

Matter 2: Overall Provision for Housing

Examination hearing statement

Prepared by Framptons Planning Ltd

On behalf of:

1. A C Lloyd Ltd
2. Northern Trust Ltd

Respondent Reference Number: 5958 and 6105

Main issue: Whether the Local Plan has been positively prepared and whether it is justified, effective and consistent with national policy in relation to the overall provision for housing.

Questions:

This response relates to Questions (1) - (18)

1. It is necessary to assess what evidence exists to establish OAN at this stage in the local plan process having regard to Huntson and the PPG, in particular to identify what is the most recent and robust assessment of OAN. There are a number of inputs to this.

(a) Coventry and Warwickshire Joint Strategic Housing Market Assessment 2013 (G L Hearn) (HO04)

2. In November 2013 the Coventry and Warwickshire SHMA was published. This seeks to identify housing need figures across the area covered which includes Warwick District. The document sets out (Table 51) an assessed minimum need of 660 dpa and a need of 720 dpa 2011 to 2031 taking account of demographic and economic evidence. These figures are repeated in Table 97.
3. Paragraph 11.28 of HO04 states that *'this report does not set housing targets. What it does is provide a consistent assessment of housing need which is the appropriate starting point for considering levels of housing provision. The figures presented are a 'policy-off' assessment of need'*. The document is clear, however, (paragraph 11.32) that the figures do not include any provision made for neighbouring authorities within each Authority.

4. Inevitably there are concerns with this document and some of the conclusions it reaches particularly in respect of the position post 2021. Some of the concerns relate to the assumptions used in the modelling, for example in respect of headship rates. For example, in table 107 of the SHMA the projected household sizes are incorrect. They are based on total population rather than the household population.

(b) GL Hearn 2012 Based Sub-National Population Projections and Economic Forecasts; Implications for Housing Need in Coventry and Warwickshire (HO08)

5. This is the most recent document produced – September 2014. In essence it is an update to the SHMA which takes account of new population projections and the latest economic forecasts. It notes that based purely on the 2012 population projections the need for housing goes down to 606 dwellings per annum in Warwick District. This can be seen in Figure 6 but by reference to paragraph 2.22 it needs to be noted that *'the additional projections are based on applying household representative rates to the 2012 SNPP population projections, and do not include any adjustments or uplift to take account of other factors (which did influence the 'SHMA conclusion 'figures').*
6. Document HO08, however, goes on to take account of the latest economic projections and notes that utilising these would indicate a need for 604 to 640 dwellings per annum using Experian forecasts (Figure 11) and 825 to 886 dwellings per annum using Cambridge Econometrics forecasts (Figure 12) in Warwick. As the document notes in paragraph 3.22, the economic led projections model stronger migration relative to the SNPP and therefore G L Hearn adjusted upwards the level of migration to support the expected growth in jobs .

(c) CLG 2012 based Household Projections

7. The 2012 based household projections were published on 27th February 2015. They are set out in EXAM 4. They identify a housing need for Warwick District of 595 dpa. Figure 6 of EXAM 4 provides estimates of the 'need' (but not using the 2012 based Household Projections) linked to two economic forecasts (Experian and Cambridge Econometrics). It is not clear how these economic forecasts have influenced the proposed OAN in the submitted Plan.
8. Currently WDC has provided no indication of how the 2012 based household projections will affect the OAN of the submitted plan.
9. The correct approach to the assessment of OAN has been recently endorsed at the Cheshire East Local Plan Examination where the Inspector in his interim views (dated 4 November 2014 and attached as **Appendix 1**) on the compliance and soundness of the submitted local plan strategy confirms the need to take account of 3 levels of assessment i.e. demographic projections with adjustments made for economic and housing factors, including market signals and affordability.
10. It is clearly appropriate therefore in the context of future housing requirements to look at economic considerations and some other aspects including market signals. The PPG of course notes that it is correct to take economic forecasts into account (ID 2a-018) and it is now a regular part of consideration of housing figures as noted most recently at the Cheshire East Local Plan Examination and the judgment of Gladman v Stafford BC [2105] EWHC 444 (Admin) 27th February 2015 (attached as **Appendix 2**).
11. As regards the housing requirement, the LPA cannot demonstrate that 720 dpa is the FOAN. Whilst the 2012 –based household projections are lower than the 2011-based projections and the 2012 based SNPP, no evidence exists to show that account has been taken in the submitted plan or elsewhere of the market signals, contrary to the

guidance of the PPG. In addition to deliver required affordable housing, an increase in housing is likely to be required.

12. It is interesting to note, that the Council now refer to the 12,860 'target' as being a minimum figure as an amendment to the Publication Draft Local Plan as approved by Full Council on 28th January 2015 (Appendix 1 to LP16). The reason for this change is given as being *"the NPPF and national guidance indicate that housing requirements should be seen as a minimum and if this minimum is achieved, this does not mean that further housing should not come forward on sustainable sites"*.
13. The Full Council meeting of 28th January 2015 also provides a statement on the Council's view of the OAN for the Housing Market Area. Appendix 3 of the Full Council report includes a copy of a report to the Coventry and Warwickshire and South East Leicestershire Economic Prosperity Board (EPB) of 21st November 2014 entitled 'Process for Addressing the HMA's Full Housing Requirement'. The report is Submission Document LP20.
14. As can be seen from paragraph 2.1 of the EPB report, it was agreed (by the EPB members) that *'the OAN for the whole of HMA is as set out in the new (2014) JSHMA document at 4,004 homes per annum'*. It was also agreed that the current starting point for the distribution of housing across the HMA would provide for 720 dwellings p.a. in Warwick District. It is not clear whether this is a policy on or off figure. Overall in the HMA an annual shortfall of 234 dwellings was identified. Minute 66 of the Full Council on 28th January 2015 states that:

"(3) the Council endorses the report approved by the Coventry and Warwickshire Joint Committee for Economic Growth and Prosperity on 21 November 2014 and shown in Appendix 3 to the report".

15. The EPB report goes on to explain at paragraphs 3.2 and 3.3 how it is intended to handle the shortfall of 234 dpa. At the very least therefore the OAN for WDC should be 720 dpa plus a proportion of the 234.
16. It is important to note that the WDC position on OAN can be referenced to paragraph 3.6 of the November 2014 EPB report (LP20) which states:

"A further connected issue is that we need a shared justification for the proposed distribution of the HMA's housing requirement. This is particularly important to enable Coventry City Council to progress their local plan and will also ensure that the distribution is robustly defended at EIPs and appeals. To do this, it is proposed that estimated housing need set out in the JSHMA Annex "Part Return to Trend" figure (see appendix 1) is used as the initial consideration, as this forms the basis for the HMA's objectively assessed need of 4004 dwellings per annum. However, it is recognised that the distribution of the OAN set out in that scenario is unrealistic as it indicates a need in excess of 36,000 dwellings for Coventry. In supporting the distribution set out in recommendation x below, the six Councils are recognising that the indicative distribution of the need in the JSHMA Annex cannot be met in reality and are accepting an initial redistribution to the Warwickshire authorities. This redistribution enables the HMA to take a very significant step forward in achieving the OAN, subject to the further capacity work described above." (Underlining my emphasis.)

17. We consider that this is basically saying that Warwickshire will need to take some of Coventry's needs – which relates to the DTC. As seen from our comments on Matter 1, this exercise has yet to take place.
18. The logical conclusion from the above is that the 720 dpa figure for WDC as promulgated in LP20 requires further consideration and justification. It may be simply coincidence that this figure is very close to the 'Final SHMA conclusion' 2013 figure

(see table Figure 5 of EXAM 4). It is not possible to judge where the figure of 720 dpa has come from. It does not coherently address any adjustments or uplifts to take account of other factors in accordance with the PPG. This applies across the HMA. The decision to provide for 4004 dwellings across the HMA appears to be based on purely demographic factors. The decision of WDC to adopt a figure of 720 dwellings per annum as their 'OAN' is different than the demographic projection figure using either the 606 dpa under 2012 based SNPP or 592 dpa based on 2012 based Household Projections.

19. Our concerns could be addressed if WDC were to provide an overarching technical review of the JSHMA 2013, JSHMA Addendum 2014, the 2012 based Household Projections and the various economic forecasts (undertaken by Experian and Cambridge Econometrics) to assess how economic factors will affect the determination of objectively assessed housing need in the WDLP, thereby fulfilling the objective of paragraph 158 of the Framework to ensure that a LPA's housing and employment strategies are integrated.
20. Subject to such an explanation being available we may be prepared to support the Council's conclusions about OAN.
21. There are some further factors that need to be considered in the context of paragraph 158 of the Framework. The JSHMA Addendum (HO08) notes at paragraph 5.13 that:

The core demographic projection set out in this report thus indicates a need for around 4,000 homes per annum across the HMA between 2011-31. This is based on the 2012 SNPP and models household formation rates using a 'part return to trend' methodology (as shown in Figure 6). This can be compared to the Joint SHMA which indicated a need for 3,750 homes per annum. We would consider that provision of 4,000 homes per annum represents a minimum assessment of full housing need across the HMA over the 2011-31 period. (underlining my emphasis)

22. In essence it is an update to the SHMA (HO04) which takes account of then new population projections and the latest economic forecasts. The actual core demographic figure in the part return to trend scenario for WDC in the JSHMA Addendum (HO08) is 606 dwellings per annum (Figure 6). Thus based purely on the 2012 population projections the need for housing goes down in Warwick District. The same applies when the 2012 based Household projections are taken into account i.e. 592 dpa.
23. The JSHMA Addendum (HO08) however, and in accordance with PPG guidance, goes on to take account of the latest economic forecasts and notes that utilising these would indicate a need for a range of 604 to 886 dwellings per annum in Warwick (depending on whether the Experian or Cambridge Econometrics jobs led scenario figures are used - see Figures 11 and 12).
24. Document HO08 gives consideration to household projections and overlays economic forecasts; and considers the interplay between demographic projections and affordability. In summary, the report concludes that 4,000 dwellings pa across the HMA is a minimum figure. When considering the impact of economic forecasts the report states:

5.24 Two economic forecasts have been considered in this report. The Experian econometric forecasts result in a modelled need for 3636 - 4066 homes per annum to 2031. This is below the level of need identified based on the 2012 SNPP. A higher level of housing need is generated in the scenario based on the Cambridge Econometrics' forecasts. The modelling indicates that in this scenario, 4546 - 5084 homes per year would be needed in the HMA. The lower end of the ranges shown in based on the 'Part Return to Trend' approach to modelling household formation and a continuation of existing commuting patterns. The higher end assumes that there is a 1:1 relationship between growth in jobs and residents in employment at a local authority level and that household formation rates for younger households aged 24-34 return by 2031

to the levels shown in the 2008-based Household Projections (as set out in Figure 14).

5.25 We would consider that the higher end of this range is unlikely, as given the functional links between areas and the demographic dynamics of the HMA (in particular with a young population structure and projected population growth in Coventry) it is reasonable to assume that there will continue to be a level of commuting between the different authorities in the HMA; and as we have set out it seems unlikely that we would see a full recovery in household formation rates, particularly in the City of Coventry, to the levels shown in the 2008-based household projections.

25. The JSHMA Addendum also gives consideration in Section 4 to examining market signals and household formation rates in accordance with the PPG. Although there is evidence which suggests that an uplift in housing need may be appropriate, the conclusion in paragraph 4.19 is that *'the aggregate impact of these factors is difficult to accurately predict. The Government's stated aspiration is however to improve affordability and increase housing supply. On this basis there is either some case for considering an upwards adjustment to housing provision, setting housing targets as minima, or including a clear monitoring mechanism to ensure that housing supply can be increased should the evidence suggest (moving forwards) that housing demand is exceeding housing supply (or adopting a combination of these).*

26. The position in terms of the interplay between housing and the economy is different however. The position in the JSHMA addendum is summarised as:

5.27 In developing local plans, we would advise the local authorities to consider how the housing evidence matches their evidence regarding economic prospects, and to adjust as appropriate their conclusions regarding assessed housing need to take account of their detailed local evidence regarding economic growth prospects. The alignment of housing provision with evidence

regarding future economic growth potential within plans is required by Paragraph 158 in the NPPF.

27. It is also important to consider the PPG which states at 2a-18:

“How should employment trends be taken into account?

Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.”

28. EXAM 8 comprises the Inspector's Interim Conclusions on the Stratford on Avon Core Strategy. He notes at paragraph 56 a view that it would be desirable to broadly maintain the commuting ratio of 0.96 as recorded in the 2011 Census. In Warwick District the 2011 Census commuting ration is 0.90 (see Figure 9 Of HO08) i.e. a higher level of in-commuting than in Stratford. Thus to suppress housing provision and encourage employment growth would not be consistent with the advice in the PPG.

29. As noted above, Document HO08 was published in September 2014 but WDC seem to have been reluctant to formulate a clear view on the report in terms of establishing their OAN position. further evidence of this prevarication is considered below.

30. For example, the Council proposed significant focused changes (LP13) to the Local Plan prior to its submission to the Secretary of State for Communities and Local Government for independent examination. These amendments, described in the document “Publication Draft Local Plan: Focused Consultation”, were subject to consultation until 12th December 2014. In addition, at the same time the Council

published two further pieces of evidence which were used to formulate the Publication Draft Local Plan, but which were unavailable for publication at that time. These were the following:

- Coventry & Warwickshire Strategic Employment Study October 2014 (ECO01)
- Strategic Housing Land Availability Assessment (SHLAA) Amendments July 2014 (HO13)

31. The Council invited representations to the Publication Draft Local Plan in light of these more recently published documents. No representations were invited in respect of the JSHMA addendum (HO08).

32. It is noted that paragraph 2.66 of the Strategic Employment Study October 2014 (SES) (ECO01) states:

2.66. An update to the Joint SHMA has been undertaken to take account of the most recent ONS projections. Whilst this could affect distribution of housing need across the sub region (subject to Duty to Cooperate discussions), the impact in terms of the total housing requirement across the housing market area is relatively small and therefore we do not consider that it affects the findings of this study'

33. It is noted that the SES utilises Cambridge Econometrics Employment forecasts as a basis for its assessment. The SES gives no consideration to Experian employment forecasts. As stated in paragraph 2.60 of the SES *"The quantitative assessment of employment land need outlined a requirement for the provision of 50 ha - 60 ha of employment land over the 2011 - 2030 plan period. The employment land requirement based on the Cambridge Econometrics employment forecasts was estimated to be 36 ha"*. The submitted WDLP makes provision for a minimum of 66 ha and identifies in the table at paragraph 2.26 an employment land requirement of 36 ha 2011-30.

34. It should be noted that the JSHMA Addendum (HO08) at paragraph 3.5 states:

We have considered two sets of forecasts for future employment growth:

- *Forecasts from Experian's Regional Planning Service, dated May 2013. These forecasts were considered in the November 2013 Joint SHMA Report;*
- *Forecasts from Cambridge Econometrics, supplied by Warwickshire County Council, dated August 2013. These forecasts have informed the Local Enterprise Partnership's work in developing the Strategic Economic Plan, and the Coventry and Warwickshire Joint Employment Land Review (Atkins, 2014).*

35. Thus on the one hand WDC seem to propose a level of employment land provision which is in fact significantly in excess of the Cambridge Econometrics employment forecasts, and on the other, WDC appear to have so far failed to explain how employment factors are taken into account in the assessment of OAN.

36. It should be noted that any such assessment takes no account of any need that may arise in Warwick District to accommodate the unmet needs from Birmingham.

37. Clearly WDC is in receipt of differing evidence concerning what may constitute a full and objectively assessed need for market and affordable housing in the housing market area in terms of paragraph 47 of the Framework. It is clear that a final and tested assessment does not exist as yet. It is inappropriate for WDC to rely entirely upon the target figure of 720 dwellings p.a. for the period 2011 – 2029 as endorsed by Full Council on 28th January 2015. It is also transparent that WDC having received different advice on what the target should be has chosen to adopt a figure of 720 dwellings p.a. seemingly on no other basis that this was the EPB agreed HMA distribution which coincidentally broadly corresponds with the 2013 Final SHMA conclusion.

