concluded as representing the level of housing growth that is necessary to support the borough’s planned growth in employment. It is also noted in the LHNA that a higher housing requirement is needed to deliver more affordable homes, closer to the overall need for affordable housing. The LHNA concludes in this context that ‘*a requirement of around 950 dpa would seem reasonable to examine and also aligns with the economic-led need*’⁴. It is **both** the employment growth and the affordability issues that cause the Council to move to a figure above the output from the standard method. In principle this is sound and justified.
- 2.4 The Council’s identification of a local housing need that exceeds the minimum output of the standard method is supported in principle, and – in the context of its stated commitment to economic growth – is agreed as being necessary under the NPPF and PPG. However, on the basis of the evidence provided within this report, the conclusion that 945 homes per annum are required to support Warrington’s economic growth agenda is considered to be an under-estimation of the full need for which the Local Plan should provide for.
- 2.5 This section provides an overview of the relevant national guidance and a summary as to how the Council’s evidence has been prepared in this context.
- 2.6 Separate consideration is then given to the evidence related to the deliverable supply of housing land proposed within the PSLP.

Calculating housing need – NPPF and PPG

- 2.7 As set out above, the Council’s approach to arriving at a housing requirement that acknowledges a higher need for housing than derived from the standard method is supported in principle as being compliant with the PPG and NPPF. For the reasons set

¹ Local Housing Needs Assessment, March 2019, GL Hearn

² *Ibid*, paragraph 8.23

³ PPG Reference ID: 2a-002-20190220

⁴ Local Housing Needs Assessment, March 2019, GL Hearn, paragraph 8.31

out in section 3 of this paper, however, the Council's conclusions are considered to represent an underestimate of the full need for housing in the borough when the methodology prescribed through guidance is correctly applied.

- 2.8 National planning policy sets out the policy imperative of promoting economic growth and the rebalancing of the economy to ensure that growth serves to *'build a country that works for everyone'*⁵.
- 2.9 The NPPF retains at its core the Government's commitment to ensuring that the planning system achieves the parallel objectives of delivering the homes that are needed, supporting the ongoing development of a strong, responsive and competitive economy and making effective use of land to enhance the natural environment (paragraph 8).
- 2.10 National policy and guidance provides a clear framework for doing so. The implications for the PSLP are summarised as follows:
- 1) The PSLP must include *'strategic policies'* (NPPF, paragraph 17) to address the identified priorities for the development and use of land across Warrington. These policies and priorities must address social, economic and environmental objectives in *'mutually supportive ways'*, mindful that they are interdependent components of achieving sustainable development (NPPF, paragraph 8);
 - 2) In respect of social objectives, the strategic policies of the PSLP must *'make sufficient provision for: a) housing (including affordable housing)'* (NPPF, paragraph 20). This should be achieved by ensuring that a *'sufficient amount and variety of land'* is made available (NPPF, paragraph 59);
 - 3) The minimum amount of new housing needed across Warrington should be identified using the Government's *'standard method'* (NPPF, paragraph 60), the methodology for which is set out in the national PPG; and
 - 4) The standard method identifies the *'minimum starting point'* in determining housing needs and there will be circumstances where the *'actual housing need is higher than the standard method indicates'* (PPG Reference ID 2a-010-20190220). The PPG makes clear that this will *'need to be assessed'* before the identified need is translated into a housing requirement figure in the PSLP (PPG Reference ID 2a-010-20190220).
- 2.11 The NPPF confirms that a strategy which either fails to promote sustainable patterns of growth (paragraphs 20 and 103) or severely restricts economic growth (paragraphs 20 and 80) would form neither a positive, nor justified, nor effective, nor national policy consistent approach. It would therefore be unsound (paragraph 35).
- 2.12 The Government has stated that the calculation of need through the standard method *'does not represent a mandatory target for local authorities to plan for, but the starting point for the planning process'*⁶.

⁵ Cabinet Office (2017) 'Building a country that works for everyone: the government's plan' – series of departmental plans

- 2.13 The Government is therefore clearly encouraging authorities to plan for levels of housing which exceed the minimum outcome of the standard method. Indeed, the Government has articulated its expectation that authorities should do just that, and it has acknowledged that the output of the standard method will not in isolation deliver the 300,000 homes it has confirmed as being needed to be delivered by the mid-2020s to improve the current housing crisis. The Secretary of State for Housing, Communities and Local Government has confirmed that:

*“The standard method is intended to provide what we believe is a realistic starting point for assessing the number of homes needed for each area. ...that is not a target. That is your starting point... It relies on past trends, so does not account for changing circumstances, for example new infrastructure. **Where growth is expected beyond historic trends authorities are encouraged to establish higher lead figures.** ...All we are saying is that it is a methodology. It is a starting point for councils to use as part of their need and supply policies”⁷ (emphasis added)*

- 2.14 In responding to a question which directly challenged the limitations of the methodology – with regards to a concern that there will be a ‘battle’ at Local Plan examinations in the North, when variant housing requirement figures are often justified and intended to reflect the aspirations of northern areas – the Secretary of State responded that:

*“I very firmly hear that aspiration and that intent. That is something I certainly do not want to discourage at all. I would underline that the methodology is based on historic trends, which simply show more growth in the south than the north. **I would underline that the standard method is a minimum, not a maximum, and there is absolutely nothing to stop local authorities planning for growth...Authorities can certainly plan for growth in their numbers and their ambition, and that is something I firmly encourage**”⁸ (emphasis added)*

- 2.15 The updated PPG translates this support for plan-makers in planning for an appropriate level of new housing provision. It states that the standard method ‘does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour’⁹. As referenced above, it therefore identifies that there will be circumstances where ‘actual housing need is higher than the standard method indicates’.

- 2.16 The PPG¹⁰ specifically identifies a series of circumstances which would lead to situations where the need for housing would be expected to exceed past trends, because of:

⁶ MHCLG (2019) ‘Government response to the technical consultation on updates to national planning policy and guidance – A summary of consultation responses and the Government’s view on the way forward’, February 2019, page 6

⁷ Housing, Communities and Local Government Committee oral evidence: MHCLG priorities for the Secretary of State, HC 1036 – Rt Hon James Brokenshire MP, Secretary of State, Ministry of Housing response to Question 32

⁸ *Ibid* - Response to Questions 35 and 36

⁹ PPG Reference ID 2a-010-20190220

¹⁰ *Ibid*

- 1) 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);
 - 2) Strategic level infrastructure improvements that are likely to drive an increase in the homes needed locally; or
 - 3) An authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground.
- 2.17 It is considered that the **first two of these circumstances directly apply in Warrington**, with the implications considered further in section 3 of this report.
- 2.18 In the same sub-section, the PPG also identifies further '*situations*' which should be considered when determining the appropriateness of planning for a higher level of housing need than the standard model suggests. These are where either of the following are '*significantly greater*' than the outcome of the standard method:
- 1) Previous levels of housing delivery; or
 - 2) **A previous assessment of need, such as a recently-produced Strategic Housing Market Assessment (SHMA).**
- 2.19 Again, with particular reference to (2) above, this represents an important consideration in Warrington, which is further explored later in this section. This is also supported in section 3 through a critique of the Council's revised position on the job growth associated with the realisation of its economic plans and objectives; a key driver of housing need.
- Future revisions to the standard method calculation**
- 2.20 In the context of the ongoing development of the Warrington Local Plan, and the time taken to progress from the Preferred Development Option (PDO) version to the Pre-Submission iteration, it is also important to acknowledge that the Government has committed to a review of the standard method within the next 18 months (as of January 2019).
- 2.21 It is currently unclear as to when the outputs of this review will be released. They may be released in the short-term, for example, by way of a technical consultation. However, and in any event, it is understood that the review is intended to respond to acknowledged limitations of the method in its current form, not least the extent to which it falls short of fully aligning with the Government's aspirations for the housing market which includes the commitment to deliver 300,000 homes per annum.
- 2.22 The commitment to review also provides an opportunity to respond to direct criticism of the current method, by the National Audit Office (NAO). This is set out in its report, published in February 2019, auditing the Government's approach to planning for new homes. This criticised the fact that, for large parts of the country – primarily the North and Midlands – the method reduces the calculated need for housing below the levels previously assessed. The significant limitation of the method in this regard is then

highlighted, with the NAO confirming that *'this reduction could hamper local authorities' plans to regenerate and stimulate economic growth'*¹¹.

- 2.23 When such criticisms and limitations are taken into account, it is reasonable to assume that the review will lead to a method which provides for greater needs to be met. This would strongly suggest a national policy direction of travel whereby the outcome of the standard method is elevated in areas such as the North and Midlands, where it is currently thought to underestimate needs.
- 2.24 The Council will need to consider whether any revised standard method prompts a need to review the PSLP strategy.

Overview of the Local Housing Needs Assessment (LHNA)

- 2.25 The LHNA calculates the minimum need output of the standard method following the formula set out in the PPG. It is concluded that there is a minimum need for 909 homes per annum on this basis.
- 2.26 The Council is correct to use the standard method as the starting point in the calculation of a *'minimum'* need figure, and it is agreed that there are no exceptional circumstances to justify a downward departure from its use as a starting point in this regard¹².
- 2.27 In accordance with the requirements of the PPG¹³, the LHNA assesses how the economic growth strategy of the Council and the economic objectives articulated in the PSLP could necessitate planning for a higher housing need figure. It also looks at affordability issues as an upward driver of need.
- 2.28 The LHNA includes analysis of an updated set of economic forecasts, alongside previous evidence on the scale of employment growth associated with the delivery of the Cheshire and Warrington Strategic Economic Plan (SEP).
- 2.29 The LHNA identifies that the Oxford Economics forecast¹⁴ indicates only 12,700 jobs will be created over the plan period (2017-2037). In recognising the growth strategy of the borough and the PSLP, this is increased by 6,380 jobs to reflect the previously judged *additional* growth associated with the SEP. The LHNA confirms that this uplift is intended to be a *'reflection of the intended consequences of investment'*¹⁵. The LHNA thus concludes that the borough is likely to see in the order of 19,080 jobs created over the plan period.
- 2.30 This represents a notably lower estimation of job growth than previously concluded within the SEP (24,800 jobs over the same period), which was used to underpin the PDO in Autumn 2017. With the exception of the lowering of the input baseline job forecast, it is notable that the LHNA otherwise uses broadly the same methodology and

¹¹ National Audit Office (2019) Planning for new homes, paragraph 1.22

¹² PPG Reference ID: 2a-003-20190220

¹³ PPG Reference ID: 2a-010-20190220

¹⁴ The LHNA confirms that these were produced in January 2018 and are "2017-based" at paragraph 3.11

¹⁵ Local Housing Needs Assessment, March 2019, GL Hearn, paragraph 8.31

input assumptions in its calculation of housing need to that within the 2017 Mid-Mersey SHMA¹⁶. The 2017 SHMA concluded that there was a considerably higher need for 1,113 homes per annum, some 18% higher than the LHNA recommendation, with the SHMA calculation aligned to supporting the 24,800 jobs previously considered to represent a reasonable assessment of the impact of investment and the borough's economic strategy. The principal reason for the change therefore comes down to the use of the Oxford Economics 2018 forecast.

2.31 Section 3 of this paper subjects the LHNA to a detailed critique, reflecting the evidence and analysis provided by AMION Consulting (Appendix 1) on this matter. It challenges the downgrading of the scale of employment growth advanced within the LHNA, which it is concluded does not reflect the borough's economic prospects. This recognises the following:

- A single baseline economic forecast, produced over 12 months ago, does not provide adequate justification for a significant downgrading of forecasts that were previously considered reasonable. It is recognised that baseline forecasts such as those provided by Oxford Economics are not representative of the future economic potential of Warrington in the Council's own Economic Development Needs Assessment Update¹⁷ ("EDNA Update"). **As such it is not appropriate to significantly downgrade need on the basis of this single dataset;**
- The Oxford Economics forecast is only benchmarked against one, more negative Cambridge Econometrics forecast, also produced in January 2018. Despite the LHNA deriving labour-force behaviours from the national Experian model, it makes no reference to their forecasts of employment growth in Warrington, which have recently been more optimistic than the forecasts cited in the Council's evidence base. **The Oxford forecast must be recognised as a dataset produced at a single point-in-time, with a comparable more recently sourced forecast from Experian, for example, suggesting a more positive baseline level of growth. This illustrates the extent to which baseline forecasts vary over a short period of time and further challenges the robustness of the approach taken by the Council to justify a significant change in its outlook on likely job growth on the basis of a forecast obtained over 12 months ago;**
- No attempt has been made to reassess investment or its relationship to any changed understanding of baseline growth. The Council's evidence base continues to directly reference the economic evidence prepared to inform the SEP, which does reflect planned investment. In addition the EDNA Update continues to use the associated forecast job growth of the SEP as one scenario for forecasting future employment land need. **The Council thereafter appears to**

¹⁶ Further consideration is given to the differences in assumptions in section 3 of this paper noting that updated demographic projections and datasets are understood to have been used in the LHNA as well as the updated economic forecasts. The significant contributing factor, however, is understood to be the lowering of the input job growth forecast.

¹⁷ Update to the Economic Development Needs Assessment (February 2019). The limitations of the baseline forecast in the context of representing future job growth is noted at a number of occasions through the report, however, it is specifically referenced in the conclusion at paragraphs 7.59 – 7.61

consider it reasonable and appropriate to rely upon the SEP for other purposes.

- The EDNA Update presents scenarios on the need for employment land using the SEP forecasts and the adjusted Oxford Economics forecast referenced in the LHNA. However, it concludes that a calculation based on past take-up – and therefore reflecting historic rates of employment growth – is more appropriate. The PSLP has not addressed the strong likelihood that allocated employment land within the borough will support a higher level of employment growth, in its assessment of likely future job growth to inform its updated assessment of housing need. **There is a mismatch between the approach to justifying the employment land and housing land requirement in the PSLP.**

2.32 It is considered that the above matters seriously challenge the claimed justification for the significant reduction in job growth. In turn, it is considered that the level of job growth assessed within the previous iteration of the Council’s evidence base remains more representative of a sustained commitment to attract investment. This in turn leads to a higher assessed need for housing in the borough.

2.33 The PSLP therefore cannot be judged as sound, given that its proposed housing requirement is not ‘justified’ (NPPF 35(a)) and will not be ‘effective’ (NPPF 35(b)) in delivering the vision and objectives for growth proposed through its economic policies and other strategies including Warrington Means Business¹⁸.

Evidencing a supply of deliverable residential land – NPPF and PPG

2.34 Paragraph 31 of the NPPF requires that the preparation and review of all policies within Local Plans should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and importantly, it must take into account relevant market signals.

2.35 Paragraph 34 of the NPPF further requires that Plans set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure.

2.36 The NPPF clearly states that:

“To support the Government’s objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay”¹⁹

2.37 In order to satisfy this requirement in the identification of an appropriate supply of land within a Local Plan it is therefore considered important for an authority to establish:

¹⁸ Warrington & Co (2017) ‘Warrington Means Business’

¹⁹ MHCLG (2019) National Planning Policy Framework, paragraph 59

- An understanding of the geographies of housing market need in order to ensure that new homes are provided for **where they are needed**;
- An appreciation of the segmentation of the market with regards to different needs for different products (size, tenure etc) which reflect the needs of different **groups** in the housing market **with specific housing requirements**; and
- A consideration of the above factors to ensure that the demand for new homes is understood in the context of the proposed supply to ensure that housing land is **developed without delay**.

2.38 It is considered that the Council's approach to identifying an appropriate supply of residential land over the plan period has not adequately considered these aspects. This is reflected in the review of the supply position below and in more detail in section 4.

Overview of the Council's housing supply position

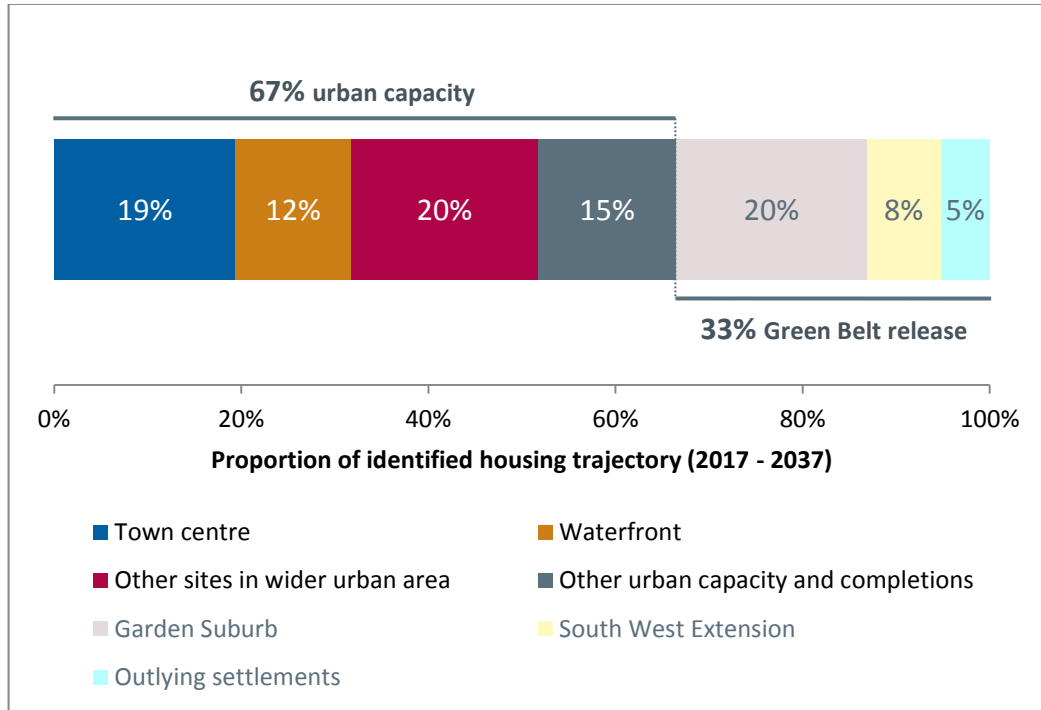
- 2.39 The PSLP starts with the LHNA in aiming to meet a requirement for at least 945 dwellings per annum, which equates to 18,900 new homes over the plan period²⁰. It then proposes a level of flexibility (10%) to allow for market choice and situations where specific sites do not come forward, and therefore seeks to identify land capable of accommodating 20,790 homes. The PSLP references the process through which urban capacity has been identified by the Council²¹, drawing upon the latest iteration of the Strategic Housing Land Availability Assessment (SHLAA) and a masterplanning exercise for the town centre, waterfront and inner urban area. Our critique in section 4 identifies significant concerns as to the robustness of this evidence base and in particular the evidence of urban capacity outside of the SHLAA.
- 2.40 Appendix 1 of the PSLP outlines a trajectory of development that could see a total of 20,643 homes provided across Warrington over the period to 2037, without explaining the slight divergence from the proposed housing requirement (20,790). Policy DEV1 proposes a stepped approach to delivery, which sees a lower requirement being proposed over the first five years of the plan period. Without this exceptional adjustment the PSLP will not, on its own terms deliver a 5 year supply at its inception. The justification for the stepped trajectory is challenged in section 4 of this report.
- 2.41 As shown at Figure 2.1, two thirds of the housing supply envisaged under the trajectory is attributable to '*urban capacity*', of which almost half relates to the town centre and waterfront. Green Belt sites account for the remainder of the trajectory, predominantly at the South West Extension and Garden Suburb. Green Belt release adjacent to the outlying settlements accounts for 5% of the overall trajectory, with the overall

²⁰ Warrington Borough Council (March 2019) Warrington Proposed Submission Version Local Plan 2017-2037, Table 1

²¹ Warrington Borough Council (2019) Urban Capacity Assessment. Table 1 identifies a capacity for 13,729 homes on urban land, which slightly departs from the capacity for 13,726 homes identified in the PSLP and its appended trajectory

contribution of these eight settlements to the north and east of the borough reaching only 6% when their urban capacity is taken into account²².

Figure 2.1: Components of Proposed Housing Supply (2017 – 2037)



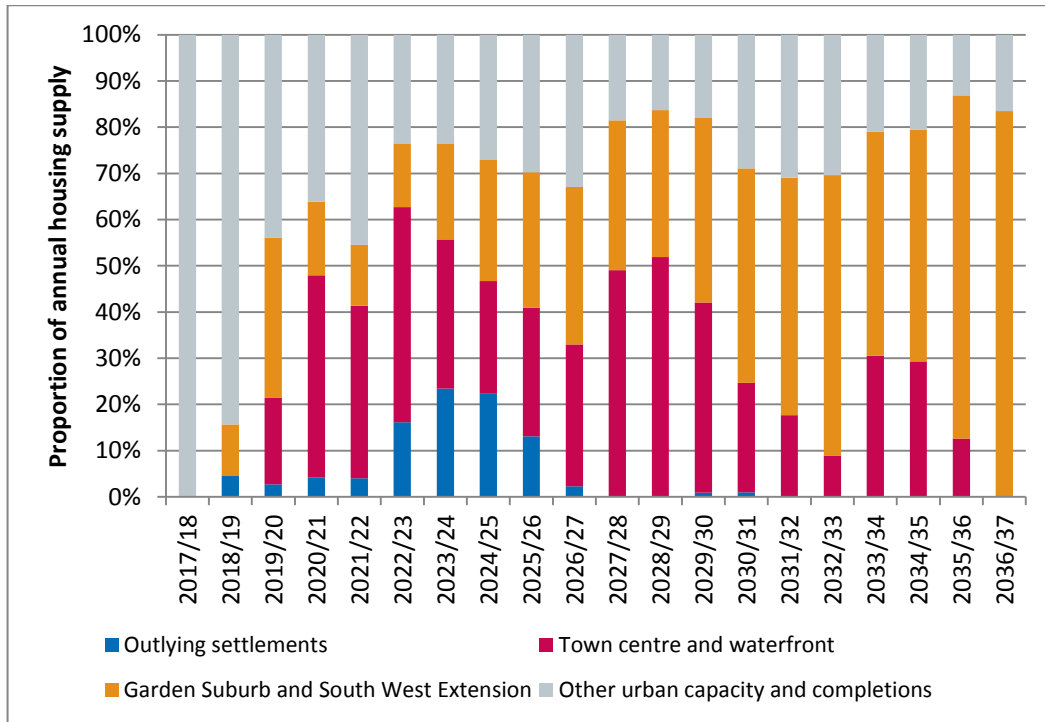
Source: Warrington Borough Council, 2019

2.42 The scale of this assumed contribution notably varies throughout the plan period, however, with Figure 2.2 showing that the outlying settlements are expected to collectively provide as much as 23% of the borough’s annual housing supply within five years²³ (2023/24). Their expected contribution reduces significantly thereafter, such that the outlying settlements are planned to account for 1 in every 500 homes provided in the borough during the latter half of the plan period (0.2%). This contrasts with the combined contribution of the Garden Suburb and South West Extension – which alone account for almost half (47%) of anticipated supply during this period – and the town centre and waterfront, which are assumed to collectively provide one in every three homes delivered in Warrington over the decade from 2027.

²² A capacity for circa 210 homes on such sites in outlying settlements has been aggregated in the “Other urban capacity and completions” category in Figure 2.1

²³ This excludes any future contribution from small sites (less than 0.25ha) in outlying settlements. Although this forms part of the borough-wide trajectory identified in the PSLP, their prospective distribution throughout the borough is evidently uncertain

Figure 2.2: Annual Contributions to Proposed Housing Supply (2017 – 2037)



Source: Warrington Borough Council, 2019

- 2.43 Over the long-term, this reveals a considerable reliance upon two urban extensions to the south of the borough and a town centre market that is untested, currently embryonic and susceptible to market volatility by its nature²⁴. There are inherent risks and uncertainties when relying on such sources of housing supply.
- 2.44 Equally, it anticipates that the outlying settlements would see no growth of any significance beyond 2025/26, with the proposed allocations assumed to be fully built out by this date. This is considered to represent a challenge to their future sustainability, because their further development would be constrained for the last ten years of the plan period and for the decade thereafter, due to the Council’s approach to having no safeguarded land (as considered in section 6). The consequences and challenges created by this approach are considered further in Paper 3.
- 2.45 The proposed profile of sites also forms part of the Council’s rationale for a stepped trajectory. The identification of additional sites within the outlying settlements would mitigate the need for a stepped approach to delivery, based on the Council’s own recognition of their capacity to contribute earlier in the plan period. This is a more positive approach which would ensure that identified needs are met as soon as possible. This is also considered further within Paper 3 in the context of the sites which Peel is promoting through these representations.

