

North Lincolnshire Housing and Employment Land Allocations DPD**Independent Examination****Matter 2 – Conformity with the adopted Core Strategy (June 2011) and with National Planning Policy.****A. HOUSING NEED**

- 2.1 The allocations DPD follows the Core Strategy, which follows the RSS evidence base. We do not consider that the Council has an up to date objectively assessed housing need and consider that the Core Strategy is out of date. Therefore the Allocations DPD, based on the Core Strategy overall housing requirement is unsound. The Core Strategy is not consistent with National Planning Policy, it was prepared and adopted prior to the publication of the NPPF and the NPPG.
- 2.2 The Core Strategy housing requirement is not based on the most up to date evidence of housing need and this is then reflected in the Allocations DPD. We consider this approach is unsound, as it is not being prepared positively and is not justified, given the alternative housing requirements identified in the SHMA. It does not meet the requirements of paragraph 47 of the Framework to plan positively for housing growth. In addition the Council have not used the accepted methodology for calculating the residual plan period and five year deliverable housing requirements as contained in the NPPG and in various Secretary of State appeal decisions.
- 2.3 In the *Hunston* case, the High Court and the Court of Appeal found that in quantifying objectively assessed need it is wrong to use a housing requirement figure derived from a revoked RSS plan. The *Hunston* appeals stated that any needs assessment should be objectively arrived at.
- 2.4 Policy CS7 of the Core Strategy refers to a housing requirement of 12,063 or 754 per annum. The Allocations DPD refers to an annual requirement of 882 dwellings (paragraph 3.7). This increase is due to the under-supply in past completions and it is understood that the annual requirement will alter year on year depending on the annual completions. It is not clear in the Core Strategy or the Allocations DPD, how the residual requirement is calculated. This should be clarified. What is clear, is that the Core Strategy is based on the RSS evidence figure and is adjusted for undersupply.
- 2.5 The Council's 'Assessment of Five Year Housing Land Supply' statement is not clear on this difference. This statement (April 2014) should provide justification of the residual housing requirement. This statement details the annual housing completions of the past 10 years. It is clear from Table 2 of the 5 year housing land supply statement that since the adoption of the Core Strategy in 2011, the Council have consistently under delivered against the annual requirement. This alone, should justify the requirement for a 20% buffer to the five year housing requirement. There is no justification as to why the Council do not follow this approach and instead have applied a 5% buffer.
- 2.6 We consider the 20% buffer is wholly appropriate in the circumstances (given the persistent under provision), and we consider the backlog should be met over the first five years (the
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Sedgefield Approach and various other S78 cases), rather than the rest of the plan period, which is the Council's approach.

	Completions	RSS / Core Strategy	
2004/05	551	550	
2005/06	1160	550	
2006/07	688	550	
2007/08	480	550	
2008/09	337	750	
2009/10	302	750	
2010/11	457	750	
2011/12	399	750	
2012/13	326	750	
2013/14	379	750	
Total	5,079	6,700	Deficit 1,621

- 2.7 Using the base requirement of 750 per annum (RSS requirement and the Core Strategy requirement) our alternative 5 year housing requirement is shown below. This uses a methodology approved by a number of S78 cases of adding back log over the next 5 years and adding the NPPF buffer to this total. The latest of these cases is a Secretary of State decision in Droitwich Spa in 2 July 2014 (Appeal Refs. 2199085 and 2199426). Assuming a best case scenario on the base requirement and taking the simplest and most favourable (i.e. to the Council) overview of the likely requirement post 31st March 2019, the annual base requirement would revert to the RSS based 750 per annum figure plus a 5% buffer (this assumes all the back log is cleared and therefore the 5% buffer is appropriate).
- 2.8 This would require the house building industry in North Lincolnshire to rapidly respond and achieve enhanced completions to meet the base requirement figure between 1st April 2014 and 31st March 2019.
- 2.9 The table below offers a direct comparison to the Council's Annual 5 year requirement in Table 1 of their Assessment of Five Year Housing Land Supply, which derives a residual requirement (including a 5% buffer) of **4,636** dwellings, which equates to **927** dwellings per annum.

