

Technical Review of Housing Needs in Greater Norwich (Turley)

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Greater Norwich Local Plan

Representations on behalf of Orbit Homes
(2020) Ltd

March 2020

Turley

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Client

Orbit Homes (2020) Ltd

Our reference

ORBP3000

March 2020

Executive Summary

1. The Greater Norwich Local Plan Draft Strategy ('the Draft Plan') – published for consultation until 16 March 2020 – aims to meet a need for 2,027 homes per annum, through a slightly higher housing requirement that makes separate and necessary allowances for supply.
2. The Councils¹ have arrived at such a level of need by simply applying the standard method, introduced for the purposes of establishing a minimum need through recent revisions to the National Planning Policy Framework (NPPF) and related Planning Practice Guidance (PPG).
3. The Councils are therefore understood to view the outcome of this formula as an appropriate representation of the full need for housing in Greater Norwich, despite a concerning lack of evidence to substantiate their position in this regard.
4. This lack of consideration conflicts with national policy and guidance, which emphasises that the standard method produces only a minimum starting point and makes clear that there should be an assessment of whether housing need will actually be higher than that implied by its formula.
5. The technical critique set out in this report strongly indicates that in undertaking such an assessment there is a clear and justified need to depart from the output generated by the standard method, recognising its acknowledged limitation as being based principally on past trends. Following the assembly of up-to-date evidence, including bespoke demographic modelling provided by Edge Analytics, this report concludes that the need for housing in Greater Norwich will exceed that implied by the standard method figure because:
 - The outcome of the method is intrinsically linked to **projections that have underestimated population growth** to date in Greater Norwich, and particularly failed to anticipate a more pronounced – and increasingly vital – net inflow of people from other parts of the UK. This calls into question whether the method is accurately capturing the housing needed by the population in this area, both now and in the future;
 - Meeting the need implied by the method would likely grow the labour force and support in the order of 37,000 new jobs, ostensibly surpassing the target proposed in the Draft Plan (33,000) but **falling short of the job growth that can be reasonably expected to result from an ongoing economic growth strategy**. The Councils' target is considered inadequate in this regard, given that it is derived from an unjustified and unduly simplistic manipulation of a scenario presented in an evidence base document which is now comparatively dated and pre-dates the revised NPPF. Equally, as a result of the datedness of the informing analysis, it is considered to fail to adequately reflect the strong economic context which Greater Norwich has demonstrated for a sustained period of time or the full impact of planned investment. In this context it is

¹ Broadland District Council, Norwich City Council and South Norfolk Council

considered that planning for in the order of 40,000 jobs as a minimum over the plan period would be more reflective of the strong potential for truly enhanced growth in Greater Norwich. This clearly would not be supported where housing provision is restricted to the level implied by the standard method, and the associated ageing of the labour force also appears unlikely to support the desired shift towards higher value sectors;

- Simply meeting the need implied by the method would prompt a **16% reduction in the annual rate of housing delivery** belatedly achieved over the past three years, when adopted housing targets were met for the first time. Such a reduction is unjustified at a time when the Government remains committed to significantly boosting housing supply; and
 - Treating the current outcome of the standard method as a definitive expression of the housing needs of Greater Norwich fails to take account of the Government's **imminent change in the method itself**, scheduled to take place prior to the next stage of consultation and submission of the plan in 2021. No recognition of this has been made in the Councils' position, whereas we suggest a level of flexibility should be built into the housing calculations at this stage of plan-making to reflect this position and enable an effective response to be made to any change in the standard method calculations without undermining the soundness of the Plan.
6. Taking the above into account, the Councils' dismissal of the appropriateness of a higher housing need figure is strongly challenged. In supporting a more reasonable job growth target which better reflects the area's economic strategy and economic potential, it is clear that **a higher level of housing need must be acknowledged and provided for**. This is a position which has been acknowledged in the Councils' earlier consultation, where a more substantive evidence-based assessment was presented and referenced.
7. Furthermore, the Councils' attempt to justify a position whereby their housing requirement provides sufficient flexibility to respond to higher housing need is substantively flawed. The argument put forward by the Councils references the fact that the proposed housing requirement is circa 9% higher than the claimed need, derived from the standard method. However, it is critical to recognise that this buffer is intended to alleviate risks to *supply* and is a separate requirement of national policy. The PPG clearly emphasises that an assessment of the potential for higher need, relative to the standard method, must be undertaken '*prior to, and separate from*' any consideration of supply².
8. Based on the above, it is considered that **the Councils must update their evidence base prior to the next stage of consultation on the emerging Local Plan**, to comply with the NPPF and PPG. This should properly evaluate the level of job growth that is likely in Greater Norwich, taking recent successes – no doubt linked to the City Deal and other initiatives – into account while reconsidering the prospects for long-term growth beyond "business as usual" in key locations and sectors. A related assessment

² PPG Reference ID: 2a-010-20190220

of housing needs should also be produced, to locally test the minimum need implied by any standard method and ensure that the housing needed to support a growing economy can be robustly and positively planned for.

1. Introduction

- 1.1 Broadland District Council, Norwich City Council and South Norfolk Council ('the Councils') are currently consulting on the *Greater Norwich Local Plan Draft Strategy* ('Draft Plan'), which has been published for consultation until 16 March 2020.
- 1.2 This report has been prepared by Turley on behalf of Orbit Homes (2020) Ltd to critically appraise the housing requirement proposed by the Councils, in the context of the requirements of national planning policy.
- 1.3 The report identifies concerns that the Draft Plan does not provide for an adequate or appropriate level of new housing growth to ensure that it will meet local housing needs in full over the plan period. Specifically, this recognises evidence of high demand for housing in the area which can be reasonably expected to increase where the Councils are successful in realising the positive impacts of their economic growth strategies.
- 1.4 To ensure a sound plan, it is recommended that that the Councils prepare a robust and up-to-date assessment of housing needs which is compliant with the National Planning Policy Framework (NPPF) and its related Planning Practice Guidance (PPG). This will ensure that the next iteration of the Local Plan provides an adequate supply of deliverable housing land that is capable of meeting needs in full. This must, in accordance with the PPG, take full account of an up-to-date assessment of the likely level of employment growth which will be realised as a result of investment and growth plans.

Report Structure

- 1.5 The report is structured as follows:
 - **Section 2 – Introducing the Proposed Housing Requirement** – a concise overview of the housing requirement proposed in the Draft Plan and its claimed justification;
 - **Section 3 – Requirements of National Policy and Guidance** – an overview of the requirements of the NPPF and PPG when calculating local housing needs and establishing appropriate housing requirements, to inform a critique of the Councils' approach;
 - **Section 4 – Limitations of the Standard Method for Greater Norwich** – consideration is given to whether the standard method produces a representative level of housing need for Greater Norwich. This specifically considers the reliability of the input demographic baseline and the implications for housing delivery;
 - **Section 5 – Supporting an Economic Growth Strategy** – an overview of the economic context in Greater Norwich, considering whether the approach of the Draft Plan could sufficiently grow the labour force and support likely job creation in Greater Norwich; and

- **Section 6 – Conclusions** – a concise summary of the findings and implications of this report.

2. Introducing the Proposed Housing Requirement

- 2.1 Policy 1 of the Draft Plan ('The Sustainable Growth Strategy') provides for *'around 44,500 new homes'*³ over the twenty year plan period, from 2018 to 2038. This equates to in the order of 2,225 homes per annum.
- 2.2 The Draft Plan is clear in confirming that it has been prepared to conform to the 2019 NPPF and its associated guidance, introduced in the following section. In seeking to establish an appropriate housing requirement, it indicates that *'the minimum local housing need figure has been identified using the Government's standard methodology'*⁴.
- 2.3 The Councils' calculation of local housing need using the standard method is captured in Table 6 of the Draft Plan, which is replicated overleaf as Table 2.1. This implies an overall need for 40,541 homes when applying the standard method, or 2,027 homes per annum.