²⁴ Centre for Cities (2005) Faulty Towers? City Centre Housing Markets in the UK

Implications

- 2.46 The NPPF and PPG have established a new context for identifying local housing need when preparing, examining and adopting sound planning policies, as part of up-to-date development plans.
- 2.47 The NPPF is clear in its requirement for authorities to treat the standard method figure as a **starting point** when assessing the *minimum* need for housing. The PPG explicitly identifies circumstances which will have implications on demographic behaviour and the potential to result in the calculation of a higher level of need. The PPG clearly confirms that this needs to be assessed²⁵.
- 2.48 The Council's application of the PPG to identify that a higher level of housing provision than suggested by the outcome of the standard method is needed in Warrington is strongly supported. However, the downgrading of the level of assessed need from the previous SHMA is challenged. The conclusion of the LHNA, that the scale of employment growth anticipated over the plan period has been markedly reduced, is wrong and in sharp contrast with the Council's stated economic objectives, the employment policies in the PSLP and known investment.
- 2.49 Chapter 3 of this paper presents an evidence based justification for this challenge to the Council's strategy. This confirms that up-to-date evidence strongly supports the Council's previous acceptance and endorsement of a higher level of job growth over the plan period. It is noted that this higher level of job growth aligns more closely with the scale of employment supported through the planned provision of employment land within the PSLP. The failure to recognise the higher housing needs associated with supporting a stronger level of job growth, whilst also recognising the consequences of the historic under-supply of housing on worsening affordability, is considered to undermine the PSLP's proposed policies for the provision of housing.
- 2.50 The failure of the PSLP to promote mutually supportive economic and housing policies means that it does not comply with the NPPF – particularly its recognition that the three objectives of sustainable development are interdependent – and its requirement to achieve sustainable development through the pursuit of economic, social and environmental objectives in mutually supportive ways (paragraphs 8 and 20).
- 2.51 In order to have a sound plan the Council must reconsider the evidence that has led to its marked downgrading of expected future employment growth, which underpins the updated calculation of housing need within the LHNA. An aligned re-assessment of housing need must then be undertaken, to provide an integrated and sound strategy for the provision of housing and employment land.
- 2.52 Furthermore, in proposing the allocation of land to meet the identified housing requirement, the Council must ensure a greater degree of flexibility to mitigate risks of under-delivery. This flexibility should also take account of the exposure of specific aspects of the land supply to deliverability challenges. This is considered further in section 4 of this report. The cumulative impacts of these challenges to the Plan's evidence and its application on the establishment of an appropriate housing

²⁵ PPG Reference ID: 2a-010-20190220

requirement are set out in section 5. Section 6 then challenges the Council's conclusion that no additional safeguarded land is required, where it is recognised that there is no evidence to suggest that housing needs will abate beyond the plan period.

3. A Critique of the Housing Requirement

- 3.1 The proposed reduction of the housing requirement from the previous iteration of the Plan is mainly due to the assumed reduction of the scale of future job growth over the plan period. The evidence presented to support this conclusion is challenged, and subject to critique within this section.
- 3.2 An alternative forecast is presented within this chapter, which provides a proper account of the borough's economic growth, based around its economic objectives and proposals. This includes the planned supply of employment land and identified economic growth investments.
- 3.3 This job growth is then translated into a housing need figure, following a broadly comparable methodology to that presented in the Council's LHNA.
- 3.4 The chapter concludes by reaffirming the extent to which a higher level of housing need is also more reflective of evidence of worsening affordability in the borough, and more supportive of the identified need to boost affordable housing provision.

Limitations of the Council's approach to its revised economic forecast

- 3.5 As set out in section 2, the reduced assessment of future job growth in the LHNA largely results from the use of a lower economic forecast than referenced in the 2017 SHMA.
- 3.6 Such a reduction is considered to conflict with the resilience and robustness of Warrington's economy and the Council's sustained conviction to realise its economic objectives, which does not assume any downgrading of planned investment or impact. It also takes no account of the PSLP policies on the provision of employment land, and the level of job growth supported on these sites.
- 3.7 This is explored further within this section.

A resilient and robust local economy

- 3.8 Warrington has in recent years represented an economic success story. The borough has borne witness to the positive effects of strategic investment and planning which have manifested themselves in a growing business base. This has created a significant number of new employment opportunities for the residents of Warrington and reinforced its role as a key economic centre in the region.
- 3.9 Prior to the 2019 LHNA, the Council published a range of evidence-based reports which provided a strong degree of confidence that its growth objectives were both reasonable and achievable. This evidence acknowledged the strengths of Warrington's economy, which include but are not limited to:

- Historically sustained and substantial employment growth, with an average of over 1,500 new jobs created annually over a 23 year period²⁶;
- Growth in economic productivity (GVA) which matches national growth rates²⁷. This sets Warrington apart as one of the leading contributors to economic growth in the North, and the best performing city in the North West region;
- Its status as one of only 14 cities in the UK defined as ‘high wage and low welfare’, with Warrington the only city in the North of England to gain this accolade;
- Its ranking as number one out of 64 cities for the rate of employment per resident, with strong job generation resulting in 79.8% of the population being in employment;
- Being the second best city in the UK in terms of quality of life; and
- Seeing amongst the strongest rates of business growth in England, bettered only by Aberdeen and London.

3.10 The PSLP continues to explicitly recognise the underpinning strengths of Warrington’s economy, identifying the borough as having a ‘*strong and resilient economy*’²⁸. It also states that:

*“Warrington is one of the most successful towns in the UK today in terms of economic development, investment, employment rates and growth and over the last ten years has repeatedly been recognised as such in national research and league tables such as the Centre for Cities ‘Cities Outlook’”*²⁹

3.11 Despite acknowledging the successes of Warrington’s economy, the LHNA concludes that it is reasonable to assume a much more modest level of job growth in setting the PSLP’s long-term strategic policy for housing. This is almost entirely based on the decision to place significant weight on an alternative baseline economic forecast, sourced from Oxford Economics in early 2018.

3.12 This decision is challenged. In the EDNA Update, the Council itself acknowledges the limitations associated with any single baseline economic forecast and its applicability in an authority such as Warrington, which has consistently demonstrated its capacity to deliver strong levels of employment growth. The Council’s economic strategy and indeed the economic policies of the PSLP confirm the commitment to continuing to ensure the local economy’s growth. This undermines its asserted rationale for reducing employment growth on the basis of a point-in-time forecast from Oxford Economics. These aspects are considered separately below.

²⁶ Mickledore (2016) ‘Analysis – A review of economic forecasts and housing numbers’. The report indicates that Warrington has shown average employment growth of 1,573 over the 23-year period 1992-2014.

²⁷ Metro Dynamics (2017) ‘Cheshire and Warrington LEP – Economic and Resident Baseline’

²⁸ Paragraph 2.1.20 of the PSLP (2019)

²⁹ *Ibid*, paragraph 2.1.18

Acknowledging limitations of baseline forecasts

- 3.13 Prior to considering the outcomes of a detailed technical review undertaken by AMION Consulting, it is useful to identify that the Council's own EDNA Update provides a useful summation of the limitations of forecasts such as those produced by Oxford Economics (OE), as follows:

“There are several points that need to be considered when interpreting and using economic forecasts and the results drawn from them:

- *The results are indicative rather than exact. While econometric modelling is carried out using the best available economic data the results are an indication of what is likely to happen, and they may of course vary dependent on unexpected events. Brexit is an example of this and the current uncertainty on the form of Brexit and its economic impact.*
- *The longer term the data, more variation away from the forecast is likely.*
- *There can be significant differences in the outcomes predicted by different companies. Typically, forecasters start with their assumptions based on the national growth position and break it down to a local level using a range of assumptions. Clearly the headline growth expectations and the assumptions will differ”³⁰*

- 3.14 The EDNA Update also notes that ‘since 2016, Oxford Economics have increased their estimate of employment growth for recent years (2015-17) and expect this stronger predicted employment growth to continue to 2025’³¹. The reduced level of baseline job growth compared to the iteration presented within the 2017 SHMA is driven mainly by slower growth forecast post 2025. As recognised by the EDNA Update, uncertainty increases as forecasts look further into the future.

- 3.15 The uncertainty associated with the forecasts referenced in the Council’s evidence base is underlined by the variance between the 2016 and 2018 OE forecasts presented in the LHNA. The revised baseline OE forecasts set out in the EDNA Update can themselves be considered to be representative of their time.

- 3.16 In acknowledging the variance that baseline forecasts regularly display, it is beneficial to consider those produced by the different forecasting houses. Whilst the LHNA and EDNA Update also reference a forecast sourced from Cambridge Econometrics, AMION Consulting – as part of their review of the approach taken by the Council – analysed forecasts produced by Experian for Warrington in December 2017 (a comparable date to the OE forecasts) and in March 2019. It is noted that the LHNA explicitly references Experian data as part of its methodology for forecasting labour-force behaviours, but does not present a comparable updated *employment* forecast alongside the others sourced. As shown in Table 3.1, the Experian forecasts for Warrington have changed markedly between December 2017 and March 2019, with the more up-to-date forecasts predicting growth to be 3,900 jobs higher than the earlier forecasts.

³⁰ Update to the Economic Development Needs Assessment, BE Group / Mickedore, February 2019, paragraph 6.30

³¹ *Ibid*, paragraph 6.32

Table 3.1: Comparison of Experian forecasts for Warrington

	2017	2037	Change	Change per annum
Experian (Dec 17)	141,300	153,400	12,100	605
Experian (Mar 19)	146,500	162,500	16,000	800

Source: Experian

3.17 The variance in the Experian forecasts, and indeed the forecasts presented in the LHNA, highlight the risks associated with assuming a significant downgrading of employment growth potential using a single set of point-in-time forecasts, particularly at a local level.

Reflecting on past job growth trends

3.18 Within this context, the consideration of past long-term trends can be particularly useful. The LHNA confirms that projections of this nature would suggest a markedly stronger growth of between 1,466 and 2,175 jobs per annum between 2017 and 2037. However, these projections are discounted in the LHNA on the basis that the 1997-2010 period was one of very strong growth and that there are a number of future challenges facing the world economy. This is no proper justification to dismiss the relevance of the significant past employment growth achieved in Warrington.

3.19 It is important to recognise that the 1997-2010 period used in the LHNA as the basis for the trend-based projections was not one of unbroken growth. It included the 2008 global financial crisis and subsequent UK recession which is considered by many to be the most serious financial downturn since the Great Depression, as well as another period around the turn of the century where the economy was also less strong. As such, it is inaccurate to present this as a period of unrepresentatively strong growth.

3.20 It is not considered that the LHNA presents proper justification to dismiss the relevance of the significant past employment growth achieved in Warrington, particularly where it is appreciated that the Council's economic strategies and plans aim to replicate and build on this positive economic story, an issue returned to below.

3.21 AMION has undertaken its own analysis of past employment trends which highlights the sustained success of the Warrington economy, which has outperformed the UK and regional averages in terms of employment growth over recent years³². Table 3.2 summarises the average annual change in employment within Warrington over a number of periods within the last 20 years.

³² Appendix 1, Figure 2.2

Table 3.2: Historic employment growth

	1997-2017	2007-2017	1998-2015 <i>(trough to trough)</i>	1999-2017 <i>(peak to peak)</i>
Change per annum	1,485	1,712	1,360	1,256

Source: Oxford Economics, AMION Consulting

3.22 It can be seen from AMION’s analysis that the average rate of historic employment growth in Warrington substantially exceeds the baseline growth set out in the LHNA. Within more recent years, this rate of growth has accelerated, with the average annual growth between 2012 and 2017 being 2,652 jobs per annum.

3.23 This longer term picture provides an important context in reinforcing the health and resilience of Warrington’s economy. It is apparent that it has successfully sustained a trend of long-term growth through a number of economic cycles going back over 20 years. Reflecting upon this long-term historical employment growth, it is reasonable to expect that – even taking into account future economic downturns and external factors such as Brexit – the borough would be expected to continue to experience relatively high levels of jobs growth over the plan period as a whole. This again challenges the Council’s reliance on a single economic forecast which is in contrast to earlier and more recent forecasts.

The Council’s proposed economic growth scenarios

3.24 The Council’s evidence base acknowledges the limitations of the baseline forecasts in representing future job growth in Warrington. The EDNA Update specifically sets out two sensitivity scenarios. It is agreed that such an approach is both reasonable and necessary, with this reinforced by the analysis above. However, as explained below, in placing unjustified weight on the Oxford Economics forecast – which has been critiqued above – the conclusions of the LHNA in particular are considered to underestimate future job growth associated with the Council’s economic objectives and planned investment.

3.25 Strategic documents published by the Council describe Warrington as sitting at the ‘heart of the Northern Powerhouse’ and representing a ‘major national growth concept’³³. These statements are not without justification and underpin the scale of ambition for growth articulated by the Council and its partners, including the Cheshire and Warrington Local Economic Partnership (LEP).

3.26 There is a stated ambition to:

“Unleash the potential of Warrington’s people, its businesses, its connectivity, and its place, to accelerate economic growth and reinforce Warrington as a strong national driver of prosperity”³⁴

³³ Warrington & Co (2017) ‘Warrington Means Business’, Introduction

³⁴ *Ibid*

- 3.27 The LEP itself aims to create 120,000 new jobs by 2040 and increase productivity to 120% of the UK average³⁵. Based on ‘*analysis of the economic strengths in Cheshire and Warrington*’, recent research undertaken by the LEP reaffirms that ‘*with the right policies, the LEP has the capacity to meet and perhaps outperform its goal*’³⁶ (emphasis added).
- 3.28 The Council’s previously published evidence has sought to justify and endorse the total scale of job growth associated with realising its ambition. This evidence confirmed that:
- “...the Devolution Bid deal of 31,000 jobs over a 25-year period is considered to be realistic based on comparison with the level of job growth Warrington has achieved over the last 20 years”*³⁷
- 3.29 A more recent review for the Council and LEP was undertaken on the basis of ‘*detailed scheme data for major investment schemes and developments over the course of the SEP period*’³⁸, and confirmed that:
- “...at the present time, the SEP employment targets for Warrington are a sound and reasonable basis on which to proceed, plan and invest”*³⁹
- 3.30 The updated EDNA references the above strategies, and the job targets therein, and does not challenge their ongoing appropriateness. Indeed, it acknowledges the key role that the Warrington New City proposals, including the provision of 31,000 jobs, will play in realising the LEP area targets⁴⁰.
- 3.31 As referenced above, the EDNA Update presents two iterations of a sensitivity test. The first proportionately distributes the total job growth targeted through the SEP, based on the current distribution of employment, output and residents between the three component authorities (Cheshire East; Cheshire West and Chester; and Warrington). This suggests a forecast growth of some **27,695 jobs by 2037**. This is relatively strongly aligned to the scale of job growth previously identified as underpinning the New City proposals.
- 3.32 The second variation adopts the approach advanced in the LHNA, and explained in section 2 of this report. Essentially this extracts the ‘additional jobs’ previously attributed to the borough from the Warrington New City Plan, above the then-baseline forecast, to the updated Oxford Economics forecast. This suggests a more modest **19,080 jobs by 2037**.
- 3.33 The EDNA Update concludes that these policy-on scenarios are more robust and ‘*realistic*’ than the baseline forecasts⁴¹.

³⁵ Cheshire and Warrington LEP (2017) ‘Strategic Economic Plan – Cheshire and Warrington Matters’, page 24

³⁶ Metro Dynamics (2017) ‘Cheshire and Warrington LEP – Economic and Resident Baseline’, page 40

³⁷ Mickledore (2016) ‘Analysis – A review of economic forecasts and housing numbers’

³⁸ Metro Dynamics (2017) ‘Review of Warrington Employment Targets to 2040: A report to Cheshire and Warrington LEP’, p13

³⁹ *Ibid*, page 20

⁴⁰ Update to the Economic Development Needs Assessment, BE Group / Mickledore, February 2019, paragraph 2.63

⁴¹ *Ibid*, paragraph 8.10

- 3.34 It is of note that the LHNA only tests the outcomes of the lower scenario (“Sensitivity Test Two”), with no consideration as to the need for housing associated with the other variant despite the EDNA Update not providing a convincing or compelling reason why one should be preferred over the other. On the basis of the critique and evidence presented below, such an approach lacks credibility and is not justified. This is particularly so as the EDNA takes its cue for employment land requirements from past trends and derives a larger amount of land than either of these scenarios and it is this quantum of employment land allocations that is in the PSLP.

Accounting for the Council’s economic strategy, planned investment and historic trends

- 3.35 As part of the review of the EDNA Update (Appendix 1), AMION has considered the reasonableness of the LEP target to create 120,000 jobs by 2040 and the devolution deal target growth for Warrington of 31,000. Given the opportunities associated with existing and identified future employment land (as discussed further below) and planned ongoing significant investment, there remains compelling evidence to support a scenario in line with the LEP and devolution deal targets.
- 3.36 The first scenario presented within the EDNA Update, based on the LEP target of 120,000 jobs, equates to an average increase of 1,398 jobs per annum. This is broadly in line with historic employment growth. A consideration of the scale of jobs growth associated with the major investment schemes and developments in Warrington suggests that this is not unduly optimistic, noting that there is no compelling evidence that any of these projects or investments has been significantly downgraded in relation to their impact on achieving the Council’s economic growth objectives
- 3.37 In contrast, the second scenario equates to an average annual growth of 954 jobs per annum, which remains well below the historic levels of growth achieved in Warrington over the last 20 years.
- 3.38 This lower level of growth is driven off an adjustment to the devolution deal target to reflect the reduced baseline scenario presented within the EDNA Update. However, there is no evidence that the devolution deal target was itself based on the 2016 OE baseline forecasts. Consequently, reducing this target, purely on the basis that the 2018 OE baseline forecasts indicate a lower level of growth, appears to depart from the methodology that was followed in its original derivation, with no justification. This logical inconsistency is inappropriate and undermines the robustness of the method used to derive this sensitivity, which does not stand up to scrutiny. It does not follow that the reduced baseline growth indicated by the 2018 OE forecasts should lead to a reduction in the devolution deal target for Warrington.
- 3.39 AMION’s analysis shows that the EDNA scenario that includes a reduction in job growth as a result of the Oxford forecasts does not fully reflect the growth objectives for Warrington. Moreover, as discussed above, it is based on forecasts from January 2018 that are reflective of prevailing trends at that time and which should not be taken to justify a lowering of the job growth targets for Warrington in isolation.

Aligning with the planned provision for employment land

- 3.40 As part of the Employment Land Needs Study for St Helens Borough Council, BE Group (the authors of the EDNA Update) sought to provide an estimate of future job growth

taking into account potential job capacities at key employment sites. No such exercise has been carried out as part of the Warrington Local Plan evidence base. Therefore, in the absence of comparable information, AMION has sought to understand the scale of employment that could be associated with the planned provision of employment land within the borough.

3.41 AMION's analysis has drawn from the major development areas and site allocations identified within the Local Plan, along with the employment sites schedule produced by BE Group and Mickledore. In addition, reference has been made to documents supporting any representations for the allocated employment sites, including planning and economic reports. This 'supply-led' approach has involved the following stages:

- **Gross employment impact** – for each of the existing and allocated employment sites, an estimate has been made of the likely level of gross jobs supported on-site. This has been based on site specific economic impact assessments, where available, or employment density benchmarks from the Homes and Communities Agency's Employment Density Guide (Third Edition, 2015);
- **Net additional impact** – an adjustment has then been made for displacement and multiplier effects, taking into account current market information and reflecting standard benchmarks from the Homes and Communities Agency's Additionality Guide (Fourth Edition, 2014);
- **Non-B Class employment** – the job estimates from the existing and allocated employment sites only include B Class type jobs. Therefore, consideration has been given to other (non-B class) employment. This has been undertaken in line with the BE Group approach adopted for St Helens, with the baseline OE forecasts disaggregated in accordance with the employment land demand modelling assumptions used in the EDNA Update.
- **Total net additional impact** – the non-B Class employment growth suggested by the 2018 OE baseline forecasts has been added to the B Class employment growth associated with the existing and allocated employment sites to provide an estimate of total employment growth between 2017 and 2037.

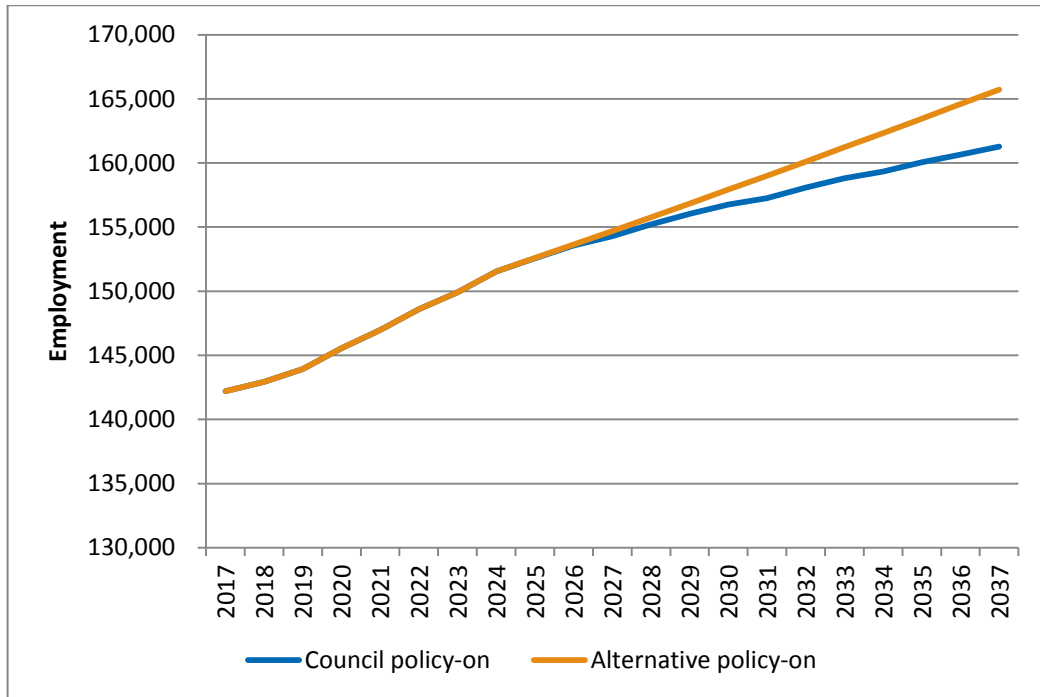
3.42 It should be noted that the above approach does not take into account the full planned provision of employment land. For example, the jobs growth associated with the provision of 31.46 hectares as part of the Town Centre and Waterfront Masterplan has not been specifically accounted for. However, the approach does assume that the existing sites and major allocated employment land will all be delivered by 2037.

3.43 Two scenarios have been modelled, with differing assumptions in terms of levels of potential displacement. The analysis suggests employment growth over the plan period of between **21,126** and **29,733** jobs, which equates to an average growth rate of **1,056** to **1,487** jobs per annum. This is a slightly higher range than created by the growth scenarios presented within the EDNA Update (954 – 1,398 jobs per annum).

A more reasonable economic forecast

- 3.44 The analysis above challenges the decision taken in the LHNA to significantly moderate forecast employment growth and as a result housing needs through the integration of one, notably lower, economic forecast. In providing a critique of this approach AMION has sought, in the analysis presented in Appendix 1 and summarised above, to assess the future growth potential in Warrington from a number of different perspectives. As set out above, this has included an analysis of the baseline OE forecasts compared to more up-to-date Experian forecasts, a review of historic employment growth over the long-term, a critical assessment of the scenario modelling presented within the EDNA Update and an analysis of major investment schemes and planned provision for employment land.
- 3.45 In agreement with the Council's evidence, AMION's review confirms that there is a clear and compelling need to assume a stronger level of job growth than that suggested by any of the cited baseline forecasts. The economic forecasts reflect the wider macro-economic context, which has been influenced by a period of relative uncertainty. At the local level however, Warrington has continued to demonstrate strong levels of growth, with a continued pipeline of major investment projects that would be expected to sustain the borough's performance.
- 3.46 While the LHNA seeks to calculate the need for housing on the basis of a 'policy-on' scenario, recognising Warrington's continued growth potential, the scenario used places unjustified weight on the lower 2018 OE baseline forecasts which are cited as a principal part of that work. It is not considered that this is an appropriate adjustment, or that the methodology applied demonstrates an adequately robust approach. Reference to a reduction in the baseline levels of job growth forecast resulting from a single point in time baseline forecast does not, on its own, provide a sufficient justification to lower the growth ambitions identified in the devolution deal.
- 3.47 The alternative sensitivity 'policy-on' scenario presented in the EDNA Update (but not the LHNA) continues to recognise the SEP's forecast of likely economic growth, and is considered to more accurately reflect the potential future employment growth in the borough. Indeed, this scenario is broadly in line with long-term historic growth trends and within the upper end of the range of employment growth suggested by AMION's analysis of planned provision for employment land.
- 3.48 On balance, to be robust and reflecting the risks in delivery of investment and/or land being developed, it is considered that a reasonable forecast would be an amalgamation of the two scenarios presented within the EDNA Update. Specifically, AMION has assumed growth rates consistent with the lower growth policy-on scenario up to 2025, with growth thereafter being sufficient to achieve an overall increase in employment over the plan period that is a mid-point between the two scenarios. The trajectory of employment growth under this scenario is shown below, and summarised in the subsequent table.