	1 st April 2014 – 31 st March 2019	1 st April 2019 – 31 st March 2026	1 st April 2014 – 31 st March 2026
Base Requirement (750 p.a.)	750 x 5 + 1,621 + 20% = 6,445.2 = 1,289 p.a.	750 + 5% = 787.5 p.a. (5,512 total)	11,957

B. OAN ASSESSMENT

- 2.10 We are not aware of any current and up to date Fully Objectively Assessed Need. In these circumstances the latest assessment in the SHMA (October 2012) needs to be considered. It is worth noting that the RSS requirement figures were derived from an evidence base of the 2003 and 2004 CLG household population projections. All of the four SHMA scenarios comprise more up to date assessments and scenarios approaching the three stage methodology in the NPPG.
- 2.11 The SHMA 2012 uses the POPGROUP model (paragraph 5.7) for the modelling of population and household change.
- 2.12 Paragraph 5.2 recognises that the Core Strategy 754 per annum requirement uses the evidence base prepared for the RSS.
- 2.13 The SHMA presents four population projection scenarios (5.24)
1. ONS 2008 based Sub-National Population Projections (SNPP)
 2. Migration-Led Scenario
 3. Baseline Employment Growth-Constrained Scenario
 4. South Humber Gateway Employment Growth-Constrained Scenario (this factors in the South Humber Gateway)
- 2.14 Figure 5.14 of the SHMA 2012 'Projected Household Change linked to the population scenarios and resulting dwelling requirements' results in the following annual requirement.
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|------------|---------|
| Scenario 1 | 844 pa |
| Scenario 2 | 692 pa |
| Scenario 3 | 711 pa |
| Scenario 4 | 1084 pa |
- 2.15 Paragraph 5.62 states "The dwelling requirement established through the Core Strategy – Policy CS7 with 12,063 new dwellings (754 dwellings per annum) required between 2010 and 2026 – falls within this range, albeit at the lower end."
- 2.16 The SHMA states that Scenario 4 illustrates the additional demand pressures for new housing which could result from the realisation of the South Humber Gateway project. Paragraph 5.67 states that Scenario 4 would "represent a fundamental event for the housing market of North Lincolnshire and would obviously require a step-change in the quantum of houses delivered. This would result in a level of completions which exceeds historical development levels and would have implications regarding the available supply of land for residential development in North Lincolnshire." Paragraph 5.68 clearly states that "This scenario is therefore considered to represent an absolute maximum level of demand and therefore a requirement for housing within North Lincolnshire."
- 2.17 Using the SHMA 2012 scenario's 1 and 4 provides a range of housing requirements. Using the same methodology of factoring in backlog over the next 5 years and applying 20%, as well as the positive methodology of applying a 5% buffer post 31st March 2019 for the remaining plan period, provides the following range of housing requirements for North Lincolnshire.
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	1 st April 2014 – 31 st March 2019	1 st April 2019 – 31 st March 2026	1 st April 2014 – 31 st March 2026
SHMA Scenario 1 844 p.a.	844 x 5 + 1,621 + 20% = 7,009 = 1,402 p.a.	844 + 5% = 886 p.a. (6,202 total)	13,211
SHMA Scenario 4 1084 p.a.	1,084 x 5 + 1,621 + 20% = 8,449 = 1,690 p.a.	1,084 + 5% = 1,138 p.a. (7,966 total)	16,415

2.18 Our alternative OAN using the SHMA (October 2012) therefore results in a range of housing requirements for the remaining plan period to 2026 of 12,879 dwellings to 16,005 dwellings.

2.19 Comparing our SHMA based housing requirement with our revised RSS base requirement (all factoring in back log over the next 5 years and applying the 20% buffer to the first five years), results in the following requirement comparisons.

	1 st April 2014 – 31 st March 2026
RSS Base Requirement	11,957
SHMA Scenario 1	13,211
SHMA Scenario 4	16,415

C. ECONOMIC PERFORMANCE

2.20 The NPPF is heavily growth orientated and various Local Enterprise Partnerships were set up to facilitate this growth. Barton and North Lincolnshire as a whole, falls within both the Greater Lincolnshire LEP and the Humber LEP. Given the strong links of Barton to the north of the Humber via the Humber Bridge and the associations between the north and south banks it is considered that the Humber LEP more appropriate promotes and assesses the economic position.