³ The Greater Norwich Local Plan Draft Strategy (2020), Paragraph 159

⁴ The Greater Norwich Local Plan Draft Strategy (2020), Table 6

Table 2.1: Establishing the Draft Plan’s Total Housing Figure

	Number of Homes		Explanation
A	Local housing need (2018 to 2038)	40,541	The minimum local housing need figure has been identified using the Government’s standard methodology
B	Delivery 2018/19	2,938	The number of homes built 2018/19 (including student accommodation and housing for the elderly)
C	Existing commitment (at April 2019) to be delivered to 2038	33,565	The existing commitment is the undelivered sites which are already allocated and/or permitted, with parts of or whole sites unlikely to be delivered by 2038 excluded
D	New allocations	7,840	These are the homes to be provided on new sites currently proposed to be allocated through the GNLP (6,640) and the South Norfolk Village Clusters Housing Sites Allocation Plan (1,200)
B + C + D	Total housing figure	44,343	Delivery (B), commitments (C) and new allocations (D). This currently provides a 9% buffer to cater for non-delivery of local housing need. The publication version of the plan will aim to provide a minimum 10% buffer (a minimum of a further 250 homes) which is likely to be provided through a combination of additional sites provided through a continuation of additional sites proposed through this consultation and contingency sites identified in this draft plan

Source: Greater Norwich Local Plan Strategy, 2020

- 2.4 The standard method figure represents the primary input to the Councils’ attempt to derive a ‘total housing figure’, and is understood to be viewed as an appropriate representation of the full need for housing for which the Draft Plan should identify land to accommodate. The subsequent inputs in the table relate to housing supply aspects and must be considered as separate and distinct from the input housing need figure.
- 2.5 No up-to-date evidence is provided or referenced within the Draft Plan by the Councils to justify its treatment of the standard method figure. The legitimacy of this approach in the context of national policy and guidance is considered in the next section of this report.

3. Requirements of National Policy and Guidance

National Planning Policy Framework

- 3.1 National planning policy is a vital mechanism for growing and rebalancing the economy, to ensure that growth supports the Government's plan to *'build a country that works for everyone'*⁵.
- 3.2 The publication of the revised NPPF in July 2018 is clearly of relevance to the emerging review of the Greater Norwich Local Plan, and represents an important change from the policy context that existed when the Joint Core Strategy (JCS) was adopted in March 2011⁶. Further, *'very minor changes'*⁷ to the NPPF were made on 19 February 2019⁸ with updates made to the PPG on the following day. It is within this context that the critique of the housing requirement has been prepared.
- 3.3 The NPPF retains at its core the Government's commitment to ensuring that the planning system achieves the parallel objectives of delivering the homes that are needed, supporting the ongoing development of a strong, responsive and competitive economy and making effective use of land to enhance the natural environment⁹.
- 3.4 National policy and guidance provide a clear framework for doing so. The implications for the Draft Plan are summarised below:
- The Draft Plan must include *'strategic policies'*¹⁰ to address the identified priorities for the development and use of land across Greater Norwich. These policies and priorities must address social, economic and environmental objectives in *'mutually supportive ways'*, mindful that they are interdependent components of achieving sustainable development¹¹;
 - In respect of social objectives, the strategic policies of the Draft Plan must *'make sufficient provision for: a) housing (including affordable housing)'*¹². This should be achieved by ensuring that a *'sufficient amount and variety of land'* is made available¹³;

⁵ Cabinet Office (2017) Building a country that works for everyone: the government's plan

⁶ Noting that following a legal challenge the Joint Core Strategy: Broadland part of the Norwich Policy Area Local Plan was subsequently adopted by the Councils on 10 January 2014.

⁷ Planning update: Written statement – HLWS1309

⁸ MHCLG (February 2019) National Planning Policy Framework

⁹ *Ibid*, paragraph 8

¹⁰ *Ibid*, paragraph 17

¹¹ *Ibid*, paragraph 8

¹² *Ibid*, paragraph 20

¹³ *Ibid*, paragraph 59

- The minimum amount of new homes needed across Greater Norwich should be identified using the Government’s ‘*standard method*’¹⁴, the methodology for which is set out in the national PPG; and
- The standard method identifies the ‘*minimum starting point*’ in determining housing needs and there will be circumstances where the ‘*actual housing need is higher than the standard method indicates*’¹⁵. The PPG makes clear that this will ‘*need to be assessed*’ before the identified need is translated into a housing requirement figure¹⁶.

3.5 The NPPF confirms that a strategy which either fails to promote sustainable patterns of growth¹⁷ or severely restricts economic growth¹⁸ would form neither a positive, nor justified, nor effective, nor national policy consistent approach.

Calculating local housing need

3.6 As referenced above, paragraph 60 of the NPPF states that strategic policies on housing should be informed by the outcome of the standard method in determining the minimum number of homes needed.

3.7 As the Government has been clear to state, it is important to recognise that the calculation of need through the standard method ‘*does not represent a mandatory target for local authorities to plan for, but the starting point for the planning process*’¹⁹.

3.8 This clearly does not prohibit authorities from planning for levels of housing provision which exceed this minimum benchmark, or progressing additional evidence to calculate need. Indeed the Government has been clear to articulate its expectation that authorities do just that, having acknowledged that the output of the standard method will not in isolation deliver the 300,000 homes that need to be annually delivered by the mid-2020s to address the current housing crisis. The former Secretary of State for Housing confirmed that:

*“The standard method is intended to provide what we believe is a realistic starting point for assessing the number of homes needed for each area. ...that is not a target. That is your starting point... It relies on past trends, so does not account for changing circumstances, for example new infrastructure. **Where growth is expected beyond historic trends authorities are encouraged to establish higher lead figures...**All we are saying is that it is a methodology. It is a starting point for councils to use as part of their need and supply policies”*²⁰ (emphasis added)

¹⁴ *Ibid*, paragraph 60

¹⁵ PPG Reference ID 2a-010-20190220

¹⁶ *Ibid*

¹⁷ MHCLG (February 2019) National Planning Policy Framework, paragraphs 20 and 103

¹⁸ *Ibid*, paragraphs 20 and 80

¹⁹ MHCLG (February 2019) Government response to the technical consultation on updates to national planning policy and guidance – a summary of consultation responses and the Government’s view on the way forward’, p6

²⁰ Housing, Communities and Local Government Committee oral evidence: MHCLG priorities for the Secretary of State, HC 1036 – Rt Hon James Brokenshire MP, Secretary of State, Ministry of Housing response to Question 32

- 3.9 The PPG reflects this support for plan-makers in planning for an appropriate level of new housing provision. It is clear to state that the standard method *‘does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour’*²¹. As referenced above, therefore, it is clear to identify that there will be circumstances where *‘actual housing need is higher than the standard method indicates’*.
- 3.10 The PPG identifies some of the circumstances that could lead to increased housing need, beyond the past trends that are embedded in the standard method. This is not intended to be exhaustive or viewed as a closed list, but includes situations where:
- Deliverable growth strategies are in place, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);
 - Strategic level infrastructure improvements are likely to drive an increase in the homes needed locally; or
 - An authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground.
- 3.11 Within the same sub-section of the guidance, two further *‘situations’* are identified that *‘will need to’* be taken *‘into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests’*²². These are where either of the following are *‘significantly greater’* than the outcome of the standard method:
- Previous levels of housing delivery; and
 - A previous assessment of need, such as a recently-produced Strategic Housing Market Assessment (SHMA).

Evaluating the Draft Plan’s approach

- 3.12 As explained in section 2, the Draft Plan does not reference any up-to-date evidence that justifies its treatment of the figure generated as a minimum by the standard method. This is despite acknowledgement that:

*“The Government encourages authorities to consider higher levels of growth than that required to meet local housing need, particularly where there is the potential for significant economic growth”*²³

- 3.13 This is significant where it is recognised that prior to considering housing needs, Policy 1 of the Draft Plan explores economic needs and establishes a target for job growth as part of the economic strategy. This failing is considered further in section 5 of this report.