Figure 3.1: Alternative Growth Scenario



	2017	2037	Change	Change per annum
Growth scenario	142,200	165,700	23,500	1,176

Source: AMION Consulting

Implications for the calculation of the local housing need

- 3.49 In accordance with paragraph 81 of the NPPF, the strategic policies in the PSLP must enable Warrington to capitalise on its economic performance and potential, and recognise the need to counter identified challenges which could serve to constrain growth and investment⁴².
- 3.50 Research by the LEP identifies the challenge posed by the borough's existing population and its underrepresentation of young residents⁴³. Whilst identifying the need to attract young qualified residents, the conclusion is reached that there is a need to create the housing market conditions to attract more residents through the provision of the right housing offer and good amenities. Warrington's economic strategy confirms that *'providing market oriented new homes will be key to supporting economic growth'*⁴⁴.
- 3.51 The Council's evidence base has recognised that a continuation of historic demographic trends would result in a notable ageing of the borough's population, despite its

⁴² MHCLG (2019) 'National Planning Policy Framework', paragraph 81

⁴³ Metro Dynamics (2017) 'Cheshire and Warrington LEP – Economic and Resident Baseline', page 40

⁴⁴ Warrington & Co (2017) 'Warrington Means Business', Section 12 'Providing more aspirational and affordable homes to support growth'

comparatively youthful existing population relative to other parts of the LEP. This reflects the specific local issues associated with an ageing of those existing residents that were historically attracted to Warrington during its planned expansion as a New Town.

3.52 The impact of this ageing population on the availability of labour to support job growth is further exacerbated by other labour-force characteristics that are distinct to Warrington. These are summarised below, with each challenging the likely availability of labour to service forecast employment growth without successfully attracting, retaining and accommodating new people and households beyond the level achieved in the past. Put simply, these factors collectively confirm that there is a very limited capacity to support future job growth in Warrington without a net increase in the number of people living in the borough:

- **The resident population of Warrington is characterised by notably high employment rates, meaning that a high proportion of those eligible and wanting to work are doing so.** This is evidently a positive reflection of the health of the local economy, but equally limits the prospect of job growth being absorbed by an existing but inactive labour-force that is already residing in the borough. This again contrasts with a number of other larger employment centres across the North West in particular. It is important to recognise in this context that there will always be an element of the resident-based population which is not economically active. Local data indicates that the majority (82%) of economically inactive residents in Warrington do not want a job⁴⁵. The same data shows that there are a range of reasons for this, including study – which alone accounts for around a quarter (26%) of economically inactive residents in the borough – and looking after their family or home (22%). Put simply, the current rate of employment amongst the existing population is high and any material improvement in this rate is therefore less likely to be achievable.
- **There is very limited latent capacity in the existing labour-force with unemployment rates being notably low.** At the start of the plan period (2017) the unemployment rate in Warrington stood at only 3.7%, which is low in the national context and has since marginally increased⁴⁶. From a local perspective, it broadly aligns with the low levels previously seen in the years prior to the recession, which represented a period of strong and sustained job growth⁴⁷. There is no strong or evidence-based justification for suggesting that this rate will fall further, with a reasonable assumption instead being that this remains broadly stable at its current level⁴⁸. It is therefore not reasonable to assume that new jobs which are generated will be able to be filled by people living in Warrington but not currently in employment.

⁴⁵ ONS (2018) Annual Population Survey, year to December 2018

⁴⁶ ONS (2019) Model-based estimates of unemployment. This suggests an unemployment rate of 4.0% in 2018

⁴⁷ Looking back to 2004 the lowest rate of unemployment in Warrington was recorded at 3.3%. This is only marginally below the level now seen.

⁴⁸ It is noted that the LHNA confirms that it assumes that the absolute number of unemployed in 2017 is held constant. This would result in a modest reduction of the unemployment rate but the rationale for this approach is not clearly stated (paragraphs 3.48 – 3.50).

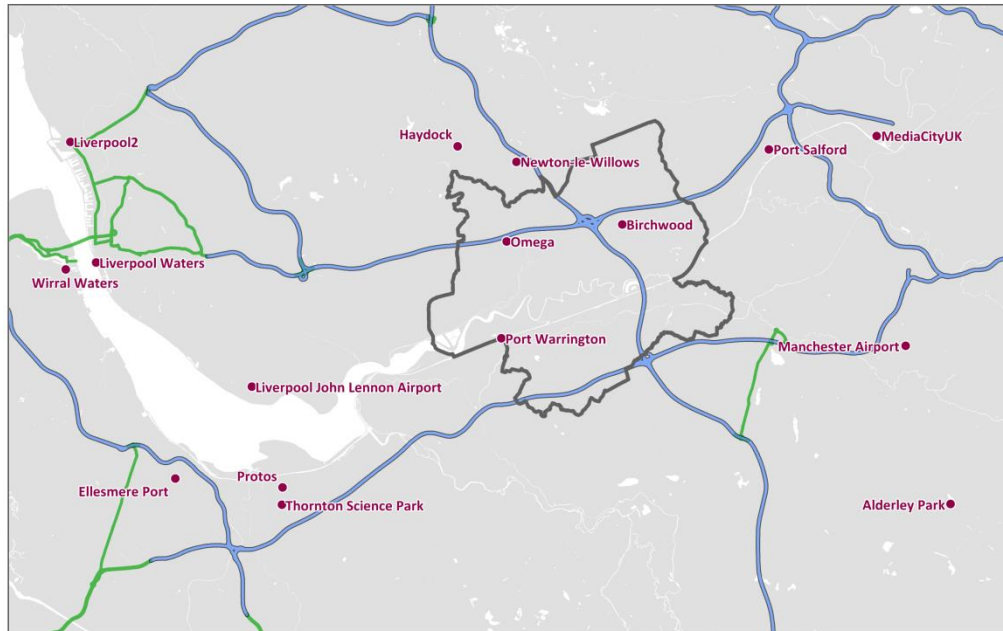
- There is no evidence to suggest that an increased tendency to occupy more than one job is reducing the amount of labour required in the borough.** In Warrington, the latest data suggests that only 3.4% of all residents in employment are undertaking more than one job⁴⁹, closely aligning with the rate recorded in the borough over the past fifteen years⁵⁰ (3.1%). Nonetheless, this long-term rate is arguably more representative of the local trend that can be expected over a long-term plan period. On this basis, the vast majority of new jobs being created will require an additional person in the labour-force to fulfil them.
- Warrington is currently and historically an importer of labour.** For the borough to achieve a more balanced position – with labour supply matching labour demand – an even more pronounced growth in housing would be required to support the implied increase in labour-force. In reality, the spatial distribution of economic growth will also be affected by surrounding economic centres, as illustrated in Figure 3.2. Push-pull relationships are likely to become increasingly important as the simultaneous growth of key economic hubs such as Greater Manchester, Manchester Airport, Cheshire Science Corridor and the Ocean Gateway continues apace. Other economic centres – with which the borough’s residents have commuting relationships – will also be growing at pace. Consequently it is reasonable to expect that with Warrington predicted to create a significant number of new jobs, in commuting will not materially change in the future⁵¹. It is therefore assumed that the ratio between new jobs being created and the labour-force living in Warrington undertaking these jobs does not change in the future with the borough remaining reliant on a net inflow of labour to support the growth of its economy.

⁴⁹ ONS (2018) Annual Population Survey, year to December 2018

⁵⁰ This is calculated over the period from 2004 to 2018 drawing upon the Annual Population Survey (APS). It is noted that this precisely aligns with the Council’s assumption at paragraph 3.41 of the LHNA, which draws on the period 2004 – 2016.

⁵¹ It is noted that this approach is endorsed within the Council’s evidence with the 2019 LHNA confirming that the modelling assumes that the commuting ratio is held constant at 0.88, paragraph 3.37

Figure 3.2: Strategic Employment Growth Locations



Source: Turley, 2018

- **The sectors in which job growth are forecast will require a range of skills from the labour-force.** Warrington currently demonstrates a good profile of labour in terms of skills levels and qualifications, reflecting both an attraction of younger people following their graduation from university but perhaps more significantly a historic success in attracting and retaining these people and households as their housing needs and social circumstances change. Continuing this attraction of higher skilled labour will require new housing to be provided, which meets the changing needs of these households as their circumstances change. This recognises that the borough is also successful at retaining these households as they retire and are no longer part of the active workforce but who also continue to require housing to meet their needs.

3.53 In the context of these locally distinct labour-force characteristics, it is apparent that failing to grow the resident population to a level which exceeds that implied under demographic trend-based projections will directly challenge the ability of Warrington to support economic growth and productivity.

3.54 Whilst the LHNA assesses this relationship, Peel has concerns that in modelling the balance between the growth in jobs and the need for houses, there are a number of errors in the modelling assumptions deployed in the evidence prepared to date which suggests that the associated need for housing is underestimated, even based on the Council's lowered job growth assumptions.

3.55 **In summary these concerns principally relate to the choice of economic activity rate forecasts applied in the modelling, which are considered to risk overestimating the contribution which older cohorts in particular will make to supporting job growth.** These concerns were expressed through previous representations to the PDO.

- 3.56 In summarising its response to representations, it is noted that the Council's stated justification for retaining its approach was that it maintained consistency in the evidence base across the Mid Mersey housing market area⁵². Recognising that individual assessments of need have subsequently been undertaken, and the opportunity that could have been taken through this process to adopt an alternative approach, this is not considered to present a robust defence of the decision to maintain input assumptions on this specific aspect.
- 3.57 To illustrate this point with reference to the latest datasets, Edge Analytics has prepared up-to-date modelling examining the relationship between a changing number of jobs and a changing labour-force. A strong degree of consistency with the Council's LHNA has been applied in this modelling. The modelling takes account of assumptions applied in the official 2016-based sub-national population projections (SNPP), with the 2017 mid-year population estimates (MYE) also taken into account as in the LHNA.
- 3.58 The modelling also applies household formation rates that are derived from the official 2014-based household projections. It is agreed that it is appropriate to apply an adjustment to the 2014-based household formation rates, as is applied in the LHNA, to account for their assumed continuation of worsening conditions for younger people. Further explanation is provided later in this section as to the impact of the adjustment to the household formation rates of younger households, noting that whilst a different method is used the same principles are followed to the Council's evidence base, with the impact broadly the same.
- 3.59 Whilst the modelling makes broadly comparable assumptions in the treatment of unemployment⁵³, double jobbing and commuting⁵⁴ – which are all assumed to remain fixed at their recently evidenced rates – **a different approach is taken in the treatment of changes to economic activity rates by age group.**
- 3.60 While the LHNA prefers the use of activity rate datasets provided by Experian, Edge Analytics' modelling aligns with national forecasts of changing economic activity rates by age group, produced by the Office of Budget Responsibility (OBR). These forecast changes are applied over the plan period to the existing economic activity rates of different age groups in Warrington. This recognises that the OBR rates – despite being dismissed in preference to the Experian rates in the Council's evidence – are relied upon by the Government to inform future long-term budgetary planning, and provide a consistent and robust source of information which ensures that reasonable assumptions are applied for the purposes of considering long-term changes in labour-force behaviour at the local level. It is also noted that their use was endorsed by the Local Plan Expert Group (LPEG) in their independent presentation of an alternative

⁵² Proposed Submission Version Local Plan: Responding to Representations Report 2019, WBC, page 11. It is recognised that further responses provided by the Council imply that following review the Experian assumptions are considered to be the most realistic for Warrington, which also appears to undermine the point around implying a need to maintain consistency.

⁵³ It is noted that the modelling undertaken by Edge Analytics fixes the unemployment rate over the plan period. This differs slightly from the modelling approach in the EDNA which, as recognised at paragraph 3.50 fixes the absolute level of those unemployed as opposed to the rate.

⁵⁴ The full set of modelling assumptions are included at Appendix 3. In accordance with our understanding of the LHNA, the commuting ratio is derived from the 2011 Census (paragraph 3.37) and held constant, as is the rate of double-jobbing (3.1%; paragraph 3.41)

method to calculate housing need to the Government⁵⁵. It is therefore considered that they offer the opportunity to ensure a greater level of consistency and transparency with regards the modelling inputs and outputs.

- 3.61 In summary, in the respective methodologies for modelling the relationship between job growth and housing need, the main difference between the Council's evidence and the updated evidence presented here is the application of the OBR economic activity rates, in preference to the rates provided by Experian. For the reasons set out above, the former are considered to be more appropriate and will allow for a consistent approach to updating in the future.
- 3.62 When applying more appropriate assumptions in this regard, Edge Analytics' modelling indicates that some **1,077 homes per annum will be needed in Warrington to support the Council's estimate of job growth over the plan period**. This is 14% higher than suggested as being needed in the LHNA (945dpa) to support the *same* level of job growth, which is taken forward within the PSLP. It is considered to provide a more realistic position on the housing provision required to grow the labour force and support future job growth in Warrington, without relying upon more substantive changes to economic participation than anticipated by Government.
- 3.63 **This increases further where a higher level of job growth is supported, reflecting the alternative policy-on scenario developed by AMION Consulting. Some 1,210 homes per annum would be required to support around 23,500 jobs over the plan period;** an increase of 28% over the requirement concluded in the LHNA.
- 3.64 Overall, this strongly indicates that the PSLP will not provide the housing needed to sustainably achieve the Council's economic growth objectives, nor the labour required to support planned investment and employment allocations. It is notable that the modelling outcomes presented above are also similar to the conclusions of the 2017 SHMA, which informed the Council's proposal to plan for the provision of **1,113 homes per annum** to support the creation of 24,800 jobs within the PDO. Indeed, this figure sits almost precisely at the midpoint of the range created by the further modelling introduced in the preceding paragraphs (1,077 – 1,210dpa).
- 3.65 In this context, and though not modelled in detail, **a need broadly within this range would also be expected to be shown if the Council's approach to labour force behaviour was favoured but applied to the higher rate of job growth concluded by AMION**. This reflects the level of alignment between the latter and the job growth that formed the basis for the 2017 SHMA.

Acknowledging the consequences of a worsening of affordability

- 3.66 The PSLP recognises that:

*"Affordability issues are linked to suppressed household formation rates and this is a particular problem for young people and young families. This is becoming an increasingly urgent issue which the Local Plan aims to tackle for the longer-term"*⁵⁶

⁵⁵ LPEG (2016) 'Appendix 6: Housing and Economic Development Needs Assessment – Revised NPPG Text'

- 3.67 The LHNA acknowledges the historic consequences of a constrained housing market in Warrington, identifying a *'clear and considerable deterioration'* in the rate of younger household formation over both the long term and since 2001 specifically⁵⁷. It recognises that this is assumed to continue within the 2014-based household projections, and therefore presents a sensitivity which allows for more positive assumptions in this regard. This sensitivity implies that 4% more homes will be required to support future job growth.
- 3.68 The principle of such adjustments is strongly supported by Peel, and agreed to be necessary in light of the further recent worsening of market conditions in Warrington. Failing to provide the homes needed over recent years has, for example:
- Increased the average price paid for housing in the borough by 15% over the three years to December 2017⁵⁸. This has surpassed the national rate of growth (13%) and that seen across the North West (14%) during this period; and
 - Resulted in consecutive years (2017/18) in which the ratios between median house prices and earnings in Warrington have been higher than locally recorded in any of the preceding ten years⁵⁹.
- 3.69 Given concerns around the Council's work, set out above, there is a fundamental risk that the positive adjustment applied for affordability within the LHNA will be more than offset by unrealistic assumptions on labour force behaviour, or an underestimation of the overall scale of job growth. As such, a housing requirement of 945 dwellings per annum will be insufficient to both grow the labour force in response to likely job creation *and* enable an improvement in the rate of younger household formation.
- 3.70 The modelling configured by Edge Analytics is considered to apply more realistic assumptions on the labour force required to support the job growth estimated by the Council, and a more representative level of job growth likely to be realised through planned investments. As previously noted, the modelling incorporates 2014-based household formation rates, but applies adjustments which allow for a return to higher levels of household formation where a continued suppression is assumed by the official projections⁶⁰. The purpose and effect of such adjustments is comparable to that advanced in the LHNA, elevating housing need by circa 5-6% relative to that implied by unadjusted household formation rates.
- 3.71 Provision of the scale of housing growth set out in this paper, aimed at meeting a proper view of job growth and appropriate conversion factors to homes, would also maximise the delivery of affordable housing in Warrington, in response to an

⁵⁶ Paragraph 2.1.4 of the PSLP (2019)

⁵⁷ Local Housing Needs Assessment, March 2019, GL Hearn, paragraph A1.8

⁵⁸ ONS (2019) Mean house prices for administrative geographies: HPSSA dataset 12, Table 2a

⁵⁹ ONS (2019) House price to workplace-based earnings ratio

⁶⁰ Stage 1 2014-based household formation rates are applied in the modelling, with adjustments applied for males aged 25 to 44

evidenced need for 377 such homes each year. Meeting this need will require a more than fourfold increase from the affordable homes completed last year⁶¹ (2017/18).

- 3.72 Policy DEV2 anticipates that larger developments (10+ dwellings) in Inner Warrington will provide 20% affordable housing, increasing to 30% elsewhere in the borough and on greenfield sites. For illustrative purposes, this suggests that **at least 1,257 homes per annum** will be required to meet affordable housing needs in full, albeit this is very much a minimum estimate given that not all sites will be required or able to deliver affordable housing.
- 3.73 This notably aligns with, and therefore reinforces, Edge Analytics' modelling of the housing needed to support planned job creation, based on the alternative scenario developed by AMION Consulting (1,210dpa).
- 3.74 In contrast, provision for 945 dwellings per annum as proposed in the PSLP could, at best, support the delivery of 283 affordable homes each year. This equates to only 75% of the evidenced annual need for such homes, with a sizeable component of this need remaining unmet as a result.

Implications

- 3.75 The analysis presented in this section has challenged the extent to which the Council's proposed requirement for 945 dwellings per annum is evidentially justified.
- 3.76 The suggested reduction from the PDO (1,113dpa) almost entirely results from a downgrading of the scale of job growth anticipated by the Council. This downgrading is claimed to be justified by the integration of a single baseline economic forecast that was prepared in early 2018, which suggests a lowering in the assumed growth in new jobs in the borough compared to the baseline forecasts that previously underpinned the evidence prepared in 2017.
- 3.77 In the context of the Council's clearly stated economic objectives and its commitment to delivering known and planned investment, as well as the planned provision for significant employment land within the PSLP, such a reactionary response is not considered to be adequately justified for the purpose of long-term planning and is unsound. This also serves to challenge the soundness of the Plan as it results in it failing to promote mutually supportive economic and housing policies through the pursuit of economic, social and environmental objectives (paragraphs 8 and 20).
- 3.78 AMION Consulting has undertaken a review, including analysis of more recent economic forecasts, which reinforces the susceptibility of such datasets to volatility. The Council has consistently stressed that 'policy-on' forecasts are required to provide a more representative assessment of the full economic potential of the borough, therefore dismissing baseline forecasts as a robust indication of future growth. Indeed the Council's evidence base includes a significant number of studies which were used to both establish the scale of the economic ambition and validate the extent to which forecasts produced as part of the SEP and Warrington New City presented a reasonable and appropriate level of future job growth.

⁶¹ Warrington Borough Council (2019) Annual Monitoring Report, p17

- 3.79 The conclusions of these studies remain correct in the context of the analysis undertaken by AMION Consulting. This recognises the recent success of the borough in generating new employment and the anticipated cumulative impact of the borough's economic objectives for the continued identification and take-up of employment land. This includes a number of planned investments associated with its wider economic strategy.
- 3.80 This section includes up-to-date modelling examining the relationship between forecast job growth and housing need. This closely reflects the approach taken within the Council's LHNA, albeit there are a number of detailed aspects of the modelling where it is considered variant input assumptions are more appropriate. This modelling confirms that, in both supporting forecast employment growth and allowing for a positive response to the acknowledged consequences of worsening affordability in the local housing market, there is **a need to provide for between 1,077 and 1,210 homes per annum.**
- 3.81 The lower end of this range represents the scale of housing needed to support even the Council's lower forecast of job growth as proposed in the PSLP, reflecting the application of different labour-force assumptions which are considered to be more robust and reasonable.
- 3.82 The upper end of the range reflects the higher job growth conclusions developed by AMION Consulting, which are more closely aligned to the Council's previously concluded levels of job growth and past job growth. The upper end is reinforced by evidence that such a rate of provision is necessary to meet affordable housing needs in full, based on the Council's emerging policies.
- 3.83 It is considered that the Council must acknowledge a higher level of housing need associated with supporting its economic objectives on the basis of this evidence. Based on the modelling in this report, **as a minimum this should recognise a need for 1,100 homes per annum, with this sitting within the range of need set out above.** It is of note that this also closely aligns with the level of housing need the Council previously considered as justified and reasonable within the PDO (1,113 homes per annum).

4. A Critique of the Residential Land Supply

- 4.1 In successive representations Peel has outlined concerns with regard to the proposed supply within the different iterations of the Plan. Whilst the current PSLP has addressed some of these concerns, we remain concerned as to the lack of flexibility it demonstrates in the context of a recognised need to boost the supply of housing in the borough.
- 4.2 The trajectory within the PSLP has drawn upon the Council's updated evidence to present what the Council considers to be a more reasonable forecast of delivery, in particular for the sites within and adjacent to the Warrington urban area. However, the provision of new homes, particularly beyond the initial years of the plan period, remains strongly reliant upon the delivery of both an embryonic city centre market and the large SUEs (South West Extension and the Garden Suburb) to the urban area. This creates an inherent risk of under-delivery, reflecting upon the unproven nature of the market for the former and the acceptance of the scale of the Garden Suburb in particular, which would result in the plan being found unsound. This is explored further within this section with consideration of comparator evidence and local market intelligence.

Overview of critique

- 4.3 It is considered that the Council's approach to identifying an appropriate supply of residential land over the plan period does not accord with the NPPF.
- 4.4 Specifically, it is considered that the proposed allocations and the housing trajectory create a significant risk that it will not deliver the overall level of housing identified as needed, even under the Council's housing requirement. This is based on concerns that:
- The supply is overly reliant on a new and emerging town centre market to deliver almost a fifth of new homes over the plan period, or almost a third where the Waterfront is also included as part of the town centre market. The two large SUEs are expected to accommodate a further third of the requirement, with these components collectively representing almost three in every five homes planned for through the PSLP (59%);
 - The proposed supply is geographically concentrated in the southern sub-market, with the lack of a proportionate distribution of homes to the north having an impact on market absorption rates. This reinforces the challenge of achieving the trajectory; and
 - The Council is proposing an unjustified stepped trajectory which reflects its own acknowledged concerns with the contributions of these specific elements of the housing supply, without considering the opportunity to incorporate further sites in the outlying settlements which offer the potential to deliver additional homes earlier in the plan period.
 - The latest iteration of the SHLAA has sought to establish the methodology and assumptions used in the assessment of sites. Paragraphs 1.6 and 3.8 of the

SHLAA make reference to an out of date definition of 'deliverable', in assessing whether sites will be delivered within five years. Despite making reference to the latest definition it is unclear which assumptions the Councils have used in assessing sites. In light of the justification for a stepped trajectory this matter requires clarification.

Sources of supply

- 4.5 Peel is concerned that the profile of the residential land supply is exposed to potential risks associated with specific components. In particular, this recognises the assumed contribution of the town centre market, and the dependency on the delivering of SUEs to the south of the urban area.
- 4.6 Peel is supportive of the Council's assumptions that these locations will deliver material amounts of housing. Indeed, Peel's landholdings form an important contributory factor to both elements, specifically in terms of Warrington Waterfront and the South West Extension. However, whilst there is confidence in the rates assumed across Peel's sites in these respective market areas, it is the cumulative totals from these sources which are considered to expose the PSLP to an unjustified and unnecessary risk of under-delivery.
- 4.7 The two components are considered in turn.

Town Centre and Waterfront

- 4.8 As set out above, the housing trajectory in the PSLP is dependent upon a large component of the supply being delivered through an emerging town centre market in Warrington.
- 4.9 Peel supports the Council's ambitions for the town centre in principle, and recognises that work is being undertaken by the Council and its partners to maximise the prospects of the vision for this area. The proposition of a town centre market has significant benefits for the vibrancy of Warrington, and – based on the analysis in section 3 – will evidently play a role in meeting the needs of a modest segment of the market by predominantly delivering smaller units through higher density apartments and flats.
- 4.10 Peel also supports the Waterfront aspirations, which will secure the regeneration of the town centre hinterland and capitalise on the opportunities to transform Warrington's unique waterside into a vibrant and diverse residential and employment location. A high quality range of homes is central to this.
- 4.11 It is, however, noted that the market in these areas and for the likely end product is largely untested, and in an embryonic state in Warrington. By way of wider context, it is only in recent decades that many much larger inner cities have seen significant population growth, reversing an historic trend of rapid decline. This shift in attitudes was supported by a national focus on regeneration, with brownfield land redeveloped to deliver high-density housing. The centres of the largest cities have seen the strongest growth, increasingly accommodating young, highly educated and single

residents⁶². Proximity to work, restaurants, leisure, culture and shops are frequently cited as reasons why such residents choose to live in city centres, as well as their connectivity by public transport⁶³.