38. It is considered that the Council's approach is not in accordance with paragraphs 47, 158 or 159 of the Framework, or indeed the guidance in the PPG.

Framptons
April 2015

APPENDIX 1 - Cheshire East Local Plan Examination Inspector's interim views

4 November 2014

**APPENDIX 2 - Gladman v Stafford BC [2105] EWHC 444 (Admin) 27th February
2015**

CHESHIRE EAST COUNCIL
EXAMINATION OF THE CHESHIRE EAST LOCAL PLAN STRATEGY
INSPECTOR'S INTERIM VIEWS ON THE LEGAL COMPLIANCE AND SOUNDNESS
OF THE SUBMITTED LOCAL PLAN STRATEGY

1. Following the adjournment of the hearing sessions on 3 October 2014, I confirmed that I would inform Cheshire East Council (CEC) about the future progress of the examination. On 22 October 2014, I indicated that I would let CEC have my interim views on the legal compliance and soundness of the submitted Cheshire East Local Plan Strategy (LPS) on the basis of the evidence and discussions so far during the examination. CEC has confirmed that it would welcome such communications with the Inspector.
2. Having considered the submitted LPS, the representations, submission documents, background evidence, hearing statements, legal submissions and the discussions and material submitted so far during the course of the examination, I outline my interim views on the legal compliance and soundness of the submitted plan below. These views are without prejudice to any final conclusions on the legal compliance and soundness of the submitted plan when the examination is completed.
3. The purpose of these interim views is to inform CEC about whether they have met the legal requirements, including the Duty to Co-operate, and whether the approach to the overall strategy, including the economic and housing strategy, objective assessment of housing needs, settlement hierarchy and spatial distribution of development, approach to the Green Belt and Safeguarded Land, and other strategic policies, seems soundly based. These interim views also identify those matters of soundness on which further assessment and evidence is needed before the examination can continue.

A. Summary of interim views

4. In summary, my interim views are that:
 - The Council has met the minimum legal requirements of the Duty to Co-operate;
 - The economic strategy is unduly pessimistic, including the assumptions about economic growth and jobs growth, and does not seem to fully reflect the proposals and initiatives of other agencies and the extent of site allocations proposed in the submitted plan;
 - There is a serious mismatch between the economic strategy and the housing strategy of the submitted plan, particularly in the constrained relationship between the proposed level of jobs and the amount of new housing;
 - There are shortcomings in the Council's objective assessment of housing needs, both in terms of establishing an appropriate baseline figure and failing to specifically take into account and quantify all relevant economic and housing factors, including market signals and the need for affordable housing;
 - The proposed level of future housing provision seems inadequate to ensure the success of the overall economic, employment and housing strategy;
 - The proposed settlement hierarchy seems to be justified, effective and soundly based, but further work is needed to justify the spatial distribution of development, including addressing the development needs of settlements in the north of the district;
 - The process and evidence relating to the proposed amendments to the Green Belt boundary in the north of the district seem flawed, particularly the release of sites from the Green Belt and the provision of Safeguarded Land, and there seems to be insufficient justification for establishing a new Green Belt in the south of the district;
 - Most of the concerns about the content and soundness of other strategic policies can probably be overcome by detailed amendments to the wording of the policies and accompanying text.

B. Legal and Procedural requirements, including the Duty to Co-operate

5. Section 19 of the Planning & Compulsory Purchase Act 2004 (as amended) requires development plans to be prepared in accordance with the Local Development Scheme, to have regard to national policies and guidance and to the Sustainable Community Strategy, and to comply with the Statement of Community Involvement. It also requires the Council to carry out a sustainability appraisal of the proposals in the plan and prepare a report of the findings of the appraisal.

6. The latest Local Development Scheme¹ (LDS) was approved in May 2014, just before the LPS was submitted for examination. The LPS is prepared in accordance with the content and timescale outlined in that document, and is also consistent with the content of the earlier LDS² which was current when the plan was being prepared and published for consultation. I deal with consistency with national policy and guidance later. The submitted LPS also has regard to the vision and priorities for action set out in the Sustainable Community Strategy³. The adopted Statement of Community Involvement⁴ indicates that CEC will consider any representations made on the final plan prior to submission, even though the legislation and associated regulations do not require CEC to formally consider such representations. This was undertaken by officers in the Spatial Planning Team under delegated powers, in consultation with the relevant Portfolio Holder, before preparing a Statement of Consultation outlining the number of representations and the main issues raised⁵. CEC has also produced Self-Assessments of Legal Compliance and Soundness of the submitted LPS⁶, including consistency with the new Planning Practice Guidance (PPG).

Sustainability appraisal

7. The NPPF⁷ confirms that a sustainability appraisal which meets the requirements of the SEA Directive should be an integral part of the plan preparation process and should consider the likely significant effects on the environment, economic and social factors; further guidance is given in the PPG⁸. Sustainability appraisal (SA) has been undertaken at all stages during the preparation of the plan, from Issues & Options through to the Town Strategies, Development Strategy, Policy Principles and Pre-Submission version of the plan, culminating in the Sustainability (Integrated) Appraisal (SIA) accompanying the submitted LPS⁹. This is a comprehensive document which evaluates the predicted social, economic and environmental effects of the policies and proposals in the submitted plan, along with the mitigation required and reasonable alternatives.
8. At the hearings, some participants were concerned that the SA work had not considered alternatives to the North Cheshire Growth Village (NCGV) and the release of sites from the Green Belt, along with mitigation and alternative strategies, including options for higher levels of growth. However, CEC has provided the references to where these matters have been assessed, either in the SIA or in other documents¹⁰. CEC has also considered a wide range of alternative options, not only for the spatial distribution and scale of growth, but also addressing mitigation measures, cumulative impact and assessing alternatives to the NCGV and release of Green Belt sites.
9. However, options involving higher levels of growth above 1,600 dwellings/year (dpa) were not considered through the SA process, since CEC did not consider this as a reasonable alternative. Nevertheless, as part of its forecasting work on the objective assessment of housing needs, CEC undertook a wide range of forecasts involving options up to 1,800dpa and 1.2% jobs growth¹¹, but these were considered to be unrealistic. However, some of these higher levels of development might better reflect the objectives of the preferred strategy, particularly for economic growth and meeting housing needs. The choice of reasonable alternatives for environmental assessment is a matter for CEC's judgement as decision-maker¹², and it has also been held that any shortcomings in this process can be rectified in a subsequent addendum¹³. Nevertheless, there is the risk that the failure to fully assess the social, economic and environmental implications of these higher levels of growth options in the SA work could be subject to subsequent legal challenge, and CEC may wish to consider this matter further.

¹ SD 022

² PS D005

³ BE 049 – Ambition for All

⁴ SD 021

⁵ PS D003.001

⁶ PS B005; PS B004; PS B006b (14)

⁷ National Planning Policy Framework (NPPF; ¶ 165)

⁸ Planning Practice Guidance (PPG; ID: 11-001-025-20140306)

⁹ SD 003

¹⁰ PS D003.002

¹¹ SD019

¹² Ashdown Forest Economic Development LLP v SSCLG, Wealden DC & South Downs NPA [2-014] EWHC 406

¹³ Cogent Land LLP v Rochford DC [2012] EWHC 2542 and PS D008

Plan-preparation process

10. Some parties have raised legal issues about pre-determination, suggesting that the plan's strategy was determined before consultation was undertaken on potential additional sites. CEC has addressed these issues satisfactorily¹⁴. Other parties are concerned about the limited influence that consultation has had on the final plan. Preparation of the plan began shortly after local government reorganisation that established Cheshire East as a local authority in 2010. Consultation was undertaken throughout this process, from Issues & Options and Place-Shaping stages through to the Town Strategies, Development Strategy and Policy Principles, potential additional sites, Pre-Submission plan and finally on the Submission plan. This has been an iterative process, with the plan being modified after each period of consultation, although the basic strategy has remained similar since it was set out in the Development Strategy in January 2013.
11. Both the NPPF and PPG give flexibility in the plan-making process, indicating that future needs and opportunities should be assessed, developing options for addressing these, identifying a preferred approach, and supporting the plan with robust, focussed and proportionate evidence gathered during the plan-making process to inform the plan rather than being collected retrospectively¹⁵. In most cases, this guidance has been followed, with discussions and consultations about options for the strategy and site allocations, before refining the plan as preparation has proceeded. Moreover, the background evidence base is comprehensive, most of which was available as the plan-making process continued. The degree and frequency of consultation is extensive, reflecting the localism agenda, although in some cases, some of this consultation may have had a limited influence on the emerging plan.
12. However, some key elements of evidence (such as the Green Belt assessment) were not completed until after key decisions had been made about the strategy (including the release of Green Belt sites), and other key evidence (such as detailed highway and traffic assessments for some of the larger strategic allocations) has yet to be completed. This seems to suggest that the basic strategy may have been determined and the plan submitted for examination before all the key evidence was in place.

Duty to Co-operate

13. Section 33A of the Planning & Compulsory Purchase Act 2004 (as amended) requires the Council to co-operate in maximising the effectiveness of plan-making, and to engage constructively, actively and on an on-going basis with neighbouring planning authorities and prescribed bodies when preparing development plan documents with regard to a strategic matter. This is defined as sustainable development or use of land which has or would have a significant impact on at least two planning areas, including sustainable development or use of land for strategic infrastructure.
14. The Duty to Co-operate (DTC) is an on-going requirement throughout the preparation of the plan. It does not need to result in agreement between the relevant authorities and prescribed bodies, but local authorities should make every effort to secure the necessary co-operation on strategic cross-boundary matters before they submit their local plan for examination. Effective co-operation is likely to require sustained joint working with concrete actions and outcomes. The DTC is related to the requirements in the NPPF¹⁶, which indicate that planning should take place strategically across local boundaries and confirm that strategic priorities can include the homes and jobs needed in an area, along with infrastructure and other facilities; it also sets out the soundness tests which require plans to be positively prepared and effective. Further guidance on meeting the DTC is given in the PPG¹⁷.
15. CEC has submitted evidence outlining how it has engaged constructively, actively and on an on-going basis with neighbouring local authorities and prescribed bodies during the course of preparing the plan¹⁸. It has identified the main strategic priorities of the strategy, including promoting economic prosperity, creating sustainable communities, protecting and enhancing environmental quality, and reducing the need to travel.

¹⁴ M1.001; Annex 1

¹⁵ Planning Practice Guidance (PPG; ID-12)

¹⁶ National Planning Policy Framework (¶ 156; 178-182) [DCLG; March 2012]

¹⁷ Planning Practice Guidance – Duty to Co-operate (PPG; Ref. ID: 9) [DCLG; March 2014]

¹⁸ SD013; SD014; PS B011; PS B012; PS B020; PS B023

These strategic priorities may not necessarily represent the strategic matters referred to in the legislation, but CEC has identified the cross-boundary implications of these strategic priorities, including meeting development and resource needs, providing infrastructure to meet these needs, and minimising any adverse impacts of the plan's site-specific proposals on neighbouring areas.

16. The supporting evidence sets out the role of CEC and other agencies, along with the methods of engaging with neighbouring authorities and prescribed bodies, including meetings and gathering joint evidence; it also outlines how cross-boundary strategic issues have been addressed. Memoranda of Understanding (MOU) have been completed with neighbouring authorities, including Stockport MBC, High Peak BC, Staffordshire CC and the north Staffordshire authorities; other correspondence confirms the position of neighbouring authorities and prescribed/other bodies. Not all of this was completed by the time the plan was submitted for examination, but the basic position of neighbouring authorities and prescribed bodies was known before submission. Most importantly, this evidence confirms that none of the neighbouring authorities or prescribed bodies considers that CEC has failed to meet the legal requirements of the DTC.
17. In terms of cross-boundary development needs, CEC approached neighbouring authorities to ascertain whether they would be able to meet some of CEC's housing needs, but none could assist. Moreover, as far as CEC is concerned, the plan fully meets the objectively assessed need for housing and employment development within its area. At a late stage in the plan-making process, CEC agreed to provide 500 dwellings to meet some of the housing needs of High Peak BC; concerns about the justification for this provision are more related to the soundness of this element of the plan, rather than any failure to co-operate. Apart from this provision, there are no known outstanding housing needs of other authorities which have to be met within Cheshire East. Information is emerging about possible difficulties of the Greater Manchester authorities in meeting their longer term housing needs, but no figures, options or possible strategies are currently available.
18. A key element of cross-boundary planning is the extent of the appropriate strategic housing market area. However, most parties agree that Cheshire East is a reasonably self-contained area, subject to recognising the links with Cheshire West & Chester, Greater Manchester and north Staffordshire and the existence of more localised housing market sub-areas within Cheshire East. Migration patterns and linkages between Cheshire East and adjoining areas have also been considered. There are serious challenges to CEC's objective assessment of housing needs, but these relate more to the soundness of the plan rather than to the DTC.
19. CEC has considered cross-boundary economic issues and employment land needs, including strategic sites, employment land provision, travel-to-work areas, socio-economic linkages and commuting issues. The employment land proposals in the LPS address the needs of Cheshire East, but have regard to employment provision outside the area, including growth at Manchester Airport. CEC has considered Green Belt issues, including proposals to release land within Cheshire East from the Green Belt. However, a review of Cheshire East's Green Belt came relatively late in the plan-making process, after initial decisions were made on the need to release sites from the Green Belt. CEC did not undertake a strategic review of the wider Green Belt (including land within adjoining authorities) since adjoining plans were at different stages and CEC could not make proposals relating to land outside its boundaries. This is an important issue in terms of the soundness of the LPS, which is dealt with later, but does not necessarily represent a failure of the DTC.
20. CEC has considered cross-boundary regeneration issues, including the impact of proposed development on the regeneration of the Potteries/North Staffordshire. Cross-boundary issues relating to highways, transport and infrastructure have been considered, although some work remains outstanding. CEC has also co-operated and engaged with adjoining authorities about cross-boundary minerals and waste issues, as well as the possibility of meeting the needs of gypsies and travellers¹⁹.

¹⁹ SD013; SD014; M1.001

21. Some parties are concerned about the timing and degree of engagement and co-operation with some neighbouring local authorities, including Stockport MBC (SMBC) and the north Staffordshire authorities. Although SMBC agreed a MOU with CEC, this was completed before they made their formal representations on the submission plan; the MOU sets out the areas of agreement, but does not indicate points of disagreement. SMBC's representation on the submitted plan sets out details of the process of consultation and engagement between CEC & SMBC, and questions whether CEC has had adequate regard to SMBC's concerns during the plan-making process. It also raises concerns about the release of land from the Green Belt, particularly at Handforth East, and the cross-boundary infrastructure implications of such releases, particularly on the road network in and around Stockport, along with possible references to meeting some of SMBC's Gypsy & Travellers needs. These latter concerns largely relate to the soundness of the strategy and the site-selection process, but concerns about the process of consultation and engagement between CEC & SMBC may have some validity.
22. Although there were a few meetings with SMBC during the earlier stages of plan preparation and consultation at the relevant stages, CEC did not begin active engagement with SMBC until mid-2012 when the possibility of releasing land from the Green Belt at Handforth East was first mentioned. At that time, no full review of the Green Belt had been undertaken, either including or excluding the Green Belt areas in Stockport. Following consultation on the Town Strategies (which included the possibility of releasing Green Belt land at Handforth East), SMBC raised concerns about the emerging strategy, but most constructive meetings did not take place until March-July 2013, after CEC had made its initial decisions on the Development Strategy (January 2013) and before consultation on potential additional sites and meetings in late 2013/early 2014.
23. The general impression is that full collaboration and engagement between CEC & SMBC did not take place in a meaningful way until the initial strategy of the LPS had been decided. The meetings and engagement that took place did not significantly influence the strategy, apart from amendments to the extent and boundary treatment of Green Belt releases. Of course, the DTC is not a duty to agree, but there are several significant outstanding concerns and points of disagreement, not only about the principle of releasing land from the Green Belt at Handforth East, but also about the cross-boundary implications and infrastructure requirements of this proposed development. Many of SMBC's concerns relate to the planning merits, soundness and infrastructure requirements of this major proposal, but this suggests that CEC did not engage with SMBC at an early enough stage in the preparation of the LPS to ensure that the plan was as positively prepared as it could have been.
24. Similarly, active engagement with the North Staffordshire authorities came rather late in the plan-making process, after initial decisions had been made on allocating land for employment and housing development near the county boundary at Alsager. These meetings resulted in some amendments to these proposals, including the amount of housing and the phasing of employment, but did not significantly influence the overall strategy or the selection of the proposed sites. CEC points out that it is difficult to undertake meaningful engagement without some specific proposals, but earlier co-operation and engagement could have influenced the strategy and site-selection process and resulted in a more positively prepared plan.
25. Some parties are concerned about the degree and effectiveness of co-operation with Cheshire West & Chester Council (CW&CC), particularly about Middlewich, a town which straddles the boundary between the two authorities. CW&CC's Local Plan, currently being examined, includes a specific policy (STRAT 7) which establishes the principle of close working with CEC for considering land allocations in CW&CC's area adjoining Middlewich, enabling the possibility of cross-boundary provision if necessary in the future. However, at present, both authorities intend to fully meet their development needs within their respective areas and neither relies on the other to meet some of their development needs within the current plan period. This situation has recently been confirmed in a joint statement²⁰.