2.21 The Humber LEP Ambition is “to maximise the potential offered by the Humber Estuary, leading the Humber to become a renowned national and international centre for renewable energy and an area whose economy is resilient and competitive. We will continue to develop our strengths in key sectors, supporting our businesses to grow and helping our residents to access the opportunities they need to lead prosperous and rewarding lives.”

2.22 In terms of the Economy, the vision for 2020 is that “the Humber will have a thriving renewables sector, with ambitious capital schemes well underway and a growing reputation for excellence and expertise. Many thousands of jobs will have been created, driven by this major growth in renewables alongside the further strengthening of our other key sectors. Existing and new

businesses will be able to easily find and access finance and quality business support to help them succeed.”

- 2.23 Key facts of North Lincolnshire outlined in the Humber LEP Strategic Economic Plan 2014 – 2020 are:

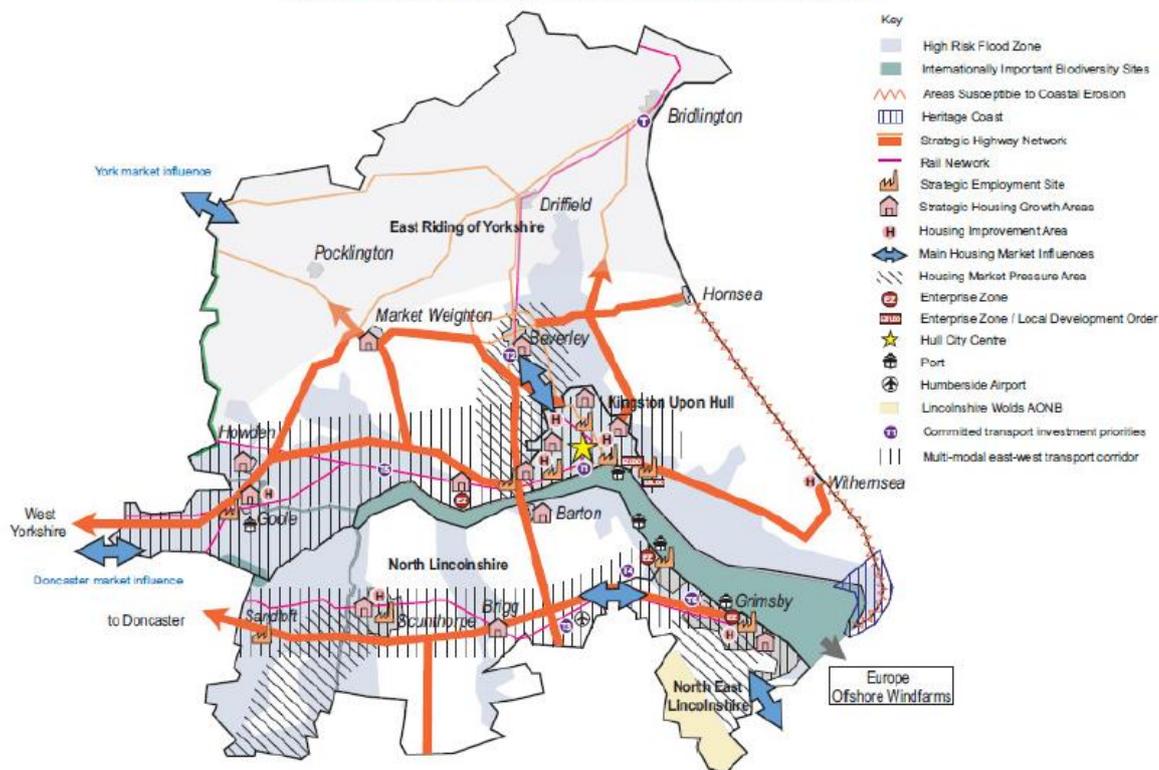
<p><i>Size:</i> 328 square miles <i>Population:</i> 160,000 people <i>Working age population:</i> 105,500 <i>Largest towns:</i> Scunthorpe, Barton upon Humber, Brigg, Crowle, Epworth, Winteron <i>Features of the population:</i> c. 44% of the population live in Scunthorpe. Population growth of >20% forecast to 2031, driven by large increases in older age groups <i>Unemployment rate (2013):</i> 6.7 <i>Disadvantage:</i> 9% <i>Economy:</i> Manufacturing (Tata) and energy (Conoco Phillips, Total Fina Elf) are key sectors alongside food and drink, chemicals, logistics, electronics and tourism. North Lincolnshire will be home to the £450m Able UK Marine Energy Park. <i>Flood risk:</i> Risk of flooding from both the River Humber and the Trent. Significant flood damage in December 2013 in South Ferriby, Barton and Barrow. <i>Other LEPs:</i> North Lincolnshire is a member of the Greater Lincolnshire LEP</p>