- 4.12 Town and city centres do, however, tend to be disproportionately influenced by local and macro market conditions⁶⁴. The onset of the last recession, for example, led to a marked fall in the value of new build apartments, given that this part of the housing market was '*over-supplied after years of urban regeneration projects*'⁶⁵. This occurred even in relatively mature city centre markets such as Manchester, where city centre development remained '*subdued*' for an extended period of time following the last recession⁶⁶. Even a decade later, Leeds City Council noted that the city centre market had '*taken longer to bounce back from the recession*'⁶⁷.
- 4.13 The potential for such volatility in city centre markets was acknowledged even prior to the recession, when its housing was seen to be '*significantly overvalued*' as a consequence of the '*increasingly investor-driven*' nature of central markets⁶⁸. The nature of such investors can mean that they can react to market downturns by selling their property – accelerating a downward spiral of house prices – while the high turnover of residents can rapidly lead to people living elsewhere if centres are no longer viewed as attractive.
- 4.14 The prospect of this downturn coinciding with oversupply of one and two bedroom flats in particular was highlighted, alongside a caution that city centres are likely to remain a place in which young people are happy to live for only a '*short phase of their lives*'. This limits the size of city centre markets and renders them sensitive to drivers of demand, including higher education.
- 4.15 Putting this in context, in the North West, Manchester as the largest urban centre has seen a significant growth in its city centre population, reflecting a longstanding strategic ambition of Manchester City Council. Successive strategy documents have been prepared for the city centre, with the latest seeking to ensure that the city is sustainable, highly skilled, connected and liveable⁶⁹. The latter is seen to be integral to Manchester's future by providing a means of retaining existing residents while attracting new people, investment and jobs. The liveability of a city reflects more than just the supply of housing, which emphasises the need for a holistic approach in strategically planning for the development of city centre housing markets.

⁶² Centre for Cities (2015) Urban Demographics: where people live and work

⁶³ Centre for Cities (2015) Urban Demographics: why people live where they do, p8

⁶⁴ Daily Telegraph (2008) Britain's city centres left reeling by house price crash, <https://www.telegraph.co.uk/finance/recession/3410559/Britains-city-centres-left-reeling-by-house-price-crash.html>

⁶⁵ *Ibid*

⁶⁶ Manchester City Council (8 February 2012) Economy, Employment and Skills Overview and Scrutiny Committee – City Centre Regeneration Team

⁶⁷ Leeds City Council (2017) Strategic Housing Land Availability Assessment – Main Report

⁶⁸ Centre for Cities (2005) Faulty Towers? City Centre Housing Markets in the UK

⁶⁹ Manchester City Council (2016) Our Manchester – The Manchester Strategy

- 4.16 Liverpool city centre also has a number of distinct residential neighbourhoods, with some long-established and others where the residential population has more recently grown⁷⁰. Achieving a critical mass of city centre residents has generated demand for services and facilities, and assisted in changing the character of the city centre. The central market of Liverpool is also influenced by the student population, with recent years seeing significant developer interest in purpose built accommodation in the city centre. While this is viewed as a short-term phenomenon which will naturally diminish over time, there is recognition that the provision of high quality student accommodation plays a role in shaping perception of the city, increasing the likelihood that students will remain following graduation⁷¹.
- 4.17 These factors have supported significant population growth in both Liverpool and Manchester city centre, which have respectively grown by 181% and 149% since 2002⁷². The Centre for Cities has found that no other city in England or Wales has seen its central population grow faster than Liverpool over this period, with only Birmingham (163%) and Leeds (150%) growing at a faster rate than Manchester.
- 4.18 The population of Warrington town centre has grown by 60% since 2002, and stood at approximately 5,000 people in 2015. The town centre therefore accommodates around 2% of the borough's population⁷³, with its historic growth proportionate to a number of smaller and medium sized towns and cities including Hull (68%), Ipswich (64%), Norwich (59%) and York (54%).
- 4.19 There is evidence that the inner areas of such smaller towns and cities tend to attract a different demographic when compared to larger cities, with their residents more likely to be older, less highly qualified and working in lower skilled occupations⁷⁴. These factors will have contributed towards their slower rates of growth, which may not have achieved the critical mass required to support the amenities typically valued by residents of larger city centres.
- 4.20 The PSLP confirms that the regeneration and evolution of the Town Centre is a priority for the Council and references the approved City Centre Masterplan. The Masterplan seeks to build on the relative success of the traditional retail core but also envisages higher density development in the broader city centre area, including a significant increase in residential development. New commercial areas are also proposed around the defined 'stadium quarter' and 'southern gateway' character areas.
- 4.21 The Council has therefore expressed a positive ambition to grow the town centre market of Warrington, which can be expected to further grow its population and potentially achieve this critical mass. The town centre alone is assumed to provide some 4,007 homes over the plan period within the current trajectory. When considering the average size of households that currently occupy flats in the borough, this has the potential to accommodate circa 5,650 residents⁷⁵. This effectively more

⁷⁰ Liverpool City Council (2018) Liverpool Local Plan 2013-2033 Pre-submission draft

⁷¹ Liverpool City Council (2016) Liverpool Mayoral Review – the future of student accommodation in Liverpool

⁷² Centre for Cities (2018) The UK's rapid return to city centre living, <https://www.bbc.co.uk/news/uk-44482291>

⁷³ ONS (2015) Population estimates; the population of Warrington was estimated at 207,781 in 2015

⁷⁴ Centre for Cities (2015) Urban Demographics: where people live and work

⁷⁵ The 2011 Census recorded an average of 1.41 residents in purpose-built flats or apartments in Warrington

than doubles the existing town centre population within 15 years, when considering the proposed trajectory.

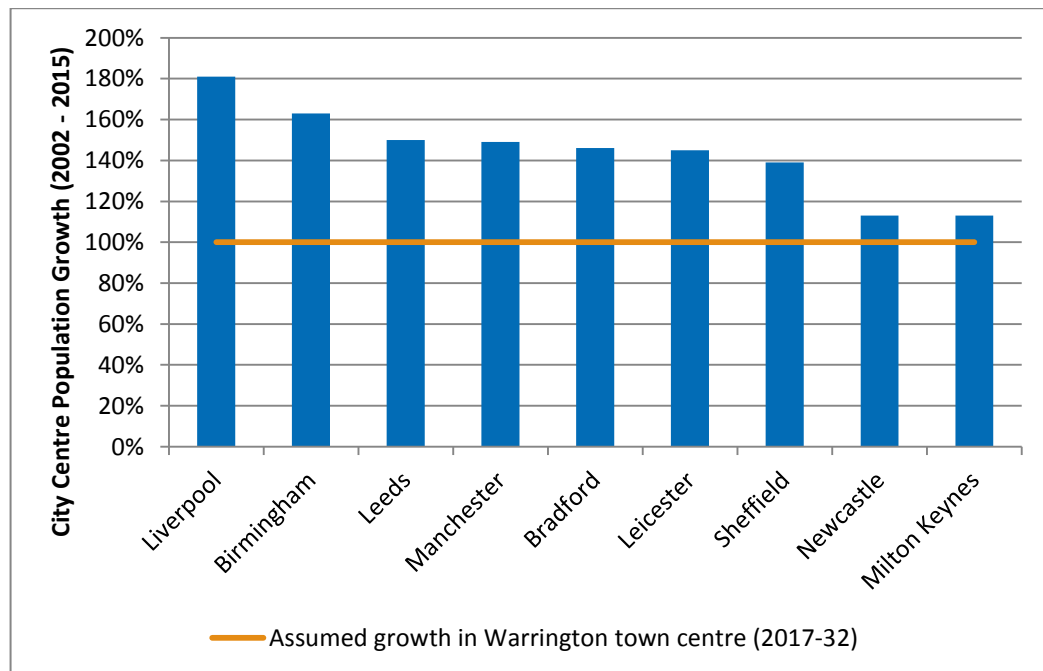
Table 4.1: Rate of Population Growth Assumed in Town Centre to 2037

	Existing ⁷⁶	By 2022	By 2027	By 2032	By 2037
Cumulative delivery	–	738	2,116	3,520	4,007
Cumulative population	5,000	6,000	8,000	10,000	10,700
Relative to existing	–	20%	60%	100%	114%

Source: Warrington Borough Council, 2019; Census 2011; Turley analysis

4.22 As referenced above, the Centre for Cities⁷⁷ has recently analysed the resident population of 57 town and city centres in England and Wales, of which only nine (16%) have successfully doubled their resident population in the period 2002 – 2015, a period that notably incorporated strong market conditions prior to the recession. Of these cities, listed below, only one – Milton Keynes – started from a lower base than Warrington, indicating that most comparably sized towns and cities have been unable to achieve such a rate of growth within this period of time.

Figure 4.1: Benchmarking Historic Growth in City Centre Populations (2002 – 2015)



Source: Centre for Cities, 2018

⁷⁶ Centre for Cities (2018) The UK's rapid return to city centre living, <https://www.bbc.co.uk/news/uk-44482291>. This suggests that the "city centre" of Warrington had a population of approximately 5,000 people in 2015, although the precise figure is not published

⁷⁷ Centre for Cities (2018) The UK's rapid return to city centre living, <https://www.bbc.co.uk/news/uk-44482291>

- 4.23 The absence of a student population in Warrington represents a key point of difference from some of the larger cities that have seen the strongest rates of growth over recent years, which removes what is likely to be a key driver of demand for town or city centre living. Development in the town centre will nonetheless remain exposed to the volatile nature of central markets, which raises questions as to the realism of the significant and almost unprecedented growth anticipated by the Council in this area over a comparatively short period of time.
- 4.24 Prior to the publication of the PSLP, the Council undertook a review of the Urban Capacity Assessment, which was originally published in 2017. This sought to assess the potential level of urban supply across the borough, over and above that included in the SHLAA, and specifically within the Masterplan area. In doing so, it supplemented the SHLAA reflecting the work undertaken to understand the development potential of town centre sites as tested through a masterplanning process. Despite providing very limited evidence on availability and the likelihood of delivery, the Masterplan and the Urban Capacity Assessment appeared to cover the majority of the town centre area. A 2019 version of the Assessment has been published alongside the consultation documents and Paragraph 3.12 confirms that:
- “The Council have updated the master planning work relating to the Town Centre and Inner Warrington (including the Waterfront Main Development Area) in partnership with Warrington & Co. This has involved completely reviewing the land uses, capacities and phasing of development on each parcel within each of the masterplanning areas, to take account of; consultation responses; recent progress on site acquisition; funding; negotiations; and planning applications.”*
- 4.25 Paragraph 3.14 of the 2019 Assessment confirms that several parcels have been removed from the land supply as a result of availability and land ownership issues which have become apparent.
- 4.26 Paragraphs 3.18 and 3.19 of the PSLP provide further detail and state:
- “In addition, the phasing has been reviewed and updated to take account of PDO comments and a number of parcels have been removed from the supply within the Plan period. These have however been retained in the master planning as they provide evidence of ongoing capacity of the urban area beyond the Plan period. The revised Master planning work is contained in Appendix 1.”*
- 4.27 Despite several sites being removed from the land supply and other sites being pushed beyond the plan period, the City Centre supply (excluding the Waterfront area) has increased from 3,526 in the 2017 Assessment to 4,007 dwellings. This is due to higher density assumptions being applied in central areas, based on a review of permissions, as confirmed in Paragraph 3.4 of the 2019 Assessment. Activity on these sites should be monitored over the next twelve months so as to determine whether permitted yields are reflective of actual delivery.
- 4.28 Alongside the publication of the PSLP the Council have provided a series of supporting documents including details on the City Centre/Waterfront Masterplan. These comprise phasing and land use plans as well as a trajectory datasheet and a series of specific character area profiles. However, the trajectory data sheet provides only

limited details in relation to each parcel including site area, assumed residential density and a projected trajectory for the plan period. Very little information has been included in relation to the site acquisition, funding, negotiations or planning applications that are referred to in the Urban Capacity Assessment. In order to demonstrate that the trajectory is realistic, full details of developer interest and evidence of future delivery should be disclosed.

- 4.29 The Planning Practice Guidance (PPG paragraph: 001 Reference ID: 3-001-20140306) stresses the importance of the assessment of land availability in the preparation of a plan and requires that an assessment should identify sites and broad locations with potential for development; assess their development potential; and assess their suitability for development and the likelihood of development coming forward (the availability and achievability).
- 4.30 It is of paramount importance that the sources of supply are tested accordingly. A failure to undertake this process thoroughly and robustly is likely to result in housing needs not being met.
- 4.31 Turley has undertaken an assessment of the deliverability and developability of several sites included within the supply for the City Centre supply and this is provided in Appendix 3 of this document. This confirms that insufficient evidence has been published to demonstrate that the identified sites will be developed in line with the claimed trajectory.
- 4.32 Peel is concerned that insufficient evidence is provided to justify the assumptions made by the Council with regards to delivery. Whilst the character area profiles provide a vision for each area, there are limited details on the mechanisms for delivering the stated aspirations.
- 4.33 Peel recognises the work that the Council is undertaking to realise the ambitions for the town centre and waterfront. However, this is not entirely within the Council's control. It will rely on a favourable investment market, the appetite of developers and high levels of consumer demand in an otherwise untested sector of the housing market for Warrington. There are inherent risks and uncertainties, and Peel would therefore encourage the Council to exercise caution as to its expectations for these locations. As set out above, the Local Plan should continue to aim high but given the issues presented above, it would be prudent for the Council to progress the Local Plan with a clear recognition that the residential yield and rate of development of the town centre may not be as strong as anticipated, which there is a prospect of for the reasons explained, in order to ensure that this does not undermine the delivery of the Local Plan's housing requirement.

Sustainable urban extensions

- 4.34 Peel supports the Council's promotion of sustainable urban extensions (SUEs) as an important component of its planned provision to meet its identified housing needs. These evidently present the opportunity to sustainably provide for a notable contribution to the housing which will be required over the plan period and indeed importantly beyond 2035.

- 4.35 Peel is, however, concerned that the Council has failed to provide adequate consideration of the risks of delay or under-delivery of the Garden Suburb in particular, recognising the individual scale and contribution of this component of the supply. This has potential implications for the contribution that the SUEs will make within the timeframe of the Local Plan, and highlights the importance of their consideration as only part of the solution to meeting housing need over the plan period.
- 4.36 The NPPF identifies that large sites can play an important role in the supply of new homes, *‘provided they are well located and designed, and supported by the necessary infrastructure and facilities’*⁷⁸. It also recognises that *‘small and medium sized sites can make an important contribution to meeting the housing requirement of an area, and are often built-out relatively quickly’*⁷⁹.
- 4.37 This national policy recognition of the importance of providing a mix of sites capable of delivering the homes needed aligns with the findings of the Letwin Review. It concluded, in considering the extent to which a reliance should be placed on different sizes of sites, that *‘this cannot be a question of “either / or”. We will continue to need more housing both on smaller sites and on large sites’*⁸⁰.
- 4.38 The PSLP’s proposed supply is reliant upon the two SUEs delivering just under a third of the total planned provision. The Garden Suburb is assumed to alone provide, on one strategic site, one in every four of the homes planned for to meet needs during the plan period.
- 4.39 The PPG provides specific advice for authorities seeking to demonstrate that there is a reasonable prospect that large scale developments – including significant extensions to towns, as proposed in Warrington – can be delivered within a set timetable. It is confirmed that:
- “In order to demonstrate that there is a reasonable prospect these large scale developments can come forward, strategic policy-making authorities are expected to make a realistic assessment about the prospect of sites being developed (and associated delivery rates)”*⁸¹
- 4.40 Peel welcomes the improved evidence produced by the Council to support its latest trajectory for the SUEs. In this context, it is noted that the Garden Suburb’s expected contribution within the plan period has been downgraded significantly, from 7,274 in the PDO to 5,131 homes in the PSLP; a reduction of 2,143 homes, or some 29%.
- 4.41 Figure 4.2 shows the assumed trajectory for the SUEs in the PSLP, both individually and combined for illustration.

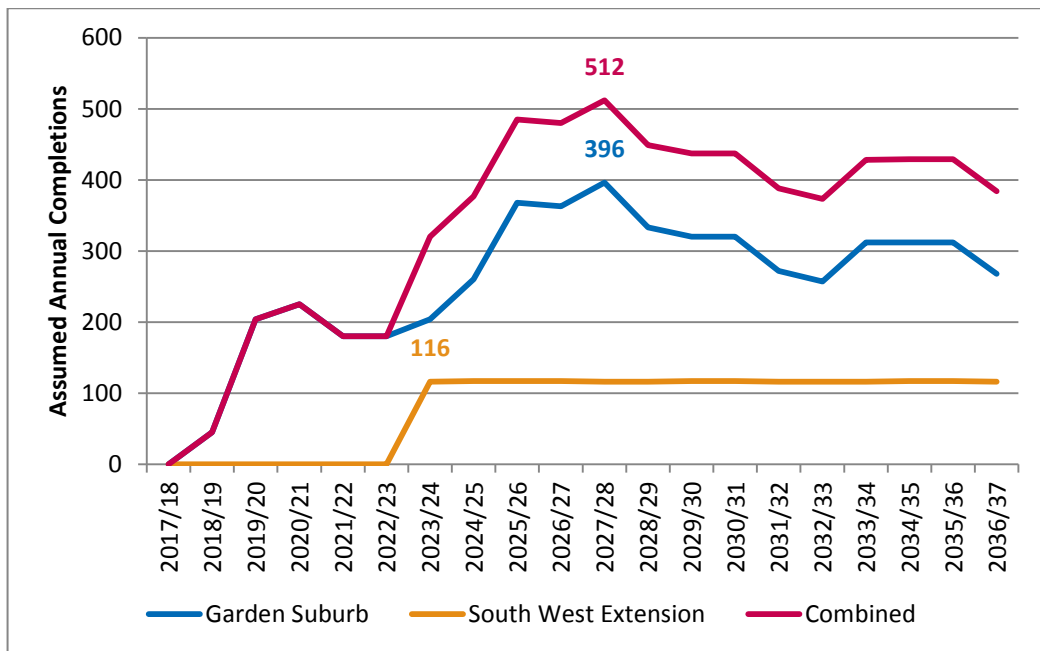
⁷⁸ MHCLG (2019) National Planning Policy Framework, paragraph 72

⁷⁹ *Ibid*, paragraph 68

⁸⁰ Rt Hon Sir Oliver Letwin MP (2018) Independent Review of Build Out – Final Report, paragraph 1.8b

⁸¹ PPG Reference ID: 61-056-20180913

Figure 4.2: Annual Trajectory for SUEs



Source: Warrington Borough Council, 2019

- 4.42 Across the two SUEs, the trajectory assumes that rates of delivery will peak at over 500 homes per annum in 2027/28. From the point at which delivery of the Garden Suburb is assumed to begin (2018 which is not now possible), the SUEs are assumed to collectively deliver an average of 356 homes per annum. Whilst the Garden Suburb includes delivery early in the plan period, this relates to non-Green Belt land in Homes England ownership. The two SUEs are not projected to start delivering homes on land currently in the Green Belt until 2023/24, some three years after the anticipated date for the Plan’s adoption.
- 4.43 The Garden Suburb evidently makes up a sizeable proportion of this delivery. On its own, the trajectory assumes that this SUE will peak at 396 homes per annum in 2027/28 and deliver an average of 270 homes per annum from 2018.
- 4.44 Whilst Peel acknowledges the updated trajectory for the SUEs it is considered that the trajectory for the Garden Suburb in particular – given its size – should be viewed as representing a very best case, optimistic position. This recognises that:
- There are a number of studies of larger sites which have confirmed that such developments are associated with longer lead-in times, reflecting the complexity of factors such as infrastructure required to enable delivery⁸². Lichfields’ study in 2016, for example, confirmed that larger sites of over 2,000 homes took an average of 6.1 years to secure planning approval. An update conducted in 2018

⁸² Hourigan Connolly (2014) A Report into the Delivery of Urban Extensions on Behalf of Gladman Developments Limited; Savills (2014) Urban Extensions – Assessment of Delivery Rates; NLP (2016) Start to Finish: How Quickly do Large-Scale Housing Sites Deliver?

slightly reduced this to 5.8 years for sites of this size⁸³. In the context of Warrington, it is noted that neither of the Green Belt components of the SUEs have progressed to submission of an application and there will be complex land, infrastructure and master planning work to be done to allow development to progress. This suggests a risk that delivery could fall below that currently identified in the trajectory;

- The average rate of delivery assumed at the Garden Suburb could reasonably be expected to require six outlets, each delivering at a typical rate of 45 dwellings per annum⁸⁴. This increases to nine outlets in the peak year of assumed delivery (2027/28). There is considered to be no precedent in the North of England where this number of outlets have simultaneously operated on current or recent large scale developments, based on the views of agents that have been consulted⁸⁵;
- The Lichfields research cited above⁸⁶ also found that for larger sites of over 2,000 homes, the average annual build rate to date was 161 dwellings. The 2018 update arrived at a lower average of 139 homes per annum. This is clearly approaching half of the 270 homes per annum assumed on average in the Garden Suburb. In this context, the highest *average* annual build rate of the schemes assessed in the original 2016 research was 321 homes achieved over a three year period, with the peak year delivering 419 dwellings. The peak rates at the Garden Suburb are evidently not much lower than this identified exceptional example, placing it very much at the upper end of the case studies examined through the research. It is noted based on a more local case study that the Chapelford Urban Village extension to the north west of Warrington of circa 2,000 homes was understood to have delivered on average in the order of 190 homes per annum between 2004 and 2013;
- The issue of large site build out rates has more recently formed the basis of the Letwin Review, with its analysis specifically focusing on the identification of large sites in so called areas of '*very high housing demand*'⁸⁷. As a result, the majority of case studies are in Greater London and the south of England. Only one site is in the North West – in Cheshire – which is identified as being in an area of

⁸³ Lichfields Blog 'Driving housing delivery from large sites: What factors affect the build out rates of large scale housing sites? 29 October 2018

⁸⁴ This is based upon a review of the 2017 Annual Reports of the top ten national house builders (by volume). Berkeley Homes are excluded as they have a bias towards London and are less representative of the North West regional market. Bloor Homes are also excluded, on the basis that they are privately owned and do not produce annual reports to shareholders.

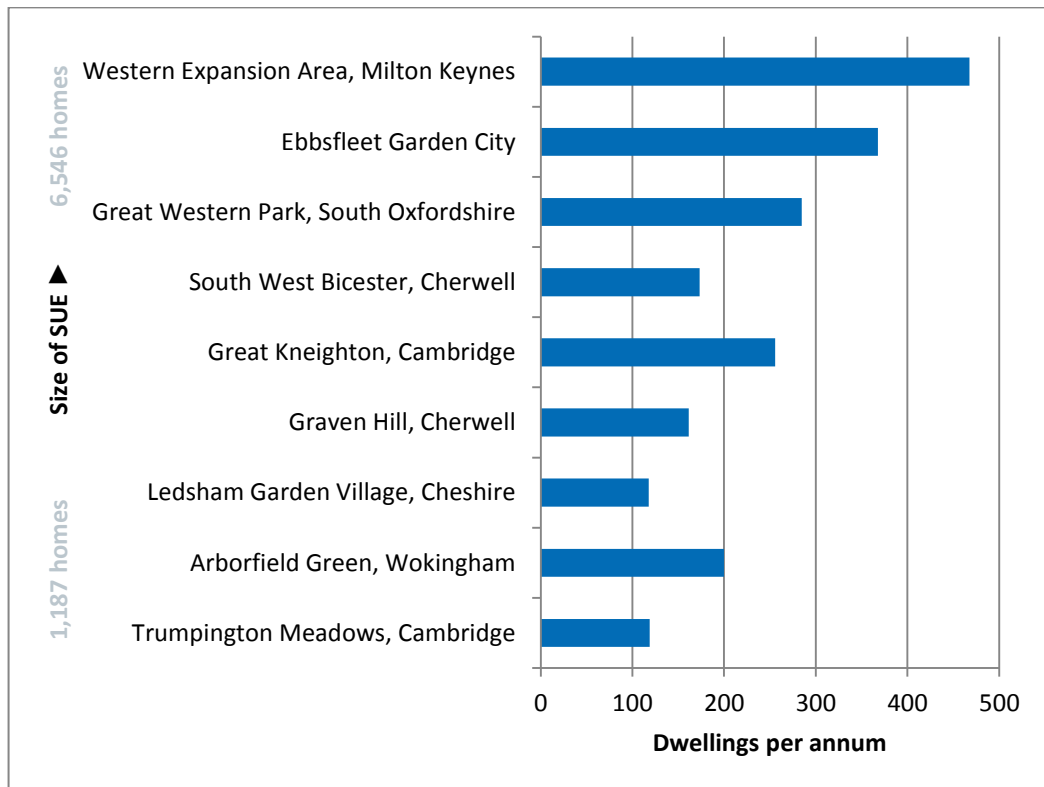
⁸⁵ It is noted that Buckshaw Village in Chorley, a well referenced strategic site in the North, is understood to have had six builders operating on the site through its construction which began in late 2000, this falls short of the nine outlets likely to be required at the peak based on the average rates in the Garden Suburb. It is also understood that this development has not sustained average rates of delivery at the rate anticipated by the Council on the Garden Suburb

⁸⁶ This research was notably referenced by the Inspector examining the North Essex Authorities Local Plan in a post hearing letter in presenting conclusions on appropriate build-out rates to be assumed on three proposed Garden Cities (providing between 29,000 and 43,000 homes in total). The Inspector recommended that where rates of 300dpa and above had been proposed, '*it would be more prudent to plan, and carry out viability appraisal, on the basis of an annual average of 250 dpa.*' (Letter from the Inspector to the North Essex Authorities (IED011), 8 June 2018, paragraph 53)

⁸⁷ Rt Hon Sir Oliver Letwin MP (2018) Independent Review of Build Out Rates – Draft Analysis

'exceptionally high demand'. In considering the case studies in the context of the Warrington SUEs, the five Greater London sites have been excluded on the basis that they are principally flatted developments which are evidently not comparable to the type of development proposed in Warrington. The average build out rates achieved or anticipated across the construction period at other sites are illustrated in the chart below and show that the average rate assumed on the Garden Suburb (270 homes per annum) would only be comparable with those developments coming forward in the nationally significant growth corridor linking Cambridge, Milton Keynes and Oxford.

