

Pendle Borough SM2 Implications Draft Report

Pendle Borough Council

June 2021

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1.0 Introduction

Overview

- 1.1 Pendle Borough Council [PBC] is currently reviewing its Local Plan and recently consulted on the *Pendle Local Plan Part 2: Site Allocations and Development Policies Preferred Options* [PLPP2]. This report, dated February 2021, identifies a prospective housing requirement of 250 dwellings per annum [dpa] for the plan period 2019 to 2030. This is a reduction from the 298 dpa target set out in PBC's current adopted *Pendle Local Plan Part One Core Strategy* [PLPP1] Policy LIV1 for the period 2011 to 2030, but was still chosen to ensure a sufficient economically-active workforce to meet projected economic growth, and ensure alignment with the economic objectives and targets of the Core Strategy [PLPP2 paragraph 4.22].
- 1.2 In particular, PBC notes that:
- “The starting point provided through the Standard Method is not favoured as this fails to support objectives to strengthen the local economy, create a balanced housing market, and reduce inequality. Consistent with advice from MHCLG and Planning Practice Guidance, the figure of 240 dpa has been taken forward as the preferred option for the housing requirement from the starting point of 2019 for the remainder of the plan period to 2030.”* [PLPP2 paragraph 4.23]
- 1.3 However, we understand that following the completion of the latest round of consultation, PBC's Members are considering moving to the revised Standard Method [SM2] Local Housing Need [LHN] figure for Pendle Borough's emerging Local Plan housing target. **This would reduce the 240 dpa current target down to 142 dpa, a reduction of 98 dpa or 1,568 fewer homes over the 16-year plan period.**
- 1.4 Whilst this is a course of action that would, theoretically, be legitimate for the Council to pursue given Government policy and guidance on the matter, such a radical change in direction brings with it a number of significant risks to the robustness of the emerging Local Plan.
- 1.5 **This particularly relates to the disconnect between the lower SM2 figure and the ‘policy on’ economic growth target in the adopted LPP1; the misalignment with the Council's emerging employment land target and its housing evidence base; and legitimacy issues given that the Council has only recently consulted on a much higher target that was a closer fit with PBC's economic objective. The Council also risks missing out on a number of economic, social and financial benefits that could make a huge difference to the lives of its local residents.**
- 1.6 To understand the possible risks and the potential missed opportunities, this independent report has been prepared by Lichfields to summarise the pros and cons of departing from the higher employment-driven 240 dpa target figure in favour of a lower SM2 figure of 142 dpa.

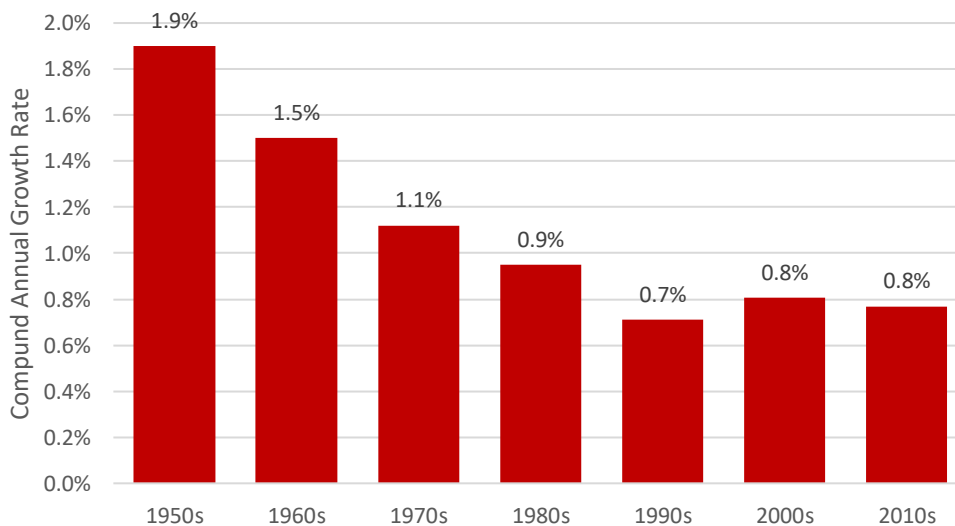
2.0 Context

2.1 This Section sets out the policy and housing market context to Pendle’s local housing need.

A National Housing Crisis

2.2 For many years now the Government has made it clear that boosting delivery is one of the key ways in which it plans to tackle the national housing crisis. This crisis is characterised by a widespread housing shortage which in turn has resulted in rising housing costs, leaving thousands of households unable to buy their own home. This is not a recent phenomenon – we can see from Figure 1 that housing delivery in England has fallen drastically in the post-war period, from nearly 2% per year in the 1950s, to just 0.7% in the 1990s, and 0.8% today. Between 1951 and 1960 the country’s housing stock increased from 11.7 million to 13.8 million – around 240,000 new homes (or 1.9%) per year. In the 2010s, housing output remains low with just 180,000 homes per year delivered, despite a boost in recent years to around 244,000 in 2019/20. Even this latest figure is well below the Government’s widely acknowledged target of 300,000 net additional homes per annum.

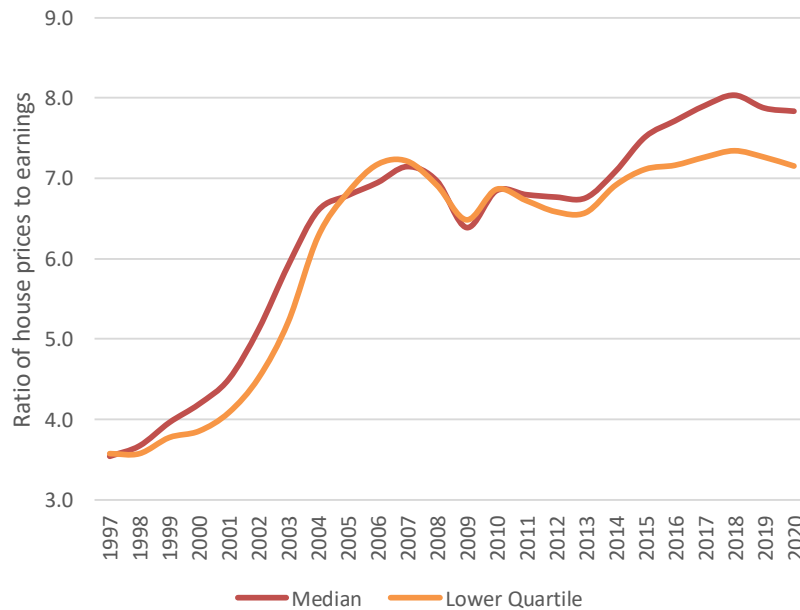
Figure 1 Compound Annual Housing Stock Growth Rate by Decade since 1950s - England



Source: MHCLG Live Table 104. 1950s refers to growth 1951-60 as no data available for 1950 / Lichfields analysis

2.3 This has had a big knock-on effect on people’s ability to get on the housing ladder. Affordability data (the ratio of house prices to earnings in an area) suggests that in the mid-1990s house prices were around 3.5 times earnings nationally. The ratio began rising sharply in the early 2000s, before stalling in the years around the great recession. It has since increased marginally, with the median Affordability Ratio [AR] reaching 7.84 by 2020. This masks very significant variations between different parts of the country, ranging from 2.62 in Copeland (the lowest in the UK) to 36.44 in Kensington and Chelsea. Pendle’s AR is one of the lowest, at 4.82 (although this is still higher than Burnley’s, at 3.98).

Figure 2 Ratio of house prices to (workplace-based) earnings - England - 1997-2020



Source: ONS Affordability Data 2021

- 2.4 There is a general consensus that in order to improve affordability and address long-term increases in house prices, an increase in housing supply over and above baseline projections of population growth is needed. There is also a consensus that supply is one of many factors affecting housing outcomes – demand and prices are affected by availability of credit, incomes and interest rates, whilst issues of housing distribution and type will not necessarily be addressed by a wholesale increase in the amount of housing because many households will require affordable housing and will not be active in the private market.
- 2.5 An increase in housing delivery has been a longstanding focus of national policy, and the Government’s latest aspirations for planning and housing are set out in the Planning White Paper (2020). A housing delivery figure in the order of 300,000 dwellings per annum [dpa] is a reasonable benchmark for the Government’s housing supply aspirations, but this is likely to be accompanied by a different shift in terms of how this is distributed across the country given the stated ambition to ‘level up’ the economy of the country.
- 2.6 The revised 2019 National Planning Policy Framework [NPPF] states that to support the Government’s objective of “*significantly boosting the supply of homes*”, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay [§59].

A Progressive Local Plan

- 2.7 Policy LIV1 of the Pendle Local Plan Part 1 Core Strategy (Adopted December 2015) states that over the 19-year plan period 2011 to 2030, provision will be made to deliver a minimum of 5,662 homes (net). This equates to 298 dpa.
- 2.8 As set out in the supporting text to this Policy, this figure was taken from the analysis undertaken by Lichfields in a report commissioned by PBC in 2014¹. This report (which built on the recommendations of the earlier 2013 Strategic Housing Market Assessment [SHMA] that was prepared with Burnley Borough Council in accordance with the Duty to Co-operate), sought

¹ Lichfields (September 2014): Pendle Borough Housing Needs Study 2012-based SNPP Update

to identify Pendle’s objectively assessed need [OAN] for housing, based upon a range of economic and demographic factors, trends and forecasts.