²¹ PPG Reference ID 2a-010-20190220

²² *Ibid*

²³ The Greater Norwich Local Plan Draft Strategy (2020) paragraph 163

- 3.14 In apparently seeking to explain the absence of evidence to consider this issue, and specifically the consequence of employment growth on future housing needs, the Councils misconstrue their supply buffer – shown at Table 2.1 of this report – and claim that this provides the flexibility required to accommodate the consequences of successful investment strategies. The Draft Plan states:

“Our overall approach, including to windfalls and contingency, builds in flexibility to support higher than trend economic growth incorporating the Greater Norwich City Deal”²⁴

- 3.15 The NPPF and PPG are clear that it is a requirement of Local Plans that they are deliverable²⁵ and sufficiently flexible to adapt to rapid change²⁶. The plan’s soundness will be judged against these requirements. The buffer is required to ensure an appropriate allowance for unforeseen circumstances or non-delivery of sites which might otherwise pass the ‘developable’ test. Whilst the Councils have recognised this general point, and the resultant need for an increased level of flexibility, this should not be seen to provide capacity to accommodate need pressures; it is intended to alleviate risks to *supply*. In this context, the PPG is explicit in recognising that when authorities consider the appropriateness of a higher housing need figure,

“this will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan)”²⁷

- 3.16 Outside of judging the national policy compliance of the Councils’ approach to identifying its local housing need, it is essential that this position is corrected. Ambiguity between the assessment of need and the housing requirement must be avoided.

- 3.17 The Councils do appear to give some consideration to past housing delivery as part of their justification for dismissing the appropriateness of a higher housing need figure, stating with reference to a higher housing figure being considered under a section titled ‘alternative approaches’ that:

“This is not the preferred alternative as evidence of delivery rates over the medium and longer term suggests that higher targets are unlikely to be achievable or deliverable. Setting a higher target that can be achieved undermines the plan-led system”²⁸ [*it is assumed this should read can’t]*

- 3.18 Evidently this does not comply with the intention of the PPG to use the historic rate of delivery as evidence of a potentially higher demand, thus acting as a ‘check’ with regards the appropriateness of the standard method output. Instead the Councils have sought to use this indicator to dismiss any higher figure. This is not considered to

²⁴ *Ibid*

²⁵ National Planning Policy Framework, 2019, paragraphs 16 and 35

²⁶ *Ibid*, paragraph 11

²⁷ PPG Reference ID: 2a-010-20190220

²⁸ The Greater Norwich Local Plan Draft Strategy (2020) page 54

represent an appropriate or PPG-compliant justification for not attempting to explore the appropriateness of a higher housing need figure.

- 3.19 It is of note that the standard method attempts to retain realism on delivery through its capping of adjustments to the baseline, at 40%. The PPG specifically acknowledges that:

“The standard method may identify a minimum local housing need figure that is significantly higher than the number of homes currently being planned for. The cap is applied to help ensure that the minimum local housing need figure calculated using the standard method is as deliverable as possible”²⁹

- 3.20 It is of note that the adjustments for Greater Norwich are notably smaller than 40% and that, as is considered in section 4 of this paper, recent rates of delivery have exceeded the current plan target – and indeed the outcome of the standard method – thereby actually suggesting a higher demand has existed. On this basis, it is again not considered that this provides a legitimate line of justification for dismissing the appropriateness of a higher figure.

Summary

- 3.21 Recent revisions to the NPPF and PPG have evidently established a new context for assessing housing needs to inform sound planning policies, relative to that which informed the previously adopted Joint Core Strategy.
- 3.22 The NPPF is clear in its requirement for Councils to use the standard method figure as a minimum starting point. Where circumstances are identified which will have implications on demographic behaviour, or where there is expected to be a higher level of need, the PPG is clear in confirming that Councils will need to assess this.
- 3.23 The PPG identifies a number of circumstances which it suggests would result in an increase in housing need beyond past trends. This includes the pursuit of a deliverable growth strategy, and the agreement to contribute towards meeting unmet needs arising from neighbouring authorities. It also requires Councils to evaluate whether past rates of housing delivery or previous assessments imply a ‘*significantly greater*’ need than suggested by the standard method.
- 3.24 Whilst the Draft Plan concedes that these factors should be considered, and goes as far as presenting a brief explanation for dismissing the appropriateness of a higher housing need figure, the justification presented is not compliant with PPG. Specifically the Councils have not presented any evidence which explores in full the circumstances that must be considered to comply with the PPG, despite their applicability to Greater Norwich. This is considered to represent a significant failing of the Draft Plan.
- 3.25 As demonstrated in the remainder of this critique, the circumstances of Greater Norwich clearly place a responsibility upon the Councils to properly consider whether there is a higher need for housing to be met through the Local Plan, in accordance with the PPG. This will ultimately be critical to its soundness.

²⁹ Paragraph Reference ID: 2a-007-20190220

4. Limitations of the Standard Method for Greater Norwich

4.1 While the housing requirement proposed within the Draft Plan originates from the standard method, the Councils have not adequately addressed the numerous limitations of the method in the circumstances of Greater Norwich. Such considerations are explored in this and the following chapter – which focuses in more detail on the alignment with the economic growth strategy – and clearly undermine the Councils’ apparent view that the method appropriately or accurately reflects the actual housing needs of this area.

A moving position

4.2 The Draft Plan appears to take a relatively firm stance on the housing needs of Greater Norwich, without acknowledging the likelihood of change prior to its submission for Examination in June 2021.

4.3 While the Councils’ position originates from the standard method, it is important to acknowledge that the current version of the method is viewed only as a *‘short-term’* solution³⁰. It is widely acknowledged to have limitations in its current form, not least because it falls short of fully aligning with the Government’s aspirations for the housing market which includes a commitment to deliver 300,000 homes each year. The method has also been directly criticised by the National Audit Office, who observed that authorities receiving lower numbers than previously assessed may be hampered in their *‘plans to regenerate and stimulate economic growth’*³¹.

4.4 Within this context, the Government has recently committed to *‘reviewing the formula for calculating local housing need’* and introducing *‘a new approach which...makes sure the country is planning for the delivery of 300,000 new homes a year’*³².³³ While precise timescales have not been communicated, the Government has expressed the urgency of its reforms and it is reasonable to anticipate that a new method will be in place before the Councils’ next round of consultation, which is currently scheduled for January 2021. As such, it would be premature to view the current outcome of the standard method as a definitive expression of the housing needs of Greater Norwich. The Councils must allow sufficient flexibility to respond to potential changes on this basis, not least because the method appears likely to underestimate the needs of this area as explored further below.

An inaccurate demographic baseline

4.5 The precise outcome of the standard method is highly sensitive to its input demographic baseline, currently drawn from the 2014-based household projections. These projections show *‘the number of households there would be in England if a set of*

³⁰ MHCLG (2019) Technical consultation on updates to national planning policy and guidance, paragraph 19

³¹ National Audit Office (2019) Planning for new homes, paragraph 1.22

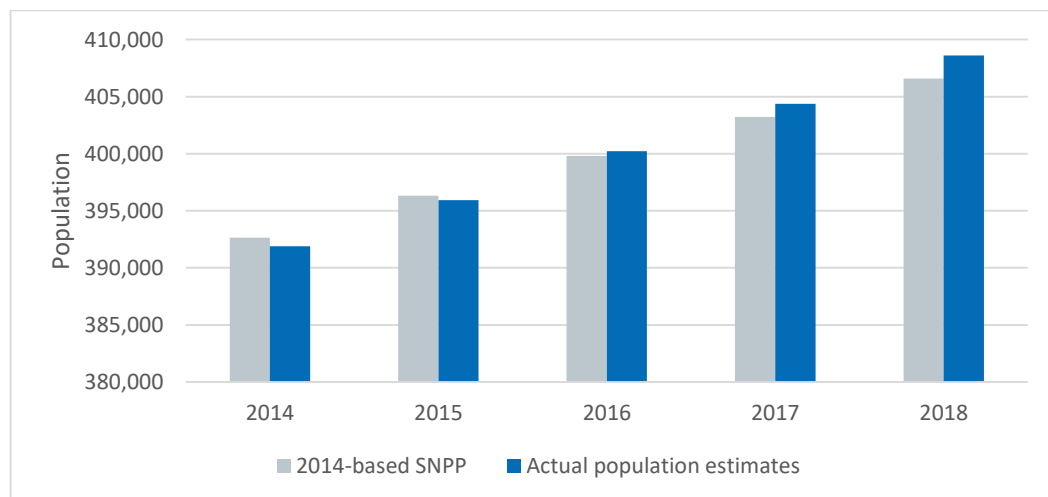
³² MHCLG (2020) Planning for the Future, paragraph 10 (3)

³³; Rt Hon Robert Jenrick MP during MHCLG Select Committee evidence session, 28 October 2019

assumptions based on previous demographic trends in population – births, deaths and migration – and household formation were to be realised in practice³⁴.