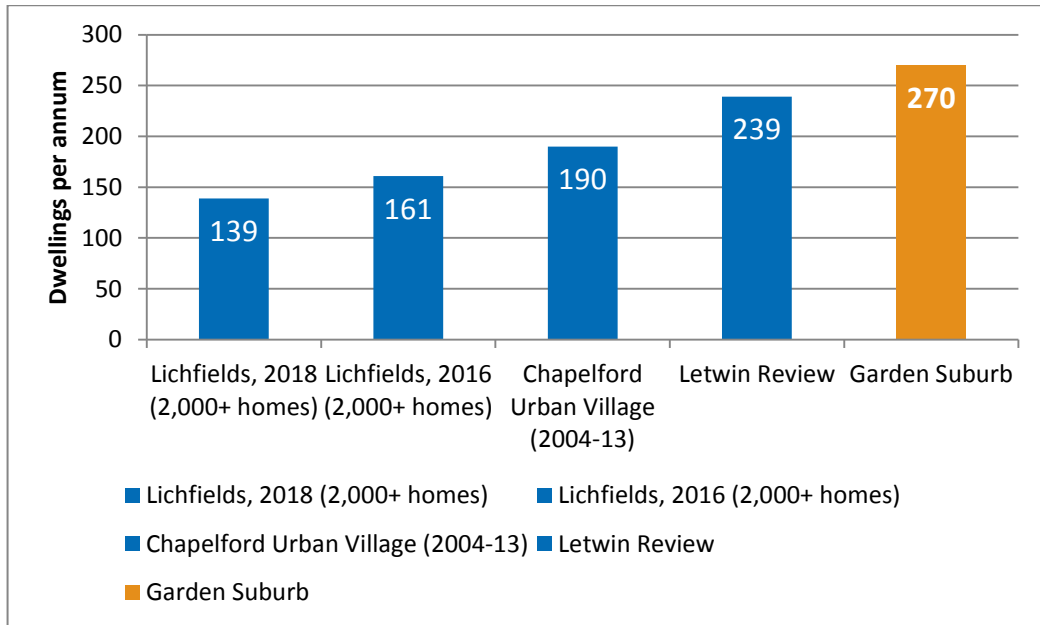
Figure 4.3: Average Build Out Rates in Letwin Case Studies (outside London)



Source: Letwin Review, 2018

- In drawing together the findings of the studies referenced above, the average rate of delivery assumed at the Garden Suburb (270pa) would evidently be atypical for large sites, surpassing that which tends to be seen on average. This is shown in the chart below.

Figure 4.4: Benchmarking Assumed Delivery Rates for the Garden Suburb



Source: Turley analysis

- There are a number of examples where authorities had assumed a significant contribution of SUEs to their housing land supply, but were required to revisit these assumptions through subsequent reviews of their adopted policies. For example, the North Northamptonshire Joint Core Strategy included ten SUEs, described as the ‘key building blocks for growth’ in the area during and beyond the plan period⁸⁸. The largest of these sites was assumed to deliver no more than 350 dwellings per annum at its peak, with an average of circa 305 dwellings per annum throughout its assumed build out. However, this has since been revised down to 241 homes per annum, with the anticipated peak also lowered to 300 dwellings per annum⁸⁹. A further such example is the Charnwood Local Plan where the adopted Plan anticipated delivery peaking at 325 and 240 per annum respectively on its two larger SUEs, and average annual rates of 270 and 200 per annum over the plan period. The Council’s more recent evidence again has recommended a downgrading of these estimates with the conclusions of a 2017 Housing Delivery Study used to update the trajectory to assume that the delivery rates on each of the SUEs will no longer be assumed to be above 200 homes per annum. All of the updated average annual build out rates in these two examples now fall below that assumed on the Garden Village (270 per annum).

4.45 The delivery of large scale residential developments are by their nature dependent upon more significant infrastructure requirements. The PPG states that: ‘Where plans are looking to plan for longer term growth through new settlements, or significant extensions to existing villages and towns, it is recognised that there may not be certainty and/or the funding secured for necessary strategic infrastructure at the time the plan is produced. In these circumstances strategic policy-making authorities will be

⁸⁸ North Northamptonshire Joint Planning Unit (2016) North Northamptonshire Joint Core Strategy, p. 78

⁸⁹ North Northamptonshire Joint Planning Unit (2018) Authority Monitoring Report 2016/17

*expected to demonstrate that there is a reasonable prospect that the proposals can be developed within the timescales envisaged*⁹⁰. Whilst we do not challenge the Council's assessment of the infrastructure required it is apparent that both urban extensions are reliant upon the delivery of significant infrastructure to realise the full scale of housing envisaged over the plan period.

- 4.46 The SWUE's delivery requires the delivery of the Western Link road. The Government has confirmed that it will fund two thirds of the cost of the delivery of Western Link road and the consortium is working pro-actively with the Council to ensure its delivery.
- 4.47 Peel has been masterplanning the South West Extension to respond to Council feedback and updated and additional information on the site. iTransport (Peel's transport consultants) have advised that the site can accommodate in the region of 500 dwellings before the proposed Western Link road is completed. This provides an important mitigation to ensure housing delivery is phased alongside infrastructure investment therefore reducing risks of under-delivery.
- 4.48 With regards to the Garden Suburb the Council has published a Development Framework (March 2019) as part of the PSLP's evidence base. This acknowledges that: *'Unlocking change at the scale envisaged is complex, requiring a phased approach to aid viability and deliverability within and beyond the planning period.'*⁹¹ Indeed whilst the development framework provides limited confirmation as to the exact nature of the infrastructure proposed it is understood that its delivery largely relies on new junctions onto the road network and a main internal residential distributor road network. Whilst this type of infrastructure is considered to be typical of that which is needed for large scale sites, as further evidence is assembled to support the sites progression through planning potential phasing issues This will need to be carefully monitored if completions, beyond the Phase 1 non-Green Belt sites, are to be realised as swiftly in the plan period as the Council's trajectory currently estimates.
- 4.49 The above analysis has identified a number of potential risks associated with the pace at which the delivery of Garden Suburb could be expected to come forward over the plan period, recognising the full scale of its proposal. The SWUE is considered to be a lower risk where it is acknowledged that the scale of housing proposed over the plan period is notably less and that its delivery is strongly supported by an established consortium of house-builders which have collectively advanced a significant body of work to enable its delivery.

Local housing markets and the spatial strategy

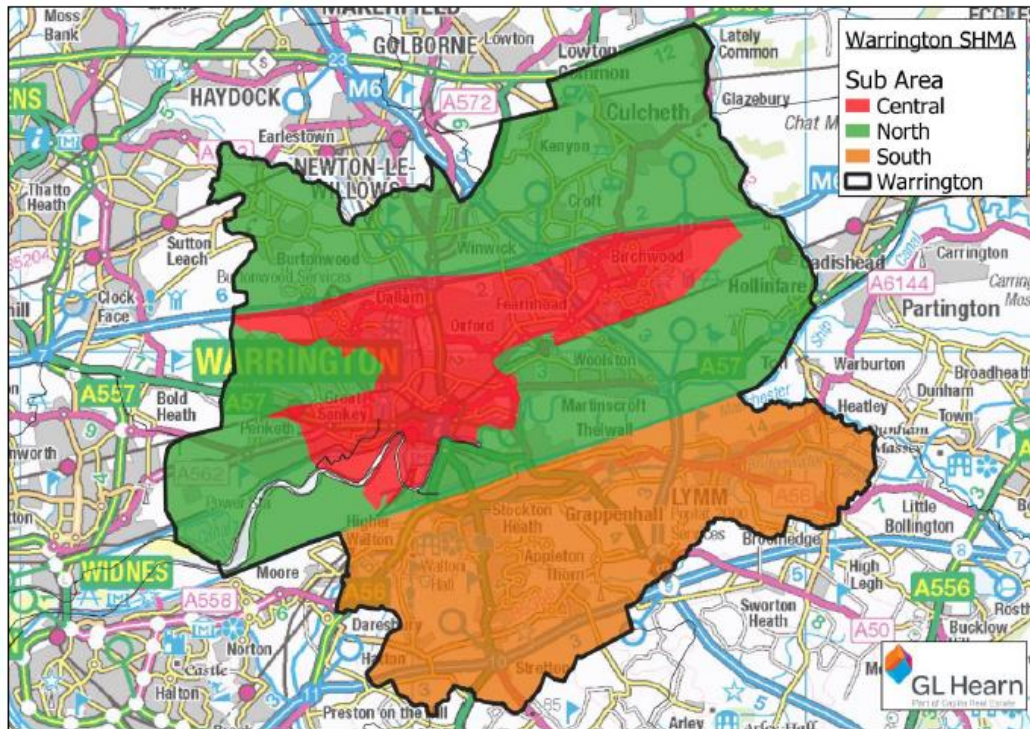
- 4.50 In reviewing the sources of supply, the potential risks to delivery include the planned concentration of development in the SUEs, and particularly the larger scale Garden Suburb. As introduced in section 2, this potential risk is further exacerbated by their location within a shared housing market area.

⁹⁰ PPG Reference ID: 61-059-20190315

⁹¹ Warrington Garden Suburb – Development Framework (March 2019), page 94

- 4.51 The LHNA presents a map of the three sub-market areas identified for the Community Infrastructure Levy (CIL). This is replicated at Figure 4.5, with the two SUEs falling within the South sub-area.

Figure 4.5: Warrington sub-areas



Source: GL Hearn, LHNA, 2019

- 4.52 The concentration of supply in a single shared sub-housing market area has the potential to limit the rate at which housing will be supplied in response to a market need. This is an issue recognised at a national level within the Letwin Review. In exploring the potential benefits of reducing reliance on large sites, it highlighted the importance of recognising the prospect of constrained build out rates where sufficient choice is not provided across different markets:

“...the market absorption rate for a given type of home is to some considerable degree highly location-specific; there is a given depth of market at a given price for a given type of home of a given tenure in this particular place. Move only a little away and you enter a slightly different market, composed at least partly of people with somewhat differing patterns of life which might make that other place more attractive to them. Hence, all else being equal, one might expect two homes, only one of which would sell at a given time at the given price on large site A, to be sold simultaneously at the same price on two smaller sites, B and C”⁹²

- 4.53 An informal exercise to engage with local agents was undertaken by Turley in June 2018 to understand the operation of local market areas in Warrington in more detail. This process reached similar conclusions on the existence of distinct local market areas,

⁹² Rt Hon Sir Oliver Letwin MP (2018) Independent Review of Build Out Rates – Draft Analysis, paragraph 4.18

separating the central area of Warrington and further distinguishing between northern and southern parts of the borough. Importantly, the exercise reaffirmed that these separate market areas represented distinct areas of search, with prospective movers looking at one geographical area being highly unlikely to switch their interest to another area. In understanding this fragmentation, it was also interesting to observe that agents perceived the Manchester Ship Canal as providing a clear divide in the Warrington market, thereby creating an important north/south element.

- 4.54 It is apparent that the Council, whilst identifying the operation of different sub-areas, has not adequately considered this in the context of the potential risks associated with its strong concentration of housing provision in two market areas in particular (southern/central areas). Consideration of the extent to which additional homes could be sustainably accommodated in the northern area would provide a clear opportunity to mitigate any risks of under-delivery in the other parts of the borough.

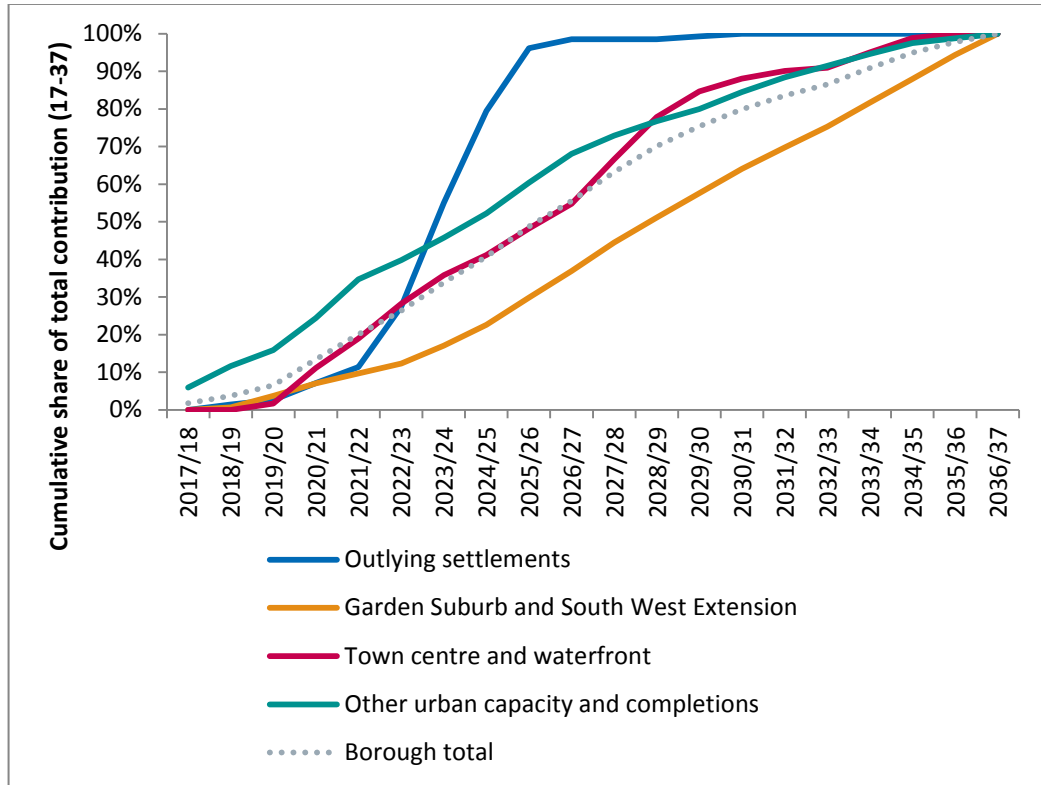
An unjustified stepped trajectory

- 4.55 The PSLP highlights an expectation that housing delivery will be relatively low during the early years of the plan period, as a direct consequence of the proposed land supply. This reflects *'the need to release Green Belt and the lead in times for the major infrastructure required to support the Waterfront, Garden Suburb and South West Extension'*⁹³.
- 4.56 Policy DEV1 proposes that the housing trajectory is stepped as follows:
- 2017 to 2021 (first 5 years) – 847 homes per annum
 - 2022 to 2037 (following 15 years) – 978 homes per annum
- 4.57 Without this exceptional adjustment the PSLP will not, on its own terms deliver a 5 year supply at its inception.
- 4.58 The justification for the introduction of a stepped trajectory through policy DEV1 is not justified. There is a pressing need for housing associated with demographic pressures, evidence of worsening affordability and evidence of strong short-term job growth (see Figure 3.1).
- 4.59 Whilst major infrastructure delivery, site complexities and masterplanning will mean some large sites will not be able to deliver housing early, this is not the case for smaller sites.
- 4.60 The PSLP could seek to meet needs consistently over the plan period by identifying a more diverse portfolio of housing land, including sites with a realistic prospect of delivery earlier in the plan period. The Outlying settlements would play an important role in this regard, which is implicitly acknowledged by the Council in its assumption that over half (55%) of their planned housing provision will have been delivered within the next five years, by 2024. They are expected to have delivered 99% of their housing

⁹³ Warrington Borough Council (March 2019) Warrington Proposed Submission Version Local Plan 2017-2037, paragraph 4.1.20

allocations by the midpoint of the plan period (2027), which demonstrates their ability to make a rapid contribution towards meeting housing needs.

Figure 4.6: Cumulative Annual Delivery of Planned Housing Supply (2017 – 2037)



Source: Turley analysis of Warrington Borough Council data, 2019

An appropriate and justified flexibility allowance

- 4.61 Individually and collectively the points identified above provide a clear indication that the proposed supply of residential land in the PSLP carries a number of risks which present a strong likelihood that the PSLP will under-provide against the full quantum and range of housing needs evidenced.
- 4.62 It is a critical requirement of NPPF that Local Plans are deliverable⁹⁴ and drawn up sufficiently flexible to adapt to rapid change⁹⁵. The plan’s soundness will be judged against these requirements.
- 4.63 An appropriate allowance for unforeseen circumstances or non-delivery of sites which might otherwise pass the ‘developable’ test should be included in the Council’s calculation of realistic supply. Based on data from a range of market areas, DCLG analysis has indicated that between 10 and 20% of planning permissions are not implemented whilst a further 15 to 20% are subject to revised application proposals resulting in delays to delivery.

⁹⁴ NPPF paragraph 16 and 35

⁹⁵ NPPF paragraph 11

- 4.64 The need for a flexibility allowance to account for under delivery is being pursued in a number of Local Plans within the wider region and is emerging as good practice to provide certainty that plans will be delivered. It is also supported by the Local Plans Expert Group.
- 4.65 Whilst the Council has recognised this general point and the resultant need for an increased level of flexibility to be written into the plan, the inclusion of a 10% uplift in the housing requirement to account for this is the minimum standard requirement. The context to the PSLP warrants a higher flexibility allowance of 20% to be included given the increased risk of under delivery given the makeup of the supply upon which the PSLP is reliant to deliver its housing requirements.

5. The Residual Housing Land Requirement Position

5.1 This section draws upon the analysis presented in the preceding section to present an alternative residual housing land requirement which must be used to inform a revision of Policy DEV1 in the PSLP.

An alternative residual housing land requirement position

5.2 Bringing the appraisal presented in the preceding sections together, it is possible to outline the alternative overall housing land requirement to deliver the Local Plan.

Acknowledging the higher need for housing

5.3 In arriving at a concluded position this section initially recognises the implications of the proposed higher level of housing need established in section 3.

5.4 The position was concluded that as a minimum the Council must provide for 1,100 homes per annum over the plan period or 22,000 homes in total. In concluding that this level of need was reasonable this recognises that:

- It is reasonable to assume that to support even the Council's proposed lower job growth target there is a need for 1,077 homes per annum where more reasonable assumptions around future labour-force behaviours are applied;
- There is compelling evidence to suggest that the Plan should seek to support a stronger level of job growth than advanced through the Council's LHNA. When the recommended higher job forecast is used the Plan should provide for in the order of 1,200 homes per annum;
- If the Council's preferred labour-force adjustment assumptions were accepted and applied to this higher level of job growth, this would still suggest a need for in the order of 1,100 homes per annum, based on the conclusions of the earlier SHMA; and
- In supporting the delivery of the calculated need for affordable housing in full a higher level of housing provision than 1,100 homes per annum would be required. This serves again to reinforce that it represents a reasonable minimum need to reflect the economic and housing objectives of the PSLP.

5.5 In providing for this higher level of housing need, a higher level of housing provision will be required, even where the Council's 10% flexibility allowance is assumed. This is presented in Table 5.1.

Table 5.1: Plan period housing requirement using a housing need of 1,100 dpa

	PSLP	Peel's alternative based on 1,100dpa homes needed
Base requirement 2017 – 37	18,900 (945 per annum)	22,000 (1,100 per annum)
Flexibility (at 10%)	1,890	2,200
Total requirement	20,790	24,200
Urban capacity	13,726	13,726
Green Belt requirement	7,064	10,474
Additional Implied Green Belt requirement	n/a	3,410

Source: Turley

Acknowledging the need for a higher flexibility allowance

- 5.6 The analysis in section 4 separately identified significant concerns as to the resilience of the assumed supply of housing set out within the PSLP to meet the Council's proposed housing requirement. The conclusion was reached that a flexibility allowance of 20%, as opposed to the Council's proposed 10% must be applied.
- 5.7 Table 5.2 compares the outcome where this higher flexibility allowance is applied in isolation to the Council's advanced base requirement.

Table 5.2: Plan period housing requirement using a flexibility allowance of 20%

	PSLP	Peel's alternative based on a 20% flexibility allowance
Base requirement 2017 – 37 (945 per annum)	18,900	18,900
Flexibility	1,890 (at 10%)	3,780 (at 20%)
Total requirement	20,790	22,680
Urban capacity	13,726	13,726
Green Belt requirement	7,064	8,954
Additional Implied Green Belt requirement	n/a	1,890

Source: Turley

The implications of higher housing need and the 20% flexibility allowance

- 5.8 Finally it is the position of this paper that in arriving at the housing requirement and the scale of Green Belt release required that the PSLP must recognise both the higher calculated housing need and the 20% flexibility. The result of both of these assumptions being applied is set out in Table 5.3.

Table 5.3: Plan period housing requirement using a housing need of 1,100 dpa and 20% flexibility allowance

	PSLP	Peel’s proposed alternative
Base requirement 2017 – 37	18,900 (945 per annum)	22,000 (1,100 per annum)
Flexibility	1,890 (at 10%)	4,400 (at 20%)
Total requirement	20,790	26,400
Urban capacity	13,726	13,726
Green Belt requirement	7,064	12,674
Additional Implied Green Belt requirement	n/a	5,610

Source: Turley

Implications

- 5.9 Policy DEV1 establishes the overall housing requirement for the Borough over the plan period. This should be amended to reflect the above, with a requirement for land to be identified which is capable of deliver 26,400 residential units over the plan period. This would require the additional identification of approximately 5,600 homes to be released from the Green Belt.
- 5.10 The analysis above concludes that even where either the higher housing need calculation or the higher flexibility allowance are not both accepted, either would result in the need for the Council to provide for a higher housing requirement and as a result the need for a greater release of Green Belt. The individual components suggest as a minimum that the requirement must be elevated to 22,680 with this creating a need to release almost an additional 1,900 homes from the Green Belt.
- 5.11 Policy DEV1 also outlines how residential development will be distributed across the Borough, including the split between the main urban area of Warrington and each Outlying Settlement. This is itself informed by an appraisal of Spatial Options as presented in the Council’s Development Options and Site Assessment Technical Report (March 2019).
- 5.12 The spatial distribution of development cannot be divorced from a consideration of the overall growth requirement. PSLP strategy is based substantially around directing a critical mass of development (in absolute rather than proportionate terms) to Warrington to realise key objectives of the PSLP. The spatial distribution of housing across the Borough is effectively a by-product of this. **The key point to note however is that this strategy is based on the numbers of housing units to be provided in or around Warrington. Consequently any additional housing land to be found can be located elsewhere without affecting that.**
- 5.13 Accordingly, a change in the overall housing requirement of the Borough would warrant a reappraisal of Spatial Options as the relative sustainability performance of

each option may be different in this context. This is subject to further consideration in Paper 3.

6. The Need for Safeguarded Land

6.1 This section of the Paper outlines the need for the Local Plan to make appropriate provision for safeguarded land to meet potential development needs beyond the plan period. It outlines that the Council's failure to allocate safeguarded land results in the PSLP being unsound in its current form in not being in accordance with the requirements of NPPF. It identifies how much safeguarded land is required and how this should be distributed across the Borough in the interests of ensuring redrawn Green Belt boundaries endure beyond the plan period.

The PSLP approach to meeting development needs beyond the plan period

- 6.2 The PSLP does not seek to allocate safeguarded land to meet development needs beyond the plan period. Safeguarded designations are required by NPPF where necessary to meet longer term development needs 'well beyond the plan period'.⁹⁶ The overall objective of safeguarded land is to ensure Green Belt boundaries can endure (i.e. do not need to be subject to further alternation) beyond the plan period.
- 6.3 NPPF explicitly requires the Council to demonstrate (and thus evidence) that the failure to allocate safeguarded land will not mean there will be a requirement to alter Green Belt boundaries at the end of the plan period⁹⁷. This will therefore need to be scrutinised through the Local Plan Examination process.
- 6.4 The Council's claim that safeguarded land is not needed is based on a combination of the following:
- (a) The PSLP already provides for two years of additional housing beyond the plan period through the inclusion of a 10% flexibility allowance in the plan period requirement
 - (b) That there will be significant remaining capacity within the urban area beyond the plan period, including capacity for 1,800 dwellings within the masterplanned town centre which are not expected to come forward during the plan period
 - (c) That technological advances over the next 20 years will release additional brownfield development opportunities (presumably the closure of industrial/manufacturing sites)
 - (d) That additional Green Belt sites may be released through emerging Neighbourhood Plans which will form part of the Development Plan for the Borough
 - (e) That the existing small sites allowance (windfall) can be expected to continue to deliver development at the same rate beyond the plan period

⁹⁶ NPPF paragraph 139c

⁹⁷ NPPF paragraph 139e

- (f) That the Garden Suburb allocation has capacity for a further 2,300 homes beyond the plan period
- 6.5 Taking these points into account, the Council identifies an ‘indicative’ post-plan period supply of 6,603 units. No yield is placed against items c and d above. It is not possible to identify how much housing land may become available from these sources.
- 6.6 In determining the post-plan period need, the Council also claims that household growth will fall substantially in the latter years of the plan and this will continue beyond 2037 (i.e. the post-plan period housing requirement will be substantially lower). It has calculated that the indicative housing need between 2037 and 2047 is just 6,312 dwellings. This equates to an average of 631 dwellings per annum, which is significantly lower than the annual requirement within the plan period as considered below.
- 6.7 On this purely quantified basis, the Council determines that the PSLP makes provision for the development of sufficient housing to meet needs to 2047 – i.e. ten years beyond the plan period – such that there will not be a requirement for further Green Belt releases in the ten year period after 2037. Accordingly, the Council claims that the revised Green Belt boundaries proposed through the PSLP will endure beyond the plan period and thus there is no requirement for the allocation of safeguarded land.
- 6.8 Peel does not agree with this position. A number of these points are considered in turn.