- 2.9 On the basis of the 2014 Study’s analysis, we considered that Pendle’s housing OAN ranged from 250 to 340 dpa. This would, at a minimum, meet need and demand arising from future projected demographic change within the Borough, whilst also supporting economic growth, and delivering affordable housing to respond to identified local needs. Within this range, a figure of **298 dpa** equated to the ‘Policy On’ Economic Growth scenario, which was the level of housing deemed necessary to sustain a net job growth of 883 over the plan period 2011-2030.
- 2.10 It was this figure that was ultimately taken forward by Officers and Members in the PLPP1:
“This scenario takes account of the plan’s aspirations to support growth in particular sectors of the local economy and is aligned to the Council’s economic growth strategy. The figure of 298dpa sits towards the upper end of the OAN range and lies above the latest population projections (ONS 2012-based SNPP). It also sits above the dwelling requirement which is likely to result from the CLG 2012-based Household Projections and therefore meets the demographic growth needs of the borough. This amount of new housing represents a step change when compared to the previous housing requirement of 190dpa and will significantly boost the supply of new housing in the Borough.” [PLPP1: Core Strategy, paragraph 10.33]
- 2.11 At the subsequent Local Plan Examination in Public [EiP], the Inspector agreed with PBC that the housing requirement met the latest population and household projections, met the Borough’s economic aspirations and would significantly boost the supply of housing:
“The housing requirement is set at a level which reflects the OAN and takes into account affordable housing need and how much can realistically be delivered having regard to viability and environmental constraints. It is an aspirational but realistic figure. The only robust analysis before me is that produced by the Council which is justified.” [Inspector’s Report on the Examination of the PLPP1 (26th October 2015) paragraph 60]
- 2.12 Lichfields was subsequently appointed in 2020 by PBC to update our earlier Housing Needs Assessment work². The overarching objective of the study was to identify future housing growth and local needs across Pendle Borough for the period 2019 to 2035 and to provide the robust and up-to-date evidence upon which the new Local Plan will be developed.
- 2.13 Our report stated that Pendle’s Local Housing Need [LHN] based on the original Standard Methodology [SM1] was 146 dpa. Given the latest demographic behaviour patterns observed in the Borough and the alignment between these and the 2014-based Sub National Population Projections [SNPP], we found that **there were no significant exceptional circumstances to justify departing from the standard methodology approach as a minimum.**
- 2.14 However, we also pointed out that *“delivering more than 146 dpa is supported through the Framework and PPG in several ways, and the Local Plan should consider the extent to which the standard method estimate of LHN is consistent with the economic success of Pendle and the wider area”* [paragraph 7.5].
- 2.15 In this regard, our modelling identified a number of reasons why the Council could consider identifying a higher housing requirement figure in its emerging Local Plan than the LHN generated by SM2. This included the need to accommodate a sufficient economically active workforce to address projected economic growth. Should the Council plan for a level of job growth broadly equal to the latest Experian job growth projections (c.1,400 jobs over the plan period), SM2 would provide insufficient housing to support the necessary increase in the local

² Lichfields (March 2020): Pendle Borough Housing Needs Assessment

workforce. The report concluded that **an uplift to 240 dpa for Pendle could be considered by the Council to address this imbalance.**

2.16 The 240 dpa was taken forward by PBC in the PLPP2 Preferred Options Report (February 2021). This was put before the Council's Policy and Resources Committee meeting on 21st January 2021, and Councillors approved the Local Plan Part 2 for public consultation between 12th February and 6th April 2021.

2.17 The emerging Local Plan Part 2 states that:

“The starting point provided through the Standard Method is not favoured as this fails to support objectives to strengthen the local economy, create a balanced housing market, and reduce inequality. Consistent with advice from MHCLG and Planning Practice Guidance, the figure of 240 dwellings per annum has been taken forward as the preferred option for the housing requirement from the starting point of 2019 for the remainder of the plan period to 2030.” [paragraph 4.25].

The Standard Method 2

2.18 The Local Housing Need [LHN] as calculated by the SM2 takes forward the approach originally set out in MHCLG’s September 2017 consultation on *“Planning for the right homes in the Right Places”*. The slightly revised approach to the standard method for calculating LHN, consists of three simple components. It takes an average of the household projections over a 10-year period and adjusts them based on the affordability of the area. A cap may be applied which limits the increase, depending on the current status of relevant policies for housing.

2.19 The Planning Practice Guidance [PPG] states that:

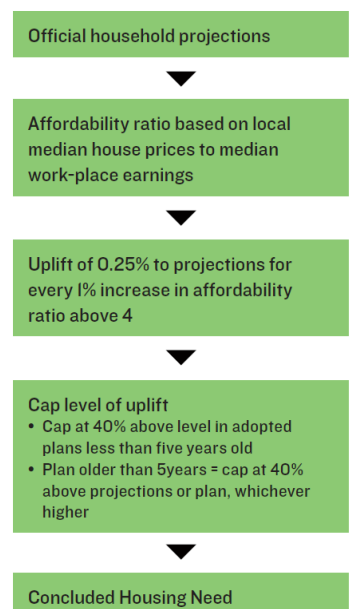
*“The 2014-based household projections are used within the standard method to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government’s objective of significantly boosting the supply of homes.”*³

2.20 If an authority uses a different method for calculating housing need, the PPG sets out how this should be tested at examination:

“Where a strategic policy-making authority can show that an alternative approach identifies a need higher than using the standard method, and that it adequately reflects current and future demographic trends and market signals, the approach can be considered sound as it will have exceeded the minimum starting point.”

*“Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination.”*⁴

Figure 3 Methodology for determination of LHN



Source: Lichfields

³ 2a-002-20190220

⁴ 2a-015-20190220[CD/021]

2.21 The SM2 approach to calculating LHN results in a figure of **142 dpa** for Pendle Borough. This represents the minimum number of homes needed per year as set out in paragraph 60 of the NPPF (February 2019).

2.22 As we set out above, this is calculated by uplifting the Borough’s average annual household growth of 136 (1,355 over the 10-year period) by an affordability uplift of 5.13%. No cap is applied as the PLPP1 capped figure is greater than the minimum LHN figure.

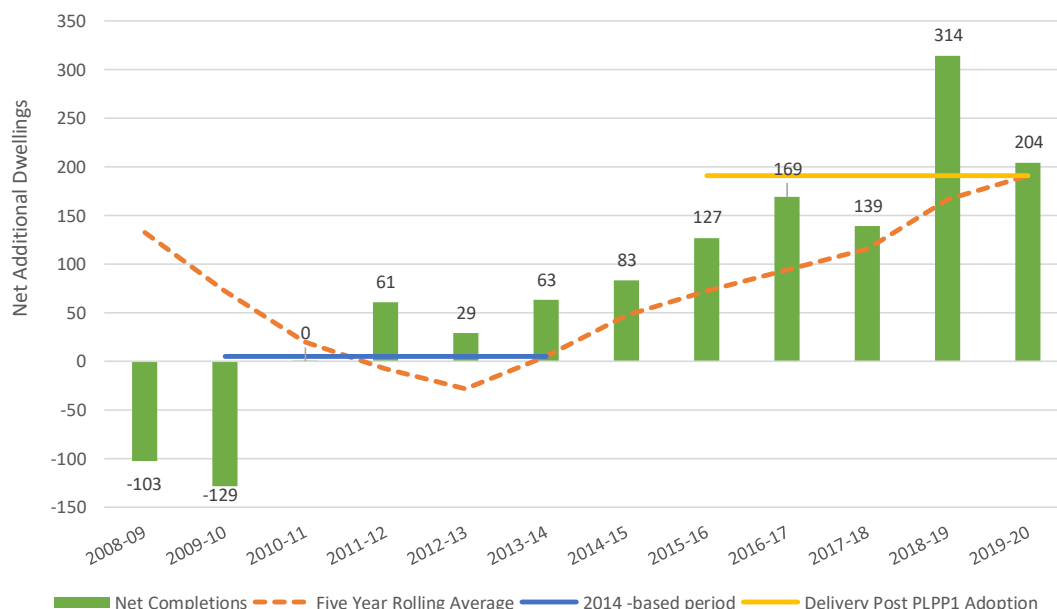
Issues with the SM2 for Pendle

2.23 The (re)introduction of the standard method has therefore not been without its critics. This is particularly true in the North of England (including Pendle) where many previous objective assessments of need were driven by the need to support economic growth. These tended to identify a level of housing need which would support economic growth ambitions, help to attract and retain skilled workers and result in significantly higher estimates of future housing need compared to the (usually lower) demographic-led assessments of future need.

2.24 One of the key problems with SM2 is that it is based on a set of population and household projections that rely on data for the period 2009-2014, a time when the country was in one of the deepest recessions in living memory and construction was at a historic low. Furthermore, the demographic trends underpinning the projections continue worrying trends regarding an ageing population and shrinking workforce which fails to support future economic ambitions and which does not align with the Government’s ‘levelling up’ agenda. **Planning on the basis of these trends effectively means ‘planning for decline’.**

2.25 As set out above, the level of housing need identified by the SM2 for Pendle (142 dpa) is **significantly lower** than recent housebuilding trends in the Borough, where almost 260 new homes have been delivered on average over the past couple of years.