- 4.6 As such, the precise figure generated through the method is intrinsically linked to the 2014-based sub-national population projections (SNPP) which estimate how births, deaths and migration might affect the population of areas like Greater Norwich. They take account of official population estimates up to and including 2014, and make assumptions on future changes based on trends recorded in the preceding five year period³⁵ (2009-14).
- 4.7 The Office for National Statistics (ONS) continues to estimate the population of every local authority each year, with the latest such estimates relating to mid-2018. This allows comparison with the population growth suggested in the initial four years of the 2014-based SNPP, to test the reliability and suitability of their assumptions at a high level.
- 4.8 In the case of Greater Norwich, this reveals that the population has actually grown by around 20% more than was expected in this four year period. This results in a population that, as of 2018, is some 2,000 persons larger than it is assumed to be under the standard method. This pronounced growth has more than compensated for the modest downward revision to the population estimate in the base year of 2014, since the 2014-based SNPP were produced.

Figure 4.1: Population of Greater Norwich Relative to Assumptions of Standard Method Baseline (2014-18)



Source: ONS; Turley analysis

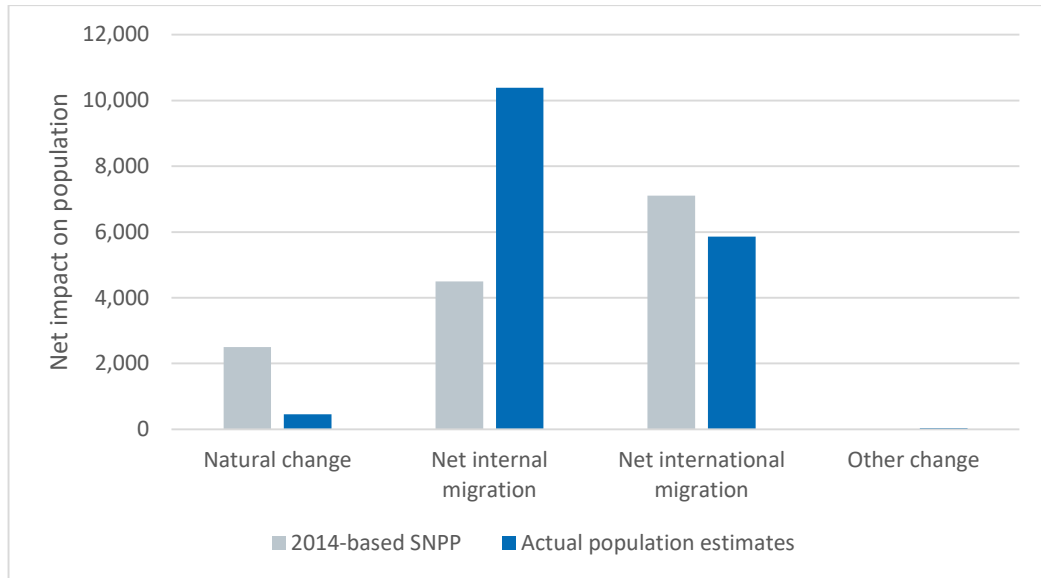
- 4.9 Further analysis confirms that this discrepancy has been caused by a number of demographic factors, as summarised in the following chart. The net inflow of migrants from elsewhere in the UK ('internal migration') has notably been more than twice the size projected, reflecting either – or both – the positive retention of those assumed to move elsewhere or the more effective attraction of people to Greater Norwich. The

³⁴ ONS (October 2018) What our household projections really show

³⁵ ONS (May 2016) Methodology used to produce the 2014-based subnational population projections for England

ONS has notably improved its methods for estimating internal migration within the UK, further validating this recent trend and calling into question the assumptions made – based on older population data, since improved – in the 2014-based SNPP.

Figure 4.2: Projected and Actual Components of Population Change (2014-18)

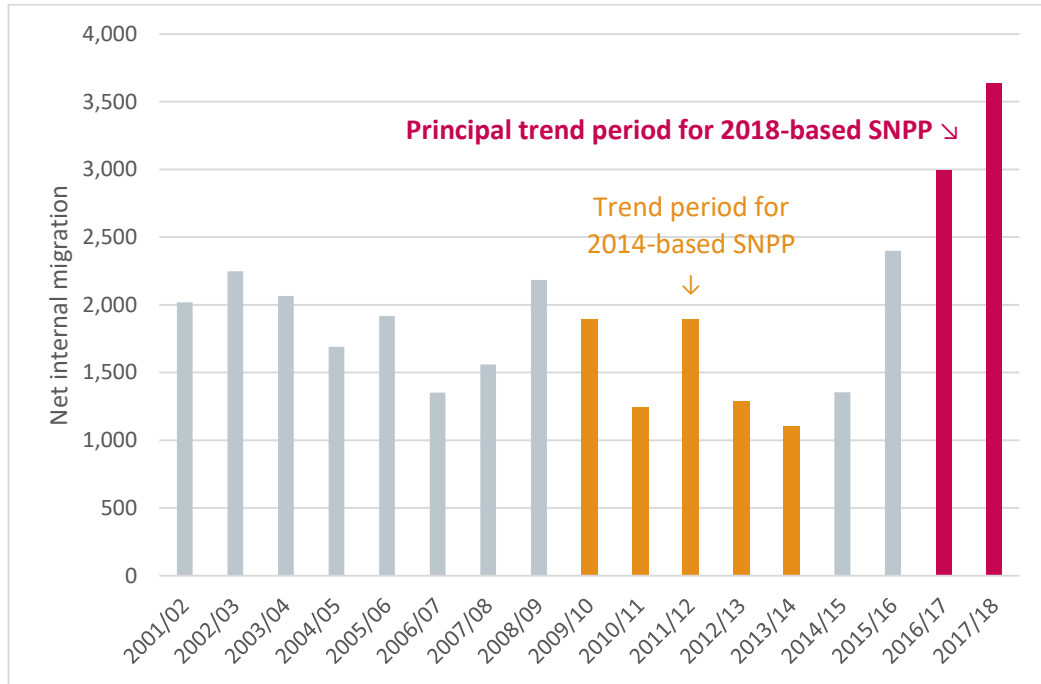


Source: ONS; Turley analysis

- 4.10 This net inflow of people from elsewhere in the UK appears to have been invaluable in countering a more severe ageing trend than was anticipated. As shown in the above chart, the 2014-based SNPP expected there to be around 2,500 more births than deaths in Greater Norwich, with such “natural change” thus assumed to grow the population. This has actually been much more finely balanced, with 5% fewer births than anticipated since 2014 and 8% more deaths. Natural change has therefore grown the population of Greater Norwich by only 450 persons since 2014, and net migration has been increasingly critical in averting a stagnation that could ultimately lead to population decline.
- 4.11 With the 2014-based SNPP underestimating population growth to date, and particularly failing to anticipate a pronounced net inflow of people from other parts of the UK, there is considerable doubt as to whether they provide an appropriate or representative demographic baseline when applying the standard method for Greater Norwich. The baseline appears unlikely to fully capture the housing needed by a population that is already larger than was anticipated, and growing at a more rapid rate.
- 4.12 This must be explored in further detail prior to the plan’s submission, to ensure that the approach to meeting housing need is robustly justified. This process should draw upon recent population estimates and can also take advantage of the imminent release of the 2018-based SNPP in March 2020, which will make revised assumptions on how births, deaths and migration might affect the population of Greater Norwich in future. Any such assumptions will inevitably require interrogation, on the basis that past trends will not always continue into the future, but it is nonetheless of note that

migration will be principally assumed by the ONS to align with trends in the past two years³⁶ – a period where methodological improvements have revealed a growing net inflow of people into Greater Norwich, as shown below.