²⁰ PS D003.003

26. Other parties are concerned about the apparent lack of consultation with other authorities in the Greater Manchester area, and a failure of the plan to have regard to key developments on the northern fringe of Cheshire East (such as Woodford Aerodrome) or specific proposals and initiatives of the Local Enterprise Partnership (LEP). However, CEC has engaged with these bodies at various times during the preparation of the plan and is aware of these major developments and initiatives. The status and timescales of the adjoining development plans do not assist joint working with CEC or the gathering of joint evidence.
27. Most of the prescribed bodies have been involved in the plan-making process, including Highways Agency, Environment Agency, Natural England and English Heritage. However, even though the Highways Agency expressed some concerns about the impact of proposed developments on the strategic highway network during consultation, work is now in hand to rectify these shortcomings, with agreed joint funding of studies²¹. Meetings have also been held with other county and district planning authorities to discuss particular highway issues. Recent meetings with other prescribed bodies have resulted in agreement to detailed amendments to some of the policies and text of the plan²², and these bodies raise no issues relating to the DTC. Since many of the outstanding concerns have been resolved, albeit after submission, this does not suggest any fundamental shortcomings in the DTC process as far as these bodies are concerned.
28. In considering the legal requirements of the DTC, my main concern is the nature, extent, effectiveness and timing of co-operation and engagement during the earlier stages of plan preparation; this particularly relates to the positive involvement of neighbouring authorities in influencing the overall strategy and site-selection process and considering the cross-boundary implications of some of the strategic allocations, particularly on the northern and southern fringes of Cheshire East. The nature, timing and extent of collaboration and engagement with neighbouring authorities as part of the DTC suggests that the plan-making process was not as positively prepared as it could have been. However, although key issues relating to the release of land from the Green Belt and the cross-boundary implications of such proposals remain outstanding, I consider that CEC has engaged constructively, actively and on an on-going basis with neighbouring authorities and prescribed bodies, particularly during the later stages of plan-making, and has therefore complied with the minimum legal requirements of the Duty to Co-operate. In coming to this initial view, I have had regard to the relevant legal submissions and legal cases addressing the DTC²³, along with the guidance in the NPPF and PPG highlighted earlier.

C. Planning for Growth, including housing and employment requirements

The case for growth and the economic strategy

29. The overall development strategy of the LPS is stated to be one of growth, with the headline of providing 27,000 new houses by 2030 and 20,000 new jobs in the longer term; this latter objective is clarified in the supporting evidence, with the plan aiming to provide only 13,900 new jobs within the current plan period²⁴. The principle of the growth strategy is widely supported, but the rate of growth is largely dependent on economic growth. The plan envisages jobs growth averaging 0.4%pa and growth in economic output averaging 2.4%pa (GVA), but local plans tend to have more influence over jobs growth than growth in economic output or productivity. Although the expected growth in economic output may exceed the Borough's long-term average and UK growth between 1999-2010, the level of jobs growth is rather pessimistic, being little more than that achieved in the recent years of economic recession and less than that achieved in pre-recession times; figures show that some 20,000 new jobs were delivered in Cheshire East in the 10-year period between 1998-2008, and GVA growth rates were higher before the recession than those envisaged in the LPS.
30. CEC refers to various economic forecasts using a range of economic models, but the preferred estimates have used rather pessimistic and cautious assumptions of job growth rates (0.4%pa), which do not reflect the longer-term aspirations of the LPS

²¹ PS D003.004

²² PS B015ab; PS B016a-d

²³ including *Zurich v Winchester CC* [2014] EWHC 758; PS D008; PS D011

²⁴ Local Plan Strategy Submission Version: (¶ 1.27); SD019

and other agencies, such as the LEP. During the preparation of the plan, various alternative strategic growth and spatial distribution options were considered, but options providing more than 1,600dpa (20,600 jobs) were not assessed by the SA work since they were not considered realistic. However, when modelling a wider range of scenarios, CEC considered options involving jobs growth of up to 1.2%/year (47,900 jobs) and 1,800dpa (25,900 jobs)²⁵. Some of these options may better reflect the more optimistic aspirations of the economic strategy of the LPS, as well as the economic initiatives and assumptions of other agencies. Furthermore, CEC's assumptions about future employment envisage increased economic activity rates for older people, related to the deferral of state pension age. Although there is some evidence that employment rates in this age group may increase, the assumptions used in the estimates are somewhat over-optimistic, again depressing the need for new houses for new, and younger, employees.

31. Moreover, there seems to be a significant mismatch between the aims of the plan and the number of new jobs that could potentially be created by the proposed site allocations. The LPS proposes at least 300ha of new employment land, mainly on strategic sites and business parks in and around the main towns, largely justified by the Employment Land Review²⁶. In fact, the LPS actually indicates that over 350ha is likely to be provided, to give choice, ensure delivery and recognise the need for a mix of development²⁷. Although these figures have to be offset by future job losses, these allocations have the potential to provide over 22,000 new jobs solely in B1, B2 & B8 sectors. This is substantially greater than the number of new jobs the LPS aims to provide (13,900) and takes no account of other new jobs that may be provided in town centres and other sectors, such as retailing, commercial uses, education, health, tourism, leisure and transport. Not only does there seem to be a mismatch between the proposed number of jobs and the amount of employment land to be allocated, but by focusing on a restricted range of business uses, the LPS fails to consider other opportunities for job provision and growth.
32. There also seems to be a disparity between the level of employment envisaged in the LPS and the supporting evidence. Central to the economic strategy is the focus of employment development at the principal town of Crewe. Initiatives such as "*Crewe – Engine of the North*" and "*Crewe – a High Growth City*" envisage between 22,000-34,000 new jobs up to 2030, whilst "*All Change for Crewe*" envisages 14,500 new jobs at Basford and Crewe town centre alone²⁸. The LEP's economic strategy²⁹ also envisages the provision of 10,000 new jobs by 2031 as part of the Crewe – High Growth City project. Crewe may also play a key role in gaining economic benefits from HS2, but these will probably come later in the plan period. CEC explains that many of these initiatives are set out in promotional documents which use optimistic figures of job creation; but they have been successful in attracting external funding, including Local Growth Fund and associated infrastructure, and the LPS should fully recognise the potential jobs and opportunities that these initiatives may generate.
33. The relationship between economic growth and new housing is complex, but as many participants have said, this could be a strategy for economic failure; in other words, by failing to provide the necessary numbers of new houses for the new employees, the economic strategy will not be realised without significantly increased rates of commuting into the area, which is neither sustainable nor desirable. Cheshire East has a strong economy which has performed well even in periods of recession, and the main reason for assuming more pessimistic rates of jobs growth seems to be to depress the overall need for new housing, and thus the level of likely migration into the district. I am left with the impression that the preferred level of new housing and the aim to avoid increased migration into the district has constrained the assumptions about economic and jobs growth, resulting in a mismatch between the economic and housing strategies and failing to achieve CEC's economic aspirations.

²⁵ SD019

²⁶ BE 009

²⁷ Local Plan Strategy Submission Version: Appendix A

²⁸ BE047; BE122; BE128

²⁹ BE124

34. There are also other proposals and initiatives on the northern fringe of Cheshire East which may not have been fully considered in the preparation of the LPS. These include the *Atlantic Gateway* project promoted by the LEP; although this focuses on the east-west waterways and motorways along the Deeside/Merseyside corridor, it does impinge on the northern fringe of Cheshire East. There are other strategic economic proposals related to Manchester Airport, as well as other schemes being promoted along this corridor. Key elements of the LEP's economic strategy related to Crewe (the *High Growth City*) and its relationship with other neighbouring towns, and the *North Cheshire Science Corridor* may not have been portrayed in the LPS as the LEP envisages. The plan may also pay less attention to the need for land for logistics uses, although this is heavily dependent on accessibility to the strategic road network.
35. All this suggests that the economic strategy of the LPS may be unduly pessimistic and may not be as comprehensive as it could have been. Plans should be realistic and yet aspirational, but in view of the apparent disparity between other economic strategies and initiatives, the pessimistic assumptions about the likely rate of jobs growth, and the constrained relationship with the level of housing provision, I can see some serious shortcomings in the economic strategy of the submitted plan, which in reality, may not actually represent a sustainable and deliverable strategy for growth.
- Housing strategy, including objective assessment of housing need*
36. The LPS housing strategy proposes a minimum of 27,000 new houses between 2010-2030, with an additional 500 dwellings to meet some of the needs of High Peak BC. The basic provision averages at 1,350dpa, but is to be phased over 5-year periods, ranging from 1,200-1,500dpa. This provision is to be made by taking account of completions and commitments since 2010 (40%), along with new strategic site allocations and strategic locations proposed in this plan, with the balance being provided in the subsequent Site Allocations Local Plan. CEC considers this level of housing provision will meet the full objectively assessed housing needs of the area.
37. The NPPF³⁰ advises authorities to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing (OAN) in the housing market area, as far as is consistent with the policies set out in the NPPF. They should also prepare a Strategic Housing Market Assessment (SHMA) to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The scale and mix of housing should meet household and population projections, taking account of migration and demographic change, addressing the need for all types of housing, including affordable housing, and catering for housing demand. The starting point for establishing the OAN is the latest demographic projections, but adjustments may have to be made to take account of economic and housing factors, including market signals and affordability. Further guidance is provided in the PPG³¹ and, in assessing this aspect of the plan, I have considered the legal submissions on this matter. In determining the OAN, various assumptions and judgements have to be made, and it is not for me to substitute my judgement for that of CEC; nevertheless, I have to assess whether these assumptions and judgements are soundly based.
38. CEC has adopted a forecast-led approach to establishing housing need in the district, having undertaken a considerable amount of work in a variety of documents³², which has been peer-reviewed. Neither the NPPF nor the PPG³³ specifies a particular methodological approach, data or single source of information, but recommend a standard methodology to ensure that the assessment findings are transparently prepared. It is for CEC to consider the appropriate methodology, but this should be comprehensive, addressing all relevant factors, and be consistent with the guidance in the NPPF & PPG. The general methodology used by CEC, using "POPGROUP" and related models, is generally agreed. In line with the PPG, the starting point is the latest DCLG household projections (the 2011-based interim household projections); extended to 2030, most parties agree that the initial base figure is 1,180dpa³⁴.

³⁰ National Planning Policy Framework (¶ 17, 47, 50, 159, 178-182)

³¹ Planning Practice Guidance (ID: 2a) [DCLG; March 2014]

³² Mainly set out in SD019 & PS B006b-c

³³ Planning Practice Guidance (ID: 2a) [DCLG; March 2014]

³⁴ PS B014c

39. However, some of the supporting evidence is unclear and confused, variously referring to this figure as the OAN, or alternatively a higher figure of 1,350dpa, or a lower figure of 845dpa³⁵. More recent evidence³⁶ explains that 845dpa is a baseline figure to accommodate demographic change, which is then uplifted by 40% to reflect market signals and economic forecasts, resulting in an OAN of 1,180dpa; this figure is further uplifted to 1,350dpa to establish the housing provision figure, taking into account the overall strategy and economic objectives. This general approach is not inconsistent with the guidance in the PPG³⁷, but the original evidence is neither clear nor accurate in its approach to determining the OAN and does not quantify key elements of the assessment. I can also see shortcomings in the approach of establishing the OAN.
40. Firstly, dealing with **demographic factors**, in the evidence submitted with the LPS, CEC has not undertaken its OAN in the way in which now seems to be accepted as a result of recent legal cases³⁸. The approach adopted uses a series of forecasts with a range of options, rather than establishing the OAN before determining the housing provision figure. It does not explicitly address all the demographic, housing and economic factors set out in the NPPF & PPG, or indicate how all these factors have been taken into account. Much of this work was undertaken when the process of establishing the OAN was being clarified by the courts, but there are several important stages and factors which are not clearly set out and are strongly disputed by other parties. Later evidence attempts to overcome these shortcomings, but this is done on a retrospective basis with further assumptions and amendments to the estimates, which are not clear or fully explained. At the hearings, CEC accepted that if it was starting afresh, it might not have undertaken the OAN in this way; this suggests that an approach which more closely reflects the latest guidance in the NPPF & PPG may be a more reliable and appropriate way of establishing the OAN.
41. Secondly, the forecasts use a series of questionable assumptions and figures. The NPPF & PPG indicate that the initial projections may need to be adjusted to reflect factors affecting local demography and household formation rates which may not be captured in past trends. However, the process of reducing the initial estimate from 1,180-845dpa is questionable; this process was not undertaken in the Cheshire West & Chester Local Plan projections, which use a similar approach. Even though this lower figure simply reflects more recent ONS mid-year population estimates, with updated figures on births, deaths and migration, it is not clear how it was calculated and it may not provide a robust basis to establish the OAN. CEC seems to suggest that this is an alternative estimate to the higher figure, as another important baseline scenario, rather than the base figure itself. I also understand that the more recent 2012 sub-national population projections indicate a need for 1,025dpa. It therefore seems to me that further clarification about the base figure used to establish the OAN is needed in order to ensure that the process is robust and soundly based.
42. Thirdly, CEC has assumed that household formation rates will stay constant after 2021, based on the 2011 interim household projections, explaining that the impact of economic recovery on household formation has been too modest to offset longer-term factors and pointing to recent economic and other trends which may constrain future household formation. However, the PPG advises³⁹ that household formation rates may have been suppressed historically by past under-supply and worsening affordability of housing; as household projections do not reflect unmet housing need, local planning authorities are advised to take a view based on available evidence about the extent to which household formation rates are or have been constrained by supply. DCLG also advises that housing requirements beyond 2021 should assess whether the household formation rates in the area are likely to continue⁴⁰.
43. Since the 2011 projections were strongly influenced by a period of economic recession and housing market volatility, the numbers of households that formed in the years running up to the 2011 Census may have been significantly below the long term trend; hence a partial return of household formation rates to longer term trends

³⁵ SD019 (eg. ¶ 2.4-2.12 & Table 1); Local Plan Strategy Submission Version (¶ 8.8)

³⁶ M3.001; PS B006bc; SD019; PS D003.009

³⁷ Planning Practice Guidance (ID 2a: 015-017-20140306) [DCLG: March 2014]

³⁸ Gallagher Homes Ltd & Lioncourt Homes Ltd v Solihull MBC [2014] EWHC1283 and Hunston Properties Ltd v Secretary of State for Communities & Local Government [2013] EWCACiv1610

³⁹ Planning Practice Guidance (ID 2a: 015-017-20140306) [DCLG: March 2014]

⁴⁰ PS D003.014

(particularly for household-forming age groups) could be considered. Although it may not be appropriate to use previous figures from the 2008-based household projections, CEC has considered some alternative models which assume some growth in household formation after 2021; these may represent a more appropriate and robust basis on which to estimate future housing need.