Figure 4 Comparison of historic net additional dwellings in Pendle Borough and projections trend periods



Source: MHCLG Live Table 122/Lichfields Analysis

2.26 Figure 4 highlights the significant differences between the housing completions characterising the period upon which the 2014-based projections are based (the 5 years between 2009/10-2013/14) compared to the time period after which the PLLP1 was adopted (17th December 2015). We can see that net housing completions over this period were almost non-existent, at **just 5**

dpa. However, in the 5 years since the PLPP1 was adopted, the Borough has averaged 191 dpa, with an impressive 314 dpa in 2018/19 alone.

2.27 Given the considerable uplift in housing delivery since 2014/15 **the 2014-based SNPP are clearly based on trends which no longer reflect Pendle's current circumstances and are not a positive basis upon which to plan for the future.**

2.28 The SM2 locks-in trends of population decline and suppresses household formation rates in Pendle Borough, which have particularly affected younger households since the 2007/08 recession (and beyond).

Can Pendle Demonstrate Exceptional Circumstances?

2.29 The revised NPPF and PPG support progressive local authorities who want to deliver more homes and the Government is clear that the SM2 figure represents the minimum number of homes needed per year:

*“To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – **unless exceptional circumstances justify an alternative approach** which also reflects current and future demographic trends and market signals.”* (NPPF paragraph 60, Lichfields' emphasis)

2.30 The PPG sets out that there will be circumstances when a higher figure than that generated by SM2 might be considered. This is because SM2 does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour.

2.31 So, circumstances which might justify an uplift include where:

- **Growth strategies** are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);
- **Strategic infrastructure improvements** are likely to drive an increase in the homes needed locally;
- An authority has agreed to take on **unmet need** from neighbouring authorities, as set out in a statement of common ground;
- In addition, there may also be situations where previous levels of housing delivery in an area, or **previous assessments of need** (such as a recently-produced Strategic Housing Market Assessment [SHMA]) are significantly higher than the outcome from the standard method. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.

2.32 The 2020 Pendle Housing Needs Assessment examined the exceptional circumstances case in detail. It concluded that given the latest demographic behaviour patterns observed in the Borough and the alignment between these and the 2014-based SNPP, **there were no significant exceptional circumstances to justify departing from the standard methodology approach as a minimum.**

2.33 However, the report also concluded that delivering more than the (then) SM1 figure of 146 dpa was supported through the NPPF and PPG in several ways, and the PLPP2 should consider the extent to which the standard method estimate of LHN was consistent with the economic success of Pendle and the wider area.

2.34 Justification for going above and beyond SM2 included:

- 1 The need to **accommodate a sufficient economically active workforce** to address projected economic growth, in particular to take into account the future strategic economic growth planned for Pendle. SM2 would not provide enough housing to support the necessary increase in the local workforce, which could be achieved with an uplift to 240 dpa;
- 2 **Pendle’s Affordable Housing Need** is in the range of 187 to 251 affordable homes per annum between 2019 to 2035. This is greater than the SM2 and equivalent to between 77% and 105% of the upper estimate of housing requirement based upon economic-led needs. The PPG suggests an increase in the total housing figures included in the plan may need to be considered by the Council where it could help deliver the required number of affordable homes. Whilst a further 10% uplift could be appropriate in line with the LPEG recommendations, the report concluded that it was for PBC to consider the evidence supporting the strategy underpinning the emerging plan and take a view as to whether an uplift beyond SM was appropriate.

Market Signals

2.35 It is fair to say that Pendle Borough is one of the more affordable parts of the country, with a Median Affordability Ratio [AR] of 4.82 compared to 7.84 nationally and 5.75 across the North West as a whole. However, this still means that median house prices in the Borough are still nearly 5-times gross annual earnings. Indeed, new data in Table 1 indicates that the situation is worsening in Pendle (albeit from a low base), with the Median AR worsening by over a quarter over the past 5 years, well above the national and regional trends. In stark contrast, County-wide there was actually an improvement in affordability.

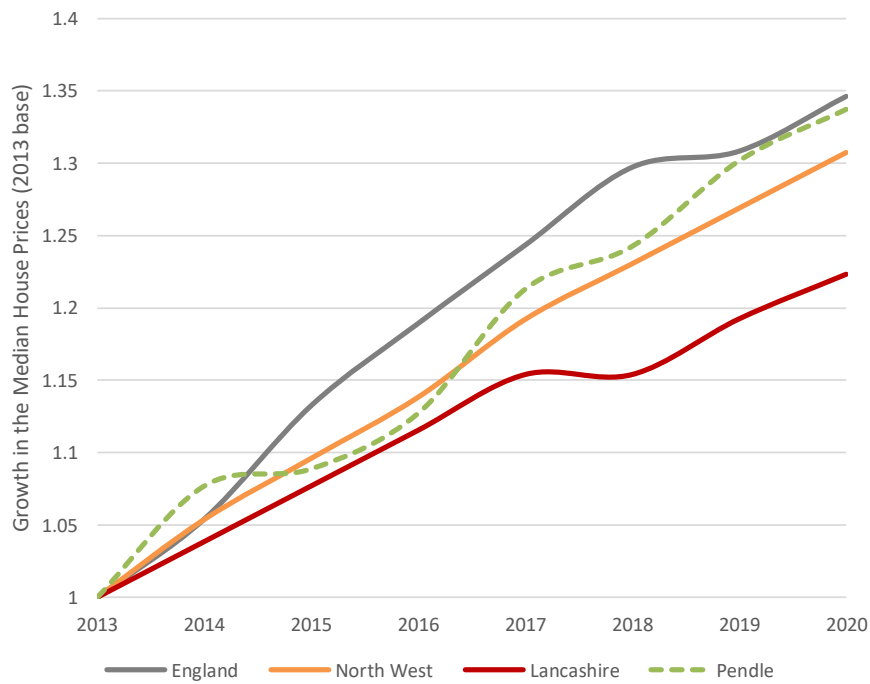
Table 1 Median and Lower Quartile Affordability Ratios 2020

	Median 2020	5-Year Change	Lower Quartile 2020	5-Year Change
Pendle Borough	4.82	0.99 (+26%)	3.85	0.57 (+17%)
Burnley Borough	3.98	0.30 (+8.2%)	3.25	0.45 (+16.1%)
County of Lancashire	5.44	-0.04 (-1%)	5.17	-0.13 (-2%)
<i>North West</i>	<i>5.75</i>	<i>0.20 (+4%)</i>	<i>5.55</i>	<i>0.14 (+3%)</i>
<i>England</i>	<i>7.84</i>	<i>0.32 (+4%)</i>	<i>7.15</i>	<i>0.04 (+1%)</i>

Source: MHCLG 2019

2.36 Interestingly, Median house prices in Pendle have been increasing at a rate close to the national average in recent years, and at a significantly higher rate than the North West and Lancashire averages. As we can see overleaf in Figure 5, house prices in Pendle are now around a third higher than they were just 7 years ago, which is virtually identical to the level of growth seen across England (35%) and significantly higher than the North West region (31%) and the rest of Lancashire (22%).

Figure 5 Comparison of Median House Price Growth in Pendle and Comparator Areas, 2013-2020 (2013 as base)



Source: ONS Median House Price by Country, Region and District, 2021/Lichfields Analysis

2.37

To sum up, although the housing market is complex and can be impacted by macro-economic factors as well as Government policy intervention, it is generally accepted that increasing the supply of housing helps to suppress worsening affordability issues. Although it is not the only solution, it is clearly a very important one and one that PBC has significant influence over. Any decision to pursue the much lower SM2 figure, which is trend-based and effectively ‘locks in’ trends in constrained household formation over the past number of years, could worsen the current situation.

3.0 The Benefits of Pursuing a Higher Housing Target

Backing from the Government

- 3.1 The SM2 dictates the minimum number of homes for which an authority needs to plan and currently sums to 289,000 homes per year nationally. To recap, Pendle’s contribution to this is just 142 dpa, which is significantly below the 240 dpa recommended by Lichfields and taken forward by the Council in its most recent PLPP2 Preferred Option Consultation earlier this year.
- 3.2 Local Authorities are of course at liberty to take forward this SM2 figure in their emerging Local Plans if they consider that there are no exceptional circumstances justifying going above that figure, and indeed many districts have argued that a lower figure should be pursued than the SM2 in their area due to NPPF Footnote 6 and Green Belt constraints. However, being a minimum figure is key. It has to be, because in aggregate across England it falls short of the national 300,000 dpa ambition. Government is reliant on many authorities taking more than their share not only to offset the areas that are constrained but to go beyond it.
- 3.3 The guidance advises that **areas planning for more housing than the number generated by the standard method will benefit from a presumption of soundness**, while authorities relying on a lower need figure will only be able to do so in exceptional circumstances which are to be closely scrutinised at examination.
- 3.4 Since the launch of the revised SM2 on 16th December 2021, the Government has clarified that it is not a ‘target’ figure for plan making, but is just the starting point that could be exceeded or reduced depending on the particular circumstances facing the LPA:
- “Many respondents to the consultation were concerned that the ‘targets’ provided by the standard method were not appropriate for individual local authority areas. Within the current planning system **the standard method does not present a ‘target’ in plan-making, but instead provides a starting point for determining the level of need for the area**, and it is only after consideration of this, alongside what constraints areas face, such as the Green Belt, and the land that is actually available for development, that the decision on how many homes should be planned for is made. It does not override other planning policies, including the protections set out in paragraph 11b of the NPPF or our strong protections for the Green Belt. **It is for local authorities to determine precisely how many homes to plan for and where those homes most appropriately located. In doing this they should take into account their local circumstances and constraints.**”*
 [Government response to the local housing need proposals in “Changes to the current planning system” (Updated 1st April 2021)]
- 3.5 As the Secretary of State for MHCLG stated in his accompanying written Ministerial Statement on the Housing Update⁵, the Government’s retention of the 300,000 homes a year target is seen as **a matter of social justice, of inter-generational fairness and as one of the best proven ways of creating jobs and economic growth**. The SoS highlighted widespread support for ensuring enough homes are built across England to ensure the needs of our communities are met, but that this need could be best met in existing urban areas rather than at the expense of harming our precious green spaces.