Figure 4.3: Net Internal Migration in Trend Periods of 2014-based and 2018-based SNPP



Source: ONS; Turley analysis

Regression from recent delivery

- 4.13 As noted in section 3, the PPG requires past delivery and previous assessments of need to be taken into account to establish whether there is a *‘significantly greater’* need than implied by the standard method. In the case of Greater Norwich, a review of the latest published assessment reveals no such disparity³⁷ but consideration of past delivery arguably does.
- 4.14 The Draft Plan clearly relays the Government’s aim of significantly boosting housing supply³⁸. It is this ambition, and a clear appreciation of the scale of the national housing crisis, that has led to the recent *‘radical’* reforms which culminated in the publication of the revised NPPF and introduction of the standard method. These reforms principally sought to ensure that local authorities could not *‘duck potentially*

³⁶ ONS (November 2019) Bulletin on 2018-based Subnational Population Projections

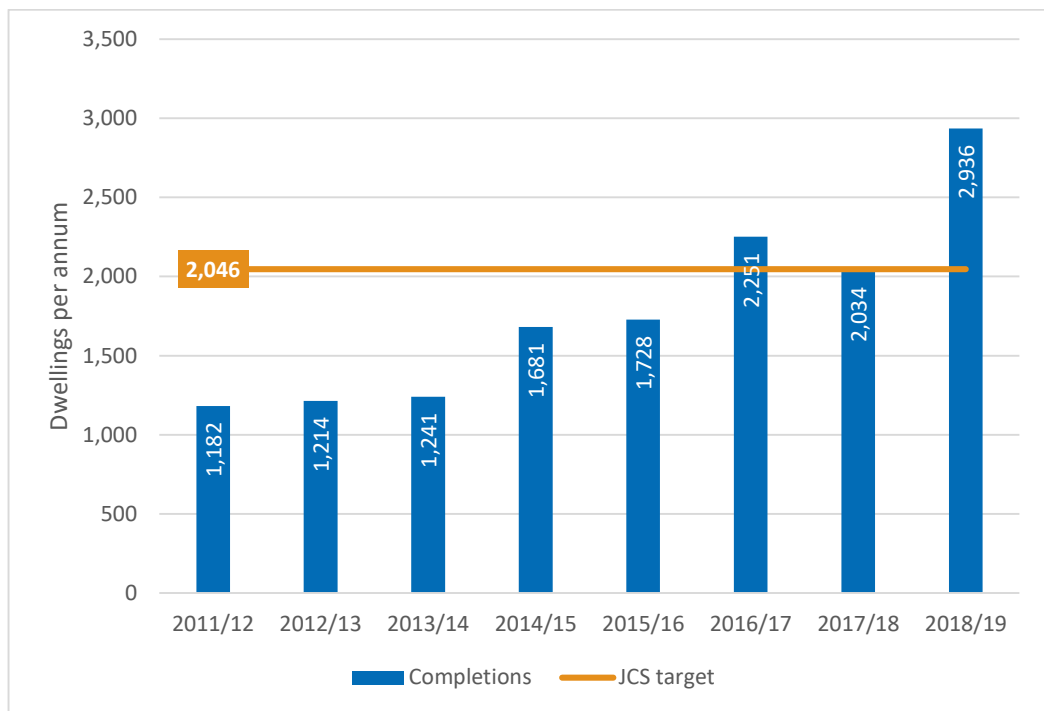
³⁷ ORS (2017) Central Norfolk Strategic Housing Market Assessment, Figure 80. A need for circa 1,880 dwellings per annum was implied for the Greater Norwich authorities under the “policy-off” scenario which excluded the City Deal. This is around 7% lower than the current outcome of the standard method

³⁸ The Greater Norwich Local Plan Draft Strategy (2020), paragraph 237

*difficult decisions*³⁹. There appears to have been no intention to allow authorities to scale back their contribution towards boosting housing supply.

- 4.15 The situation in Greater Norwich, and its standard method figure of 2,027 dwellings per annum, should be viewed in this context. The Draft Plan confirms, as summarised below, that the rate of development has followed an upward trend in recent years, peaking in the latest monitoring year when 2,936 homes were completed – some 45% above the need now implied by the standard method. It is only in the last three years when the rate of development has reached or even approached the level planned in the JCS, and the Draft Plan explicitly recognises that delivery has historically fallen significantly short of targets⁴⁰.

Figure 4.4: Housing Completions in Greater Norwich (dwellings per annum)



Source: Greater Norwich Local Plan Draft Strategy, p15

- 4.16 As such, while alignment with the standard method could ostensibly boost the average rate of provision since 2011 (1,783dpa) by a modest 14%, it would actually lead to a regression from the encouraging recent trend that has seen Greater Norwich belatedly deliver the homes that are needed. Circa 2,400 homes have been delivered annually on average during the past three years, and the standard method would reduce this by circa 16% at a time when the Government remains committed to significantly boosting the supply of housing.
- 4.17 The recent rate of delivery is considered to provide an important reference point for the Councils in determining the level of housing growth needed in Greater Norwich. In

³⁹ DCLG (2017) Fixing our Broken Housing Market – housing white paper, paragraph 14

⁴⁰ The Greater Norwich Local Plan Draft Strategy (2020), Section 1 paragraph 44

accordance with the PPG, it implies that there could be a markedly greater need and demand for housing than that currently implied by the standard method.

Summary

4.18 The housing requirement proposed within the Draft Plan originates from the standard method, which has numerous limitations in the circumstances of Greater Norwich that have not been adequately addressed by the Councils in their consideration of its appropriateness. Beyond its disconnect with economic strategy – explored in the following section of this report – these include:

- A demographic baseline which is intrinsically linked to **projections that have underestimated population growth** to date in Greater Norwich, and particularly failed to anticipate a more pronounced – and increasingly vital – net inflow of people from other parts of the UK. This is a reflection of recent success in attracting and retaining people that may have previously moved elsewhere, which appears unlikely to be fully captured by the current baseline;
- **An implicit regression from the rate of housing delivery** achieved in recent years, at a time when the Government remains committed to significantly boosting housing supply. The Councils have only latterly met their housing targets having delivered an average of 2,400 homes annually in the past three years, but the approach of the Draft Plan threatens to stop this encouraging trend and reduce annual delivery by some 16%; and
- The Government’s commitment to **introduce a new approach to its formula for calculating local housing need**, with this anticipated to be in place prior to the next stage of consultation and submission of the plan. This cautions against the current treatment of its outcome as a definitive expression of the housing needs of Greater Norwich to 2038, and requires a level of flexibility to be built into the Plan’s housing requirement figures to respond to any change in approach.

5. Supporting an Economic Growth Strategy

- 5.1 The PPG recognises that the standard method figure is based on past trends, and makes no attempt to predict the impact of changing economic circumstances or future Government policies on demographic behaviour. As such, it recognises that there will be situations where actual housing need will be higher than suggested by the standard method, to reflect a departure from past trends⁴¹.
- 5.2 The Councils acknowledge the relationship between these housing and economic strands of policy, as noted in section 3. However, the lack of published evidence means that there has been an apparent failure to even consider whether the housing growth proposed in the Draft Plan would meet the needs of a growing economy, or would actually act as a barrier to job creation.
- 5.3 The consequences of this omission are explored within this section.