44. Migration rates are another contentious factor. CEC uses short-term data for the period 2006/07-2009/10, which may be an appropriate starting point. However, historic rates of in-migration during the past decade may have been constrained by economic factors and the under-delivery of new housing; CEC's own figures show significant reductions in in-migration between 2010-13, but acknowledge that internal migration may increase as the economy recovers and more opportunities arise in Cheshire East, even though this may be partly offset by migration to other areas by existing residents. By using figures from the last decade, the LPS is continuing the levels of migration associated with a period of economic recession and limited availability of new housing, rather than those associated with a more buoyant economy and more new housing.
45. Turning to the relevant **housing factors**, Cheshire East would seem to represent an appropriate strategic housing market area, provided that the strong links to Cheshire West & Chester, Greater Manchester and north Staffordshire are recognised, along with the distinct housing sub-markets within Cheshire East itself⁴¹. CEC has completed and updated its Strategic Housing Market Assessments (SHMA)⁴² on this basis, but these largely address the need for affordable housing; other than referring to the latest DCLG projections, they include no objective assessment of the overall need for market and affordable housing, as required by the NPPF. However, since much of this information is included in other background evidence, this may not represent a fundamental flaw in the process.
46. The SHMA takes account of a range of market signals, including house prices, rents and affordability, whilst other evidence addresses the past rate of development and overcrowding. However, it is not clear how the results of these assessments have been taken into account in the OAN estimates; they are not specifically referred to in the background forecasts and no direct action seems to have been taken to address these factors in the assessment of overall housing need. CEC merely says that the SHMA evidence has been a factor in providing a higher level of housing provision than the OAN indicates, and assumes that the uplift from 845-1,180dpa will provide sufficient headroom to accommodate market signals, affordability and other housing factors; but these are not quantified to any degree. The 1,180dpa figure is also little different from the constrained level of provision adopted in the previous RS⁴³.
47. Affordability is a key issue in Cheshire East, with an annual need for over 1,400 units in the first 5 years. Although this may not represent a delivery target, CEC introduced the concept of meeting "priority need" for about 460 units/year at a late stage in the plan-making process. However, this fails to recognise the overall need for affordable housing in the area, and the OAN is not specifically increased to address this factor or other market signals. Although there is a range of initiatives and proposals to provide affordable housing in addition to that delivered through market housing, the proposed level of housing provision will fall well short of meeting the overall need for affordable housing and may not fully meet priority needs; recent provision of affordable housing has averaged around 280 units/year, and the LPS would only provide for an average of 405 affordable units/year from market housing sites.
48. Furthermore, the assessment does not specifically consider the need for housing for older people and those with special needs, as advised in the PPG⁴⁴. CEC has started to include C2-type accommodation within the housing supply figures, but this is not matched by any up-to-date assessment of need, even though some information is now available⁴⁵. Consequently, I am concerned that CEC's assessment of housing need may not have properly taken account of these important housing factors, particularly market signals and the need for affordable housing.

⁴¹ PS B0014c

⁴² BE001; BE002

⁴³ North-West Regional Spatial Strategy

⁴⁴ Planning Practice Guidance (ID:2a-021-20140306)

⁴⁵ PS B026

49. Turning to **economic factors**, the relationship between new housing and economic growth is complex. I have already commented that the assumed economic activity rates, both for economic and job growth, are unduly pessimistic. CEC's assumed growth in jobs for the OAN (1,180dpa) is only 0.2%pa; this is well below past employment growth rates, even in times of economic recession (0.7%pa), below official employment forecasts (0.6-0.9%pa), and below the latest projections of the CHWEM⁴⁶ and LEP (0.8%pa). To use such an artificially low rate of jobs growth at the OAN stage would not reflect current and past performance and would tend to artificially depress the need for new housing to meet the needs of future employees. This suggests that the basic assumptions about future economic growth for the OAN are far too pessimistic and do not reflect likely trends or available evidence.
50. CEC has also made some unduly optimistic assumptions about increased economic activity of older people, partly as a result of deferred state pension dates. This approach assumes that some of the extra workforce will come from the over-60s; this has the effect of depressing the need for housing for new workers, and assumes that older people work longer. It is difficult to find evidence for the likely impact of this change; it seems to be based on local forecasts rather than national OBR data, and has only recently formed part of the OAN calculations. Both the unduly pessimistic assumptions about job growth and the optimistic assumptions about the future economic activity rates of older people have the effect of artificially depressing the need for new housing for new employees. This is a high risk strategy which could result in the failure of the economic strategy of the plan at the expense of increased and less sustainable in-commuting.
51. All these factors support my initial view that the objective assessment of housing need may be too low and should be uplifted to reflect the evidence and trends of both the economic and housing markets. The failure to explicitly reflect all the relevant factors outlined in the NPPF & PPG is a serious shortcoming in CEC's assessment of the OAN. CEC points out that a similar approach was used in the Cheshire West & Chester Local Plan (CW&CLP), but the estimates and approach were not exactly the same, and there are differences between the economies and housing strategies of each area.
52. CEC considers the **proposed housing provision figure**, averaging at 1,350dpa, is sufficient to take account of the policy factors associated with the LPS strategy, including the growth of jobs envisaged, but it is only one of several options considered. At earlier stages in the plan-making process, an option providing 1,600dpa was considered most likely to deliver the necessary economic growth, as well as achieving higher levels of affordable housing, reducing out-commuting and best achieving the necessary funding for new infrastructure⁴⁷; but this was rejected in favour of a lower level of housing and jobs growth. The figure of 1,350dpa has remained constant from the earliest stages of plan-making, through to the Development Strategy and Pre-Submission versions of the plan, despite more up-to-date population and household projections. Although this figure is above that previously required by the former RS (1,150dpa; constrained by policy), it is below the estimates based on the earlier 2008-based household projections (1,435dpa), and may not fully reflect the plan's economic strategy and the need for new housing.
53. Moreover, being based on jobs growth of only 0.4%, it would fail to reflect CEC's own evidence which suggests that job growth rates of 0.7% or even 1.2% would better achieve the plan's economic objectives. In this context, it is difficult to accept CEC's view that future job growth rates above 0.4% would be implausible, since this does not reflect the fact that Cheshire East has achieved longer-term growth rates of 0.7% in the past and higher rates of growth may be expected as the recession recovers.
54. The proposed level of housing development may represent a noticeable increase in the rate of housebuilding when compared with recent years, but it is less than that achieved in the pre-recession period, even when the level of housing provision in Cheshire was limited by RS policy constraints. The average level of proposed provision is less than 15% above the suggested OAN (1,180dpa), and may not provide sufficient headroom to ensure that the overall economic and housing strategy is successful. Put simply, it seems that the level of future housing provision has been

⁴⁶ Cheshire, Halton & Warrington Econometric Model

⁴⁷ SD017; ¶ 5.2

artificially depressed to avoid high levels of in-migration into the area, which could result in unsustainable patterns of movement and put at risk the success of the economic strategy.

55. Turning to **housing supply factors**, the assessment of the 5-year housing land supply is one of the most contentious issues in Cheshire East, leading to several planning appeals being allowed, partly due to an apparent lack of a 5-year supply of housing land. Moreover, the latest assessment of housing land supply⁴⁸ has been successfully challenged in recent planning appeals. However, it is important to recognise the differences between assessing 5-year supply when making decisions on individual planning applications or appeals and when preparing local plans; for the former assessment many local plan proposed allocations may be excluded from the supply, since they are not yet allocated or committed.
56. The LPS aims to overcome this situation, by proposing new strategic housing sites to ensure and maintain a continuous supply of new housing land over the plan period, including releasing some land from the Green Belt. This is shown in the housing trajectory, but detailed information that provides the basis for this trajectory has yet to be assessed on a site-by-site basis. Discussion about particular sites has not yet taken place, but there is some evidence to suggest that CEC may have made some rather optimistic assumptions when considering the lead-in times and build-out rates of some of the strategic sites, and it is unclear whether the phasing envisaged reflects the information in the SHLAA; this may affect their timing, delivery, viability and deliverability. Further evidence on this issue will need to be provided to ensure that the plan fully meets the identified housing requirement throughout the plan period.
57. The PPG confirms that the Strategic Housing Land Availability Assessment (SHLAA) should establish realistic assumptions about the availability, suitability and the likely economic viability of land to meet the identified need for housing over the plan period, and in so doing take account of any constraints such as Green Belt⁴⁹. CEC has undertaken a comprehensive SHLAA⁵⁰, which identifies a healthy supply of potential housing sites (almost 50,000 dwellings), far in excess of that proposed in the LPS. CEC explains that many of the sites were identified early in the plan-making process and are now considered unsuitable or undeliverable within the plan's policy framework; many are isolated sites or within the Green Belt, and CEC's more realistic estimate of potential sites suggests a capacity closer to 25,000 dwellings. Nevertheless, the current SHLAA indicates a potential to provide higher levels of housing than currently proposed, subject to site-specific and policy considerations.
58. In terms of past provision of housing, there are two concerns; firstly, the shortfall in provision in the early years of the current plan period (2010-2014), and secondly, provision in the years before the current plan period began. To address the first concern, CEC proposes to spread this under-supply (over 2,500 dwellings) over the rest of the plan period (2014-2030) (the "Liverpool" approach), although the plan could accommodate this under-supply within the next 5-years of the plan period (the "Sedgefield" approach). Since this latter approach is recommended in the PPG and is usually adopted in appeal cases, I can see few arguments against using this approach in the LPS. In the context of recent under-provision of housing, there is clearly a case to meet this shortfall as soon as practicable. Although it would increase housing provision in the early years of the plan period, it would reflect the guidance in national policy to significantly boost the level of housing provision⁵¹. Comparisons with other local plans which have adopted the "Liverpool" approach may not have fully acknowledged the particular circumstances and housing markets in these cases.
59. In order to significantly boost housing supply, the NPPF requires a 5% buffer to the 5-year housing supply; where there has been a persistent under-performance in housing provision in the past, this figure should be increased to 20%. The PPG⁵² confirms that the approach to identifying a record of persistent under-delivery is a matter for the decision maker, having regard to the relevant factors. Although overall housing provision between 2003-2010 met the targets of the former RS, annual provision

⁴⁸ BE006

⁴⁹ Planning Practice Guidance (PPG; ID: 3-044/045-20140306)

⁵⁰ BE005; PS B006b

⁵¹ NPPF (¶ 47)

⁵² Planning Practice Guidance (PPG; ID:3-035-20140306)

between 2008-2014 fell well short of the former RS and LPS targets⁵³; this may have been due not only to the economic recession, but also to the moratoria on new housing in some of the former districts of Cheshire East, based on the previous Cheshire Structure Plan. Prior to the LPS plan period, the overall RS target had been met, but since 2008 there has been a consistent record of under-delivery for a continuous period of 6 consecutive years. The accumulated shortfall is substantial and in such circumstances it would seem that a 20% buffer for the 5-year supply would be appropriate, as found in recent appeal decisions; this would not increase the total level of housing provision, but bring forward sites programmed later in the plan period. It would also reflect the national policy to boost significantly the supply of housing; the housing trajectory would need to be adjusted to reflect this position.

60. The submitted plan does not specifically take windfall developments into account, which have formed a significant contribution to housing supply in the past, or prioritise brownfield land over greenfield sites. CEC has provided some evidence on this approach⁵⁴ and, even though no specific allowance for windfall sites has been made, such developments will be taken into account if and when they come forward during the plan period; estimates range from 3,200-5,548 units over the period of the plan, including windfalls within the urban areas of Crewe and Macclesfield, and this position should be clarified in the plan. Although windfall sites, by definition, cannot be identified, the SHLAA has consistently included all small sites, and it is important to avoid double-counting in terms of windfalls; a specific policy (Policy SE2) encourages the efficient use of land and also includes criteria for future windfall developments.
61. Other evidence⁵⁵ assesses the likely contribution from brownfield sites; whilst many of the proposed strategic allocations are on greenfield sites, significant provision is envisaged from previously developed land within the main towns and key service centres. The NPPF encourages the use of previously developed land, but there are no targets or policy requirements to enforce the development of brownfield land before using greenfield sites. As CEC says, there may be a finite and diminishing source of such sites in the future and, taken as a whole, the plan seems to strike an appropriate and realistic balance between encouraging the development of brownfield sites, whilst proposing some development on greenfield sites in order to deliver the required supply of new housing. However, further clarification may be needed on this matter, particularly about the scale of brownfield development likely to be delivered from site allocations within the existing built-up areas of towns like Crewe, Macclesfield and Middleswich.
62. The proposed phased delivery of housing over the plan period, from 1,200-1,500dpa, seems to be largely based on delivery, Green Belt, infrastructure and economic factors. There is little other specific evidence to justify this stepped approach to housing delivery, which was removed from earlier versions of the plan. This approach may reflect the position in the early years of the plan period, when the rate of housing development has not met expectations, and gears up to deliver higher growth later, but could constrain the provision of new housing during the plan period, particularly when the current backlog also has to be met. I recognise that the housing market may take time to adjust to increased levels of provision following the economic recession, and some sites cannot come forward until new roads and infrastructure have been provided. However, there is also evidence that some sites could come forward earlier, as well as increased market interest in developing suitable sites, with a strong housing demand.
63. Without phasing, there may be some concern about the impact of new housing development on the southern fringe of Cheshire East on the regeneration of the Potteries (which seems to be a longstanding policy stemming from the former RS), but there seems to be no specific or recent evidence to justify such a restriction. To artificially restrict the supply of housing land risks a mismatch with the economic strategy and the principles of sustainable development, and could undermine the national policy of significantly boosting housing supply. Consequently, the proposed phasing element of the strategy does not seem to be fully justified.

⁵³ BE006; Table 1; PS B006b

⁵⁴ BE006; PS D003.011

⁵⁵ BE041; PS D003.011

64. CEC has undertaken work examining the viability and deliverability of development proposed in the plan, testing various scenarios and geographical locations, including the costs of various policy standards and requirements⁵⁶. These assessments confirm that the development of most sites over much of the district is likely to be viable, particularly for greenfield sites, including the 30% target of affordable housing, although brownfield and other sites in some areas might struggle to meet this target; this is confirmed in the evidence of recent housing schemes, some of which have not achieved the expected levels of affordable housing. Nevertheless, provided that the policy recognises viability factors and allows some flexibility, and given that there is a range of other measures and initiatives to provide affordable housing by other means (including 100% social housing), the viability and deliverability of the proposed housing provision has been addressed in the supporting evidence.
65. As for flexibility, CEC points to the likely overall provision of new housing land, with the LPS actually envisaging over 29,000 new houses being provided to meet the minimum requirement for 27,000 houses in the period to 2030⁵⁷. If the provision figure was soundly based, this would give some headroom to provide the choice and flexibility to ensure the delivery of the minimum provision figure, although there could be concerns about the deliverability of some specific sites. However, with a higher provision figure, it might not meet all the required housing needs.
66. As regards **cross-boundary housing provision**, the LPS makes some provision to meet some of High Peak BC's housing needs, but this decision was made relatively late in the plan-making process. This provision may partly reflect the degree of functional inter-relationship between the two districts, including economic, migration and transport links, but there is little specific evidence to support this number of houses (500 dwellings), which would not fully meet the total shortfall in housing provision for High Peak. The justification for such provision seems to be based largely on accepting the physical, environmental and policy constraints in High Peak. But equally, there are constraints in Cheshire East, including Green Belt, and land is proposed for release from the Green Belt to meet Cheshire East's housing needs. Timing is suggested to be towards the latter end of the plan period, but there are no details about where and how such provision will be made, or how it fits in with the housing strategy for High Peak. Consequently, whilst this element of the plan may be positively prepared, it does not seem to be fully justified or effective.
67. Other issues relating to cross-boundary provision have been addressed earlier under the DTC; apart from High Peak, there are no outstanding housing needs from other authorities which have to be met in Cheshire East and no other authority needs to make provision to meet any of CEC's housing needs. Longer term issues of housing need in the Greater Manchester conurbation have yet to be identified or resolved.
68. CEC has considered **alternative levels of housing provision**, both higher and lower than the proposed provision figure. However, only after submitting the plan does it seem to have fully considered the alternative estimates put forward by other parties or acted on the criticisms of its approach. These alternative estimates of housing requirements do not represent marginal adjustments to CEC's preferred figure, but raise fundamental differences of opinion and approach, which result in estimates of over 40,000 dwellings compared with CEC's figure of 27,000. In my view, these alternative estimates should have been fully considered, along with the assumptions and issues raised, well before the LPS was finalised and submitted for examination. In fairness, I also have to record that other participants consider the overall housing provision figure is much too high, suggesting a figure of nearer 20,000, but do not submit detailed evidence or projections to support their view.
69. Consequently, on the basis of the evidence and discussions during the examination so far, I consider there are serious shortcomings with the Council's objective assessment of housing need and the preferred housing provision figure. These suggest that further work needs to be undertaken to assess the housing need for the area in a way which explicitly addresses all the relevant factors outlined in the NPPF & PPG, using assumptions which are robust and realistic, and which better reflect the inter-relationship with the plan's economic strategy.