⁵ <https://questions-statements.parliament.uk/written-statements/detail/2020-12-16/hcws660>

3.6 In particular:

“We have seen that these levels are beginning to create ambitious plans in many parts of the country, which we expect to drive housing delivery beyond its current near record levels. It is also clear that the standard method does not act as a ceiling for the ambitions of some local authorities, with some planning to exceed their local figures to meet the needs of their residents, create jobs and drive economic growth in their areas. We strongly welcome this ambition and will support these local authorities to achieve their goals, including through specifically directing public investment to them through the £7.1 billion National Homebuilding Fund we are establishing.”

3.7 **So whilst Councils can, in theory, use the SM2 as the basis for their Local Plan housing requirement, the Government is clear that it should be seen as the starting point, rather than the end point, for debate on the scale of housing need. A failure to do this robustly risks Pendle’s LPP2 being found unsound at its forthcoming EiP.**

3.8 Against this policy backdrop, the remainder of this chapter outlines the potential risks of reverting back to the SM2 figure as opposed to the benefits of going with a higher, potentially employment-led, target.

Joined up thinking

Employment Land Policy Disconnect

3.9 There is a clear risk of misalignment if the Council decides to move away from its current proposed figure of 240 dpa as set out in its emerging PLPP2.

3.10 The NPPF requires that Policies in local plans and spatial development strategies should be reviewed to assess whether they need updating at least once every five years, and should then be updated as necessary [paragraph 33]. It goes on to state that:

“relevant strategic policies will need updating at least once every five years if their applicable local housing need figure has changed significantly; and they are likely to require earlier review if local housing need is expected to change significantly in the near future”.

3.11 There is therefore scope to change the LHN figure in the Plan given that there have been clear changes since PBC’s LPP1 was originally adopted back in December 2015, not least the reforms to the calculation of housing need through the introduction of SM1 in 2017. As set out above, this was instigated with the intention of simplifying the process of assessing housing need, secure the delivery of housing in the places in most need, and to enhance the efficiency of plan making and the Local Plan examination process. It replaces the objective assessment of housing need as the approach for determining housing need which underpinned Pendle’s original 298 dpa PLPP1 figure.

3.12 The emerging PLPP2 acknowledges this change:

“It is clear to the Council therefore that the LHN baseline figure, generated by the standard method, represents the minimum number of new homes that should be built in Pendle. It underpins the calculation of the housing requirement and replaces the approach set out in Policy LIV1 of the Core Strategy (2015) which will shortly become out-of-date. Policy LIV6 will therefore at adoption replace Policy LIV1 which will be deleted from the Core Strategy.”
[paragraph 4.21]

3.13 So in theory this ensures that the PLPP1 and 2 figures do not need to match, as the former will be superseded by the latter; however, it will still be vital for the overall strategic approach to

addressing housing need is maintained otherwise there could be a disconnect between the spatial strategy in Part 1, with the supply of Allocations in Part 2. This point is addressed in the supporting text to the emerging Local Plan Part 2:

“The starting point provided through the Standard Method is not favoured as this fails to support objectives to strengthen the local economy, create a balanced housing market, and reduce inequality. Consistent with advice from MHCLG and Planning Practice Guidance, the figure of 240 dpa has been taken forward as the preferred option for the housing requirement from the starting point of 2019 for the remainder of the plan period to 2030.” [paragraph 4.23]

- 3.14 Lichfields considers there is a clear need to retain the link between housing need and economic growth. As set out in Policy WRK2 of the PLPP1, the employment land requirement of 68 ha was based on projecting forward average annual take up over 19 years with an adjustment for flexibility and losses. As such, it is not directly related to a set jobs growth target that can be readily modelled. However, **at a practical level, there needs to be a link between employment land provision, economic growth prospects and housing targets, otherwise there will be serious issues when it comes to Pendle Borough’s economic competitiveness.** The risk is that if there is insufficient labour supply to meet the needs of business, then either investment will start to go elsewhere, or we will see higher levels of net in-commuting from outside the Borough. Neither outcome will lead to a sustainable future for Pendle.
- 3.15 The 240 dpa figure was based on the level of housing needed to sustain a net growth of 1,408 jobs over the period 2019-2035. The target was derived from the (then) latest Experian March 2019 baseline econometric projection for the Borough. The Experian projection is to an extent, trend based⁶. As past developments and policies are reflected in model inputs (for example population) or in history then they will be automatically captured by Experian’s model. Hence as Pendle’s employment land requirement is based on past take up (and recognising that the relationship is complex), then there is a logic to aligning the housing need with the baseline Experian job growth projection. Lichfields’ model suggested that this would come to 240 dpa, therefore planning for almost 100 dpa less risks an unsustainable economic outcome.
- 3.16 Furthermore Lichfields’ 2020 Housing Need Assessment modelled the economic growth implications of a housing target of 141 dpa (virtually identical to the 142 dpa generated by the SM2). **This low level of housing provision would result in a decline in the level of job growth over the Plan period, of -272 jobs between 2019 and 2035.** This is hard to reconcile with the 68 hectares of office, industrial and warehousing land that the Council makes provision for in Policy WRK2 of the adopted PLPP1 and would hardly ‘*support economic growth and productivity*’ as required by the NPPF.

PLPP2 Consultation

- 3.17 There is also the issue of the democratic legitimacy of reducing the target by almost 100 dpa. A public consultation to consider the Regulation 18 PLPP2 Preferred Options Report was held between Friday 12th February 2021 and Tuesday 6th April 2021, which consulted on a housing requirement of 240 dpa.

⁶ As set out in the FAQs that are included in Experian’s March 2019 Data Guide UK Regional Planning Service report, when answering the question “How are past growth trends captured in the forecasts?” Experian responded as follows:

- All our models are econometric models.
- An econometric model is a model estimated on historical data.
- The coefficient in the model embed historical relationships between variables and historical growth rates in a variable.
- Where we believe that the forecast relationships may differ from history, we make appropriate adjustments to the forecast. This may be the case, for example, where an area has been substantially redeveloped in recent years.

3.18 The PPG is clear that LPAs have considerable flexibility open to them regarding how they carry out the initial stages of local plan production, provided they comply with the specific requirements in Regulation 18 of the Town and Country Planning (Local Planning) (England) Regulations 2012, ('the Local Plan Regulations') on consultation, and with the commitments in their Statement of Community Involvement. At this stage, we are unclear whether PBC would consult again on another version of the Plan, or instead proceed towards the Regulation 19 stage by issuing a Publication Version of the PLPP2.

3.19 The Publication Version's housing target will, of course, be open to representations from members of the public and other stakeholders, and the Inspector will consider all representations made on the document. **However, the Council's scope to act on any legitimate concerns raised by members of the public or key stakeholders in relation to the radically reduced housing number is significantly restricted prior to the Local Plan Examination in Public unless it is subject to a further round of consultation, as set out in the PPG⁷:**

"The LPA can include any changes in an addendum to the plan. Where the LPA intend the changes to be treated as part of the submitted plan, the addendum, together with any necessary sustainability appraisal of it, should be subject to further consultation (equivalent to the consultation on the publication version) before submission. Where such consultation has not taken place, their proposed changes will be considered by the Inspector during the examination process, but will not be treated as part of the submitted plan."