Housing need beyond the plan period

- 6.9 In establishing the housing requirement beyond the plan period the Council has adopted an unjustifiably crude approach within the PSLP. Table 2 of the PSLP illustrates that the post plan period requirement is based on a simple extrapolation forward of the annual average household growth under the 2014-based SNHP from the prior ten years (2027 – 2037). At a basic level this fails to take into account the actual levels of household growth assumed over this period within the LHNA, noting this confirms that a level of need higher than the standard method is required, and its consequences for the increased number of people and households assumed to live in the borough at 2037. The Plan period need departs from the use of the baseline projections and rightly plans for growth. This must reflect forward beyond the plan period.
- 6.10 The PSLP seeks to justify such an approach reflecting the Council’s prediction that by ‘*providing a positive plan for growth*’ over the plan period, housing affordability will no longer be a significant issue⁹⁸. It also states that:

“Given the rate of job growth is also forecast to decrease over time, the Council considers that in providing for the needs of household growth there will be sufficient new homes to provide a balance with future jobs growth”⁹⁹

⁹⁸ Paragraph 4.1.25 of the PSLP

⁹⁹ Paragraph 4.1.26 of the PSLP

- 6.11 The inference being that the calculation of future needs will require no uplift from the baseline projection, with any factors requiring such an uplift having been addressed through the current plan period and then abruptly disappearing.
- 6.12 What the Plan fails to address is that, in order to ensure such a positive effect is maintained, the Council must continue to plan to respond to the borough's needs in full.
- 6.13 The assertion that it is reasonable to expect job growth to fall over time in Warrington is strongly challenged in this context. The analysis in section 3 includes the presentation of an alternative interpretation of the impact of the investment planned in the borough, provided by AMION Consulting.
- 6.14 Whilst this acknowledges that the baseline employment forecast anticipates more jobs being created early in the plan period, the modelling recognises the potential impact of investment and assumes that this is built upon throughout the Plan. This takes account of both the timing of likely investment and the catalytic nature of a growing economy.
- 6.15 It is considered that such an approach is also reflected in the Council's own evidence, produced to validate its economic ambition. The 2017 Metro Dynamics report validates an expectation that job growth will be sustained through to 2040, beyond the end of the emerging plan period¹⁰⁰ (2037). The study confirmed that a target of 31,000 jobs between 2015 and 2040 is reasonable, equating to a sustained average of at least 1,240 jobs per annum. This reinforces the position that – even based on currently identified investments – growth will be sustained beyond the end of the plan period.
- 6.16 In considering the range of projects and investments which have both underpinned Warrington's historic growth as well as the growth which is anticipated in future, it is apparent that many of these have or will seek to lay in place the foundations for a highly performing economy, not just over the plan period but beyond. This recognises the geographic advantages that Warrington has in the context of strategic road and rail networks and its location within the chain of high performing economies in this part of the region and the Northern Powerhouse.
- 6.17 The Council is clear in its intention to extract every benefit from these locational advantages, with planned investment enhancing their contribution to Warrington's growth. Indeed, the Council identifies in its economic strategy that there are further long-term advantages to be gained from future national investment in the form of HS2¹⁰¹. In reality, the impact of significant investment associated with these longer-term projects will be realised towards the end of the plan period and thereafter.
- 6.18 It is also reasonable to expect that success will build upon success. Just as the Council's economic ambition for growth now is built upon a strong foundation of historic job growth, at the end of the plan period the achievement of growth in the order of that

¹⁰⁰ Metro Dynamics (2017) 'Review of Warrington Employment Targets to 2040: A report to Cheshire and Warrington LEP'

¹⁰¹ Within the 2017 'Warrington Means Business' Strategy the Council confirms that an improved West Coast Main Line, as part of HS2 delivery, will lead to an improved hub station at Warrington Bank Quay and TransNorth Rail (HS3) will come through Warrington, potentially intersecting with HS2 (page 12)

expected will result in a local economy which will be larger in scale and hopefully even more resilient and diverse.

- 6.19 In this context, there can be no justification for considering that the economic success story of Warrington will stop. Indeed, were this to occur, this would undermine the success of the investments made by the Council, LEP, Government and private businesses.
- 6.20 Alongside the growth of Warrington's economy the provision of housing is intended to meet needs associated with the borough's growing population. It is an inevitability therefore that the size of the population at the end of the plan period in 2037 will itself, as a result be larger. Where Warrington is successful in retaining and attracting increasing numbers of working age residents over the plan period to support its growing economy it is important to recognise that future generations will in turn generate additional housing need pressures. Any reasonable assessment of annual housing need calculated at the end of the plan period will therefore need to take account of the consequences of this larger population base and the continued ageing of the borough's population as well as the expected position of the economy as a result of the planned investments.
- 6.21 It is this future which the Council must approach through its planning, not just during the plan period but also over the longer-term. Considered in this context, it would be wholly unreasonable, and a high risk strategy given the imperative of avoiding the need for a Green Belt review at the start of the next plan period, to assume that the annual housing requirement will be substantially less than the current plan period requirement. The exercise of ensuring a future Green Belt review is not necessary must be approached with an appropriate degree of reasonableness and unless compelling evidence to the contrary is presented the starting point should be that the existing housing requirement will be maintained in the future. Accordingly, the indicative need for the ten year period beyond 2037 should be assumed to be 1,100 dwellings per annum as a minimum, consistent with the plan period requirement (Peel's proposal).

Claimed components of the post-plan period supply

- 6.22 The proposed components of the post-plan period supply are noted. This includes sources against which a projected yield can be identified and sources which the Council say may emerge but which cannot be quantified at this stage.

Additional yield from Neighbourhood Plans (d above)

- 6.23 Peel considers it highly unlikely that Neighbourhood Plans will propose the release of additional Green Belt land to that proposed through the PSLP and thus provide an additional source of supply. Most Neighbourhood Plans proceed to do the bare minimum in terms of housing delivery in carrying forward the requirements of the Local Plan only. There are very few examples of Neighbourhood Plans going above and beyond in this regard. These are the exception.
- 6.24 Indeed, in accordance with paragraph 65 of the NPPF, 'strategic policy making authorities' (in this case Warrington Council) should identify a housing requirement for each neighbourhood area (in this case through the Local Plan) reflective of the plan strategy and overall scale of growth. There is a requirement for Neighbourhood Plans

to then be in general conformity with strategic policies (i.e. the Local Plan). In these circumstances, and where a Local Plan has sought to meet the area's full development needs, it is highly questionable whether exceptional circumstances are then likely to be presented to justify further Green Belt releases through a Neighbourhood Plan. This would essentially put the Neighbourhood Plan in conflict with the Local Plan. Accordingly, Peel does not accept that Neighbourhood Plans will seek to release additional land from the Green Belt. This is not a reliable source of additional supply and is highly unlikely to materialise.

Additional yield from technological advances (c above)

- 6.25 The suggestion that 'technological advances' will yield a further supply of land is wholly unsubstantiated. Warrington is not predominantly a manufacturing or industrial town. Due to its New Town status and the manner in which it has developed over the last 50 years, and in contrast to many other northern towns and cities, there is a general absence of older industrial land within the urban area which typically provides future development opportunities as these sites become obsolete. Rather much of the employment land within the urban area of Warrington comprises more modern accommodation, including office / business parks, out-of-town retail uses and distribution facilities. Inevitably some future brownfield opportunities will emerge beyond the plan period, however the PSLP already has a strong emphasis on maximising the residential development potential of much of this supply of land in and around the town centre. Accordingly Peel does not consider that technological advances will specifically facilitate new brownfield development opportunities beyond usual patterns of economic change.

Flexibility allowance (a above)

- 6.26 As noted above, the Council states that including a flexibility allowance of 10% within its plan period requirement means that the PSLP is effectively meeting development needs for the full plan period plus two years after (i.e. to 2039).
- 6.27 Notwithstanding that Peel does not agree that the flexibility allowance is sufficient for the reasons outlined in this paper, Peel does not accept that the proposed flexibility allowance can be treated as meeting development needs beyond the plan period in manner proposed by the Council.
- 6.28 The flexibility allowance results in the allocation of additional land for development during the plan period over and above that which would be allocated if a flexibility allowance were not proposed. The Council has demonstrated that exceptional circumstances exist to justify the release of additional Green Belt land with a residential capacity of 1,890 dwellings as a result of the inclusion of this flexibility allowance. This additional land release is intended to be capable of delivery during the plan period to meet the defined plan period housing requirement.
- 6.29 This additional land is allocated for development and the PSLP will provide a supportive policy context to enable that land to be delivered in full during the plan period if market conditions permit it. All allocations are given equal status in the PSLP (the flexibility allowance is not identified to individual sites and there is no phasing) in this regard. It is therefore entirely conceivable that, aside from some land within the masterplanned areas and the Garden Suburb, all land allocated for development during

the plan period, including any flexibility uplift, will be delivered in full during the plan period. Indeed that is the Council's default assumption and is the basis of the exceptional circumstances case for the extent of Green Belt release proposed.

- 6.30 Given this prediction, there can be no reliable assumption that residual land supply will remain (aside from the masterplanned areas and Garden Suburb as noted) to meet needs beyond 2037. It would be entirely inappropriate to then assume that no further development is needed during the first two years beyond the plan period as is effectively the Council's position in its Safeguarded Land argument.
- 6.31 Thus Peel strongly objects to the Council's assertion that over delivery against requirements during plan period results in there being a reduced need in the years beyond the plan period. On the basis of full delivery of the allocations (with the exception of the specific locations identified), as projected, the requirement for housing in the next plan period from 2037 will be determined against a new baseline at that point – that baseline being a population and number of households which reflects full delivery of the Local Plan and the level of development it directly supports.
- 6.32 It is therefore Peel's position that for the purposes of determining the need for safeguarded land, any flexibility allowance included within the plan period requirement should not be taken into account.
- 6.33 Points b, e and f are not challenged by Peel at this stage.

Spatial distribution of the post-plan period supply

- 6.34 A consideration of whether the Green Belt will endure beyond the plan period also has a critical spatial dimension.
- 6.35 It is noted that post-plan period supply is almost exclusively located within Warrington. This includes the garden suburb (2,289 units) and town centre capacity (1,816 units).
- 6.36 By contrast, the only source of identifiable post-plan period supply which may benefit Outlying Settlements is therefore the small sites allowance of 608 units, though the vast majority of this will inevitably be delivered in Warrington. Notwithstanding comments above, technological advances are evidently not going to realise a supply of new development opportunities in Outlying Settlements given that these consist predominantly of residential and related uses (local services, schools etc) and, as noted, it would be inappropriate to assume any further development will be delivered in the Outlying Settlements through Neighbourhood Plans.
- 6.37 Accordingly, when considered on a spatial basis, the Council's claim that safeguarded land is not needed is tantamount to an acceptance that the Outlying Settlements will not need to deliver any development beyond the plan period given the overwhelming concentration of the post-plan period supply in Warrington. Indeed given that the PSLP expects virtually no development from the Outlying Settlements in the latter half of the plan period as well, as identified in Section 2 (Figure 2.2), no development of any significance is assumed to occur in these settlements between 2025/26 and 2047.

- 6.38 In the interests of ensuring that the Green Belt boundaries can endure, it is critical that the Council considers the post-plan period supply on a spatial basis also. Doing so reveals that unless it is accepted that the Outlying Settlements will accommodate virtually no development beyond the plan period (which very clearly won't meet their needs) the Council will need to release land for safeguarding purposes, as well as allocation during the plan period, adjacent to the Outlying Settlements.

A reasonable approach to providing for safeguarded land

Quantitative requirement

- 6.39 It is Peel's position that the PSLP will need to ensure sufficient land is available beyond 2037 to provide 1,100 dwellings per year to 2047; a total of 11,000 dwellings.
- 6.40 In terms of the supply side, any flexibility allowance during the plan period should not be assumed to meet needs beyond the plan period for the reasons outlined.
- 6.41 Taking these points together Table 6.1 outlines the post-plan period need and supply from which the residual need for safeguarded land can be identified.
- 6.42 This is presented in a number of scenarios including in that of an increase in the annual plan period housing requirement to 1,100 dwellings, as proposed by Peel, as well as the scenario of the plan period annual requirement remaining at 945 dwellings per annum. The scenarios reflect the upper and lower end of the range in respect of the safeguarded land requirement. In both scenarios, the plan period requirement is assumed to continue beyond the plan period as is entirely reasonable for the reasons explained above. In respect of the PSLP scenario, the 10% plan period flexibility allowance is retained as a contribution post-plan period, notwithstanding the comments above, in order to illustrate that even under this scenario, there is a need for safeguarded land. A midrange which reflects a continuation of the PSLP housing requirement of 945 dwellings per annum but which excludes the flexibility allowance from contribute to needs beyond 2037 is also presented.

Table 6.1: Quantitative safeguarded land requirement

		PSLP scenario (adjusted only to include a continuation of plan period annual requirement to 2047)	PSLP housing requirement to 2047 with flexibility allowance excluded	Peel's proposal
A	Total post-plan period requirement (2037 – 47)	9,450	9,450	11,000
B	Additional supply within plan from flexibility	1,890	0	0
C	Illustrative town centre capacity after 2037	1,816	1,816	1,816
D	Small sites allowance 2037 – 47	608	608	608
E	Garden suburb delivery post 2037	2,289	2,289	2,289
A-B- C-D- E	Residual safeguarded requirement	2,847	4,737	6,287

Source: Turley

- 6.43 Accordingly, there is a need for the PSLP to release additional sites from the Green Belt, which can cumulatively provide up to 6,287 dwellings, to be allocated as safeguarded land in accordance with the requirements of NPPF. Even based on the Council's approach, which Peel does not accept, and with only the post-plan period requirement adjusted to reflect a continuation of the plan period annual requirement, there would be a need for safeguarded land capable of delivering 2,847 dwellings.

Spatial distribution

- 6.44 Reflecting the comments above, it is necessary to ensure an appropriate distribution of the post-plan period supply.
- 6.45 The objective of allocating safeguarded land is to ensure the need for a further Green Belt review after the end of the plan period is avoided. The prospect of avoiding this is increased if the post-plan period supply is fairly distributed, reflecting that there is good reason to assume that residential need beyond the plan period will also arise across the Borough and in all settlements.
- 6.46 For the purposes of this Local Plan the optimum approach would be to seek to distribute the post-plan period supply on a proportionate basis according to existing population. This would in effect be the default (policy off) approach of any future plan. In taking this approach, no settlement will be either under provided or over provided

for in terms of the post-plan period supply, thus providing a variety of options for meeting needs through the next Local Plan and without pre-empting this.

- 6.47 Taking this approach would mean seeking to ensure that 87% of the post-plan supply is directed to Warrington and 13% to the Outlying Settlements (collectively) reflecting the distribution of the existing population of the Borough. From this, and having regard to location of the post-plan period supply which has been identified, it is possible to define the appropriate distribution of safeguarded land to be released from the Green Belt. This is presented in Table 6.2. This is presented in the scenarios presented in Table 6.1.

Table 6.2: Appropriate spatial distribution of safeguarded land

		PSLP approach (adjusted)	PSLP approach (adjusted) plus exclusion of flexibility allowance	Peel approach
A	Post-plan period requirement	9,450	9,450	11,000
B	Warrington post-plan period requirement	8,211 (87% of A)	8,211 (87% A)	9,570 (87% of A)
C	Outlying Settlements post-plan period requirement	1,228 (13% of A)	1,228 (13% of A)	1,430 (13% of A)
D	Warrington post-plan period supply	6,524: - All of the flexibility allowance (1,890) ¹⁰² - masterplanned areas (1,816) - Garden Suburb (2,289) - 87% of small	4,936 - masterplanned areas (1,816) - Garden Suburb (2,289) - 87% of small sites allowance (529)	4,936 - masterplanned areas (1,816) - Garden Suburb (2,289) - 87% of small sites allowance (529)

¹⁰² On the basis that the PSLP seeks to deliver only incremental growth within the Outlying Settlements (an absolute rather than proportionate figure relative to the overall PSLP requirement) and that this figure does not change according to whether the overall requirement goes up or down in the scenarios tested by the Council, it is reasonable to assume that the proposed Outlying Settlement plan period allocation is not influenced by the flexibility provision within the overall requirement – i.e. that allocation would not reduce if the flexibility provision were reduced or taken out of the PSLP. Accordingly, the flexibility allowance is accounted for exclusively by allocations in Warrington.

		sites allowance (529)		
E	Outlying Settlements post-plan period supply	79 - 13% of small sites allowance (79)	79 - 13% of small sites allowance (79)	79: - 13% of small sites allowance (79)
F	Warrington safeguarded land requirement (B – D)	1,687	3,275	4,634
G	Outlying Settlements safeguarded land requirement (C – E)	1,149	1,149	1,351

Source: Turley

- 6.48 Based on the above calculations, Peel considers there to be a need to designate safeguarded land adjacent to the Outlying Settlements capable of delivering 1,351 dwellings beyond the plan period. Even taking the Council's approach to plan period need (and irrespective of whether the 10% flexibility is included as contributing to the post-plan period requirement)but proceeding on the assumption that the annual plan period requirement continues beyond the plan period, there would be a need for safeguarded land adjacent to the Outlying Settlements capable of delivering 1,149 dwellings.
- 6.49 Sites which can contribute to meeting this safeguarded requirement are considered in Papers 3 and 4.

7. Conclusion

Limitations of the PSLP and its evidence base

- 7.1 The NPPF and PPG have established a new context for identifying local housing need when preparing, examining and adopting sound planning policies, as part of up-to-date development plans.
- 7.2 The NPPF is clear in its requirement for authorities to use the standard method as a **starting point** when assessing the *minimum* need for housing. The PPG explicitly identifies circumstances which will have implications on demographic behaviour and the potential to result in the calculation of a higher level of need. The PPG clearly confirms that this needs to be assessed¹⁰³.
- 7.3 The Council's acknowledgement that the application of the PPG means that Warrington must plan for a higher housing need than suggested through the outcome of the standard method, is supported. However, the downgrading of the level of assessed need for housing from the previous SHMA is strongly challenged. Specifically, this reflects the conclusion of the LHNA that the scale of employment growth anticipated over the plan period has been markedly reduced. This is considered to contrast with the Council's economic strategy, the employment policies in the PSLP and known investment.
- 7.4 The failure of the PSLP to promote mutually supportive economic and housing policies means that it does not comply with the NPPF – particularly its recognition that the three objectives of sustainable development are interdependent – and its requirement to achieve sustainable development through the pursuit of economic, social and environmental objectives in mutually supportive ways.
- 7.5 Furthermore, the Council's strategy for the identification of housing land to meet its housing needs presents a high degree of risk that the PSLP will lead to the continued under provision of housing over the plan period. In recognition of the unproven nature of the city centre market and the scale of development attributed to two SUEs in the south of the borough in proposing the allocation of land to meet the identified housing requirement the Council must apply a more significant flexibility allowance.

A more appropriate higher housing need figure

- 7.6 This report challenges the Council's decision to reduce the calculation of housing need from that previously included within the PDO and its supporting evidence base (SHMA), and concludes that such a reduction is not evidentially justified.
- 7.7 The reduction almost entirely results from a downgrading of the scale of job growth anticipated by the Council. This downgrading is claimed to be justified by a new baseline economic forecast which was prepared in early 2018, which suggests a lowering in the assumed growth in new jobs in the borough compared to the baseline forecasts that previously underpinned the evidence prepared in 2017.

¹⁰³ PPG Reference ID: 2a-010-20190220

- 7.8 Warrington has historically proven itself to be an economic success story. A review of long-term historic trends shows that the borough has continued to create significant numbers of jobs through different economic cycles. Through a number of economic strategy documents and within the PSLP itself, the Council has clearly expressed its continued intention to support this growth, with considerable investment planned to deliver it. In this context, such a reactionary response is not considered to be adequately justified for the purpose of long-term planning.
- 7.9 AMION Consulting has undertaken a detailed review of Warrington's economy, including analysis of more recent economic forecasts, which reinforces the susceptibility of such datasets to volatility. This review has also served to validate the greater weight which it is considered should be placed on the previously established scenarios, noting there is no evidence that the Council has downgraded its economic objectives or identified investment which is no longer anticipated will be delivered. These previous estimates of job growth which could be expected in Warrington were subject to a significant number of studies which were used to both establish the scale of the economic objectives and validate the extent to which it is reasonable and appropriate. The conclusions of these studies are considered to remain pertinent in the context of the analysis undertaken by AMION Consulting.
- 7.10 AMION Consulting conclude that the PSLP should accommodate in the order of **23,500 additional jobs over the plan period**. This is some 4,420 jobs higher than the LHNA assumes should be used to inform the calculation of housing need. It is noted that this scale of job growth is closely aligned to the 24,800 job growth figure previously considered to be reasonable by the Council, based upon the evidence presented to support its Preferred Development Option.
- 7.11 Up-to-date modelling has been used within this report to examine the relationship between forecast job growth and housing need. This closely reflects the approach taken within the Council's LHNA, albeit there are a number of detailed aspects of the modelling where it is considered variant input assumptions are more appropriate. This modelling confirms that, in both supporting forecast employment growth and allowing for a positive response to the acknowledged consequences of a worsening of affordability in the local housing market, there is a need to provide for **between 1,077 and 1,210 homes per annum** over the plan period.
- 7.12 The lower end of this range represents the scale of housing provision that is considered to be needed to support even the Council's lower forecast of job growth where more appropriate labour-force behaviour assumptions are used. The upper end applies the same labour-force assumptions but aligns future housing need with the higher employment forecast concluded by AMION Consulting.
- 7.13 It is considered that it is necessary for the Council to acknowledge a higher level of housing need associated with supporting its economic objectives on the basis of this evidence. Based on the modelling in this report, **as a minimum this should recognise a need for 1,100 homes per annum, with this sitting within the range of need set out above**. It is of note that this also closely aligns with the level of housing need the Council previously considered as justified and reasonable within the PDO (1,113 homes per annum).

The need for greater flexibility in the overall supply of land for new homes

- 7.14 The Council's identified housing supply places significant reliance on an embryonic city centre market and the delivery of large SUEs to the south of the urban area. It is considered that individually and collectively this carries a number of risks which present a strong likelihood that the PSLP will under-provide against the full quantum and range of housing needs evidenced.
- 7.15 It is a critical requirement of NPPF that Local Plans are deliverable¹⁰⁴ and drawn up sufficiently flexible to adapt to rapid change¹⁰⁵. The plan's soundness will be judged against these requirements.
- 7.16 An appropriate allowance for unforeseen circumstances or non-delivery of sites which might otherwise pass the 'developable' test should be included in the Council's calculation of realistic supply. Based on data from a range of market areas, MHCLG analysis has indicated that between 10 and 20% of planning permissions are not implemented whilst a further 15 to 20% are subject to revised application proposals resulting in delays to delivery.
- 7.17 The need for a flexibility allowance to account for under delivery is being pursued in a number of Local Plans within the wider region and is emerging as good practice to provide certainty that plans will be delivered. It is also supported by the Local Plans Expert Group.
- 7.18 Whilst the Council has recognised this general point and the resultant need for an increased level of flexibility to be written into the plan, the inclusion of a 10% uplift in the housing requirement to account for this is the minimum standard requirement. The context to the PSLP warrants a higher flexibility allowance of 20% to be included given the increased risk of under delivery given the makeup of the supply upon which the PSLP is reliant to deliver its housing requirements.

Implications for the planned provision of housing land within the PSLP

- 7.19 Policy DEV1 establishes the overall housing requirement for the Borough over the plan period. This should be amended to reflect the identified higher housing need (22,000 homes over the plan period) and a more reasonable flexibility allowance (20%). The result is a **requirement for land to be identified which is capable of deliver 26,400 residential units over the plan period**. This would require the additional identification of approximately 5,600 homes to be released from the Green Belt.
- 7.20 The analysis in this report has concluded that even where either the higher housing need calculation or the higher flexibility allowance are not both accepted, either would result in the need for the Council to provide for a higher housing requirement and as a result the need for a greater release of Green Belt. The individual components suggest, as a minimum, that the requirement must be elevated to 22,680 with this creating a need to release almost an additional 1,900 homes from the Green Belt.