- 2.24 The Humber LEP Strategic Economic Plan emphasises the importance of maintaining, strengthening and growing the key sectors. It states that:

“The Humber has strengths in several key sectors which should remain major economic contributors regardless of the development of new specialisms. These include engineering and manufacturing (advanced engineering alone employs 25,000 people in the Humber area), ports and logistics (intrinsically linked to the Estuary), chemicals (the Humber has the second largest chemicals sector in the UK and £3bn of planned investment on the South Humber Gateway alone), and agribusiness/food, which represents excellent opportunities for joint working with our overlapping LEPs to the north and south.”

- 2.25 In terms of the Humber’s growth zones the south bank is an identified growth corridor (the A180/M180 South Humber Bank Corridor). It states that “on the south bank, future economic activity will be focussed on the South Humber Gateway area and in and around both Scunthorpe and Grimsby/Cleethorpes with a range of significant sites included within the Humber Corridor Enterprise Zone.” The Strategic Economic Plan informs that the South Humber Gateway is attracting private and public sector investment worth over £3billion, it being home to the ABLE Humber Ports development.

Figure 2: Draft Humber Spatial Plan key diagram (March 2014)



2.26 The draft Humber Spatial Plan Key diagram above, indicates that Barton is a Strategic Housing Growth Area.

2.27 The Greater Lincolnshire Local Enterprise Partnership (Annual State of the Economy Report 2014) states that:

“The local labour market as a whole is performing better than nationally with skills levels improving and set to improve further. The key challenge is likely to be the fact that at least 200,000 jobs will need filling over the next ten years despite projected low and negative growth in the younger and working age populations respectively, and with house building lagging behind the numbers needed to support this. However, latest economic growth figures are encouraging, despite a recent drop, with growth forecast in the short, medium and longer term.”

2.28 Neither the Core Strategy, nor the Allocations DPD follow the SHMA growth scenario (scenario 4), despite the Council being committed to the South Humber Gateway. This is not in the spirit of the NPPF growth focus.

2.29 The Core Strategy (Chapter 9) refers in detail to the importance of the South Humber Bank, it being the most important employment site in the Humber sub-region and one of national

importance given that it is the largest employment land allocation located alongside the last major undeveloped deepwater estuary in the country. Paragraph 9.43 refers to a study that has been undertaken to look at the feasibility of development in this key employment area. The feasibility study (Building Design Partnership 2004) references the various delivery timescales of zones including 0-5 year zones, 0-10 year zones, 5 – 10 year zones, 10+ years, 5 – 15 year zones, 5 – 20 year zones, and 20+ year zones.

- 2.30 The South Humber Gateway is the largest development site in England (Invest in North Lincolnshire website). The **Able Humber Port**, part of the South Humber Gateway is formed by two main zones, the **Able Marine Energy Park** – Europe’s largest offshore wind park and the UK’s largest Enterprise Zone, and Able Logistics Park, which has planning consent for 5,300 jobs (454ha) as a result of £110m direct investments. It is UK’s largest port and logistics site, with permission for Business Park and offices; hotel; data storage and services; warehousing (1,700,000sqm); transport, chilled and Frozen logistics; and vehicle Storage, distribution and HGV Park. The South Humber Gateway is an Enterprise Zone, with Special Planning Zone benefits.
- 2.31 The ‘direction of travel’ in terms of the economic growth of North Lincolnshire is positive. The economic growth forecasts and projects that are in the pipeline all lead to the conclusion that the housing requirement in North Lincolnshire should be higher to reflect and support the forecast economic growth. Our higher housing requirement scenario based on the SHMA scenario 4 (16,005 between 1st April 2014 and 31st March 2026) is the appropriate approach to follow in the circumstances of nationally and locally growth orientated policies.