3.20 One further issue is that the Council's Sustainability Appraisal of the PLPP2 Preferred Options Report has already considered the merits of pursuing the SM1 figure of 146 dpa compared to 240 dpa, and **found quite clearly in favour of the latter:**

"The delivery of 240 dpa will make a positive contribution to addressing housing needs, reducing social deprivation, and supporting health and wellbeing objectives by providing opportunities to access new quality housing helping to reduce the amount of poor quality housing as a proportion of the overall dwelling stock. The requirement will also help to maximise the delivery of affordable housing. Importantly the requirement will also support the local economy, delivering a sufficient amount of housing to support projected economic growth and to provide economically active workers to help counter population loss for this age cohort. Greater access to new homes locally will also help stabilise and even reduce the amount of inward commuting to access work. Indeed the contribution made to the economic could mean that the amount of outward commuting is also reduce assisting in some way climate change objectives. [paragraph 5.43]

"The requirement for 146 dpa will place a significant constraint on the delivery of new homes in Borough. This will fail to support housing objectives to deliver quality and diversify the housing stock of the Borough, with reduced opportunity for households to move out of poverty and out of inappropriate living conditions. Such an approach will not assist objectives to reduce social inequality and deprivation levels within the Borough. The requirement would also fail to support the local economy. Providing reduced investment in the Borough to support local jobs (in particular in construction) and would also result in a contraction of the number of economically active people resident in the Borough, potentially driving investment outside the Borough." [paragraph 5.45]

"Taking into account the above, on balance, it is considered that the adoption of 240 dpa as the housing requirement for Pendle, would provide for the most sustainable approach that is both responsive and supportive of social and economic needs, with the least potential for adverse

⁷ PPG Paragraph: 054 Reference ID: 61-054-20190315

effects for the environment. Wider policies of the Local Plan (inclusive of site specific requirements) will ensure that harm caused is limited in its extent, with most significant effects temporary in nature.” [paragraph 5.48]

3.21 Having seen such robust justification for the 240 dpa over the 146 dpa figure, it is going to be difficult for the Council to row back to the SM2 figure, and if it were to do so, then our view is that housebuilders and developers could legitimately ask the question at the Local Plan EiP as to what has changed in the few months since the LPP2 was first issued for consultation to justify such a radically different response from the Council.

3.22 **Our view is that PBC would be placed in a very difficult position at the Local Plan Hearing Sessions when presented with this evidence. This runs the risk that the Inspector could find the PLPP2 unsound in its current form and require significant additional housing sites to be identified to make up the shortfall with associated increases in time and costs for the Council to bear.**

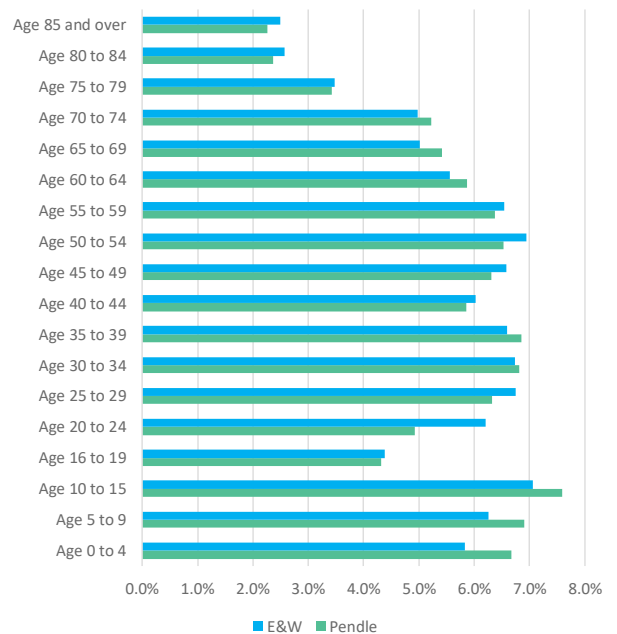
An Age-Old Problem

3.23 In common with much of the rest of the UK, Pendle Borough’s population is rapidly ageing. If nothing is done to try to reverse this trend, we risk an uncertain economic future as the labour force shrinks significantly, resulting in a spiral of decline as companies relocate elsewhere and investment dwindles. To reverse this trend, it is vital that there is an increase of younger in-migrants who are willing and able to stay in the Borough, take up the work opportunities and raise a family.

3.24 Figure 6 compares Pendle’s current population by age group with the national rate. As things stand, we can see that the Borough has quite a young age profile, with 19,486 residents aged 15 and younger - 21.2% of the Borough’s population compared to 19.1% nationally. However, it also has a slightly lower proportion of residents of working age, at 55,416, or 60.2%, compared to 62.3% nationally. It follows therefore that the Borough currently has a (slightly) higher proportion of older residents, at 18.7% (17,210 aged 65 and over) compared to 18.5% nationally.

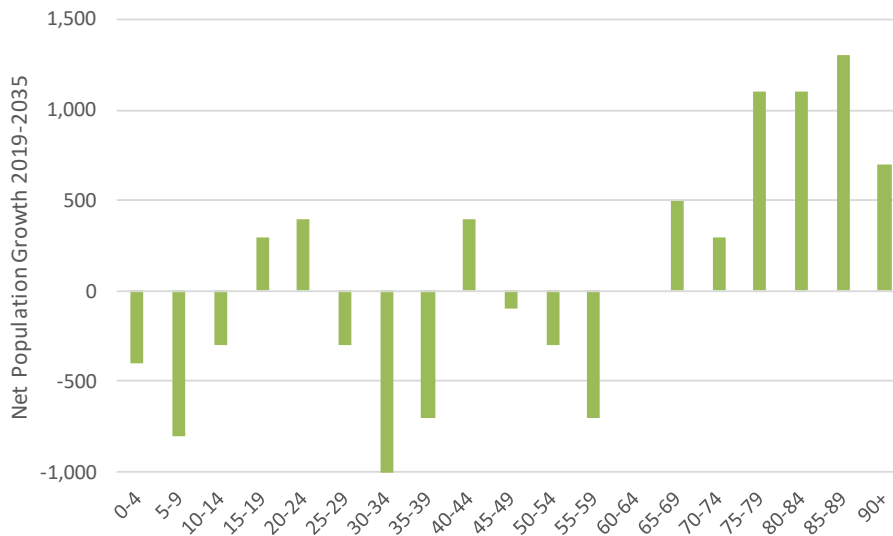
3.25 However, this situation is projected to worsen over the coming years. As can be seen in Figure 7, the 2014-based SNPP (which underpins the SM2 standard method) forecasts that Pendle’s population could increase by just 995 people over the Plan period, at a rate of just 62 people per year (+1.1%). This is a tenth of the national growth rate over the same time period.

Figure 6 Pendle Borough Population breakdown by age cohort, 2019



Source: ONS 2019 Mid Year Population Estimates

Figure 7 Pendle Borough Population breakdown by age cohort, 2019-2035

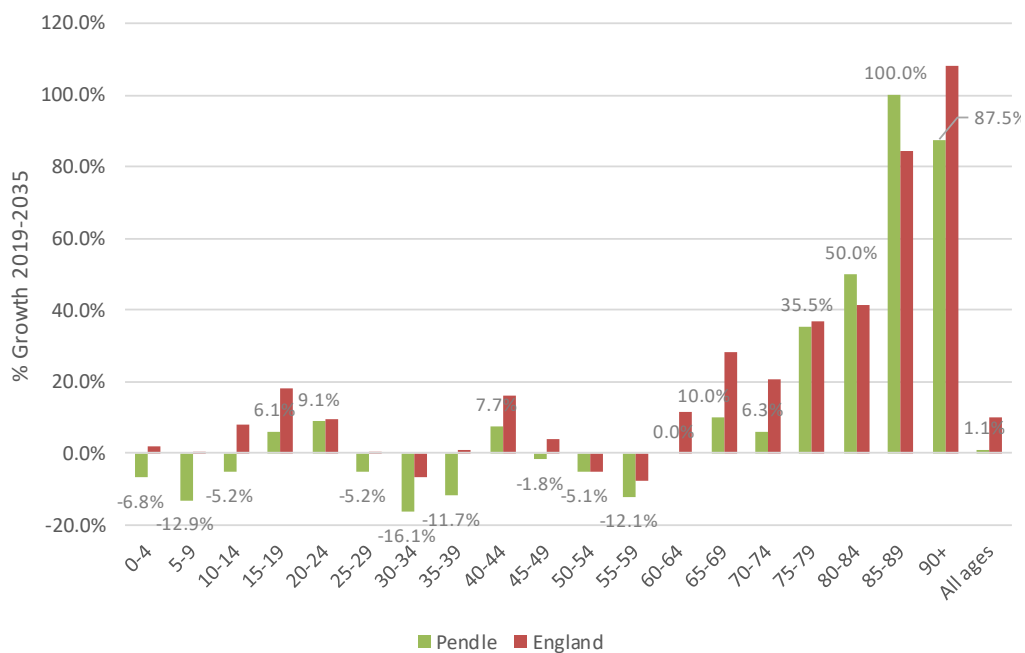


Source: ONS 2014-based SNPP

3.26 Figure 7 indicates that there will be a decline in the number of residents living in Pendle across all age groups under 70 years of age with the exception of modest growth in those aged 15-24 and 40-44. Instead, there will be significant growth in the older age groups, and particularly those aged 75 to 89 years.

3.27 In total, this indicates that the number of young residents under the age of 18 will decline by 7%; residents of working age, by -2,327 or -4%; whilst the number of residents aged over 65 is projected to increase by 4,713 residents, or 29%. **What population growth there is in the Borough will therefore be driven almost entirely by those aged over 65.** This will have a negative impact on the local economy unless measures are implemented to increase the employment rate and reduce the dependency ratio.