¹⁰⁴ NPPF paragraph 16 and 35

¹⁰⁵ NPPF paragraph 11

- 7.21 Policy DEV1 also outlines how residential development will be distributed across the Borough, including the split between the main urban area of Warrington and each Outlying Settlement. This is itself informed by an appraisal of Spatial Options as presented in the Council's Development Options and Site Assessment Technical Report (March 2019).
- 7.22 The spatial distribution of development cannot be divorced from a consideration of the overall growth requirement, insofar as the PSLP strategy is based substantially around directing a critical mass of development (**in absolute rather than proportionate terms**) to Warrington to realise key objectives of the PSLP. The spatial distribution of housing across the Borough is effectively a by-product of this.
- 7.23 Accordingly, a change in the overall housing requirement of the Borough would warrant a reappraisal of Spatial Options as the relative sustainability performance of each option may be different in this context. This is subject to further consideration in Paper 3.

The need to identify additional safeguarded land

- 7.24 The PSLP does not seek to allocate safeguarded land to meet development needs beyond the plan period. Safeguarded designations are required by NPPF where necessary to meet longer term development needs 'well beyond the plan period'.¹⁰⁶ The overall objective of safeguarded land is to ensure Green Belt boundaries can endure (i.e. do not need to be subject to further alternation) beyond the plan period.
- 7.25 The economic growth which is sought by the Council will sustain housing needs at least at the level calculated within the plan period in the ten years following. This recognises that the absolute size of Warrington's economy and population will have increased. In identifying safeguarded land the Council must not double-count for any flexibility applied over the plan period. This is provided for to enable delivery at a higher level where it is required and it must be assumed that it is possible that it is used in its entirety.
- 7.26 Accordingly, there is a need for the PSLP to release additional sites from the Green Belt, which can cumulatively **provide up to 6,287 dwellings, to be allocated as safeguarded land in accordance with the requirements of NPPF**. Even based on the Council's approach, which Peel does not accept, and with only the post-plan period requirement adjusted to reflect a continuation of the plan period annual requirement, there would be a need to identify safeguarded land capable of delivering 2,847 dwellings.

Corrective actions required

- 7.27 Based on the evidence and analysis in this report, it is considered that the Council must undertake a number of corrective actions before the plan is adopted as sound:
- The Council must reconsider the evidence that has led to its marked downgrading of expected future employment growth, which underpins the

¹⁰⁶ NPPF paragraph 139c

updated calculation of housing need within the LHNA. An aligned re-assessment of housing need must then be undertaken, to provide an integrated and sound strategy for the provision of housing and employment land.

- The Council must acknowledge the risks associated with a large proportion of its proposed housing supply. In conceding the high degree of probability that these risks will translate into an under-delivery of housing over the plan period, the Council must make a more reasonable flexibility allowance. This will avert the prospect of housing acting as a barrier or constraint to the Council's achievement of its economic objectives and ambition.
- The Council must re-visit its conclusion with regards to safeguarded land and identify an appropriate amount of land to provide for needs beyond the plan period.
- In reflecting on the outcomes of this updated evidence base, the Council will need to re-appraise its spatial options to reflect clear evidence of a higher need for housing, which more closely aligns with that previously assessed through the PDO.

Appendix 1: AMION Consulting Economic Assessment and Critique

THE PEEL GROUP

REVIEW OF EVIDENCE IN SUPPORT OF IDENTIFIED HOUSING NEED

WARRINGTON PROPOSED SUBMISSION VERSION LOCAL PLAN

1. Introduction

This paper sets out the results of a review of the employment-based forecasts contained within the Local Housing Needs Assessment (LHNA)¹ and the Update to the Economic Development Needs Assessment (“EDNA Update”)². The scale of likely employment growth concluded in these evidence-based papers form a critical part of the supporting evidence informing the housing requirement proposed within the Warrington Proposed Submission Version Local Plan (“the PSLP”).

The focus of the review has been on whether the employment forecasts presented within the LHNA are sufficiently reflective of recent trends and the future potential of the borough, recognising the Council’s stated growth objectives.

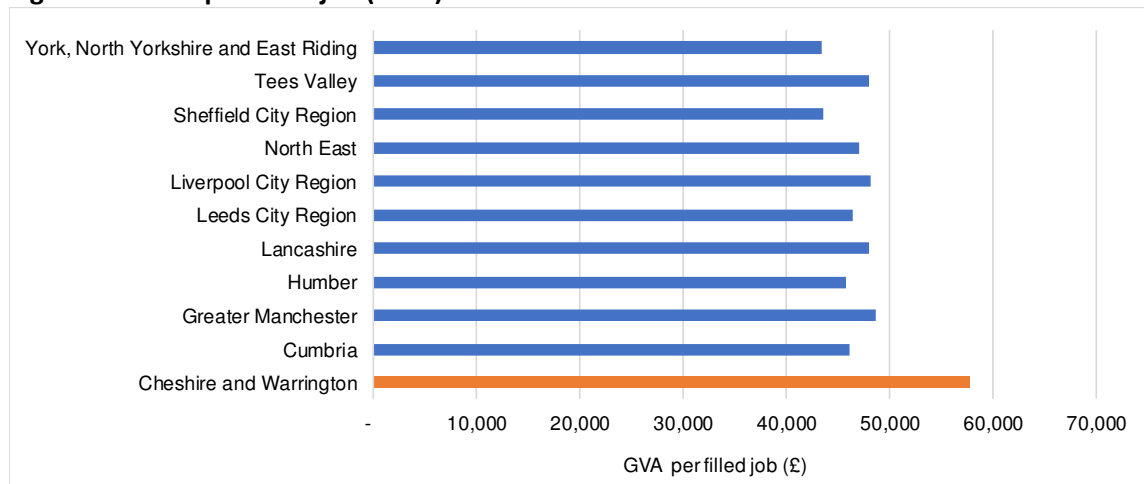
The review has been based on detailed consideration of the economic evidence presented in the Council’s updated evidence base and an assessment of the Warrington economy in terms of historic and potential future growth, taking into account key development opportunities.

2. Warrington’s economic success story

Based on core measures of performance, Warrington ranks as one of the strongest local economies in the North of England. The borough’s employment rate, resident earnings and job density are all well above the regional and national averages. Moreover, Warrington benefits from having one of the highest levels of productivity across the North – in 2016, the average Gross Value Added (GVA) per job in Warrington was £49,004 compared with, for example, £46,442 for Liverpool.³

At a wider level, Cheshire and Warrington Local Enterprise Partnership (CWLEP) has the highest level of productivity outside London and the South East, with an average GVA per job comparable to Oxfordshire LEP. As shown in Figure 2.1, productivity within the CWLEP is significantly higher than within the other northern LEP areas.

Figure 2.1: GVA per filled job (2017)



Source: ONS Subregional Productivity

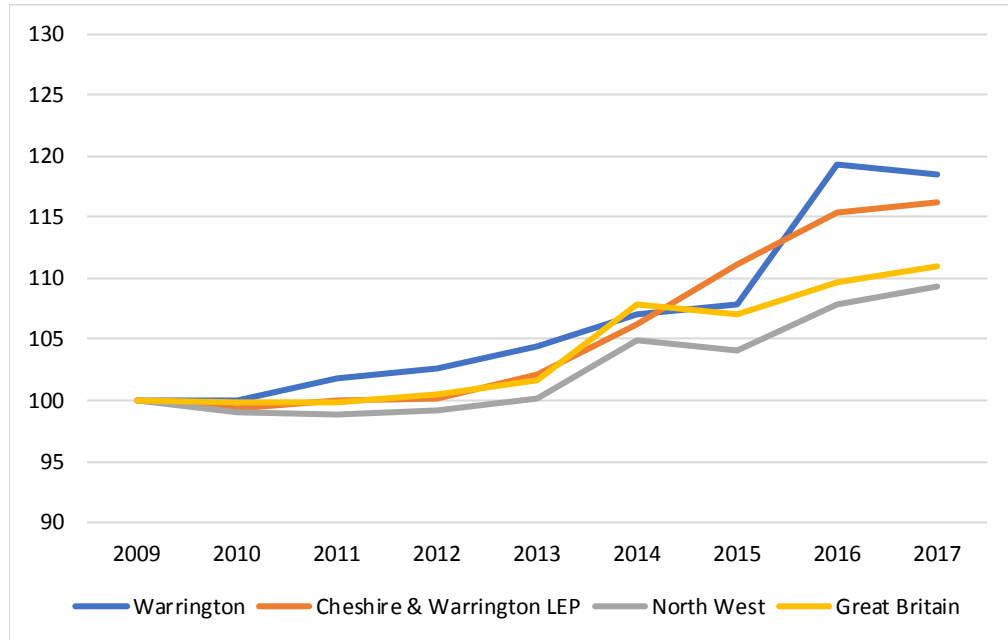
¹ Local Housing Needs Assessment, March 2019, GL Hearn

² Economic Development Needs Assessment Update, February 2019, BE Group

³ ONS Subregional Productivity (release date: 6th February 2018)

The borough has also seen an impressive and sustained level of employment growth. The scale of this growth over recent years is clearly demonstrated in Figure 2.2.

Figure 2.2: Indexed change in employment (2009-2017)



Source: ONS Business Register and Employment Survey⁴

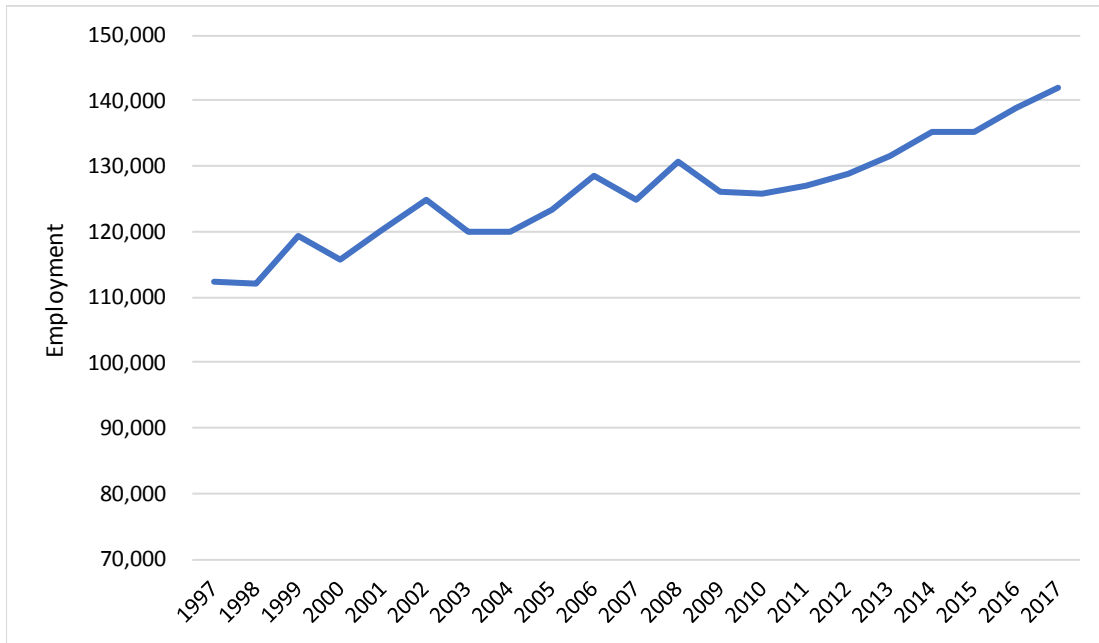
Due to a change in the coverage of the ONS Business Register and Employment Survey (BRES), figures prior to 2015 cannot be directly compared to figures from 2015 onwards. However, it is still clear that there has been ongoing strong growth in employment within Warrington, particularly relative to the wider North West region. Between 2009 and 2015, employment in the borough increased by 7% (an average of 1,333 jobs per annum) compared to growth of 4% for the North West. There has also been a significant increase in employment recorded within Warrington over the two years from 2015 to 2017.

Over the longer-term, the economy of Warrington has seen periods of slower growth, including around the 2008 recession. However, as shown in Figure 2.3 below, the general trend has evidently been upwards. This longer term picture provides an important context in reinforcing the health and resilience of Warrington’s economy.

It is apparent that it has successfully sustained a trend of long-term growth through a number of economic cycles going back over 20 years. Reflecting upon this long-term historical employment growth, it is reasonable to expect that – even taking into account potential future economic downturns and external factors such as Brexit – over the plan period as a whole the borough would be expected to continue to experience high levels of jobs growth relative to other areas.

⁴ As of January 2016, the coverage of the ONS Standard Business Survey Population was extended to include a population of solely Pay As You Earn (PAYE)-based businesses. Due to this increase in coverage, care needs to be taken in directly comparing figures prior to 2015 with figures from 2015 onwards, as the employment estimates prior to 2015 do not include PAYE-only businesses.

Figure 2.3: Long-term employment growth in Warrington (1997-2017)



Source: Oxford Economics

In no small part, this growth reflects the take-up of large employment sites which have been allocated in previous planning strategies. An obvious example of such an approach is the success of the Omega site. This was identified as a strategic employment site under the previous regional spatial strategy plans and has in recent years transformed from an open field to the logistics and manufacturing hub of the north. This rapid development story has been assisted by a strong logistics market that has been attracted by the locational advantages of the site. Council cited figures estimate that the development of Omega has created over 5,000 new jobs.

Other key employment sites such as the Birchwood Business Park have seen more incremental growth building on the foundations of rapid growth in earlier years. This has been supported by transport infrastructure investment to remain a prime business space location.

The demand for new commercial and business space on sites such as Omega reflects the strong locational advantages that Warrington enjoys. As the *‘Warrington Means Business’* strategy acknowledges, the borough sits at the heart of the Northern Powerhouse, being midway between the Liverpool and Manchester conurbations and at the heart of the North West’s transport network. The borough also benefits from its close proximity to the dynamic economies of Cheshire East and Cheshire West and Chester which lie to the south.

The borough also demonstrates important advantages in terms of its residential labour force. An estimated 40.5% of Warrington residents aged 16-64 have a further or higher education degree (NVQ4+), compared to the North West average of 35.5%.⁵ It is also of note that of the three authorities in the LEP area, Warrington’s younger residents (20 – 29) are most likely to have university or further education degrees, suggesting that the borough is succeeding in capturing young university graduates from Manchester.⁶

Importantly, with regard to residents currently living within the borough, there is a high proportion (48.4%) of residents employed in a managerial, professional or associate professional occupation, a

⁵ ONS annual population survey

⁶ Metro Dynamics (2017) ‘Cheshire and Warrington LEP – Economic and Resident Baseline’

level which exceeds the national (46.4%) and regional (43.8%) averages.⁷ This profile of skills and occupations is reflected in a notably high employment rate (76.0%) which is higher than the equivalent national (75.1%) and regional (73.8%) rates.⁸

3. Review of baseline forecasts

3.1 EDNA Update baseline forecasts

As part of the update to the EDNA, a set of revised baseline Oxford Economics (OE) forecasts are presented, dated January 2018. These forecasts project employment growth within Warrington of approximately 12,700 jobs between 2017 and 2037 (635 jobs per annum). This compares to the 2016 OE forecasts that formed part of the March 2018 SHELMA, which forecast growth over the same period of 18,400 jobs (921 jobs per annum). As noted within the LHNA, this represents a 31% reduction in anticipated baseline growth.

Table 3.1: Comparison of OE forecasts for Warrington					
	2017	2025	2037	Change	Change per annum
OE 2016	137,600	146,700	156,100	18,400	921
OE 2018	142,200	150,100	154,900	12,700	635

Source: EDNA Update, LHMA

Whilst acknowledging the reduction in baseline growth over the plan period suggested by the OE forecasts, the EDNA Update also highlights the limitations of such forecasts in providing an accurate basis upon which to model future growth. Specifically, the points emphasised within the EDNA Update are that:

- *‘The results are indicative rather than exact. While econometric modelling is carried out using the best available economic data, the results are an indication of what is likely to happen, and they may of course vary dependent on unexpected events. Brexit is an example of this and the current uncertainty on the form of Brexit and its economic impact.*
- *The longer term the data, more variation away from the forecast is likely.*
- *There can be significant differences in the outcomes predicted by different companies. Typically, forecasters start with their assumptions based on the national growth position and break it down to a local level using a range of assumptions. Clearly the headline growth expectations and the assumptions will differ.⁹*

The EDNA Update also notes that ‘since 2016, Oxford Economics have increased their estimate of employment growth for recent years (2015-17) and expect this stronger predicted employment growth to continue to 2025’.¹⁰ The reduced level of baseline job growth compared to the iteration presented within the 2018 SHELMA is driven mainly by slower forecast growth post 2025. However, as referenced above the Council’s evidence concedes that the further forecasts are into the future, the more inherently uncertain they become.

The 2018 OE forecasts are also to an extent at odds with recent BRES data, which shows increasing levels of employment growth. A reduction in forecast growth may therefore be due more to the forecasting houses perceived possible constraints to national growth, such as increased uncertainty

⁷ ONS annual population survey

⁸ ONS annual population survey

⁹ Update to the Economic Development Needs Assessment, BE Group / Mickledore, February 2019, paragraph 6.30

¹⁰ Update to the Economic Development Needs Assessment, BE Group / Mickledore, February 2019, paragraph 6.32

over the impact of Brexit, rather than specific local factors. They are ‘top down’ rather than ‘bottom up’ and therefore in contrast to the ‘policy-on’ forecasts produced, for example, to inform the SEP, and do not take specific account of local insights or expectations around the growth potential of individual sectors. This reflects a limitation of baseline forecasts such as these, which are largely based on national and regional trends and do not always accurately reflect local economic activity. This is an issue which was recognised within the Council’s previous evidence base and is important to recognise when comparing ‘baseline’ forecasts with separately produced ‘policy on’ scenarios.¹¹

Analysing the forecasts in more detail at the sector level shows that the latest OE forecast suggests a more muted level of job growth for a number of sectors (see Table 3.2), including financial and business services (1,800 fewer jobs forecast), construction (1,100 fewer jobs) and other services (900 fewer jobs). This downgrading of the growth potential of these sectors contrasts markedly with recent BRES data for Warrington that shows a significant increase in the level of employment within the professional services sector. It is also of note that the financial and business services sector is highlighted as a key sector strength in Cheshire and Warrington.

Table 3.2: Comparison of OE forecasts for Warrington by sector

	OE 2016 (2016-37)	OE 2018 (2017-37)
Agriculture, etc.	-100	-100
Mining and quarrying	-	-
Manufacturing	-1,900	-2,200
Electricity, gas and water	-500	-500
Construction	3,300	2,200
Distribution	2,000	1,000
Transport and storage	600	-100
Accommodation and food services	1,200	900
Information and communication	1,200	500
Financial and business services	11,100	9,300
Government services	800	600
Other services	2,000	1,100
Total	19,700	12,700

Source: EDNA Update, EDNA 2016

It is apparent that another sector contributing to the downgrading of growth is the logistics sector. The transport and storage sector notably switches from a projected growth within the 2016 OE forecasts compared a decline within the 2018 OE forecasts. The distribution sector is also projected to create a 1,000 fewer jobs in the 2018 forecast.

However, at a local level in the short-term the logistics sector in Warrington continues to expand. Royal Mail has recently agreed a pre-let for a 346,000 sqft unit at the next phase of Omega Warrington, which based on current employment densities could alone create an additional 500 jobs. This local investment and strong growth credentials in logistics would appear to be at odds with the latest baseline forecast.

More generally, it is of note that the economic credentials of Warrington, reflected upon already in this paper, means that it should be well placed to benefit from future technological and demographic changes when compared with other areas, particularly across parts of the North. The

¹¹ BE group / Mickledore (October 2016) Economic Development Needs Study (EDNS), p.137, paragraph 8.2.

Centre for Cities 2018 annual health check highlighted that *‘those cities that currently have a larger share of high-skilled private sector jobs that are likely to grow are also likely to be more insulated from job declines’*¹². Within the report, Warrington ranks as having the 6th highest proportion of highly skilled private sector jobs projected to grow between now and 2030, out of 63 cities (the only city in the north of England ranked in the top ten). Furthermore, it is also ranked 16th in terms of the proportion of private knowledge intensive business services, which again is identified as a factor that is expected to reduce the risk of future job losses.

The main area of OE forecast employment decline for Warrington remains the manufacturing sector. The reduction in manufacturing employment is not unreasonable given long-term historic trends at a national and regional level. However, there is the potential that the OE forecast for continued decline in this sector locally could be overstated, with little evidence provided as to why the latest forecast suggests a bleaker future for the sector locally. Historic data for Warrington suggests that employment in manufacturing has remained relatively steady in recent years. In addition, the sector is seen as a key strength for Cheshire and Warrington, as identified within the LEP’s Strategic Economic Plan, which highlights the manufacturing and advanced engineering sector as being the cornerstone of the Cheshire and Warrington economy.

Similar concerns regarding the accuracy of the OE forecasts are raised by the BE Group as part of the EDNA update. In particular, the BE Group highlights the strong ongoing demand for B8 and B2 uses even in the context of Brexit, stating that *‘Warrington is clearly not likely to lose jobs in these sectors’*. The EDNA also recognises that manufacturing and office growth estimates are based on regional performance and do not take account of local conditions. In addition, in relation to the assumptions that the national economy is close to the peak of the current economic cycle and that a recession is likely in the next decade which underpin the reduced forecast growth, the EDNA concludes that *‘clearly there can be no certainty about either prediction’*¹³.

The uncertainty associated with the baseline forecast presented in the EDNA Update and LHNA is underlined by the variance between the 2016 and 2018 OE forecasts, both at a sector level and for the Warrington economy as a whole. The uncertainty associated with the preparation of ‘off the shelf’ forecasts, illustrated by the scale of variance, is not given adequate consideration in the decision taken by the LHNA to simply advocate the direct replacement of the previous dataset with the updated one. It is of note, in this context, that in reflecting on the extent to which the OE forecasts have changed between May 2016 and January 2018, a period of approximately 18 months, that a period of this length has almost progressed again whilst the documents have been prepared. There is every reason, on the basis of the application of the same logic presented in the Council’s evidence base that the more recent revised baseline OE forecasts set out in the EDNA Update can themselves be considered to be out of date.

As part of the review of the approach taken by the Council, forecasts produced by Experian for Warrington in December 2017 (the closest comparable date to the updated OE forecasts noting that Experian publish on a quarterly basis) and in March 2019 have been analysed. As shown in Table 3.3, between December 2017 and March 2019, the Experian forecasts for Warrington have changed markedly, with the more up-to-date forecasts predicting growth to be 3,900 jobs higher than the earlier forecasts. The variance in the Experian forecasts, and indeed the forecasts presented in the LHNA, highlights the risks associated with determining a reasonable level of baseline growth using a single set of forecasts, particularly at a local level.

This further brings into question the appropriateness or the justification for the decision taken in the LHNA to apply a simplistic and significant reduction in jobs growth on the basis of a single updated

¹² Centre for Cities (2018) Cities Outlook 2018, p.23

¹³ BE group / Micklethorpe (February 2019) Economic Development Needs Assessment Update, pp.149-151, paragraph 7.44.

baseline economic forecast from OE that was itself produced over 12 months ago. This is particularly the case where it is recognised that this has a direct impact on the conclusion that the housing needs facing the borough have reduced, with this forming a key element of the proposed reduction to the housing requirement in the draft Local Plan.

Table 3.3: Comparison of Experian forecasts for Warrington

	2017	2037	Change	Change per annum
Experian (Dec 17)	141,300	153,400	12,100	605
Experian (Mar 19)	146,500	162,500	16,000	800

Source: Experian

3.2 Analysis of past trends

Baseline forecasts such as OE’s are susceptible to limitations in not fully addressing the local level position, particularly in the context of a period of comparatively uncertain economic future at a national level. Consequently, the consideration of past long-term trends at the local level can be particularly useful. Whilst equally it is recognised that the past is not necessarily a full predictor of the future, it provides a very useful means of validating forecasting at a local level, enabling specific local characteristics of the economy to be reflected upon.

The LHNA incorporates an analysis of past employment trends, looking specifically at the periods 1997-2008 and 1998-2010 ‘in order to avoid using any period of high or low growth which could skew the projections’.¹⁴ The employment trends from these two periods are extrapolated to provide projections of employment growth between 2017 and 2037. As shown in Table 3.4, the change per annum in employment based on both of these periods suggests a markedly stronger growth than the baseline OE forecasts.

Table 3.4: LHMA trend-based projections – Warrington

	2017	2037	CAGR	Change	Change per annum
1997 - 2008 Trends (peak to peak)	142,231	185,724	1.3%	43,493	2,175
1998 - 2010 Trends (trough to trough)	142,231	171,547	0.9%	29,316	1,466

Source: LHMA

The trend-based projections are discounted in the LHNA on the basis that the 1997-2010 period was one of very strong economic growth nationally, underpinned by the expansion of the digital economy, internet shopping and the growth of the public sector. The LHNA also implies that local growth may have been skewed by significant investment in, for example, Birchwood Park and the University Campus, while highlighting the future risks to the economy at both the national and global level.

In reflecting first on the national historic economic context it is important to recognise that the 1997-2010 period used in the LHNA as the basis for the trend-based projections was not one of unbroken growth, including as it does the 2008 global financial crisis and subsequent UK recession, which is considered by many to be the most serious financial downturn since the Great Depression. As such, it is inaccurate to present this as a period of unrepresentatively strong growth.