⁵⁶ BE003; BE042

⁵⁷ Local Plan Strategy Submission Version: Appendix A

Settlement hierarchy and spatial distribution of development

70. The settlement hierarchy set out in Policy PG2 comprises Principal Towns, Key Service Centres, Local Service Centres and other rural settlements, and is largely justified in the supporting evidence⁵⁸. The determining factors include population, the number of households and retail units and amount of employment, along with services, transport and accessibility, reflecting the existing role and function of the centre; these factors have been tested and updated. Minor changes to the text of the policy and the accompanying text, as suggested⁵⁹, including more accurately reflecting the growth strategy for individual settlements, would clarify the situation.
71. There is no dispute that the largest towns in Cheshire East, Crewe and Macclesfield, are appropriately designated as Principal Towns in the hierarchy. Similarly, most of the towns designated as Key Service Centres (KSC) and Local Service Centres (LSC) are appropriate and justified. Some parties consider Congleton should be elevated to the status of a principal town, but it is considerably smaller than Crewe and Macclesfield and has fewer retail units and employment. Others consider there should be an upper tier of KSCs, including the larger towns of Congleton, Wilmslow, Sandbach & Nantwich, but there is no clear differentiation in the role and function of these settlements and this would unduly complicate the hierarchy.
72. Some question whether Handforth should be designated as a KSC, but given the range of existing facilities, this is the function it performs (which has little to do with the proposals for the NCGV). Others consider settlements such as Alderley Edge and Holmes Chapel should be KSCs, but these are smaller in size and do not have the full range of facilities. Similar factors apply to smaller settlements, such as Wybunbury and Rode Heath, which some contend should be designated as LSCs. Earlier versions of the plan had a separate category of "sustainable rural villages", but it is difficult to differentiate between these smaller settlements and it makes the hierarchy too complicated⁶⁰. These settlements contain few services, with limited access to public transport and few employment opportunities; their ability to accommodate further development will be considered at the Site Allocations stage. Consequently, the settlement hierarchy seems to be justified, effective and soundly based.
73. The proposed spatial distribution of development set out in Policy PG6 is justified with a range of evidence⁶¹, and has evolved during the preparation of the plan. Various alternative spatial options and levels of development were considered when the Issues & Options, Town Strategies and Development Strategy were prepared and assessed through the SA process, and the allocation of development to specific towns was a major feature at the consultation stage of the Town Strategies. The main factors influencing the spatial distribution of development include the settlement hierarchy, development opportunities, infrastructure capacity, policy constraints (including Green Belt), physical constraints, sustainable development, deliverability and viability, sustainability appraisal, vision and strategic priorities, consultation responses and other material factors. The main issue is whether the proposed distribution of development properly reflects these factors.
74. There is little dispute about directing most new development to the principal towns of Crewe and Macclesfield; indeed, some suggest that more development should be directed to these towns. Crewe has the lion's share of new development, but any greater amounts could raise deliverability issues given the infrastructure constraints, particularly access and roads; although the inclusion of site allocations outside Crewe at Shavington within the figures for Crewe is questionable. Further development at Macclesfield could be limited by Green Belt and infrastructure constraints. Higher levels of development are generally directed to those towns which are unaffected by Green Belt constraints, and some imbalances between new housing and employment allocations are mainly explained by existing development opportunities/commitments.
75. The main concern is the limited amount of development which is directed to the towns in the north of the area, particularly Handforth, Poynton, Knutsford and Wilmslow, but this is largely explained by Green Belt constraints; but even here, there are significant

⁵⁸ BE046; PS B006b

⁵⁹ PS D003.012

⁶⁰ PS D003.013

⁶¹ including PS B006b; SD003; SD015; SD18-19; SD007; BE005; BE046; BE054; BE056-76; BE083-099; BE100

releases of land from the Green Belt (including the NCGV). Development in other Green Belt settlements (like Congleton and Alsager) is largely directed away from the Green Belt. However, although an almost endless list of permutations of the spatial distribution of development could be drawn up, I am concerned that the proposed distribution may not fully address the development needs and opportunities at all the towns and settlements, particularly those in the north of the district.

76. These settlements are confined by the existing Green Belt, but there is also a need to promote sustainable patterns of development⁶², which address the future housing, employment and other development needs of these settlements. The limited amount of new housing proposed in Green Belt settlements such as Poynton, Knutsford and Wilmslow is very contentious; the proposed levels of housing at these settlements will not meet their needs, and insufficient consideration seems to have been given to how these needs will be met. Many potential sites were assessed during the preparation of the LPS, but specific options which envisage the development of smaller sites within the built-up area or on the fringes of these settlements do not seem to have been fully considered. Whilst this could be reconsidered at the Site Allocations stage, it may have unduly influenced decisions to release larger Green Belt sites in the LPS.
77. It is also unclear as to whether CEC considered a spatial distribution option related to the existing population distribution and future housing needs of each settlement. Moreover, in some cases, the total amount of housing development proposed at some settlements has already been exceeded by existing commitments and proposals in the LPS, leaving little room to make further allocations at the Site Allocations stage⁶³.
78. Consequently, some further work may need to be undertaken to review and fully justify the proposed spatial distribution of development. Although the LPS is essentially a strategic plan, focusing on strategic allocations, such work may need to examine the possibility of releasing smaller-scale sites in and around the fringes of existing towns and settlements, including those in the Green Belt, to inform further work at the Site Allocations stage.
79. Some parties consider that the overall amount of development for the LSCs should be apportioned between each of the settlements. However, this is a matter more appropriately considered in greater detail at the Site Allocations stage, particularly given the relatively limited amount of development which is likely to occur at these smaller centres. Others consider that higher levels of development should be directed to the smaller rural settlements, and possibly disaggregated to each of these settlements. However, some of these settlements are very small, there are many of them, and they will probably only accommodate a limited amount of development; these matters are best considered at the Site Allocations stage.
80. It therefore seems to me that although the settlement hierarchy is appropriate, justified and soundly based, some further work may be required to justify the proposed spatial distribution of development, particularly to address the development needs and opportunities of the Green Belt settlements in the north of the district.

Green Belt & Safeguarded Land

81. The approach to the Green Belt and Safeguarded Land, particularly the release of such land to accommodate new development, is a contentious element of the LPS. The submitted plan proposes to release 16 sites, mainly in the north of the district, from the Green Belt, either for housing and/or employment development (over 200ha) or as Safeguarded Land (over 130ha), as well as establishing a new area of Green Belt to the west, east and south of Crewe. Detailed Green Belt boundaries will be defined on the Local Plan Policies Map, either in the LPS or the Site Allocations Local Plan.
82. The NPPF (¶ 82-85) confirms that once established, Green Belt boundaries should only be altered in exceptional circumstances, through the preparation and review of the Local Plan; it also advises that new Green Belts should only be established in exceptional circumstances and sets out the factors to be considered. CEC has provided evidence to justify its approach⁶⁴; this identifies that the exceptional circumstances needed to justify altering Green Belt boundaries are essentially the

⁶² NPPF (¶ 84)

⁶³ PS B025c

⁶⁴ SD015; BE011; BE012; PS B006b

need to allocate sufficient land for market and affordable housing and employment development, combined with the significant adverse consequences for patterns of sustainable development of not doing so, since it is not practicable to fully meet the development needs of the area without amending Green Belt boundaries. However, it seems to me that both the process and the evidence may be flawed.

83. Firstly, I recognise that a wide range of evidence has influenced the release of particular sites from the Green Belt⁶⁵. However, although the possibility of needing to release land from the Green Belt was raised during consultations on the Issues & Options and Town Strategies, and was firmed up in the Development Strategy in January 2013, the specific evidence justifying this approach was not completed until September 2013, well after these decisions had been made⁶⁶. The Green Belt Assessment influenced the final plan to a limited degree, but in several cases, it does not support the release of specific sites from the Green Belt; in some cases, land which makes a major or significant contribution to the Green Belt is proposed for release, whilst other sites which only make a limited contribution to the Green Belt do not seem to have been selected. Although the release of land from the Green Belt was based on several factors, this suggests that insufficient weight may have been given to the status and value of certain sites in Green Belt terms compared with other factors such as land ownership, availability and deliverability, when preparing and finalising the plan.
84. In line with the NPPF, the evidence includes a sequential assessment of options for development on land outside the Green Belt, including channelling development towards towns and villages inset within the Green Belt boundary, to locations beyond the Green Belt boundary, towards the urban area within the Green Belt, and reducing the overall amount of housing and employment development. This reveals that less than 17% of the new dwellings needed can be accommodated in the Green Belt settlements in the north of the district, despite them having over 36% of the total resident population and a pressing need for new housing. However, the study does not always seem to have considered the impact of releasing smaller-scale sites on the fringes of existing settlements or whether the opportunities presented by new road schemes and their boundaries could have enabled selected releases of land between the existing built-up area and the new roads.
85. Furthermore, there are several shortcomings with the evidence itself. Firstly, it does not consider all the purposes of the Green Belt, omitting the contribution to urban regeneration and preserving the setting and special character of historic towns. Although the latter purpose may apply only to historic towns like Chester, the impact on urban regeneration, particularly in the north of the district and beyond, does not seem to have been fully addressed; CEC says that it applies equally to all parcels of land, but this may not be the case. Secondly, although the assessment does not recommend the release of specific sites and aims to identify strategic land parcels, it seems somewhat inconsistent in assessing relatively large tracts of land in some cases, whilst dealing with much smaller sites in other areas; it may not be as finely-grained as it could have been, omitting some smaller parcels of land on the fringes of settlements which might have had less impact on Green Belt purposes.
86. CEC confirms that the study did consider the significance of Green Belt land on the northern edge of the district to the wider Green Belt in adjoining areas, such as Stockport. Some parties suggest that a full strategic review of the Green Belt in the wider area should have been undertaken, but the status and timescale of the relevant development plans may make this difficult, particularly since CEC cannot make proposals to develop land outside its area. Nevertheless, since the study did not specifically assess this wider area of Green Belt and adjoining local authorities seem to have had little influence on the terms or extent of the study, this may suggest that it was not as positively prepared as it could have been.
87. It therefore seems to me that these are significant flaws in both the process and evidence relating to the release of land from the Green Belt, particularly given the recent clarification of national guidance on the significance of the Green Belt⁶⁷.

⁶⁵ PS D003.016

⁶⁶ BE012

⁶⁷ Planning Practice Guidance; (ID: 3-044/045-20141006)

88. As for Safeguarded Land, there is some evidence to justify the release of the overall amount of safeguarded land, being partly based on the potential amount of land that may be required for development beyond the current plan period; earlier versions of the LPS included a much larger amount of safeguarded land (260ha). Subject to the LPS fully meeting its objectively assessed needs for development, there should be no need to consider bringing forward Safeguarded Land for development during the current plan period. CEC does not consider it is appropriate to forecast development requirements post-2030, citing a range of further options to accommodate future development needs; but these could apply equally to the current plan period, as well as in the longer term. Similarly, although the Green Belt Assessment does not recommend which sites should be released, it does not always support the release of specific areas of land from the Green Belt. This may suggest that other factors were more important than their significance in Green Belt terms.
89. Some of the Safeguarded Land adjoins proposed site allocations for development, suggesting that these sites may eventually accommodate a larger scale of development in the longer term. Further smaller-scale areas of safeguarded land may also be identified at the Site Allocations stage, but the criteria for making such designations is not set out. Although the identification of Safeguarded Land would ensure that Green Belt boundaries would not need to be altered at the end of the current plan period, some further justification about the scale of Safeguarded Land proposed and the release of particular sites, both in the LPS and Site Allocations Local Plan, is needed before the approach could be considered sound.
90. The justification for a new Green Belt in the south of the district seems to stem largely from the perceived risk of Crewe merging with Nantwich and other smaller settlements as a result of the proposals for growth and development in and around the town; it is not promoted as a compensation for Green Belt land lost in the north of the district. The proposal is supported by adjoining local authorities in North Staffordshire⁶⁸ and by some local communities. Some of the area is currently covered by a Green Gaps policy in the adopted local plan, which will continue to apply until detailed Green Belt boundaries are defined; but CEC considers this policy is not strong enough to resist development pressures, quoting several appeal decisions.
91. The justification for establishing the new Green Belt is set out in the New Green Belt and Strategic Open Gaps Study⁶⁹, but there seem to be a number of shortcomings in this approach. Firstly, although the evidence addresses the criteria that have to be met⁷⁰, it does not explicitly identify the exceptional circumstances needed to establish the new Green Belt. Secondly, the LPS only seeks to establish an area of search for the new Green Belt, covering a large swathe of land to the south, west and east of Crewe, leaving detailed boundaries to be defined in the subsequent Site Allocations Local Plan; the area of search extends much further than that currently covered by the Green Gaps policy, which may not be fully justified, and earlier versions of the plan envisaged a much smaller area of Green Belt. Thirdly, it seems to ignore the fact that significant areas of new development are proposed within the area of search for the new Green Belt (such as at Shavington and on the edge of Crewe); indeed, CEC has granted planning permission for several housing developments within this area of search. Furthermore, since Crewe has been a location for development and growth in the past and the scale of growth now proposed is not significantly different to that in the previous local plan, this does not seem to represent a major change in circumstances to justify establishing a new area of Green Belt; it could also constrain further growth around Crewe in the future.
92. Until recently, the existing Green Gaps policy has been successful, and has only come under threat when 5-year housing land supply has been a decisive issue. Moreover, since the existing Green Gaps policy would apply between Crewe, Nantwich and other surrounding settlements until detailed Green Belt boundaries are defined, this would help to prevent the erosion of existing gaps between settlements; and since the North Staffordshire Green Belt is already established to the south of Crewe, there is little risk of the town merging with the Potteries conurbation. There seems to be little evidence to suggest that normal planning and development management policies (including the

⁶⁸ PS B023

⁶⁹ BE011

⁷⁰ NPPF (¶ 82); M6.1.001

Green Gaps policy) would not be adequate, provided that a 5-year supply of housing land is consistently maintained. Having considered all the evidence, factors and discussions on this matter, there seems to be insufficient justification to establish a new Green Belt in this locality.

Other strategic policies

93. During the hearings, other strategic policies in the plan were discussed. For the most part, concerns about the content and soundness of these policies could probably be addressed by detailed amendments to the wording of the policies and accompanying text, as discussed at the hearings. These do not seem to raise such fundamental concerns about the soundness of the submitted plan.

D. Future progress of the Local Plan Strategy examination

94. The Council will need time to fully consider the implications of these interim views, since they may affect the future progress of the examination. In these circumstances, it may not be appropriate to resume the hearing sessions in early December 2014, as currently suggested.
95. As far as the future progress of the examination is concerned, there seem to be several options available to the Council:
- Continue the examination on the basis of the current evidence;
 - Suspend the examination so that the necessary additional work can be completed and considered before proceeding with the remainder of the examination;
 - Withdraw the Plan and resubmit it for examination when all the necessary consultation and supporting justification and evidence has been completed;
96. If Option (a) is chosen, it is likely that, on the basis of the evidence submitted so far, I would probably conclude that the submitted Plan is unsound due to the shortcomings in the proposed strategy and evidence base, including the economic and housing strategies, the relationship between them and the objective assessment of housing need, the spatial distribution of development and the approach to the Green Belt and Safeguarded Land. In these circumstances, proceeding immediately to the remaining parts of the examination would be unlikely to overcome these fundamental shortcomings.
97. If Option (b) is chosen, any suspension of the examination should normally be for no longer than 6 months. CEC would need to estimate how long it would take to undertake the additional work required to rectify the shortcomings identified, with a timetable setting out the main areas of work and the time estimates for each stage. Once the additional work is completed and published, I would probably need to convene another hearing session(s), involving the participants from the previous hearing sessions, to consider the outcome of this work, including any necessary revisions to the policies and content of the plan. The Programme Officer would make the necessary arrangements for the resumed hearing sessions once CEC's timetable for the additional work is submitted. Following the resumed hearing sessions, I would expect to form a view on the adequacy and soundness of the additional work carried out, along with other outstanding and associated matters, before proceeding with the remaining aspects of the examination, including site-specific matters.
98. It may be that, once this further work and outstanding evidence has been completed, CEC might need to consider alternative or additional strategic site allocations. However, it is important that any amendments to the LPS and its underlying strategy do not result in a fundamentally different spatial approach or strategy or result in substantial modifications which result in a significantly different plan. If the amendments necessary to ensure that the LPS is sound are so significant that it results in a fundamentally different plan, withdrawal may be the most appropriate course of action. In these circumstances, I would need to consider the implications and review the position before proceeding with the rest of the examination.