Figure 8 Pendle Borough's Population Growth by age cohort, vs. England rate of growth 2019-2035



Source: ONS 2014-based SNPP / Lichfields' analysis

- 3.28 When compared with national growth rates, Figure 8 shows that Pendle has higher rates of loss amongst the younger age groups when compared to the national rate, whilst in the 80-90 age group in particular, it has a much higher rate of growth than might be expected across England as a whole.
- 3.29 So, what is driving these changes? Over the Plan period there will be around 19,300 births in the Borough compared to 14,000 deaths, resulting in a net increase of around 5,300 people. However, this is offset by net out-migration from the Borough of 4,400 people. Net international migration is expected to contribute 3,400 migrants over the projection period, whilst there is expected to be net out migration of around 6,800 people to elsewhere in the UK. **Therefore the picture going forward is of high levels of residents leaving the Borough to move elsewhere in the UK, with their numbers made up by high birth rates and immigration from abroad.** This still results in a rapidly ageing population, suggesting that many of those moving out of the Borough are households of working age or those with young families. This is not a sustainable future for the Borough.
- 3.30 The characteristics of future population change suggest that without intervention and more homes to attract and retain younger people over and above the SM2 figure of 142 dpa, a prosperous economic future seems unlikely.

Going for Growth

- 3.31 Ensuring a sufficient supply of homes within easy access of employment opportunities is central to an efficiently functioning economy and can help to minimise housing market pressures and unsustainable levels of commuting (and therefore congestion and carbon emissions). The NPPF states that planning policies should “*seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment*” [paragraph 81c]. This retains the link between integrating economic growth and housing need.
- 3.32 The Government has made this clear that housebuilding is part of its plan to ‘level up’ the north and Midlands. As set out by the Secretary of State [SoS] in April 2021:
- “This government was elected on a pledge to level up all parts of the country. It was clear from the responses that people supported this ambition and wanted to see housing delivery play a significant part in achieving this goal. We want to see more public and, in particular, private sector investment in housing in our nations great cities, regenerating these areas, improving the quality of housing stock and driving up living standards. This is vital for ensuring a better quality of life for existing residents and for attracting and retaining aspirational families.*
- We want to play our part in realising these goals by building more homes in cities and urban centres, encouraging interest by developers and institutional investors in these places, setting them on a path to greater prosperity and more economically balanced country and providing the certainty that is needed to support areas to recover after COVID-19.”⁸*
- 3.33 In this context, it is an important part of responding to both the NPPF and the PPG that Pendle Council’s PLPP2 should consider the extent to which the SM2 figure of 142 dpa is really consistent with the economic success of the Borough and the wider Local Enterprise Partnership [LEP] area.
- 3.34 The PLPP1 attempted to do this by pursuing a high level of housing need (298 dpa) in order to achieve sustainable growth and help diversify the Borough’s local economy. The Vision within the PLPP1 sets out the aspiration to expand the office and business sector in the M65 Corridor, diversifying the economic base and foster growth of the established manufacturing sector.

⁸ <https://questions-statements.parliament.uk/written-statements/detail/2020-12-16/hcws660>

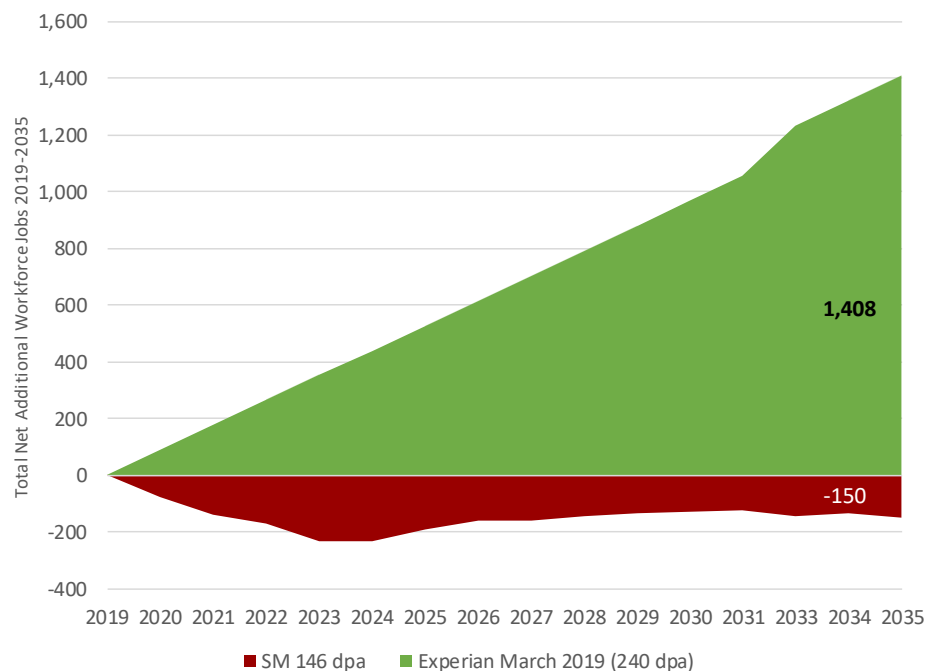
Improvements in education and training are intended to create a more knowledgeable and skilled workforce, increased entrepreneurial activity and new business opportunities. These aspirations are supported by Policy WRK1 (Strengthening the Local Economy), although no reference to the scale of economic growth is made.

3.35 Furthermore, the Lancashire LEP has an aspiration in its Strategic Economic Plan⁹ [SEP] to deliver 50,000 new jobs across the County by 2025, alongside 40,000 new homes and £3 billion additional economic activity above the local trend rate:

“In achieving these challenging outcomes, Lancashire’s employment rate would outperform the UK average and the value of the local economy would rise by an additional 10% over the next decade. This would help to reduce Lancashire’s national economic performance gap by 50%.” [paragraph 5.2]

3.36 Although there is no target is specifically set for Pendle Borough, the SEP highlights that the Borough has the largest concentration of people employed in advanced manufacturing in England, whilst the M65 Corridor is located within the County’s ‘Arc of Prosperity’. The SEP states that the Arc currently generates around 75% of Lancashire’s wealth and provides the primary focus of our economic and housing growth plans. **The SEP therefore concentrates economic activity and Growth Deal investment in this Arc. It is reasonable to assume that Pendle would be expected to be one of the key areas capable of absorbing much of this employment growth.**

Figure 9 Pendle Borough Job growth projections by Scenario, 2019-2035



Source: Lichfields analysis

3.37 As set out in Lichfields’ 2020 Housing Needs Assessment, achieving employment growth needs to be supported by an adequate supply of suitable housing. In that report, we modelled a range of economic growth scenarios to determine the amount of housing required to support a particular level of jobs growth. This included modelling Experian job growth projections (March 2019), which suggested that the Borough could see a net growth of 1,408 jobs over the plan period. In order to support this level of jobs growth, 240 dpa would be needed. This

⁹ Lancashire Enterprise Partnership (March 2014): Lancashire Strategic Economic Plan – A Growth Deal for the Arc of Prosperity

contrasts starkly with the level of jobs growth that could be sustained by the SM1 figure, with **146 dpa estimated to result in a net loss of jobs, of 150, as shown in Figure 9.**

3.38 A significant number of new homes would need to be delivered in order to support the minimum baseline Experian projections which would align with the Council's economic ambition and provide enough workers to fill the new jobs created.

3.39 There are obviously significant challenges ahead as the country emerges from Covid-19 pandemic. In order to support the recovery, it is critical that the recent high levels of housing delivery in Pendle are maintained. In order to plan positively over the next plan period, PBC will need to go beyond the minimum LHN identified by SM2. Planning on the basis of SM2 may result in a Plan which fails to comply with the NPPF and PPG's overall aim of '*significantly boosting the supply of homes*'.

Economic Benefits

3.40 Research has focused on the wider role that new housing can play in supporting economic growth, alongside the need to ensure greater value for money in public expenditure terms. The role of housing in the economy is complex; however, new housing delivery has the potential to generate a range of improved economic outcomes.

3.41 Housebuilding is a relatively labour-intensive activity and generates a high number of jobs per £1 of investment made. This new activity would drive up productivity, support existing jobs and make new job creation more likely. Strong local supply chains for materials also mean a far greater share of spending remains here in the UK, rather than being channelled into imports as with many other sectors.

3.42 Planning for housing beyond SM2 brings with it significant economic benefits generated through increased housing delivery. In addition to the direct jobs created in the construction of housing, the expenditure of new residents helps to support/increase jobs as well as local authority revenue funding through Council Taxes and New Homes Bonus payments, which can go towards investing in local communities and support wider renewal programmes. Housebuilding delivers real economic and social benefits with any reduction in the housing requirement and subsequent fall in delivery representing a missed opportunity, with these benefits being of a much reduced scale as the Council attempts to re-establish resilience within the local economy and ensure that these benefits can be felt across the Borough.

3.43 We have therefore explored the total benefits that could be delivered if PBC maintained a figure of 240 dpa, or 3,840 over the 16-year plan period to 2035, in contrast to the lower figure of 142 dpa (2,272 dwellings over the 16-year plan period – a difference of 1,568). Table 2 presents the benefits we could get in Pendle from these levels of annual housebuilding.