D. SETTLEMENT HIERARCHY AND DISTRIBUTION

- 2.32 We strongly consider that the 82% housing apportionment to Scunthorpe in the Core Strategy needs to be revisited. In the RSS, Scunthorpe and Grimsby were the only identified settlements in the North and North East Lincolnshire districts. None of the market towns were identified in the RSS which was surprising given the scale and significance of Barton and Brigg, the two largest market towns in North Lincolnshire. Scunthorpe and Grimsby were identified as towns in need of regeneration.
- 2.33 The Sustainability Appraisal Report of the Core Strategy Submission Draft (Atkins May 2010) did not provide a very clear steer in relation to the distribution of housing across the district. In relation to where new housing should be built, the SAR assessed 3 options.

Option 1: Predominantly focus growth in the Scunthorpe Urban Area.

Option 2: Concentrate growth in Scunthorpe combined with development to a lesser extent in Brigg, Barton, market towns and larger villages.

Option 3: Apportion growth in respect of each settlement including growth in Scunthorpe to where the demand is the greatest.

- 2.34 The SAR concluded that “from this assessment it is considered that Option 2 is the preferred option for where new housing should be built as this option produces positive social and economic objectives and less overall environmental effects than option 3. However, if this option is pursued it is recommended that the wording of the policy reflects the need for mitigation to minimise the negative environmental effects identified.”

- 2.35 The ‘concentration’ of growth in Scunthorpe (SAR option 2) is reflected in the Core Strategy apportionment of 82% to Scunthorpe. This is a very high concentration, and reducing the apportionment to 70% will still maintain a concentration of growth to Scunthorpe.
- 2.36 The strategic case for regeneration at Scunthorpe in the RSS 2008 is based on the decline in industry and the historical over reliance on one industry. Paragraph 5.8 of the RSS states “The economy of the sub area is dominated by the three main urban areas of Hull, Grimsby and Scunthorpe. All have economies which have suffered from industrial decline and restructuring and recent economic indicators show falling performance in recent years. There are also low levels of employment growth and participation, so employment growth and diversification, especially of service jobs in city and town centres, must be pursued.”
- 2.37 The Core Strategy adopts the RSS settlement hierarchy approach and concentration of development at Scunthorpe (82%) in order to follow the strategic regeneration aim. Since the Core Strategy base date of 2010 to the current period, these housing and economic growth aspirations have not been realised. This is not solely an outcome resulting from the National economic recession. The under delivery of housing in Scunthorpe is reflective of general under delivery in the district as a whole.
- 2.38 Using the RSS base figure and SHMA ranges discussed earlier in this statement 82% of these ranges equate to:

	1 st April 2014 – 31 st March 2026	82% Scunthorpe proportion
RSS Base Requirement	11,957	9,805
SHMA Scenario 1	13,211	10,833
SHMA Scenario 4	16,415	13,460

- 2.39 The proposed supply which has been put forward by the Council to deliver the Scunthorpe specific requirement comprises (in Core Strategy Policy CS8):

6,000 dwellings – Lincolnshire Lakes
1,250 dwellings – Other Scunthorpe sites

- 2.40 We have strong reservations in relation to the delivery capabilities of the Lincolnshire Lakes Area Action Plan and will be making separate comments to the consultation document. The delivery schedule of housing in the AAP refers to the delivery of a minimum of 310 dwellings per annum from next year (2015 / 2016) up to a maximum of 697 dwellings per annum. We consider this is unachievable. Our estimate at best is the delivery of 150 to 200 dwellings per annum, which over the remaining course of the plan period (starting from next year) equates to at best 2,200 dwellings.
- 2.41 The Allocations DPD informs of a major change resulting from the Core Strategy’s examination in terms of the need for contingency sites for housing in Scunthorpe as a measure in case the Lincolnshire Lakes project does not deliver its expected level of housing. The Allocations DPD therefore identifies 9 contingency sites in Scunthorpe, which in total amount to 1,040 dwellings. A number of these sites fall within Flood Zones 2 and 3a and are therefore questionable in terms of their delivery.

2.42 Given the Inspector's requirement to identify contingency sites in Scunthorpe based on the high risk approach of relying on such a large proportion of the district's housing supply on a single project, it is unclear and unjustified why the trigger for releasing the contingency sites is not linked to the Lincolnshire Lakes delivery. Paragraph 3.164 of the Allocations DPD Submission Draft states that:

"Housing completions will be closely monitored by means of the AMR and SHLAA to ensure that there is a continuous five year supply of housing land. If over any continuous three year period the net additional housing requirement varies by more than 20% the allocated contingency sites will be brought forward."