The Draft Plan's economic growth strategy

- 5.4 The Draft Plan acknowledges that it should *'support the growth of a wide ranging and changing economy, ranging from high tech businesses with the capacity for major growth through to smaller rural enterprises'*⁴².
- 5.5 The vision is clear in stating that:

*"By promoting the Greater Norwich Local Plan our aims is that it will support growth of a diverse low carbon economy which will compete globally through its world class knowledge-intensive jobs in the Cambridge Norwich Tech Corridor"*⁴³
- 5.6 Under the 'Economy' theme it progresses to confirm:

*"We will see a focus on our local strengths in knowledge intensive sectors. This will include significant growth in digital creative industries in the city centre and in health, life sciences, agri- and bio-technology at the Norwich Research Park and the Food Enterprise Park at Honingham, along with advanced manufacturing and engineering at Hethel"*⁴⁴
- 5.7 Within the justifying text for Policy 1, the Draft Plan includes a section immediately following the introduction of its proposed housing requirement titled *'The Growth Strategy'*. Within this context, the Draft Plan is consistently clear to stress the ambition of achieving growth in Greater Norwich. Specific reference is made to the fact that the Norfolk Strategic Planning Framework (NSPF) *'states that Greater Norwich City Deal*

⁴¹ PPG Reference ID 2a-010-20190220

⁴² The Greater Norwich Local Plan Draft Strategy (2020), paragraph 61

⁴³ *Ibid*, paragraph 109

⁴⁴ *Ibid*, paragraph 113

growth requirements, agreed with Government in 2013, will be met through the GNL⁴⁵.

- 5.8 The City Deal established a commitment to generate £100 million of private investment, support 300 new businesses and see the creation of 13,000 additional jobs across Greater Norwich, over and above the existing ambitious target of 27,000 new jobs in the adopted Joint Core Strategy. This implied a target associated with the City Deal of in the order of 40,000 additional jobs over the timeframe of the adopted JCS (2008 – 2026), equating to approximately 2,222 per year.
- 5.9 It is apparent from the above that the Draft Plan is underpinned by a clear strategy for economic growth which is supported by an ongoing investment commitment from the Government in the form of the agreed City Deal.

An appropriate job target?

- 5.10 The Draft Plan targets the creation of at least 33,000 jobs over the plan period (2018-38) and confirms that this *'has been established through local trend-based evidence'*⁴⁶. Whilst the Draft Plan attributes this to the East of England Forecast Model (EEFM) it also confirms its origination from evidence included in the Employment, Town Centre and Retail Study produced by consultancy GVA in 2017. This study used the then-latest published iteration of the EEFM to explore scenarios of job growth based on *'business as usual'* and the potential for *'enhanced economic growth'*.
- 5.11 The latter scenario, which the Draft Plan confirms underpins its job target, identified that between 2014 and 2036 around 44,000 jobs could be created, an average of 2,000 jobs per annum. It built from the EEFM but applied positive adjustments to a number of sectors which were considered to better reflect local and national growth potential.
- 5.12 The 33,000 job target in the Draft Plan is explained as being based on:
- A netting off of the 15,000 jobs created to 2018 from the 45,000 jobs forecast in the Employment, Town Centre and Retail Study; and
 - An extension of the forecast by a further two years to 2038, the extension implied to be based on the latest EEFM outputs.
- 5.13 Such an approach is considered to have a number of significant limitations, explored further in this section:
- The Employment, Town Centre and Retail Study is now comparatively dated and should be revisited to ensure it is based on up-to-date economic datasets;
 - The Councils' approach to manipulate the previously evidenced job forecast fundamentally fails to take into account the approach taken to generate the enhanced growth scenario or its forecast of job growth over the long-term; and

⁴⁵ *Ibid*, paragraph 13

⁴⁶ *Ibid*, paragraph 149

- At a wider level there have been more marked local and national changes to the economy which have a bearing on the forecasting of future job growth and should be taken into account through an updated evidence base. This will ultimately ensure that the Local Plan takes full account of the current ambitions of the Councils and the Local Enterprise Partnership, as well as national Government.

- 5.14 It is noted that in seeking to justify the 33,000 job growth target the Councils, through the Draft Plan, advance an argument of dismissing the potential for higher growth targets, as have evidently been set previously. This justification is predicated on questions as to whether '*significantly higher targets*' are '*achievable*' given '*current economic uncertainties*' and the '*enhanced growth*' that is ostensibly already provided for.
- 5.15 The suggestion that higher levels of growth would not be '*achievable*' does not stand up to scrutiny when recognised that the target of 33,000 jobs represents a markedly lower rate of growth than that which has been seen in recent years, as used in the Councils' derivation of their target. The last three years alone have cumulatively seen nearly half as many jobs created than are assumed to be created over the much longer *twenty* year period covered by the target.

Limitations of the underpinning evidence base and its interpretation by the Councils

- 5.16 The Employment Land Assessment⁴⁷ (ELA) – itself a component of the wider Employment, Town Centre and Retail Study – used the “business as usual” forecasts sourced through the EEFM. This forecast a growth of 34,300 full time equivalent (FTE) jobs over the period from 2014 to 2036, or 1,559 per annum on average.
- 5.17 The exact date of the forecast is not explicitly stated. However, it is assumed that it predates the latest 2017 iteration of the baseline forecast from the EEFM, published in 2018 by Cambridge Econometrics. This most recent version of the EEFM is itself comparatively dated – given the fast changing nature of economic circumstances at a national and global level – but it is clear that the underpinning data in the study does not take into account more recent economic performance or drivers of change.
- 5.18 This is important where it is recognised that the Councils' own assessment of the economic context of the Draft Plan recognises that Greater Norwich has, over recent years, certainly been successful at generating new jobs, implying a high degree of success in interventions either as a result of associated funding or through businesses' own confidence in investing. It identifies that over the period from 2015 to 2018 around 15,000 jobs have been delivered and that back to 2011 the economy has grown by 14.5% (29,100 jobs)⁴⁸.
- 5.19 The strong job growth recorded between 2015 and 2018 is particularly important as it is unlikely, given the date of the ELA, that its forecasts recognised this strong growth

⁴⁷ Greater Norwich; Employment Land Assessment (December 2017) GVA

⁴⁸ The Draft Plan cites this analysis of historic job growth as being based on the Cambridge Econometrics: 'East of England Forecasting Model: 2016 baseline results'

precedent. It is reasonable to assume that this strong growth has in no small part been supported by the success of City Deal interventions to date.

- 5.20 The ELA evidently moved beyond this baseline forecast to develop its “enhanced growth scenario”. This is strongly supported as being necessary in Greater Norwich in the context of its clearly stated economic growth strategy, and the City Deal commitment. The limitations of a “business as usual” scenario are clearly acknowledged in the accompanying technical guide to the latest iteration of the EEFM which – in acknowledging that the EEFM forecast is based only on observed past trends – confirms that:

“Past trends reflect past infrastructure and policy environments. Even where major new investments or policy changes are known and have actually started, they can only affect EEFM forecasts to the extent that they are reflected in the currently available data. If they have not yet impact on the available data, they will not be reflected in the forecasts”⁴⁹

- 5.21 The importance of undertaking a more detailed understanding of local economic potential than that derived from an “off-the-shelf” baseline forecast also resonates positively with the conclusions of a recent study in Cambridgeshire and Peterborough, which found that despite the ‘state-of-the-art techniques’ used in developing one such baseline forecast, its ‘projections for employment growth in recent years fell below the actual outturn by a significant margin’⁵⁰. While the review was not critical of the model itself, it recommended ‘further ‘sense checks’...to employment projections’ and suggested that this should include, though not necessarily be limited to, a consideration of economic policies and investment targeted at stronger growth in the local and sub-regional economy.