Table 2 Economic Opportunity Cost of a reduced housing target for Pendle Borough

	Standard Method - 142 dpa	Emerging Local Plan Part 2 Requirement – 240 dpa	Effect of additional 98 dpa
Market Housing	2,045	3,456	1,411
Affordable Housing (at 10%)	227	384	157
Total	2,272	3,840	1,568
CONSTRUCTION BENEFITS			
Construction Cost (over 16 years)	£327 million	£552 million	£225 million
Direct FTE p.a.	353	596	243
Direct GVA p.a.	£25 million	£43 million	£18 million
Indirect FTE p.a.	444	751	307
Indirect GVA p.a.	£32 million	£54 million	£22 million
Total FTE p.a.	797	1,347	550
Total GVA p.a.	£57 million	£96 million	£39 million
OPERATIONAL BENEFITS			
First Occupation Expenditure	£12.5 million	£21 million	£9 million
Jobs Supported	82	139	57
Ongoing Resident Expenditure p.a.	£60 million	£102 million	£42 million
Net Additional Resident Expenditure p.a.	£28 million	£47 million	£19 million
Ongoing Jobs Supported p.a.	263	444	181
Council Tax	£3.7 million	£6.3 million	£2.6 million

- 3.44 Table 2 clearly demonstrates the extensive economic and fiscal benefits that would be lost to PBC if the lower SM2 target were pursued. Quite aside from the loss of 1,568 new homes that could provide accommodation for over 3,760 residents (based on the average annual household size of 2.4 recorded for the Borough in the 2011 Census), this would also result in **157 fewer affordable homes** in an area that has a high level of unmet need.
- 3.45 The construction benefits of staying with the higher housing requirement of 240 dpa are particularly strong, with an **additional £225 million of construction investment** into the Borough; **243 extra direct Full Time Equivalent [FTE] construction jobs per annum and 307 indirect FTEs**, and as much as £39 million extra direct and indirect GVA (although some of this latter figure would likely be retained outside of the Borough).
- 3.46 Once occupied, the additional 1,568 homes associated with the higher target over and above the SM2 figure could result in £9 million of ‘first occupation’ expenditure (spent ‘to turn a first house into a home’), which could sustain 57 jobs; and significant additional expenditure by the new residents of around £19 million net, which could **sustain over 180 extra jobs in the local economy (and 444 in total)**.
- 3.47 The 3,840 new homes associated with the higher 240 dpa target would also generate around **£6.3 million in Council Tax revenues to PBC**, some £2.6 million higher than if the lower target of 142 dpa were pursued.

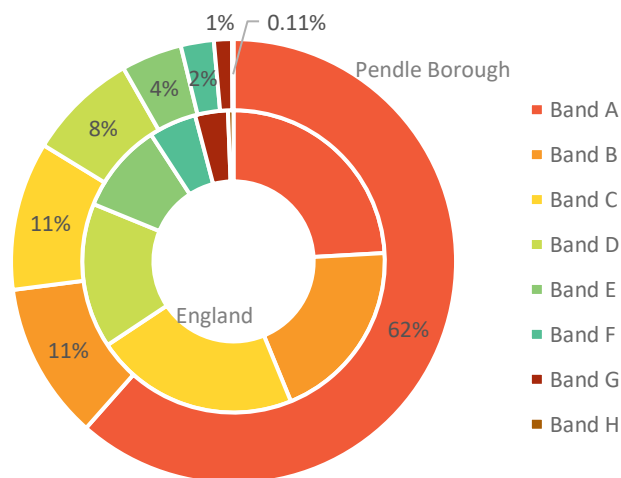
Extending the Housing Ladder

- 3.48 Anecdotally there is understood to be a mismatch between Pendle’s current housing stock and households’ aspirations, which sees higher levels of net out-migration to other parts of the sub-region such as Ribble Valley so that they can move up the housing ladder.

3.49 To take one example, average house prices¹⁰ are just £113,000 across Pendle in 2020, well below the national rate of £249,000. This reflects a clear lack of diversity in the housing stock in the Borough.

3.50 As shown in Figure 10 below, **a massive 62% of all homes in Pendle Borough are in Council Tax Band A**, compared to just 24% across England as a whole (and 14% in Ribble Valley, for example). In fact, 84% of all homes in the Borough are classed in Bands A-C, compared to 66% nationally. Just 8% of Pendle’s dwellings are rated in the highest Council Tax Bands E-H compared to 19% nationally and 30% in nearby Ribble Valley. It is clear that there is a general lack of more aspirational homes in Pendle Borough, which can be readily met elsewhere.

Figure 10 Pendle Borough Council – proportion of dwelling stock in Council Tax Bands A-H, 2018 vs. England average



Source: Lichfields analysis / Council Tax Bands 2018

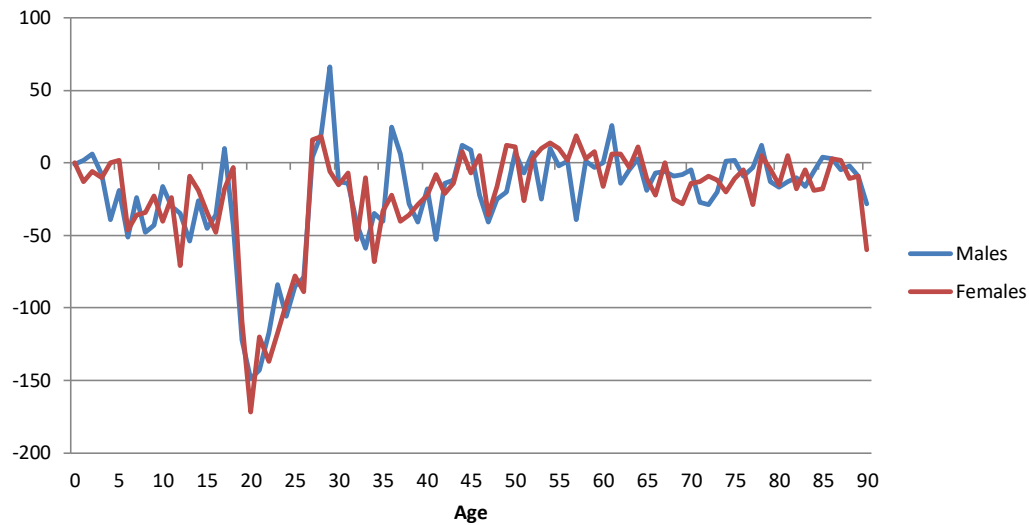
3.51 As we mentioned above, for many years Pendle’s population growth has been suppressed by high levels of net out migration to other parts of the country, and this will continue under the 2014-based SNPP. This indicates that over the plan period, 6,800 more Pendle residents will leave the Borough than will move into Pendle from elsewhere in Great Britain. Furthermore, as can be seen in The sharp peak in both males and females leaving the Borough at ages 19-21 are easily explained by the need to move away for Higher Education, with Manchester and Leeds particularly high recipients. However, the overall trend is concerning and there is evidence that many of the younger residents are simply not returning to Pendle after moving away to University, whilst many others that do stay end up moving elsewhere to meet their housing aspirations.

3.52 Figure 11, there has been a net loss of residents over the past 7 years across almost all age groups.

3.53 The sharp peak in both males and females leaving the Borough at ages 19-21 are easily explained by the need to move away for Higher Education, with Manchester and Leeds particularly high recipients. However, the overall trend is concerning and there is evidence that many of the younger residents are simply not returning to Pendle after moving away to University, whilst many others that do stay end up moving elsewhere to meet their housing aspirations.

¹⁰ ONS (2021): Median house price by local authority district, England and Wales, year ending September 1997 to year ending September 2020