2.43 To conclude, we do not consider it is possible to deliver 82% of the districts housing growth in Scunthorpe throughout the remaining plan period. This major conclusion is supported by evidence and raises the key question as to whether it is necessary to revisit some of the Core Strategy policies and assumptions.

2.44 The consequence of a change to the proportionate split of the housing requirement, which provides for 82% of that requirement to be delivered in Scunthorpe, is to redistribute the difference primarily to the market towns. We propose a relatively limited change which would retain the strategic policy focus on Scunthorpe. We consider that it is appropriate to reduce the Scunthorpe proportion to 70%, which is still a large concentration of development.

2.45 When assessing the recent years housing completions, it is clear that the Housing Trajectory in the Core Strategy (page 64) is not being achieved. We are unaware of any other Core Strategy with such a high percentage requirement to one leading settlement.

2.46 The Allocations DPD has the opportunity to introduce such flexibility and the reduction of the 82% apportionment to a lower proportion of 70% would not undermine the Core Strategy Scunthorpe focus. It is important that flexibility is built into the Allocations DPD in order to allow more chance of delivering the housing needs of the District.

OVERALL CONCLUSIONS

2.47 The Council do not have an up to date objectively assessed housing need. This presents a number of options as to how this position should be rectified. We would prefer an option which allows the H&EADPD to proceed to adoption on the basis of a higher overall requirement figure and a limited redistribution of the selected housing requirement. We recognise however that it may be necessary to carry out a short term review of the Core Strategy prior to the adoption of the H&EADPD in order to achieve this outcome.

2.48 The Allocations DPD is linked to the out of date Core Strategy and is therefore unsound on this basis alone. It has not been positively prepared; it is not justified as it is not the most appropriate strategy; and it is not effective as we do not consider it is deliverable over the plan period, given the inflexible concentration towards Scunthorpe.

2.49 Our alternative housing requirement for the remaining plan period provides a range of figures based on the RSS and two of the SHMA scenarios. The housing requirement ranges from 11,957 dwellings to 16,415 dwellings.

2.50 Given the forecast population and economic growth in the Humber and Greater Lincolnshire Local Enterprise Partnerships we consider the housing requirement at the higher end of this range is appropriate.

2.51 Based on our alternative RSS base requirement and SHMA scenario requirements, we consider the 82% apportionment to Scunthorpe is not achievable or deliverable. We recommend a lower percentage requirement of 70% to Scunthorpe. The housing requirement for the remaining plan period at a 70% apportionment to Scunthorpe results in the following redistribution to Scunthorpe.

	1 st April 2014 – 31 st March 2026	82% Scunthorpe Proportion	Alternative 70% Scunthorpe Proportion
RSS Base Requirement	11,957	9,805	8,340
SHMA Scenario 1	13,211	10,833	9,248
SHMA Scenario 4	16,415	13,460	11,491

2.52 Even the alternative 70% split to Scunthorpe will be challenging, but it is more realistic and deliverable than the 82% apportionment.

2.53 Our proposed reduction of the percentage distribution to Scunthorpe by 12% (from 82% to 70%) is redistributed to the other settlements in the District in the same apportionment as that contained in the Core Strategy. This results in changes to the percentages as follows.

	Existing Core Strategy Distribution	Proposed alternative distribution
Scunthorpe	82%	70%
Barton upon Humber	6%	10.7%
Brigg	7%	11.2%
Crowle	1.2%	2%
Kirton in Lindsey	1.5%	2.4%
Winterton	2.3%	3.7%

2.54 Using the alternative distribution of housing along with our alternative range of housing requirements results in the following range of housing requirements in Barton upon Humber.

	1 st April 2014 – 31 st March 2026	70% Scunthorpe proportion	10.7% Barton Upon Humber proportion
RSS Base Requirement	11,957	8,340	1,279
SHMA Scenario 1	13,211	9,248	1,414
SHMA Scenario 4	16,415	11,491	1,756

2.55 It is clear from our assessment of the requirement, achievements to date, distribution and deliverability that a reapportionment is essential to achieve national and local growth policy objectives.