99. If Option (c) is chosen, the examination would be closed and I would take no further action in the examination of the submitted plan.
100. These interim views are being sent to CEC for them to take the necessary action, and are being made available to other parties for information only; no responses should be submitted. However, it would be helpful to know, as soon as possible, which option CEC wishes to choose and, if appropriate, a timetable outlining the timescale of the additional work required.
101. In presenting these interim views, I am fully aware of the Council's ambition to adopt a Local Plan for Cheshire East as soon as practicable and to avoid any unnecessary delays to the examination. However, it is not in the best interests of planning or plan-making to recommend an unsound plan for adoption, which would clearly run the risk of subsequent legal challenge. Consequently, I would ask the Council to carefully consider the implications of these interim views before advising me on their preferred course of action. In seeking a positive way forward, I am willing to do all I can to assist the Council, although I have a restricted role in this regard; any advice given is entirely without prejudice to my final conclusions on the soundness of this plan.

Stephen J Pratt - Development Plan Inspector
06.11.14



Neutral Citation Number: [2015] EWHC 444 (Admin)

Case No: CO/3542/2014

IN THE HIGH COURT OF JUSTICE
QUEEN'S BENCH DIVISION
PLANNING COURT

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 27 February 2015

Before :

THE HONOURABLE MR JUSTICE SUPPERSTONE

Between :

GLADMAN DEVELOPMENTS LTD

Claimant

- and -

STAFFORD BOROUGH COUNCIL

Defendant

Christopher Lockhart-Mummery QC

(instructed by **Messrs Irwin Mitchell LLP**) for the **Claimant**

Richard Humphreys QC (instructed by **Stafford BC Legal Dept.**) for the **Defendant**

Hearing dates: 22-23 January 2015

Approved Judgment

Mr Justice Supperstone :

Introduction

1. This is an application by the Claimant, Gladman Developments Ltd, made under section 113 of the Planning and Compulsory Purchase Act 2004 (“the 2004 Act”) to quash, alternatively remit to the Defendant, Stafford Borough Council (“SBC”), the following parts of the Plan for Stafford Borough (“the PSB”):

Policy SP2: Housing and Employment Requirements, and supporting text paragraphs 6.4-6.12.

Policy SP4: Housing Growth Distribution, and supporting paragraphs 6.45-6.54.

2. The PSB is a development plan document for the purposes of Part 2 (“Local Development”) of the 2004 Act.
3. The Claimant is a developer of, amongst other forms of development, housing and specialises in the promotion of strategic land for residential development. It intends to seek planning permission for residential development of a site within the area of the Defendant, off Stowe Lane, Hixon. To that end, it made representations at all relevant stages of the evolution of the PSB, which was adopted on 19 June 2014.

Factual Background

4. The first witness statement of Mr Alex Yendole, the Defendant’s Planning Policy Manager, sets out the evolution of the PSB, the most relevant history beginning with the publication of the NPPF in March 2012. Later that year, in September 2012, the Defendant published an updated Strategic Housing Market Assessment (“SHMA”).
5. The PSB-Publication draft was published in November 2012. It was the subject of public consultation in January-February 2013. Following consideration of representations, and taking into account the publication in April 2013 by the Office of National Statistics (“ONS”) of the 2011 interim household projections, the Publication draft was submitted to the Secretary of State in August 2013.
6. The Secretary of State appointed Mr Stephen J Pratt BA(Hons) MRTPI (“the Inspector”) to conduct an examination in public and report on the PSB which had been submitted to him for examination on 20 August 2013. Examination hearings were held between 23 October and 1 November 2013. On 11 June 2014 the Inspector published a report (“the Report”), which concluded that with the recommended Main Modifications set out in the Appendix the PSB satisfies the requirements of section 20(5) of the 2004 Act and meets the criteria for soundness in the NPPF. The Defendant adopted the PSB with the main modifications recommended in the Report. The PSB as adopted on 19 June 2014 makes provision for the development in the Borough of Stafford of 500 dwellings per annum between 2011 and 2031.

The Legal Framework

The Planning and Compulsory Purchase Act 2004 (“the 2004 Act”)

7. Part 2 of the 2004 Act provides for the preparation, examination and adoption of a development plan document such as the PSB. Section 19(2) provides:

“(2) In preparing a development plan document or any other local development document the local planning authority must have regard to—

(a) national policies and advice contained in guidance issued by the Secretary of State...”

8. Section 20 provides for independent examination of development plans by an Inspector appointed by the Secretary of State. Sub-section (5) states:

“The purpose of an independent examination is to determine in respect of the development plan document—

(a) whether it satisfies the requirements of sections 19 and 24(1), regulations under section 17(7) and any regulations under section 36 relating to the preparation of development plan documents;

(b) whether it is sound; and

(c) whether the local planning authority complied with any duty imposed on the authority by section 33A in relation to its preparation.”

9. The PSB is a “relevant document” for the purposes of s.113. So far as relevant to this application, section 113 provides:

“(3) A person aggrieved by the relevant document may make an application to the High Court on the ground that—

(a) the document is not within the appropriate power;

(b) a procedural requirement has not been complied with...

(6) Sub-section (7) applies if the High Court is satisfied—

(a) that a relevant document is to any extent outside the appropriate power;

(b) that the interests of the Applicant have been substantially prejudiced by a failure to comply with a procedural requirement.

(7) The High Court may—

(a) quash the relevant document;

(b) remit the relevant document to a person or body with a function relating to its preparation, publication, adoption or approval.

(7C) The High Court's powers under sub-section (7) ... are exercisable in relation to the relevant document—

(a) wholly or in part;”

National Policy

National Planning Policy Framework (“NPPF”)

10. The NPPF published in March 2012 provides, inter alia, that:

“14. At the heart of the National Planning Policy Framework is a **presumption in favour of sustainable development**, which should be seen as a golden thread running through both plan-making and decision-taking.

For **plan-making** this means that:

- local planning authorities should positively seek opportunities to meet the development needs of their area;
- Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless
 - any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole;

Core planning principles

17. Within the overarching roles that the planning system ought to play, a set of core land-use planning principles should underpin both plan-making and decision-taking. ...

- ... Every effort shall be made objectively to identify and then meet the housing ... needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability...

6. Delivering a wide choice of high quality homes

47. To boost significantly the supply of housing, local planning authorities should:

- use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework...

Plan-making

Local Plans

156. Local planning authorities should set out the **strategic priorities** for the area in the Local Plan. This should include strategic policies to deliver

- the homes... needed in the area;

157. Crucially, Local Plans should:

- plan positively for the development and infrastructure required in the area to meet the objectives, principles and policies of this Framework;

Using a proportionate evidence base

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

Housing

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

- prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:
 - meets household and population projections, taking account of migration and demographic change;
 - addresses the need for all types of housing, including affordable housing and the needs of different groups in the community (such as but not limited to, families with children, older people, people with disabilities, service

families and people wishing to build their own homes);
and

- caters for housing demand and the scale of housing supply necessary to meet this demand;

Examining Local Plans

182. The Local Plan will be examined by an independent inspector whose role is to assess whether the plan has been prepared in accordance with the Duty to Co-operate, legal and procedural requirements, and whether it is sound. A local planning authority should submit a plan for examination which it considers is ‘sound’ – namely that it is:

- **Positively Prepared** – the plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development;
- **Justified** – the plan should be the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence;
- **Effective** – the plan should be deliverable over its period and based on effective joint working on cross-boundary strategic priorities; and
- **Consistent with National Policy** – the plan should enable the delivery of sustainable development in accordance with the policies in the Framework.

Annex 1: Implementation

218. Where it would be appropriate and assist the process of preparing or amending Local Plans, regional strategy policies can be reflected in Local Plans by undertaking a partial review focusing on the specific issues involved. Local planning authorities may also continue to draw on evidence that informed the preparation of regional strategies to support Local Plan policies; supplemented as needed by up to date, robust local evidence.”

National Planning Policy Guidance (“PPG”)

11. The PPG was published in March 2014. The following passages in the “Housing and economic development needs assessments” chapter are relevant:

“1. The approach to assessing need

The assessment of housing and economic development needs includes the Strategic Housing Market Assessment requirement as set out in the National Planning Policy Framework.

What is the primary objective of the assessment?

The primary objective of identifying need is to:

- identify the future quantity of housing needed, including a breakdown by type, tenure and size;

What is the definition of need?

Need for housing in the context of the guidance refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand.

Need for all land uses should address both the total number of homes or quantity of economic development floorspace needed based on quantitative assessments, but also on an understanding of the qualitative requirements of each market segment.

Assessing development needs should be proportionate and does not require local councils to consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur.

Can local planning authorities apply constraints to the assessment of development needs?

The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan-makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under-performance, viability, infrastructure or environmental constraints. However, these considerations will need to be addressed when bringing evidence bases together to identify specific policies within the development plans.

2. Scope of assessments

Needs should be assessed in relation to the relevant functional area i.e. housing market area...

A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where

people live and work. It might be the case that housing market areas overlap.

3. Methodology: assessing housing need

What methodological approach should be used?

Establishing future need for housing is not an exact science. No single approach will provide a definitive answer. Plan-makers should avoid expending significant resources on primary research (information that is collected through surveys, focus groups or interviews etc. and analysed to produce a new set of findings) as this will in many cases be a disproportionate way of establishing an evidence base. They should instead look to rely predominantly on secondary data (e.g. Census, national surveys) to inform their assessment which are identified within the guidance.

What is the starting point to establish the need for housing?

Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need.

The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics. Projected household representative rates are based on trends observed in Census and Labour Force Survey data.

The household projections are trend based, i.e. they provide the household levels and structures that would result if the assumptions based on previous demographic trends in the population and rates of household formation were to be realised in practice. They do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour.

How often are the projections updated?

The 2011-based Interim Household Projections only cover a ten year period up to 2021, so plan makers would need to assess likely trends after 2021 to align with their development plan periods.

How should market signals be taken into account?

The housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals as well as other market indicators of the balance between the demand for and supply of dwellings. Prices or

rents rising faster than the national/local average may well indicate particular market undersupply relative to demand. Relevant signals may include the following [land prices, house prices, rents, affordability, rate of development and overcrowding].

How should plan makers respond to market signals?

Appropriate comparisons of indicators should be made. This includes comparison with longer term trends (both in absolute levels and rates of change) in the: housing market area; similar demographic and economic areas; and nationally. A worsening trend in any of these indicators will require upward adjustment to planned housing numbers compared to ones based solely on household projections. Volatility in some indicators requires care to be taken: in these cases rolling average comparisons may be helpful to identify persistent changes in trends.”

Legal principles

12. Where a development plan is adopted or revised it may be challenged on the basis of conventional public law principles (*Blyth Valley Borough Council v Persimmon Homes (North East) Ltd* [2008] EWCA Civ 861 at para 8, per Keene LJ).
13. Those involved in plan-making and decision-taking in a planning context must interpret relevant policy documents properly, the true interpretation of such documents being a matter of law for the court (see *Tesco Stores Ltd v Dundee City Council* [2012] UKSC 13, at paras 17-23, per Lord Reed).
14. The Inspector’s Examination Report “must be read fairly as a whole, it being inappropriate to subject it to the close textual analysis that might be required when construing statutory provisions” (*Gallagher*, per Hickinbottom J at para 62). There is “the need to avoid exegetical analysis of Inspectors’ reports” (ibid at para 81).
15. It is common ground that the NPPF requires the full, objectively assessed, housing need (“OAN”) for the relevant area to be ascertained by the relevant local planning authority before it decides whether those needs (or a higher or lower figure) should be the housing requirement of the relevant plan (see *City and District of St Albans v Hunston Properties Ltd and Secretary of State CLG* [2013] EWCA Civ 1610; *Gallagher Estates Ltd v Solihull Metropolitan Borough Council* [2014] EWHC 1283 (Admin) at para 94; upheld by the Court of Appeal in *Solihull Metropolitan Borough Council v Gallagher Estates Ltd* [2014] EWCA Civ 1610, in particular at paras 10 and 16, per Laws LJ, with whom Patten and Floyd LJJ agreed at paras 42 and 43 respectively).
16. In *Solihull MBC v Gallagher Estates Ltd* Laws LJ said:

“10. *Hunston* arose in the context of a planning application rather than a local development plan. But NPPF paragraph 47 is of course dealing with the production of Local Plans. Sir David Keene’s observations are not *obiter*, and in my judgment

offer a construction of paragraph 47 which cannot be distinguished for the purposes of the present case. The passage I have cited is binding authority for the proposition that the making of the OAN is an exercise which is prior to, and separate from, the application to that assessment of the impact of other relevant NPPF policies: the phrase ‘as far as is consistent with the policies set out in this Framework’ is not qualifying housing needs. It is qualifying the extent to which the Local Plan should go to meet those needs’. This conclusion is undiminished by references in paragraph 26 to a ‘constrained housing requirement figure’ and ‘rounded assessment’. This, moreover, is exactly how Hickinbottom J understood NPPF paragraph 47—as with respect he was bound to do. He said this at paragraph 94 of his judgment:

‘... [It] is clear that paragraph 47 of the NPPF requires full housing needs to be assessed in some way. It is insufficient, for NPPF purposes, for all material considerations (including need, demand and other relevant policies) simply to be weighed together. Nor is it sufficient simply to determine the maximum housing supply available, and constrain housing provision targets to that figure. Paragraph 47 requires full housing needs to be objectively assessed, and then a distinct assessment made as to whether (and if so, to what extent) other policies dictate or justify constraint. Here, numbers matter; because the larger the need the more pressure will or might be applied to infringe [*sic*: I apprehend ‘impinge’ is meant] on other inconsistent policies. The balancing exercise required by paragraph 47 cannot be performed without being informed by the actual full housing need’.”

Laws LJ continued at paragraph 16:

“The NPPF indeed effected a radical change. It consisted in the two-step approach which paragraph 47 enjoined. The previous policy’s methodology was essentially the striking of a balance. By contrast paragraph 47 required the OAN to be made first, and to be given effect in the Local Plan save only to the extent that that would be inconsistent with other NPPF policies. ... The two-step approach is by no means barren or technical. It means the housing need is clearly and cleanly ascertained.”

Laws LJ found the two-step approach to be “mandatory” (para 18).

17. Paragraph 182 of the NPPF gives advice as to what is meant in section 20 of the 2004 Act by a local plan being “sound”. In *Barratt Developments Plc v City of Wakefield MBC* [2010] EWCA Civ 897 Carnwath LJ, as he then was, considered “soundness”, then found in a similar context in the pre-NPPF Planning Policy Statements. He said at paragraph 11:

“I would emphasise that this guidance useful though it may be, is advisory only. Generally it appears to indicate the Department’s view of what is required to make a strategy ‘sound’, as required by the statute. Authorities and inspectors must have regard to it, but it is not prescriptive. Ultimately it is they, not the Department, who are the judges of ‘soundness’. Provided that they reach a conclusion which is not ‘irrational’ (meaning ‘perverse’), their decision cannot be questioned in the courts. The mere fact that they may not have followed the policy guidance in every respect does not make the conclusion unlawful.”