Figure 11 Pendle Borough Internal Net Migration 2012-2019 Cumulative Chart



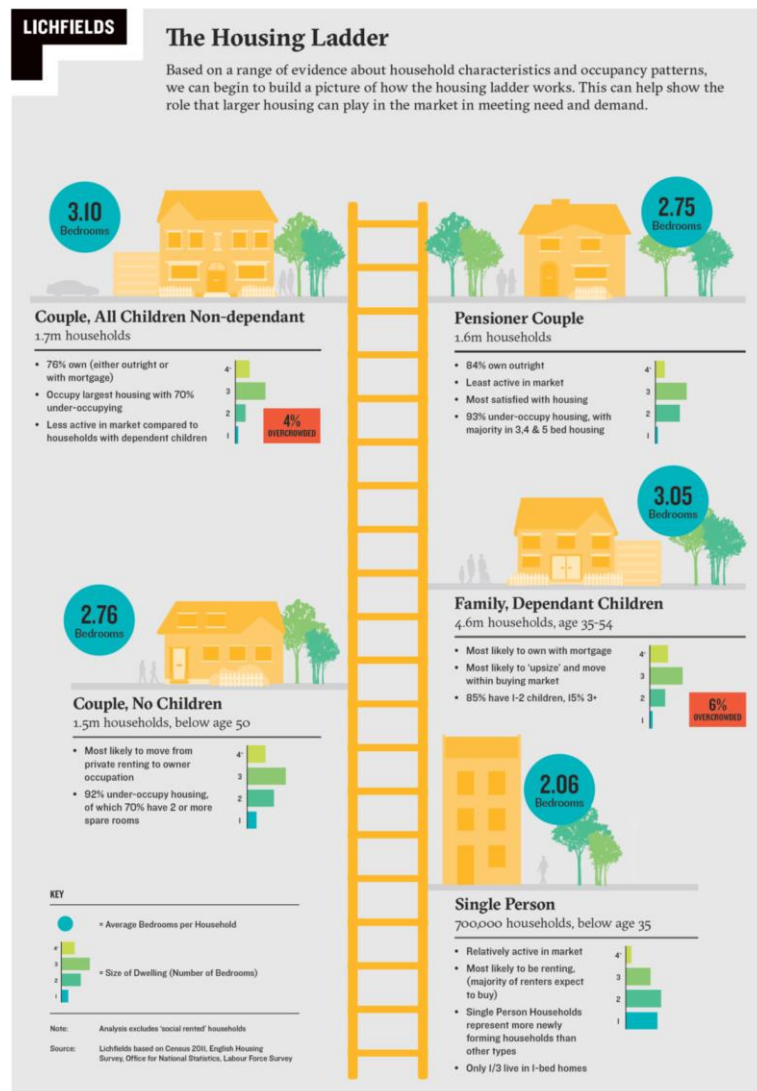
Source: ONS 2019 MYE Comparison Tool

3-54

For example, whilst Burnley is by far and way the largest recipient of Pendle’s movers (with a quarter of all Pendle’s domestic movers relocating there), Ribble Valley was the second most popular destination. This Borough, one of the most affluent in northern England, is particularly attractive to residents aged between 25 and 48 (and by extension, their children aged 7-11). 55% of all domestic movers into Ribble Valley from Pendle were in these age brackets (compared to 43% in Craven, for example). This could suggest that aspirational working households with children who were about to go into High School are moving into Ribble Valley. The relative lack of aspirational housing in Pendle Borough, is not going to be assisted by a reduction in the housing target.

3-55

In areas such as Pendle where projected growth includes an increase in the number of older households and family households, the appropriate mix of new housing schemes should reflect current occupancy patterns (particularly of older households, as well as any issues of overcrowding) and the needs of future households (i.e. families). New housing should also be seen in the context of its role in the housing market; housing growth does not directly cater for the net growth in



households, rather it provides a mechanism for people to move around within the market and free housing up along the housing ladder. This could mean, for example, a family currently living in a 2-3 bed home might move to a new build 4-bed home, freeing up a 2-3 bed home for a newly forming couple household. Through this, new housing can also help to address overcrowding issues, where households struggle to ‘upsized’ due to a lack of larger stock (or stock which is being taken up by smaller households). All of which points to a need for more homes, across a range of sizes and types to meet Pendle’s needs.

The Needs of the Many

3.56 Pendle has a high level of affordable housing need, between 187 and 251 affordable homes per annum. This represents significantly more than 100% of the LHN based on the standard method. As set out in the emerging PLPP2:

“Planning Practice Guidance sets out the need for plan makers to consider the case for further adjustments to be made to the housing requirement where it could help deliver the required number of affordable homes. Whilst there can be no doubt that the affordable housing needs of the borough are significant, low viability experienced widely across the plan area means there is little scope for affordable housing provision to come forward as part of market-led development. As such, the adoption of a higher housing requirement is unlikely to have any real benefit in enabling the delivery of more affordable homes, or outweigh the likely significant adverse impacts on the environment. On balance no further adjustment to the proposed figure of 240 dwellings per year is made.” [paragraph 4.25]

3.57 That said, if the SM2 is pursued, then even if 10% of affordable housing were delivered, this would equate to only 14 affordable dpa, compared to 24 affordable dpa with the higher target (whilst recognising there are very clear viability issues across Pendle which affect the delivery of affordable housing).

3.58 The benefits of identifying additional allocations from the perspective of affordable housing delivery are twofold. Additional allocations would be required by policy to deliver affordable housing onsite and would be more likely to viably deliver the required percentage. Furthermore, the delivery of new housing development does not only directly deliver affordable units, indirectly it acts as a catalyst to create churn in the wider housing market outside of the development site and free up smaller properties in the chain for first time buyers and families on lower incomes.

3.59 Otherwise, there is a risk that there will be a continued delayed in the delivery of much needed additional housing in Pendle. Coupled with that, the ever-growing affordable housing list will continue to spiral which has a direct impact on families across the Borough. The delivery of 240 dpa would go some way towards addressing both issues, whilst the SM2 figure is likely to be less effective in this regard.

4.0 Conclusion

- 4.1 This report has been prepared by Lichfields to summarise the possible risks and the potential missed opportunities to PBC of departing from the employment-driven 240 dpa housing target figure in favour of a lower SM2 figure of 142 dpa in PBC's emerging PLPP2.
- 4.2 PBC is of course at liberty to take forward the current SM2 figure in its emerging Local Plans if it considers that there are no exceptional circumstances justifying going above that figure, and indeed many Councils have argued just that in their emerging Local Plans. Furthermore, Lichfields' 2020 Pendle Housing Needs Assessment [HNA] examined whether there was an exceptional circumstances case to be made and concluded that, given the latest demographic behaviour patterns and the alignment between these and the 2014-based SNPP, there were no significant exceptional circumstances to justify departing from the standard methodology approach as a minimum.
- 4.3 However, being a minimum figure is key. It has to be, because in aggregate across England it falls short of the national 300,000 dpa ambition. Government is reliant on many authorities taking more than their share not only to offset the areas that are constrained but to go beyond it. So whilst Councils can, in theory, use the SM2 as the basis for their Local Plan housing requirement, the Government is clear that it should be seen as the starting point, rather than the end point, for debate on the scale of housing need. A failure to do this robustly risks Pendle's LPP2 being found unsound at its forthcoming EiP.
- 4.4 Lichfields' HNA report concluded that delivering more than the (then) SM1 figure of 146 dpa was supported through the NPPF and PPG, and the PLPP2 should consider the extent to which the standard method estimate of LHN was consistent with the economic success of Pendle and the wider area.
- 4.5 Given the considerable uplift in housing delivery since 2014/15 the 2014-based SNPP are clearly based on trends which no longer reflect Pendle's current circumstances and are not a positive basis upon which to plan for the future. Lichfields' report concluded that if the Council were to plan for a level of job growth broadly equal to the latest Experian job growth projections (c.1,400 jobs over the plan period), SM2 would provide insufficient housing to support the necessary increase in the local workforce. The report concluded that an uplift to 240 dpa for Pendle could be considered by the Council to address this imbalance.
- 4.6 This new report has examined the potential risks of the Council reverting back to the SM2 figure as opposed to the benefits of going with a higher, potentially employment-led, target for Pendle. This included:
- The clear risk of **misalignment** if PBC move away from its current proposed figure of 240 dpa as set out in its emerging PLPP2. At a practical level, there needs to be a link between employment land provision, economic growth prospects and housing targets, otherwise there will be serious issues when it comes to Pendle Borough's economic competitiveness. Providing just 142 dpa would result in a decline in the level of job growth over the Plan period, of -272 jobs between 2019 and 2035. This is hard to reconcile with the 68 hectares of office, industrial and warehousing land that the Council makes provision for in Policy WRK2 of the adopted PLPP1.
 - The Council has **only very recently consulted on the higher figure** of 240 dpa in its emerging PLPP2. It has argued persuasively against a reduction in the target to the SM2 minimum starting point such that it is going to be very difficult for the Council to row back on the SM2 figure. Our view is that PBC would be placed in a very difficult position at the

Local Plan Hearing Sessions when presented with this evidence. This runs the risk that the Inspector could find the PLPP2 unsound in its current form.

- In common with much of the rest of the UK, **Pendle Borough's population is ageing rapidly**. If nothing is done to try to reverse this trend, specifically the delivery of higher levels of new housing to attract younger economic migrants, then Pendle risks an uncertain economic future as the labour force shrinks significantly, resulting in a spiral of decline as companies relocate elsewhere and investment dwindles.
- Lichfields modelled **Experian job growth projections** which suggested that the Borough could see a net growth of 1,408 jobs over the plan period. In order to support this level of jobs growth, 240 dpa would be needed. This contrasts starkly with the level of jobs growth that could be sustained by the SM1 figure, with 146 dpa estimated to result in a net loss of jobs, of 150.
- 62% of all homes in Pendle Borough are in **Council Tax Band A**, compared to just 24% across England as a whole, which suggests a lack of diversity in the housing stock, and particularly for aspirational homes, which is contributing to an exodus of affluent families moving to locations such as nearby Ribble Valley to move up the housing ladder. Providing more, and larger, properties could go some way towards reversing this trend.
- New housing can play a wider role in **supporting economic growth**, alongside the need to ensure greater value for money in public expenditure terms. Lichfields explored the total benefits that could be delivered if PBC maintained a figure of 240 dpa, or 3,840 over the 16-year plan period to 2035, in contrast to the lower figure of 142 dpa (2,272 dwellings over the 16-year plan period – a difference of 1,568). We found that going for the higher 240 dpa figure over the 142 dpa SM2 figure would have the following additional benefits:
 - (a) Delivering an extra 1,568 new homes could provide accommodation for over 3,760 residents, with 157 extra affordable homes in an area that has a high level of unmet need;
 - (b) An additional £225 million of construction investment into the Borough; 243 extra direct Full Time Equivalent [FTE] construction jobs per annum and 307 indirect FTEs, and as much as £39 million extra direct and indirect GVA;
 - (c) £9 million extra 'first occupation' expenditure, which could sustain 57 jobs; and significant additional expenditure by the new residents of around £19 million net, which could sustain over 180 extra jobs in the local economy (and 444 in total).
 - (d) £2.6 million additional Council Tax contributions.

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