¹⁴ Local Housing Needs Assessment, March 2019, GL Hearn, p.12, paragraph 3.14

Equally it is not considered that the LHNA presents sufficient justification to dismiss the relevance of the significant past employment growth achieved in Warrington, particularly where it is appreciated that the Council’s economic strategies and plans aim to replicate and build on this positive economic story. Figure 2.3, for example, demonstrates that in broad terms Warrington has maintained an overall trajectory of growth even through a period, back to 1997, which as noted above has included a number of periods where the wider economy has been under stress. Reflecting on the impact of the most recent UK recession, Figure 2.3 also points to Warrington having outperformed the UK and regional averages in terms of employment growth over recent years.

As described in the following section, there continues to be a range of major development opportunities within Warrington that are expected to drive future growth, reflecting the Council’s continuing growth ambitions and plans. It is also important to note that the LHNA’s dismissal of past employment trends as being of relevance to future growth contrasts directly with the recommendation within the EDNA Update *‘that Warrington Borough Council use the roll forward of historic take-up as the main measure of Warrington’s future land need for the period up to 2037’*¹⁵.

For the purposes of this review and reflecting the relevance of past trends, a separate analysis of historic employment growth has been undertaken covering the period 1997 to 2017. It is recognised that such trends should not be viewed as a simple direct predictor of future performance. However, they should form an important part of understanding the reasonableness of a forecasting of future job growth and, in the case of Warrington, highlight the sustained success of its local economy, which as referenced above has performed strongly in comparison with UK and regional averages over recent years. Such strong performance is less likely to be fully captured and reflected in baseline economic forecasts, noting references above to the method applied to derive them and specifically their ‘top down’ basis.

Table 3.5 summaries the average change per annum in employment over a number of periods within the last 20 years. As well as looking at both 10 and 20 year trends, the analysis has sought to mirror the approach adopted in the LHNA of assessing employment growth over periods that can be characterised as peak to peak and trough to trough.

Table 3.5: Historic employment growth				
	1997-2017	2007-2017	1998-2015 (trough to trough)	1999-2017 (peak to peak)
Change per annum	1,485	1,712	1,360	1,256

Source: Oxford Economics, AMION Consulting

It can be seen from the analysis of past trends that the average rate of historic employment growth in Warrington substantially exceeds the baseline growth set out in the LHNA. For example, the period 1998 to 2015 saw average yearly growth of 1,360 jobs, whereas in the 10-years between 2007 and 2017 the average growth was 1,712 jobs per annum. Within more recent years, this rate of growth has accelerated, with the average annual growth between 2012 and 2017 being 2,652 jobs per annum according OE data.

This longer-term picture provides an important context in reinforcing the health and resilience of Warrington’s economy. It is apparent that it has successfully sustained a trend of long-term growth through a number of economic cycles going back over 20 years. Reflecting upon this historical employment growth, it is reasonable to expect that – even taking into account potential future economic downturns and external factors such as Brexit – over the plan period as a whole the borough would be expected to continue to sustain relatively high levels of jobs growth. This challenges again the reliance the Council places on a single economic forecast which, in contrast to

¹⁵ BE group / Mickledore (February 2019) Economic Development Needs Assessment Update, p.159, paragraph 8.6.

earlier and more recent forecasts, suggests a markedly more muted economic future for Warrington.

4. Review of policy-on scenario

4.1 EDNA policy-on scenarios

Recognising the limitations associated with the baseline OE forecasts and the economic strengths of the borough, the EDNA Update sets out two policy-on sensitivity scenarios. It is agreed that such an approach is, in principle, both reasonable and necessary, with this reinforced by the preceding analysis in this paper.

The first sensitivity scenario which the Council’s evidence presents is based on the 2017 SEP target. This identified that by 2040 Cheshire and Warrington will generate an additional 120,000 jobs across the LEP area (Cheshire East / Cheshire West and Chester / Warrington), with BE Group allocating a proportion of this growth to Warrington based on the current split of employment across the sub-region. This suggests that the Warrington economy will grow by some 28,000 jobs. The second scenario which is advanced is driven off the devolution deal target growth for Warrington of 31,000 jobs, but with a marked downwards adjustment, purported to take account of the lower 2018 OE baseline forecasts, to just over 19,000 jobs.

The results of the two policy-on scenarios are shown in Table 4.1. The two ‘policy-on’ forecasts both suggest that Warrington’s economy will grow at a more significant level than that put forward in the more recent OE baseline forecast (12,700 jobs), representing growth which is at least 50% stronger. Sensitivity Test One evidently presents a markedly more positive economic growth forecast for Warrington than Sensitivity Test Two, indeed over the plan period the difference is some 8,885 jobs. It is worth noting that within the EDNA Update itself, the reported difference between the first sensitivity scenario (Sensitivity Test One) and the OE baseline is 10,405 jobs. However, it is not clear how this figure has been derived because growth of 27,965 jobs to 2037 would represent an increase of 15,265 jobs over and above the 2018 OE baseline forecasts for Warrington.

Table 4.1: Policy-on scenarios		
	Change (2017-37)	Change per annum
Sensitivity Test One – SEP	27,965	1,398
Sensitivity Test Two – Variation on the SEP	19,080	954

Source: EDNA Update

As part of the review of the EDNA Update, the reasonableness of the LEP target to create 120,000 jobs by 2040 and the resulting potential impact at the Warrington level has been considered. Given the opportunities associated with existing and identified future employment land (as discussed further below) and planned ongoing significant investment, there remains compelling evidence to support a policy-on scenario in line with the LEP and devolution deal targets.

Previous studies undertaken by or on behalf of the Council and the LEP¹⁶ identified that Warrington’s economy could grow by in the order of 30,000 jobs, recognising its historic performance, growth credentials and planned investments. Consideration has been given to the scale of jobs growth that could be achieved through key investment projects within Warrington. Projects where information is available in terms of expected employment impact include the following:

- Stadium Quarter Phase 1 – anticipated generation of 4,000 net additional jobs;
- Time Square – potential for 400 new jobs reported;

¹⁶ Metro Dynamics (2017) ‘Review of Warrington Employment Targets to 2040: A report to Cheshire and Warrington LEP’

- Warrington East Phase 2 – 78 net additional jobs with further positive job generation impacts for Birchwood (1,700 extra jobs linked to phases 2 – 4);
- M62 Junction 8 – potential to support 9,000 new jobs across local business parks (e.g. Omega / Lingley Mere);
- Warrington West Station – also intended to support additional job growth on Omega with reference made to unlocking a further 12,000 jobs;
- Port Warrington – circa 400 additional jobs generated; and
- Western Link – investment intended to bring forward 5 employment sites which could support circa 370 net additional jobs.

The review confirms that there is a broad range of fully and partially funded major investments that would be expected to sustain growth in employment within the borough over the next 10 years. A number of these projects have continued to progress and/or have been completed but their employment impact has not yet been reflected in published employment statistics. This provides further confidence that the uplift envisaged in the Council's SEP policy-on scenario (Sensitivity Test One) and the original devolution deal target prior to adjustment (underpinning Sensitivity Test Two) remains eminently achievable.

The nature of the interventions identified by the Council also provide the basis for sustained long-term economic growth, with many of the projects seeking to deliver major infrastructural improvements or provide new housing to support the growth of the local labour market. While such schemes may not have significant direct employment impacts, they will help to alleviate the main potential constraints to future employment growth within Warrington, namely ageing infrastructure that is already at capacity and a tightening labour market.

The opportunity to build on existing strengths in the economy by alleviating potential constraints is reflected in the Council's SEP policy-on scenario being broadly in line with historic employment growth. In contrast the EDNA Update scenario which presents a variation on the SEP (Sensitivity Test Two) results in average annual growth well below the levels of growth achieved in Warrington over the last 20 years.

In addition to the strong evidence that there has been no significant downgrading of planned investment or an updated assessment as to the positive impact it will have, it is also important to note that the robustness of the method used to derive Sensitivity Test Two does not stand up to scrutiny. In particular, the use of the 2018 OE baseline forecasts to deflate the devolution deal target of 31,000 new jobs in Warrington by 2040 is not logically consistent. Firstly, there is no evidence that the devolution deal target was based on the 2016 OE baseline forecasts. Therefore, it is not appropriate to reduce this target purely on the basis that the 2018 OE baseline forecasts indicate a lower level of growth. Secondly, as discussed above, the scenario is based on forecasts from January 2018 that can now longer be advanced as up-to-date, recognising the logic of the Council's own evidence base that they reflect uncertain economic times. Thirdly, the March 2019 Experian forecasts suggest that the economic outlook for Warrington has improved, supported by the borough's strong recent performance. Were such an approach grafted onto these forecasts the outcome would be a level of job growth which was notably higher and much more closely aligned with that previously considered to be reasonable by the Council.

Finally, in addition to the above, given the concerns raised by the BE Group within the EDNA Update regarding the accuracy of the OE forecasts, and that the policy-on scenarios are developed to address these concerns, it is not considered appropriate for one of the scenarios to then be driven to a large extent by the reduced level of growth identified within the OE baseline forecasts.

It is of note that the LHNA only tests the outcomes of the lower Sensitivity Test Two scenario, with no consideration as to the need for housing associated with the other variant, despite the EDNA Update not providing a convincing or compelling reason why one should be preferred over the other. On the basis of the critique and evidence presented above such an approach lacks credibility and is not justified.

4.2 *Aligning with planned provision for employment land*

As part of the Employment Land Needs Study for St Helens Borough Council, the same authors of the EDNA Update sought to provide an estimate of future jobs growth taking into account potential job capacities at key employment sites. It is noted that no such exercise has been carried out as part of the Warrington Local Plan evidence base. Noting similarities to the economic outlook of the two plans and their recognised shared housing market and functional economic market relationships this is surprising given previous emphasis being placed on having an aligned evidence base across the area. The divergence in approach between housing and employment land policies in the updated evidence alongside the PSLP is considered to be a weakness.

AMION acknowledges that such an approach is not without certain limitations. However, understanding the potential scale of employment that could be associated with the planned provision of employment land provides another useful comparator against which to consider the appropriateness of forecasts for the borough.

A high-level comparative analysis has been undertaken for the purposes of this review paper, drawing from the major development areas and site allocations identified within the Local Plan, along with the employment sites schedule produced by the BE Group and Mickledore. In addition, reference has been made to documents supporting representations for the allocated employment sites, including planning and economic reports. This 'supply-led' approach has involved the following stages in calculating the scale of employment that could be reasonably associated with the identified land being delivered over the plan period:

- **Gross employment impact** – for each of the existing and allocated employment sites, an estimate has been made of the likely level of gross jobs supported on-site. This has been based on site-specific economic impact assessments, where available, or employment density benchmarks from the Homes and Communities Agency's (now Homes England) Employment Density Guide (Third Edition, 2015);
- **Net additional impact** – an adjustment has then been made for displacement and multiplier effects, taking into account current market information and reflecting standard benchmarks from the Homes and Communities Agency's Additionality Guide (Fourth Edition, 2014);
- **Non-B Class employment** – the job estimates from the existing and allocated employment sites only include B Class type jobs. Therefore, consideration has been given to other (non-B class) employment. This has been undertaken in line with the BE Group approach adopted for St Helens, with the baseline OE forecasts disaggregated in accordance with the employment land demand modelling assumptions used in the EDNA Update.
- **Total net additional impact** – the non-B Class employment growth suggested by the 2018 OE baseline forecasts has been added to the B Class employment growth associated with the existing and allocated employment sites to provide an estimate of total employment growth between 2017 and 2037.

It should be recognised that the above approach does not take into account the full planned provision of employment land. For example, the jobs growth associated with the provision of 31.46 hectares as part of the Town Centre and Waterfront Masterplan has not been specifically accounted for. Nevertheless, it provides a good means of comparison. It should also be noted that the

approach assumes that the existing sites and major allocated employment land will all be delivered by 2037.

Two scenarios have been modelled, with differing assumptions in terms of levels of potential displacement. In terms of B8 development, it is anticipated that displacement will be low. There continues to be strong local growth in the logistics market, as evidenced in the 2018 Annual Property Review for Warrington.¹⁷ More widely, demand for logistics space across most regions continues to be resilient, with above average and record take-up levels.¹⁸ There is also a reported intensifying shortage of supply of XL warehouses (units over 400,000 sqft).¹⁹ A displacement rate of between 10% and 25% has therefore been assumed for B8 related employment.

Given the more localised nature of markets for office and manufacturing accommodation, it is expected that displacement at the Warrington level would be higher for these uses. Displacement benchmarks for physical development projects are around 40% at the sub-regional level.²⁰ However, to reflect the likelihood that a proportion of the new space will be taken up by existing local businesses, displacement rates of between 40% and 50% for B2 employment and 40% and 75% for B1 employment have been assumed.

The analysis suggests employment growth over the plan period of between 21,126 and 29,733 jobs, which equates to an average growth rate of 1,056 to 1,487 jobs per annum. This is slightly above the range of growth identified by the policy-on scenarios presented within the EDNA Update (954 to 1,398 jobs per annum).

Table 4.2: Employment land growth scenarios		
	Change (2017-37)	Change per annum
High additionality scenario	29,733	1,487
Low additionality scenario	21,126	1,056

Source: EDNA Update

In addition to the development of key employment sites, it is also important to note that there are a number of infrastructure schemes underway or proposed for Warrington that will have a catalytic effect, supporting the continued success of the local economy and promoting further development and investment. Taking into account this point, and the previous point that not all employment land is accounted for, the employment growth scenarios identified in Table 4.2 should not be seen as representing a ‘maximum level of growth’.

In addition, projects such as Western Link, the station developments and the expansion of Port Warrington will also help to increase business efficiency through time savings and improved reliability for business travellers, freight and logistics operations. The improvements to the transport network, along with the provision of new housing, will support the growth of clusters and agglomerations of economic activity by expanding labour market catchments and facilitating business-to-business interactions. There will also be benefits in terms of opening up access to new markets and suppliers. Such impacts would be expected to lead to greater levels of job generation.

Beyond specific major interventions within Warrington, the location of the borough midway between Liverpool and Manchester and at the heart of the region’s transport network mean that it is ideally placed to benefit from wider City Region investment strategies and the ambitions outlined within the Northern Powerhouse strategy. Its existing business base and sector strengths, access to a highly qualified workforce and locational advantages also put the borough in a strong position to

¹⁷ Warrington and Co. (2018), Warrington Annual Property Review 2018

¹⁸ Savills (2018), Big Shed Briefing

¹⁹ Cushman & Wakefield (2018), UK logistics and Industrial Market Outlook

²⁰ HCA (2014), Additionality Guide, Fourth Edition



take advantage of the renewed focus on creating a more resilient and productive national economy, as outlined within the UK's Industrial Strategy.

5. Conclusion – an alternative economic forecast

This review indicates that there is a clear and compelling need to assume a stronger level of job growth than the OE baseline forecasts suggest. The use of a single, somewhat outdated, jobs forecast which departs from previous evidence and historic trends is considered to be inappropriate. The Council itself acknowledges the limitations of such forecasts and the difficulty they present in accurately reflecting local economic factors. Warrington has continued to demonstrate strong levels of growth, with a continued pipeline of major investment projects that would be expected to sustain the borough’s strong economic performance.

The Council’s approach to developing a policy-on forecast is, in principle, reasonable and appropriate. However, the integration of the updated OE forecasts is considered to be misplaced. Thus, while the LHNA sets out a policy-on scenario, recognising Warrington’s continued growth potential, this in part reflects the lower 2018 OE baseline forecasts. It is not considered that this is an appropriate adjustment, given the volatility of the forecasts and that more up-to-date Experian baseline forecasts show increased growth. In addition, the reduced baseline does not provide a sufficient justification to lower the growth ambitions identified in the devolution deal.

The alternative policy-on scenario (Sensitivity Test One – SEP) presented in the EDNA Update, but not in the LHNA, is considered to more accurately reflect the potential future employment growth in the borough. Indeed, this scenario is broadly in line with the upper-end historic growth rates when looking at trough-to-trough and peak-to-peak trends and within the upper end of the range of employment growth suggested by an analysis of planned provision for employment land.

On balance, however, and reflecting the risks in delivery of investment and/or land being developed, it is considered that a reasonable policy-on forecast would be an amalgamation of the two policy-on scenarios presented within the EDNA Update. Therefore, for the purposes of this review, a scenario has been modelled which assumes growth rates consistent with the lower growth EDNA Update policy-on scenario up to 2025. Growth thereafter is profiled in order to be sufficient to achieve an overall increase in employment over the plan period that is a mid-point between the two EDNA Update policy-on scenarios. The results of this forecast scenario are shown in Table 5.1, with the average growth in employment projected to be 1,176 jobs per annum, representing an increase of some 23,500 jobs over the plan period. This suggests a level of job growth which is slightly lower than the peak-to-peak growth between 1999 and 2017 that can be seen as a reasonable period of more muted growth in Warrington. It also represents a level of job growth slightly above the low additionality scenario when analysis of employment land is undertaken.

Table 5.1: Alternative growth scenario				
	2017	2037	Change	Change per annum
Growth scenario	142,200	165,700	23,500	1,176

Source: AMION Consulting

Appendix 2: Demographic Modelling Assumptions

To inform the analysis in this report, Edge Analytics has configured a demographic cohort model using the industry-standard POPGROUP suite of software. Scenarios have been developed to explore:

- (a) The population and housing growth that would be required to support the creation of **19,080 jobs** over the plan period, aligning with the “policy-on” scenario referenced in the LHNA but applying alternative assumptions on labour force behaviour that are detailed below. AMION Consulting has estimated the profile of employment creation on an annual basis, noting that this is omitted from the Council’s evidence base; and
- (b) The population and housing growth that would be required to support the creation of **23,500 jobs** over the plan period, based on the conclusions of AMION Consulting.

In developing these scenarios, the following assumptions have been applied:

- The population at the start of the plan period (2017) is based on the official mid-year estimate produced by the Office for National Statistics (ONS), with earlier population estimates also integrated within the model;
- Age-specific fertility and mortality assumptions are derived from the 2016-based sub-national population projections (SNPP) under each scenario;
- From 2017 onwards, population changes to the extent that is required to support the specified level of annual employment growth. A higher level of net internal migration is assumed to occur if there is insufficient population and resident labour force within the model to meet the forecast change in employment in a given year. The model therefore makes its own assumptions on *internal* migration flows into and out of Warrington;
- The profile of internal and international migrants aligns with that suggested by the 2016-based sub-national population projections (SNPP) under each scenario, with the assumed count of future international migrants to and from Warrington also taken from this projection;
- The age- and gender-specific economic activity rates recorded in Warrington by the 2011 Census have initially been applied, but the latest rates for those aged 16 to 89 have been adjusted to reflect the latest national forecasts produced by the Office for Budget Responsibility¹⁰⁷. This departs from the approach taken in the LHNA, as explained in section 3 of this report;
- There is assumed to be no change from the commuting ratio of 0.88 that was recorded by the 2011 Census, implying that Warrington continues to import labour. This is consistent with the LHNA (paragraph 3.37);

¹⁰⁷ Office for Budget Responsibility (July 2018) Fiscal Sustainability Report

- The unemployment rate is assumed to remain fixed at its 2017 level (3.7%) throughout the plan period. This slightly differs from the approach taken in the LHNA, which fixes the *number* of unemployed people from 2017 onwards and as a result assumes a modest reduction in the unemployment *rate*. The LHNA does not provide a rationale for this approach, noting that ‘rates’ have been fixed in relation to other labour-force assumptions;
- A fixed proportion of employed people are assumed to occupy more than one job (‘double jobbing’), based on the long-term average of 3.1% recorded in Warrington by the Annual Population Survey. This aligns with the assumption made in the LHNA (paragraph 3.41);
- The population is initially converted to households through the application of official 2014-based headship rates, although these rates are adjusted to facilitate a full return to the higher rates of younger household formation recorded in Warrington in 2001 where this is not already assumed. This is considered to represent a positive response to historic affordability issues, recognising the negative trend that is implicit in the official projections; and
- Households have been converted to dwellings by applying a vacancy rate of 3.2%, derived from the 2011 Census for Warrington.

Appendix 3: Town Centre Delivery Critique

Paragraph 59 of the revised NPPF reaffirms the government's commitment to significantly boosting the supply of homes. Paragraph 67 requires that LPA's should identify a supply of:

- specific, deliverable sites for years one to five of the plan period; and
- specific, developable sites or broad locations for growth, for years 6-10 and, where possible, for years 11-15 of the plan.

Paragraph 73 requires strategic policies to *"include a trajectory illustrating the expected rate of housing delivery over the plan period, and all plans should consider whether it is appropriate to set out the anticipated rate of development for specific sites"*.

The same paragraph also requires local planning authorities to *"identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing against their housing requirement set out in adopted strategic policies"*.

The Glossary to the revised NPPF provides a definition of 'deliverable' which requires that:

"To be considered deliverable, sites for housing should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years. In particular:

a) sites which do not involve major development and have planning permission, and all sites with detailed planning permission, should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within five years (for example because they are no longer viable, there is no longer a demand for the type of units or sites have long term phasing plans).

b) where a site has outline planning permission for major development, has been allocated in a development plan, has a grant of permission in principle, or is identified on a brownfield register, it should only be considered deliverable where there is clear evidence that housing completions will begin on site within five years."

The Planning Practice Guidance (PPG) requires¹⁰⁸ *"that Local planning authorities will need to provide robust, up to date evidence to support the deliverability of sites, ensuring that their judgements on deliverability are clearly and transparently set out"*.

Paragraph 2.1.29 of the PSLP makes reference to the City Centre Masterplan, which was approved by Executive Board in December 2017. Whilst not forming part of the supporting documents, this document has clearly influenced the Local Plan. The document provides additional detail on certain defined areas, and potential site availability.

¹⁰⁸ PPG Reference ID: 3-031-20140306

The trajectory data sheet published alongside the Urban Capacity Study (2019) confirms that the City Centre will provide 1,255 residential units during the first five years of the plan, and this excludes any contribution from the Waterfront.

The City Centre Masterplan makes reference to the '*Stadium Quarter*'. This comprises the area to the north of the town, and the aims of the masterplan are to provide both a gateway approach along the A49 corridor and an improved environment around the Halliwell Jones stadium. These are aspirations that Peel support.

The City Centre Masterplan also references an area titled '*Southern Gateway*'. This comprises an area to the south east of the town which straddles the river and includes land on the Wilderspool causeway. The Character Area document confirms that the aspiration is to create a mix of uses providing an attractive frontage to the river and arterial roads. The land to the north of the river comprises parcels I1-I5, which the trajectory datasheet published with the PDO identified as delivering 339 new dwellings in total, with I4 and I5 delivering 129 in years 1-5 of the plan period. The updated trajectory sheet now identifies Parcels I1, I2 and I3 for development beyond the current plan period, whilst parcels I4 and I5 remain unchanged. Parcels I4 and I5 are occupied by Parkdale Industrial Estate and Wharf Industrial Estate, which comprises small scale 1/2 storey business units aimed at SME's. Wharf Industrial Estate was refurbished in 2015, is fully let and there is evidence that leases have been renewed as recently as May 2018, with some extending to 2031. The estates appear to be popular and clearly contribute to the economy of Warrington.

The City Centre Masterplan document refers to a joint venture between the Council and Langtree with a view to bringing forward a waterfront residential in this location. Nevertheless, it is clear that there is no evidence that the land is 'available now', it is not the subject of a detailed planning permission, and there is no clear evidence that housing completions will begin on the site within five years. If housing is delivered on this site it will potentially be at the expense of employment floorspace and will be later in the plan period, which will impact negatively on the development trajectory.

Whilst the Local Plan's concern is to deliver sufficient dwellings over the entire plan period, rather than the first five years being the principal focus, it is clear that the PSLP is relying on delivery during years 0-5 from sites which do not meet the tests of deliverability as enshrined within the NPPF.

The NPPF definition of '*developable*' requires sites to be in a suitable location for housing development and there should be a reasonable prospect that the site is available and could be viably developed at the point envisaged.

Land on the Wilderspool causeway (I8 and I11-I19) is identified as delivering 650 dwellings before the end of the plan period, with 200 (I8, I11 and I12) in the first five years. This area of the causeway is occupied by Palatine Industrial Estate with active businesses trading. Further to the south parcels I17, I18 and I19 are occupied by Colas and Premier Tank Services and are identified for 113 dwellings in years 6-11. There is no evidence that land in these locations is either deliverable or developable at this present time as there is no realistic or reasonable prospect that the land will become available.

The '*Arpley Road*' area is located to the west of the river, to the north of the railway line and to the south of Wilson Patten Street. Parcels J3-J5 are identified as delivering 443 dwellings

before the end of the plan period, which is an increase from 225 at the time of the PDO. These parcels are currently occupied by a Buildbase store and a Go Outdoors store. Neither the Character Area Profile nor the City Centre Masterplan document provide evidence on whether the site has a reasonable prospect of becoming available.

The examples highlighted above indicate the difficulties in assembling sites on the outskirts of the town centre where the plots are relatively large.

The masterplan also shows that the parcels in the more central areas such as Cockhedge, Bridge Street Quarter, St Elphin's Quarter and St Mary's Quarter are much more fragmented than those in the Stadium Quarter and Southern Gateway areas. There is no evidence that the necessary site assembly has taken place for the anticipated level of residential development to occur. This is in addition to the points raised in this document which highlight that the level of growth anticipated by the Council is almost unprecedented in this area over such a comparatively short period of time.

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