The Inspector’s Report

18. The Inspector in the section of the Report headed “Assessment of Soundness” records in the preamble (at para 19) that “the PSB establishes the strategic planning framework for Stafford Borough for the period to 2031, setting out the overall future direction for the area to deliver the proposed strategic planning approach”. He notes that “The Plan is accompanied by an extensive evidence base, including sustainability appraisals, supporting documents, background papers, technical reports and studies, along with further evidence and statements submitted to the examination”.

19. The historical context of the PSB is set out at paragraph 20:

“Preparation of the PSB began in 2008, followed by consultation on key principles, Issues and Options, Preferred Options, Local Choices, Draft Core Policies and Strategic Policy Choices, leading to the pre-submission plan in 2013. A Planning Strategy Statement (2013) dealt with specific spatial options, including those not previously addressed. The PSB was originally prepared within the strategic context of the former West Midlands Regional Spatial Strategy (WMRSS), with which it needed to be in general conformity. When the PSB was being prepared, the WMRSS was subject to a Phase 2 Revision, with an examination and an EIP Panel Report. However, shortly after publishing the EIP Panel Report, further progress of the Phase 2 Revision was put on hold and was never formally approved by the Secretary of State; the WMRSS was formally revoked in May 2013. SBC made minor changes to the text of the PSB prior to submission, to address the implications of revocation.”

20. The Report continues (at para 21):

“Although originally prepared in the context of the former WMRSS, the PSB is supported by its own locally-derived evidence base, with a justified strategy which addresses local issues and aspirations, in full knowledge of the future revocation of the WMRSS. The evidence base includes updated assessments of housing needs, employment land requirements, ...”

21. The Inspector states that SBC has reviewed the Plan against the PPG published in March 2014, and that in assessing the soundness of the PSB he has “had regard to this latest guidance” (para 22).

22. The Inspector identifies the second main issue upon which the soundness of the PSB depends in the following terms:

“Issue 2 – is the Development Strategy for Stafford Borough soundly based, effective, appropriate, locally distinctive and justified by robust, proportionate and credible evidence, particularly in terms of delivering the proposed amount of housing, employment and other development, and is it positively prepared and consistent with national policy?”

23. At paragraph 29 the Inspector refers to Spatial Principle 2 which establishes the overall scale of housing and employment provision. The Report states:

“In order to boost significantly the supply of housing, the NPPF (paras 47, 50, 159, 178-182) requires authorities to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in the NPPF. They should also prepare a Strategic Housing Market Assessment (SHMA) to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The scale and mix of housing should meet household and population projections, taking account of migration and demographic change, addressing the need for all types of housing, including affordable housing, and catering for housing demand. Further guidance is given in the latest PPG, which confirms that DCLG household projections should provide the starting point when estimating future housing need.”

24. The Inspector refers at paragraph 30 to detailed evidence submitted by SBC in justification of its objective assessment of housing needs [K1:B; M3/1a]. The submitted Plan proposes new housing at the rate of 500 dwellings/year (totalling 10,000 between 2011-2031), reflecting the 2012 SHMA. A joint SHMA was undertaken in 2008, and was updated for Stafford Borough in 2012. The Report states that “the latest SHMA not only identifies the scale of need for affordable housing, but also includes estimates of the total number of future households using the latest available housing and population forecasts; it also addresses the need for all types of housing and caters for housing demand, in line with the NPPF” (para 30).

25. The Report continues:

“31. The proposed level of housing provision takes account of the additional households estimated to be formed in Stafford Borough between 2011-2031, (at 461 households/year based on the 2008 DCLG household projections); and includes an

element of further growth (natural change accounts for only 30% of new households, with in-migration representing nearly 70% of the total). This level of provision exceeds that estimated in the '*What Homes Where*' toolkit, (using both the 2008 and 2011-based projections) [D7A-B; D8] and recognises Stafford's role as a growth point. It also takes account of the difference between the projected number of new households and new homes required, whilst catering for in-migration and significantly boosting housing delivery compared with recent completion rates, in line with the NPPF (para 47). Unlike some local authorities, the proposed level of provision fully meets the objectively assessed housing needs, without any policy constraints and without relying on figures from the former WMRSS or on a single set of population/household projections.

32. Some parties are concerned about SBC's assessment of housing needs and the fact that a joint SHMA, covering a wider housing market area, has not been undertaken since 2008. However, SBC has established the overall housing needs afresh, and the 2012 SHMA [D5] identifies the total number of future households needing market and affordable housing, based on the 2008 household projections; later evidence refines this assessment to consider the implications of the 2011-based interim household projections and examines economic and social drivers of housing demand [K1: B; N2.17]. The SHMA confirms that Stafford has strong links with neighbouring areas and does not have a self-contained housing market, but it takes account of migration into and out of the Borough, considers the wider housing market and allows for a considerable amount of in-migration, taking account of demographic trends and movements in the housing market."

26. Paragraph 35 of the Report notes that some developers press for higher levels of housing growth, ranging from 550-700 dw/yr, in part reflecting the previous level of housing recommended in the former WMRSS Phase 2 Revision EIP Panel Report (550 dw/yr), and taking into account previous shortfalls in provision, the need to fully meet affordable housing needs and deliver the economic strategy. The Inspector comments:

"However, since the WMRSS has now been revoked and the EIP Panel recommendations were never formally endorsed, these previous figures have little relevance, particularly since the baseline evidence and household projections used have been overtaken by more recent evidence. Nevertheless, the PSB continues the approach of supporting sustainable growth, including promoting Stafford town as a growth point, as envisaged in previous plans. SBC also confirms that the level of proposed housing provision is not intended as a maximum figure, which might constrain other sustainable and acceptable developments from coming forward."

27. The Inspector observes at paragraph 36 that national guidance (NPPF, paras 158-159) indicates that plans should not only consider the housing needs of the area, but also that housing and employment strategies should be integrated and take full account of relevant market and economic signals. He states:

“Some parties argue for higher levels of housing to allow for the expected increase in employment as a result of economic growth and to take account of market demand. SBC has provided additional evidence [N2.17], addressing economic and social factors, using existing available information and research. Based on relatively cautious economic aspirations and more recent economic reviews [E15-E16], this demonstrates the proposed level of housing provision will enable the economic strategy to be delivered, including the economic objectives of the Sustainable Community Strategies and the SSLEP; it is also consistent with SSLEP’s Economic Growth Strategy [E17]. Other assessments have been provided by others, which use more recent economic trends and indicators, with more optimistic assumptions giving more weight to economic drivers. However, I am satisfied that SBC’s assessment has a sound basis and provides a reasonable balance between housing and economic factors.”

28. The Report continues at paragraph 37:

“SBC has also considered market demand for housing; the proposed level of provision would be higher than the average rate of past completions (442 dw/yr (2001-2013)), and nearer to the pre-recession average rate of completions. As regards affordable housing, some 30-40% of new housing is anticipated to be affordable (150-200 dw/yr), which will go a long way towards meeting the current shortfall of affordable housing (210 dw/yr). It would not be appropriate to further increase the overall level of housing to fully meet the need for affordable housing as a proportion of market housing, since there are other means of making such provision, and increased levels of housing may not be sustainable or deliverable.”

29. At paragraph 42 of the Report the Inspector concludes in relation to the overall housing requirement for Stafford as follows:

“When all the evidence on the overall housing requirement for Stafford is examined, I am satisfied that SBC has made an objective assessment of the need for market and affordable housing in the Borough in a thorough and proportionate manner, having regard to a wide variety of relevant factors and recent household/population projections, building on existing information sources and having regard to the wider housing market. Furthermore, it has expressly identified a proposed level of housing provision in the PSB which fully meets those needs.”

30. At paragraphs 43 and 44 of the Report reference is made to the proposals in the Plan for employment land and the business and economic needs of the Borough. At paragraph 44 the Inspector concludes: “Further evidence confirms that the proposed level of housing provision will enable the economic strategy to be delivered [N2.17]”. Paragraph 45 states:

“Consequently, the Plan provides an effective and positively prepared framework to fully meet the objectively assessed housing needs of the Borough for both market and affordable housing in a sustainable, viable and deliverable manner, consistent with the latest household projections and the NPPF and PPG. It caters not only for the housing needs of the existing local population, but also accommodates a significant amount of in-migration, consistent with Stafford’s role as a focus for growth. The overall scale of provision will be reviewed as delivery progresses and future household forecasts are produced, but at present, it represents a robust, effective and justified figure which fully meets the latest household projections and guides the allocation of specific sites. The Plan also provides an effective framework to provide an appropriate amount of new employment land, consistent with the NPPF and PPG, which will contribute to the local and wider economy, and which is deliverable, justified and soundly based.”

31. When considering, as he was required to do so (see para 8 above), whether the Defendant has complied with any duty imposed on it by s.33A of the 2004 Act, the Inspector observed:

“8. ... the overall level of housing proposed in the PSB would continue Stafford [Borough]’s role as a relative growth location, including accepting a considerable amount of in-migration (70% of the total housing provision) from outside the Borough.”

Grounds of Challenge

32. The Claimant contends:

- (1) That the Defendant, and the Inspector who conducted the Examination in Public into the PSB failed to have regard to the requirements of national guidance in relation to the objective assessment of full housing needs in the Borough (and in the housing market area).
- (2) That the Defendant and the Inspector failed to consider the requirement in national guidance that any assessment of the market demand for housing should be informed by market signals/market indicators, and thus failed lawfully to define the market demand element of objectively assessed needs.

Discussion

Ground 1: failure to assess the full OAN for housing

33. Mr Christopher Lockhart-Mummery QC, for the Claimant, submits that as successfully submitted in the *Gallagher* case (when Mr Pratt was also the Inspector) “nowhere is the full housing need [of the Defendant] in fact objectively assessed”, “the Inspector erred in his approach to this issue”, and “failed to have proper regard to the policy requirements of the NPPF” (per Hickinbottom J at para 100) and to the PPG. It is, Mr Lockhart-Mummery suggests, extraordinary that nowhere in the Report does the Inspector refer to, let alone grapple with, the law and, in particular, the *Gallagher* decision which was handed down in the High Court in April 2014 and sets out in detail the correct approach to be adopted when assessing housing need. Further Mr Lockhart-Mummery contends that the Inspector’s statement (at para 22) that he had regard to PPG is a bare assertion.
34. Having proper regard to national guidance, and understanding it, Mr Lockhart-Mummery submits, requires (1) an objective, unconstrained assessment of full housing needs, followed by (2) that assessment being set as the housing requirement of the Plan “unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in [the NPPF] taken as a whole” (see NPPF, para 14 at para 10 above). Mr Lockhart-Mummery submits that while regard was had by the Defendant and the Inspector to population and household projections (equivalent to “steering forwards by using a rear-view mirror”), the Plan figure of 500 dwellings per annum was assessed as a single step as an appropriate scale of housing for which provision should be made which is consistent with the emerging RSS Review, and as an explicit policy choice.
35. The Defendant, and the Inspector, relied on two documents for the “detailed evidence and justification of [the Defendant’s] objective assessment of housing needs” (Inspector’s Report, para 30 at para 24 above). The first document (K1:B) is Topic Paper B (“Establishing the Borough Housing Requirement), to the Defendant’s Background Statement dated September 2013. The second (M3/1a) is the Defendant’s “Examination Statement – Development Strategy” dated October 2013.
36. In August 2013 the Inspector asked the Defendant to produce a background paper covering, inter alia, “overall housing provision, including establishing and meeting the objective assessment of housing requirements for the district and the relevant housing market area” (Initial Questions, para 16). Topic Paper B was produced in response to that request by the Inspector. However it fails, Mr Lockhart-Mummery submits, to identify the OAN and then apply the test in paragraph 14 of the NPPF as to the extent to which the OAN should be met. At the outset in B1 (“Scope and Purpose”) it falls into error. It is expressly cast in terms of “the appropriate scale of housing for which provision should be made”, but that is not with what OAN is concerned. Paragraph B1.1 continues by stating that the level of 500 dwellings per annum “is consistent with national guidance, and more appropriate than any reasonable alternative”. Mr Lockhart-Mummery criticises this as being a policy assessment. He contends that the conclusion to Topic Paper B (see B7.1) is again pure assertion.

37. At paragraph B3.3iv the Paper rejects reliance on national population and household projections as a full basis for future planning and at B3.4 states that:

“It now falls to the Local Plan to determine what levels are appropriate. This means taking account of all the ingredients mentioned above – likely future local demographic change, migration pressures and demand for housing – and two further considerations:

(i) local scope for and desirability of growth, recognising other planning factors, including environmental constraints, as NPPF (F1) para 14 (above) advises. This would include the availability of sufficient sustainable and viable locations for development; and

(ii) consistency of the proposals with those being advanced by other plans being produced (e.g. by neighbouring authorities)...”

Here, Mr Lockhart-Mummery submits, one finds the identification of housing need inextricably linked to environmental and policy factors, contrary to national guidance.

38. The second document, the Defendant’s “Examination Statement – Development Strategy” relies in its essentials, Mr Lockhart-Mummery suggests, on Topic Paper B. At paragraph 3.3 Topic Paper B is referred to as “[setting] out the justification for the housing provision of 500 new homes per year over the Plan period for Stafford Borough, which meets both local need and in-migration demands based on evidence within the Stafford Borough Interim 2011 Household Projections (D7 A and B), within the context of the Population and Household Projections for Stafford Borough (D8)”. Mr Lockhart-Mummery submits that the material paragraphs (paras 3.1-3.4) in Section 3 on Spatial Principle 2 in the Examination Statement add nothing to what is said in Topic Paper B on the OAN issue.
39. Mr Lockhart-Mummery contends that whilst there is a number of other potential places to look for an objective, unconstrained assessment of full housing needs, none in fact qualifies. It is common ground that the West Midlands RSS is of no current relevance, and that the approach in the RSS Revision Phase 2 did not comply with NPPF requirements (although Mr Lockhart-Mummery suggests that what is now accepted by the Defendant is difficult to reconcile with the contemporary documentation, see, in particular, Topic Paper G to the Background Statement at para G4.1); nor does the Defendant suggest that the proper assessment is to be found in the Local Plan documents which were produced prior to the publication of the NPPF in March 2012 and prior to the publication of the SHMA in September 2012. Paragraph 6.7 identifies a number of factors that should be taken into account when establishing future housing requirements for the Borough. Only one in the list (population and household projections over the Plan period) could, Mr Lockhart-Mummery submits, be relevant as a starting point for the OAN analysis; the remainder are ‘supply-side’ not ‘needs-side’ factors. Paragraph 6.8 takes the matter no further. Paragraph 6.11 is concerned with future demand for new housing, but the figures, Mr Lockhart-Mummery observes, relate to the period 2008-2033, not the relevant 20-year period

2011-2031. As a whole Mr Lockhart-Mummery submits statements in the Local Plan which touch upon how the OAN is derived are inadequate.

40. Further the DCLG household projections do not assist the Claimant. In *Gallagher Hickinbottom J* (at para 37(i)) observed that “they are not reliable as household growth estimates for particular years”, and in the Court of Appeal Laws LJ (at para 27) stated that “the DCLG projections were clearly not an OAN”. Household projections “provide the starting point estimate of overall housing need” (see PPG at para 3 of PPG at para 11 above).
41. Mr Lockhart-Mummery observes that the SHMA 2012 might suggest by its title that it provides the proper assessment required by the NPPF. However, he submits, it in fact contains no assessment of full OAN, and in particular no assessment of future market demand. It does contain an assessment of a net need of 210 affordable dwellings each year over the Plan period to 2031, but otherwise it simply reports the DCLG household projection of 2008 of an increase “of around 500 each year which equates with the target for new housing delivery” (at page 6). In other words, Mr Lockhart-Mummery observes, it assumes a target of 500, but does not seek to justify it. Moreover Mr Lockhart-Mummery comments, the figure of 500 first appeared in 2010 and has been unchanged for four years despite the raft of radically different policies that have been brought forward over that time.
42. In so far as the Defendant relies on passages in the Inspector’s report, in particular paragraphs 30 and 42 (see paras 24 and 29 above), as recording evidence of a “proper assessment” Mr Lockhart-Mummery contends that the assertions in these and other paragraphs are not borne out by inspection of the relevant material. An example, Mr Lockhart-Mummery gives, of the alleged deficiencies in the process is in relation to affordable housing. As a result of policy requirements, some 150-200 dpa are anticipated to be affordable dwellings. The Inspector states that this provision “will go a long way towards meeting the current shortfall of affordable housing (210 dw/yr)” (para 37). Mr Lockhart-Mummery submits that this approach does not comply with the requirements of the NPPF for the quantified figure of affordable housing need, together with that for market housing, to be included in the initial OAN.
43. Mr Richard Humphreys QC, for the Defendant, submits, by reference to the findings made by the Inspector, that the proposed level of provision referred to was clearly 500 dpa, this was considered by the Inspector fully to meet the OAN, unconstrained by policy considerations. This, Mr Humphreys submits, fulfils the requirement of the “two-stage approach” in *Gallagher*.
44. The figure of 500 dpa included the figure of 210 dpa in respect of affordable housing which was based on evidence before the Inspector, namely the SHMA 2012.
45. Mr Humphreys relies on paragraphs 30 and 31 of the Report where the Inspector refers to the Defendant’s Background Statement prepared at his request to help inform the Examination. Section B5(i) of Topic Paper B (“Demographic change – natural change and migration”) includes the following:

“B5.3 During the latter stages of the preparation of the Plan for Stafford Borough (A1), its proposals took account of the 2008

based household forecasts (D8), which projected a need for 461 dwellings p.a. (totalling 11,523 over the 25 years; 2008-2033).

B5.5 The latest available projections (supplied in April 2013), are the 2011 based interim household projections, (D9) which project a need for 400 dwellings p.a. (totalling 4,000 for the 10 years 2011-2021). More detailed 2011 projections covering the period to 2036 are not expected to be available before November 2014, following production of further sub-national population projections.

B5.8 One helpful toolkit guide, which has apparently proved useful to some Examinations, is that produced by The Local Housing Requirement Assessment Working Group (LHRAWG) – an informal grouping of major professional and representative bodies with an interest in planning for housing in England, formed in 2011. The latest version of this is a spreadsheet entitled ‘What Homes Where’ (J14). This synthesises population and household projections to provide contextual figures, including numbers of new households expected for each Local Planning Authority. Based on the 2008 projections, it indicates for Stafford Borough a total number of extra households of 11,855 between 2006 and 2031, i.e. an average of 474 dwellings p.a.. This is simply a more precise version of the rounded figure contained in the SHMA 2012 (D5). The LHRAWG is currently considering the 2011 interim household projections, and is expected shortly to announce the implications for its toolkit. Based on the conclusions in para 5.5 above, it might be anticipated that the toolkit’s annual average figure will fall slightly if the latest interim projections are taken into account.

B5.9 As has been evident from both this section and that preceding, annual requirements based on population and household projections change frequently and often by significant amounts. The Plan for Stafford Borough (A1) proposes a level of 500 dwellings p.a., which is slightly in excess of that suggested by current (and recent) projections, provides a clear and understandable benchmark, and co-incidentally is similar to that proposed by the RSS Phase 2 Revision (550 p.a.), even though based on much later information.”

46. At the Examination Hearing Session on 23 October (attended by Mr Yendole and Mr Smethurst of the Defendant and Ms Penfold and Mr Lucas of the Claimant) the Inspector

“...made reference to the evidence base and to the Council’s position as set out in Topic Papers B and C (K1), the Examination Statement (M3/1A) and its responses to Further Statements (N1d). He also made reference to the positions of

other participants as set out in their original submissions and Further Statements. He summarised the different figures put forward for ‘dwellings per annum’ (dpa) (1.1)”

and during the session the participants made submissions. In the Examination Statement (October 2013) (M3/1A) the Defendant had set out their response to the question the Inspector had identified for this topic (see in particular paras 3.1-3.4). At para 3.3 the Defendant stated that it considered that

“the Plan fully meets the objectively assessed needs for market and affordable housing within Stafford Borough along with any unmet housing requirements from neighbouring authorities, based on the latest evidence, through the Plan’s provision for 500 new homes per year over the Plan period. Background Statement (K1) Topic Paper B sets out the justification for the housing provision of 500 new homes per year over the Plan period for Stafford Borough, which meets both local need and in-migration demands based on evidence within the Stafford Borough Interim 2011 Household Projections (D7 A & B), within the context of the Population and Household Projections for Stafford Borough (D8).”

47. The Claimant in its EIP Hearing Statement (October 2013) stated at paragraph 6.8:

“We consider that a blended average of the last three series of household projections (i.e. 2006-, 2008- and 2011 based) might provide a more realistic assessment of the likely future longer term trajectory of household formation in Stafford Borough. These are 500 dpa, 472 dpa and 420 dpa respectively. The average of these three trajectories is 464 dpa.”

The Claimant’s figure of 600-650 dpa noted by the Inspector at the Examination Hearing Session on 23 October 2013 was based on an economic analysis with which the Defendant did not agree and which the Claimant now concedes the Defendant was not bound to accept.

48. I agree with Mr Humphreys that it was not necessary for the Inspector to refer expressly to the *Gallagher* decision. In the Report at paragraph 31 the Inspector states:

“Unlike some other local authorities, the proposed level of provision fully meets the objectively assessed housing needs, without any policy constraints and without relying on figures from the former WMRSS or on a single set of population/household projections.”

I accept Mr Humphreys’ submission that by that sentence the Inspector is showing that he is aware of the impact of the decision in *Gallagher*.

49. I reject the Claimant’s contention that the Defendant and the Inspector failed to have proper regard to the requirements of national guidance in relation to the objective

assessment of full housing needs in the Borough and in the housing market area. In my judgment the Inspector was entitled on the evidence to find that the full housing need of the Defendant had been objectively assessed in accordance with the NPPF and the PPG. In my view it is clear, in particular, from the content of the two documents, Topic Paper B and the Defendant's Examination Statement, and all the material considered by the Inspector at the Examination Hearing Session on 23 October 2013 that he was justified in finding that the figure of 500 dpa fully met the OAN, unconstrained by policy considerations.

Ground 2: failure to have regard to national guidance in relation to market demand.

50. Having regard to paragraphs 17, 47 and 159, in particular, of the NPPF and the PPG Mr Lockhart-Mummery submits that the critical question is whether the documentation prior to adoption of the Plan provides an assessment of market demand for housing, informed by market signals, to demonstrate compliance with national guidance.
51. Mr Lockhart-Mummery submits that while both the Defendant and the Inspector asserted that regard had been had to the PPG, neither had proper regard to, let alone addressed, the need to consider "market signals" and "other market indicators". The only evidence relied on by the Defendant and the Inspector related to past housing completions, accepted by the Defendant to be inadequate for these purposes.
52. At paragraph 36 the Report notes that "National guidance (NPPF; paras 158-159) indicates that plans should not only consider the housing needs of the area, but also that housing and employment strategies should be integrated and take full account of relevant market and economic signals". However thereafter in relation specifically to market demand for housing, Mr Lockhart-Mummery submits that the Report contains just one sentence on the point:

"SBC has also considered market demand for housing; the proposed level of provision would be higher than the average rate of past completions (442 dw/yr (2001-2013)), and nearer to the pre-recession average rate of completions." (Paragraph 37)

As for "market signals", the Report contains no evidence or indicator in relation to them. Further Mr Lockhart-Mummery submits there is no reference to market demand or market signals in the PSB itself.

53. The only document, Mr Lockhart-Mummery suggests, that purports to deal with market demand is Topic Paper B. Paragraph B5.14 states:

"Planning for future provision based on recent market evidence, in the current economic climate, is clearly not a sensible and sustainable basis for determining the appropriate scale of housing. The scale proposed (500 dwellings p.a.), based on demographic forecasting, and an approach towards growth within the Borough, should nonetheless adequately provide for demand similar to that experienced over the last 12 years or so, which averages 442 dwellings p.a."

Paragraph B3.3(iii) contains the comment:

“As the NPPF indicates, the Plan needs to cater for housing demand. But market demand is an imprecise and complicated basis for future planning. Particularly at the current time, recent demand levels have been influenced by the difficult economic conditions, and potentially by other factors such as the availability and timing of land releases.”

54. However this document preceded the PPG, and therefore, Mr Lockhart-Mummery submits, does not (and could not) address the range of market signals which are there indicated. Further it post-dates, by some three years, the first identification of the figure of 500 dpa in the PSB.
55. Mr Lockhart-Mummery additionally submits that it was unfair of the Inspector simply to endorse the PSB as compliant with the national guidance, without inviting representations as to whether this could now be the case in the light of guidance explicitly advising on a range of key relevant factors, including market signals.
56. In my view this ground of challenge, as Mr Humphreys points out, fails to have regard to the written evidence submitted by the Claimant to the Inspector and the evidence given at the Examination Hearing Sessions which enabled him to reach his conclusion set out at paragraph 42 of the Report “having [had] regard to a wide variety of relevant factors” (see para 29 above).
57. Paragraph B5.10 of the Defendant’s Background Statement (September 2013) sets out the data on recent completions for the period 2001/2-2012/13 that averaged 442 dwellings p.a. This figure was noted by the Inspector at paragraph 37 of the Report (see para 28 above).
58. The Claimant’s EiP Hearing Statement dated October 2013 referred to paragraphs 158 and 159 of the NPPF (see chapter 2 “Policy and Strategy Context” at paras 2.4 and 2.6 respectively), and then set out the Claimant’s evidence and views in respect of relevant market and economic signals. Appendix 1 to the Statement is an “Assessment of Future Housing Requirements in Stafford”, prepared by Development Economics. Chapter 3 of the report (at pages 11-16) is entitled “Demographic Drivers of Demand”. It covers population change, population projections, and household numbers and projections. The last bullet point in the “Key Conclusions” (at page 16) states:
 - ...we advise that the 2011-based interim projections should not be relied on in isolation. Instead, it would be more robust to take averages across recent series of population and household projections produced from 2006 onwards.”
59. Chapter 4 of the report (at pages 17-24) is concerned with “Economic Drivers of Demand”. Paragraph 4.2 states:

“The analysis in this chapter draws from the latest available economic, labour market and other relevant data sets from the Office for National Statistics and other sources. It also draws

from data and analysis found in a number of documents and reports prepared by or on behalf of the local authority and its partners.”

The following topics are covered in this chapter: the business base and enterprise; employment base and business structure; labour force characteristics; travel to work patterns; and future employment growth. Key conclusions (at page 24) include the following:

- “The economy influences future housing demand through productivity, the supply of jobs and household income. The Local Plan needs to ensure that it can create and sustain quality places to live, work, visit and do business in Stafford Borough as a key economic objective.” [First bullet point]
- “... any policy restricting future housing delivery below the levels required to meet future needs would likely result in a constraint to future economic growth and prosperity, and would be in direct conflict with the sustainable development and economic growth objective of the NPPF, as specified in paragraph 19 of that document.” [Last bullet point]

60. Chapter 5 of the report (at pages 25-30) is concerned with “Housing Affordability”. It covers relative affordability, local authority waiting list data, and the SHMA assessment of affordable housing need.

61. Chapter 6 of the report (at pages 28-30) is concerned with the adequacy of the proposed housing target. Paragraph 6.1 states:

“The purpose of this Chapter is to analyse the available demographic, economic and housing affordability evidence in order to assess the adequacy of the currently proposed housing delivery target for Stafford Borough and, if determined to be inadequate, to provide comment on what a more appropriate future housing target for the Borough is likely to be. This assessment reflects the issues and drivers of future housing requirements as set out in the NPPF, and the evidence discussed in the previous Chapters of the report.”

62. The Defendant submitted a paper (N2.17) entitled “Possible housing drivers, economic and social factors” in response to the Inspector’s request made on 24 October 2013. In that paper the Defendant recognised that the consideration of future economic performance is one of the necessary stages identified in determining an overall view (para 2); and the major economic difficulties of the recession are noted (para 3). Further the Paper stated, the update of the Defendant’s Local Economic Forecasting Model in 2010 has presented “a still more pessimistic picture of the future of the Staffordshire economy” (para 7); and that it is very likely that public sector employment will decline further (para 11); hence the PSB is “founded on relatively cautious economic aspirations, which is sensible in the current climate” (para 8). The Paper added, “it cannot easily be concluded that significantly greater in-migration, over that projected by demographic forecasts, will result... growth is not likely to be

significant to overcome weaknesses, and amount to justification in itself for further housing provision to cater for incoming workers” (para 16).

63. The Claimant responded to that document in November 2013, again referring specifically to paragraphs 158 and 159, concluding that “the housing delivery target proposed by Stafford Borough Council is unsound as it is based on out of date economic forecasts and other dated economic evidence that substantially underestimates the future employment growth prospects for Stafford” (see paragraphs 1.31 and 1.32).
64. In a document dated 17 December 2013 the Inspector set out his “recommendations for further main modifications”. At paragraph 1 he stated:

“Following the hearing sessions of the examination, Stafford Borough Council (SBC) has drawn up Schedules of Main and Minor Modifications considered necessary to make the submitted Plan for Stafford Borough sound and capable of adoption.”

He continued at paragraph 7:

“Having considered all the points made in the representations, statements and at the hearing sessions, I am satisfied that the proposed level of housing provision proposed in Spatial Principle 2 (500 dwellings/year; 10,000 dwellings 2011-2031) is sufficient to meet the objective assessment of market and affordable housing requirements for Stafford Borough, based on recent household projections and other evidence.”

65. In March 2014 the Claimant made representations on the proposed modifications to the PSB and referred to the PPG that had recently been issued, and stated (at para 2.1.4):

“Whilst understanding that the submission of the Plan pre-dates the publication of the Government’s final National Planning Practice Guidance (PPG) on the Assessment of Housing and Economic Needs, **this now provides further guidance on how the requirements of the Framework should be interpreted when objectively assessing housing needs and further emphasises the inadequacy of the Council’s approach.** In particular the PPG sets out that housing numbers should be aligned with jobs growth, plan makers should assess the need for uplift in housing requirements taking account of market signals of housing demand and affordability, and that the total affordable housing need should be considered in the context of its delivery as a proportion of mixed market and affordable housing developments – an increase in the total housing figures should be considered where this would deliver the required number of affordable homes.”

The representations continued (at para 2.1.5):

“Whilst acknowledging the Inspector’s initial conclusions provided to the Council in December 2013, in light of the above we strongly question the ability to find that the Council’s housing requirement is sound.”

66. In April 2014 the Defendant made further written representations.
67. In my view it is clear that the Inspector had before him evidence submitted by both the Claimant and the Defendant, together with their representations, in relation to “market signals” and “other market indicators”. Mr Humphreys points out that not only did the Inspector refer to market signals at paragraphs 36 and 37 of the Report, but that he had already done so at paragraph 32 (see references in para 25 above to K1:B and N2:17). He took the view that the Defendant’s approach was justified, and it is not suggested that that view was perverse.
68. As Mr Humphreys observes the requirement to have regard to “market signals” and “market indicators” was not introduced for the first time with the PPG in March 2014. The NPPF (March 2012) required local planning authorities to “take full account of relevant market and economic signals” (para 158); and indeed, Mr Humphreys submits, the Defendant had done that in the SHMA (September 2012) (see paras 1.7; items 2, 5 and 6 in Table 1.1 and Table 1.2 and C1 in Technical Appendix C). He accepts that regard must be had to the PPG guidance but observes that it is advisory only (see para 17 above). The evidence shows, he submits, that the Defendant referred to the PPG in its representations in April 2014 and contended that the PPG was “broadly consistent with the approach subsequently recommended by the [PPG]” (para 2).
69. I reject the Claimant’s contention that the Inspector endorsed the PSB as compliant with national guidance without inviting representations as to whether this was the case after the issue of the PPG in March 2014. Not only did the Claimant have an opportunity to make representations but it did so in its March 2014 representations on proposed modifications to the PSB (see para 66 above).
70. In my judgment both the Defendant and the Inspector considered “market signals” and “other market indicators”, as they were required to do by national guidance. I am satisfied that the Inspector properly reached the conclusions that he did in respect of these matters based on the evidence and representations put forward by both the Claimant and the Defendant.

Conclusion

71. For the reasons I have given this claim fails.