- 5.22 Whilst the approach of the economic evidence underpinning the Draft Plan is supported in principle, the criticism that its underlying approach and data inputs are now dated is considered to be of further importance where such an approach is advanced. The adjustments applied to reflect the potential of the local economy are by design intended to reflect economic ambition and sector performance. In both cases ensuring that an up-to-date position is informing any such adjustments is therefore of greater importance. It is noted that the enhanced scenario resulted from adjustments to the following sectors of the economy:

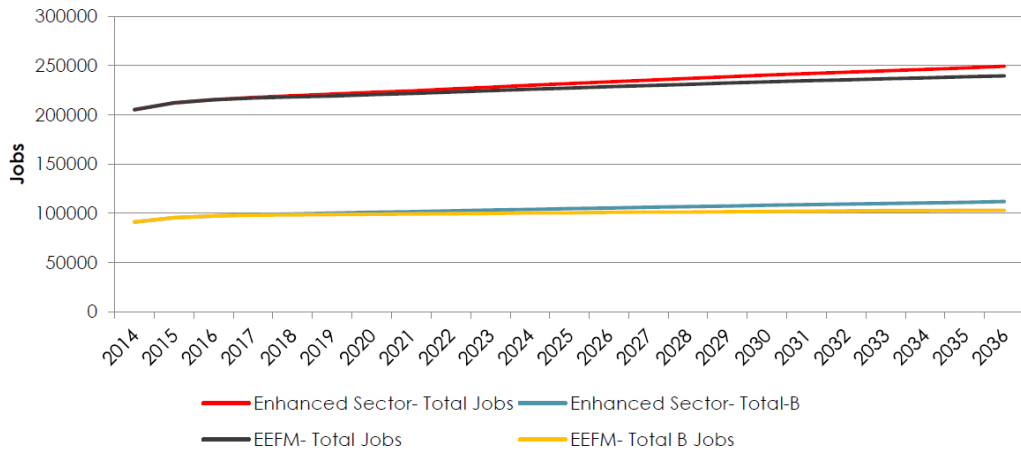
- Professional, Business and Finance Services;
- Advanced Manufacturing and Engineering; and
- Creative and Tech.

- 5.23 The implications of the adjustments compared to the baseline forecast are shown at Figure 39 of the ELA, which is replicated in Figure 5.1 below.

⁴⁹ East of England Forecasting Model Technical Report: Model description and data sources, June 2018, page 7

⁵⁰ Cambridgeshire and Peterborough Independent Economic Review (September 2018) p68 and Figure 22

Figure 5.1: Greater Norwich – Forecasted Total Jobs Growth



Source: Greater Norwich Employment Land Assessment (2017) – Figure 39

- 5.24 In referring specifically to the “total jobs” trajectory above, it is evident that the ‘enhanced’ forecast assumed a steady but higher rate of job growth over the baseline or business as usual scenario generated from the EEFM. The additional jobs are therefore projected to increase cumulatively over the projection period and in particular in the next five years or so.
- 5.25 Where this is recognised, this strongly challenges the Councils’ decision to simply remove the stronger job growth delivered over the last three years from the total forecast. This fundamentally fails to recognise the approach taken in the study in its adjustment of specific sectors of growth and fails to recognise, as the methodology in the ELA does, that investment is intended to be catalytic with additional job growth building on historic success.
- 5.26 The above provides no justification to support the Councils’ use of this forecast to generate a new target, which itself implies an annual growth rate of only 1,650 jobs per year. Such a level of job growth must be compared with:
- The recent creation of 5,000 jobs each year on average between 2015 and 2018;
 - The baseline forecast in the ELA which assumed job growth of 1,559 FTE jobs per annum. The Draft Plan target represents only a very modest uplift on this annual figure, which is potentially eliminated when converted to a comparable “total jobs” measure rather than FTE; and
 - The ELA enhanced scenario, which suggests an average growth of 2,000 jobs per annum but increases over the longer-term where this recognises improved rates of growth in key sectors.
- 5.27 A consideration of the latest position regarding the Councils’ economic strategy and the aspirations of other partners provides further important context in assessing the validity of the job growth target now set out in the Draft Plan. This is explored further below.

A more positive economic strategy context

5.28 The Councils have expressed that *'the outlook for the local economy is extremely positive'*⁵¹. It has also identified that this outlook is reinforced by:

- The opening of the Broadland Northway; and
- Planned improvements to the A47 and train services.

5.29 Importantly, in the context of the circumstances identified in the PPG as being a trigger for the appropriateness of planning for a higher level of growth, the Councils have also confirmed that:

*"...economic advisers believe that the economy can continue to grow strongly, particularly in 'high value' sectors. This is reinforced by the LEP's industrial and economic strategies and other plans to attract growth in high tech and knowledge-based industries such as life sciences, biotechnology, agri-tech, food and drink, creative and digital industries, and high-value engineering"*⁵²

5.30 More specifically, the Draft Plan identifies the context for economic growth provided by the Cambridge Norwich Tech Corridor⁵³, and the importance of the New Anglia Local Enterprise Partnership's existing Norfolk and Suffolk Economic Strategy (NSES) and the emerging Norfolk and Suffolk Local Industrial Strategy (LIS), which builds on the former.

5.31 Looking first at the Cambridge Norwich Tech Corridor it is of note that this has increasingly been recognised as a major economic growth location for the region. The initiative aims to capitalise on existing R&D capabilities and business opportunities within economic hubs to build technology based clusters along its route. This includes economic opportunities associated with:

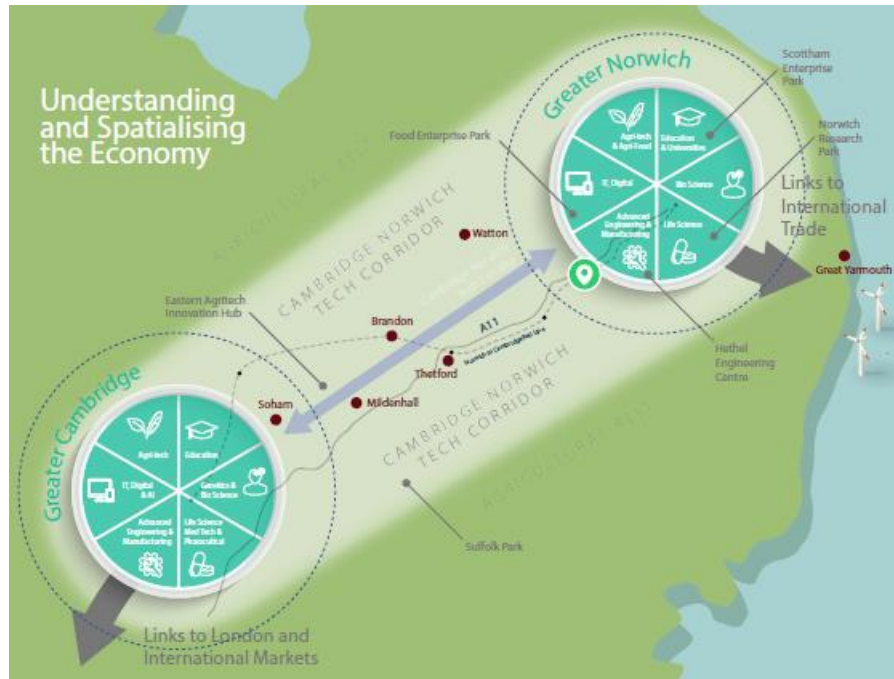
- The area's universities, in particular the University of Cambridge; Anglia Ruskin University and the University of East Anglia (UEA);
- Norwich Research Park, a leading centre for research in food, health and the environment; and
- Hethel Engineering Centre, a leading centre for innovation in high performance engineering and advanced manufacturing.

⁵¹ Councils' Frequently Asked Questions regarding the Draft Plan: <https://www.gnlp.org.uk/frequently-asked-questions/>

⁵² *Ibid*

⁵³ The Greater Norwich Local Plan Draft Strategy (2020), Section 1 paragraph 5

Figure 5.2: Cambridge-Norwich Tech Corridor



- 5.32 Overall, the initiative aims to deliver up to 15,000 new jobs in engineering, agri-tech and other LEP target sectors, as well as wider sectors that are of importance to the economy; £900 million private sector investment in construction activity; and 20,000 new homes along the corridor⁵⁴.
- 5.33 The NSES also sets out a series of ambitions that will be delivered focussed on Norfolk and Suffolk, albeit also recognising those areas within the Cambridge – Norwich Corridor as being one of a number of ‘*priority places*’ with significant opportunities for growth. Importantly the NSES builds on the Strategic Economic Plan⁵⁵ for New Anglia which targets: the creation of 95,000 more jobs (50% higher than the baseline level of job growth forecast); 10,000 new businesses; 117,000 new homes and increased productivity. Collectively these strategies clearly underpin the rationale for ‘*enhanced growth*’ in Greater Norwich with this expected to deliver beyond ‘trend-based’ growth over the plan period.
- 5.34 As referenced above the New Anglia LEP are seeking to update and advance the above strategies through the development of the Local Industrial Strategy⁵⁶ for Norfolk and Suffolk. To date a draft of this strategy has been published which contains a clear aim for the area to become a globally-recognised, high-tech and inclusive economy which is leading the transition to a post-carbon economy through sustainable food production and renewable energy generation. The £290m of Local Growth Fund support for delivery of the following is highlighted within the strategy providing:

⁵⁴ <https://www.south-norfolk.gov.uk/businesses/relocating-your-business-south-norfolk/cambridge-norwich-tech-corridor>

⁵⁵ New Anglia LEP (2014) Strategic Economic Plan

⁵⁶ New Anglia LEP (2019) Norfolk and Suffolk Local Industrial Strategy

- A Digi-Tech Factory at City College Norwich – interconnected Digital Technology, Engineering and Design Courses delivered in a purpose-designed building; and
 - An Institute of Productivity at the University of East Anglia – a new regional hub for engineering, technology and management.
- 5.35 The NPPF confirms that *‘planning policies should...set out a clear economic vision and strategy which positively and proactively encourages sustainable growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration’*⁵⁷.
- 5.36 The above review of the existing strategies for growth, including the emerging LIS, confirms that it is undoubtedly appropriate for the Draft Plan to target an enhanced level of employment growth than implied by trend-based or ‘off-the-shelf’ forecasts. In the context of an evolving economic strategy context, the reliance on forecasts presented within a study produced in 2017 creates a concerning risk that the latest understanding of this growth potential is not fully captured. The strength of the local economy in creating new jobs would imply that whilst it represents an ‘enhanced’ outlook of growth it appears unduly modest when compared to this historic success.
- 5.37 As already identified above, this further demonstrates the need to revisit the evidence base to inform the next iteration of the Draft Plan to ensure that this more positive context is captured.
- 5.38 Beyond the exact scale of job growth to be provided for, supporting these strategies’ realisation of future job growth will evidently require a pool of labour. This is an issue that is clearly recognised at the opposite end of the Tech Corridor in Cambridge. A consequence of its insufficient housing provision, beyond worsening affordability, has been that companies are *‘deterred from setting up in the area if they do not believe the houses their workers require will be available’*⁵⁸. There are also risks associated with economic and social dynamism *‘if new houses are not built, due to a population which will inevitably age where there is a combination of high property prices and insufficient additions to the housing stock’*.

Implications of job growth for the labour force and housing need

- 5.39 It is apparent from the above that there are justified concerns as to the appropriateness of the overall scale of job growth targeted through the Draft Plan. Whilst the inclusion of a quantified target is considered to represent a positive approach to plan-making, the evidence above highlights that this target does not align with the wider economic strategy nor represent an up-to-date consideration of the current economic context of Greater Norwich, including planned investment.
- 5.40 Policy 1 of the Draft Plan is explicit in considering housing needs and economic growth in tandem. The job growth target and the housing requirement sit side by side in the policy text and the Draft Plan states that:

⁵⁷ National Planning Policy Framework (2019) paragraph 81(a)

⁵⁸ Cambridgeshire and Peterborough Independent Economic Review (September 2018) p70

“The local plan’s preferred option is to support growth of around 33,000 new jobs and a minimum of around 40,540 new homes between 2018 and 2038”⁵⁹ (original emphasis)

- 5.41 As noted at the beginning of this section, no evidence is referenced to reassure that the Councils have assessed the extent to which these objectives are mutually supportive, despite the clear recognition of a relationship between these two key strands of the Draft Plan.
- 5.42 It is recognised that earlier materials published in relation to the Local Plan, including the Growth Options document in 2018, previously drew upon evidence – in the form of the 2017 SHMA – to inform the scale of housing it was suggesting could be required to both meet housing needs and support economic growth objectives. This indicated that there was likely to be a higher need for housing, albeit modestly, than implied by the standard method⁶⁰. Despite this conclusion, such considerations are now entirely omitted from the Draft Plan.
- 5.43 Demographic modelling has been commissioned to resolve this apparent gap in the Councils’ current evidence base and establish the job growth that could be supported where housing provision aligns – as currently proposed – with the minimum need implied by the standard method. This modelling has been configured by Edge Analytics, based on its industry leading POPGROUP software with a series of evidence-based assumptions as outlined at **Appendix 1**.
- 5.44 The modelling suggests that simply meeting the minimum housing need could grow the labour force to support in the order of 37,700 additional jobs across Greater Norwich over the plan period (2018-38), equating to circa 1,885 jobs each year and only modestly exceeding the stated target for 33,000 additional jobs in the Draft Plan.
- 5.45 On the basis of the evidence presented earlier in this section, it is considered that a job target which, as a minimum, more closely reflects the rate of growth forecast within the ELA (i.e. 2,000 jobs per annum) is more appropriate in ensuring that the Draft Plan recognises that the aim of investment in the economy is to achieve a catalytic effect over the plan period. This suggests that it would be justified for the Draft Plan to target 40,000 additional jobs as a minimum over its full plan period, albeit we would strongly encourage the Councils to revisit the evidence base to more comprehensively assess the potential for future job growth. This higher target nonetheless serves as a valuable proxy which illustrates the prevailing risk that the standard method will not provide the labour force that is required to fully realise the economic potential of Greater Norwich.
- 5.46 It is important to note that such a position has precedent within the Councils’ evidence base. The 2017 SHMA, referenced earlier, separately considered how the City Deal could influence the need for housing. This evidence-based report concluded in the context of supporting this elevated level of job growth *‘that the demographic*

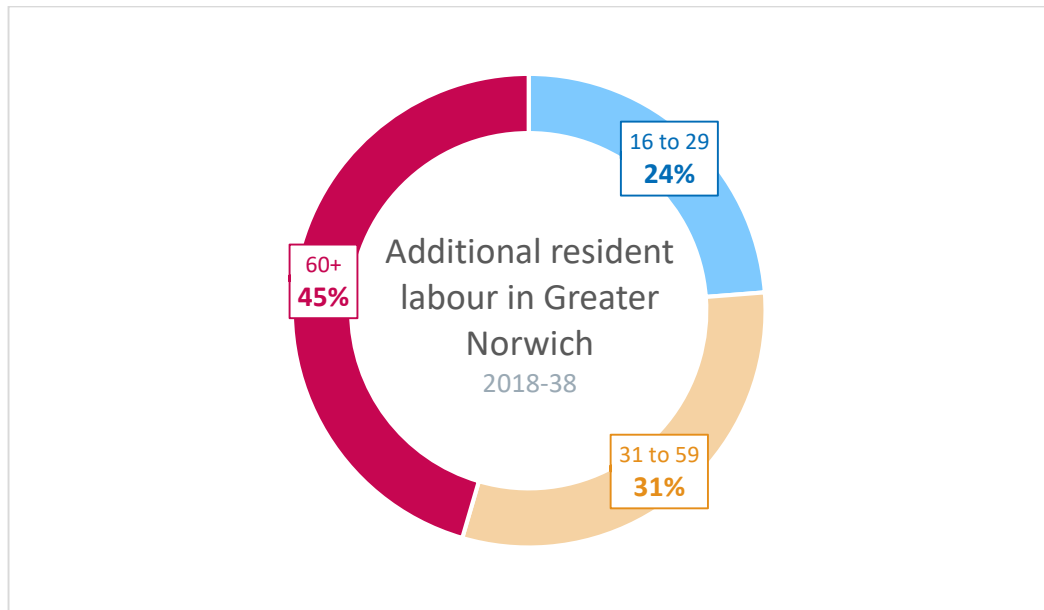
⁵⁹ The Greater Norwich Local Plan Draft Strategy (2020), page 53

⁶⁰ Greater Norwich Local Plan Regulation 18 Consultation Growth Options, paragraph 4.19

projections would require a significant uplift in dwelling delivery to accommodate the extra workers required for the City Deal forecasts⁶¹.

- 5.47 Where it is recognised that the SHMA precedes the revised NPPF and PPG, the up-to-date modelling undertaken to inform this technical critique reinforces the principle previously established in the Councils' evidence. It is considered that this strongly highlights the importance of the Councils revisiting this evidence to prepare an assessment of economic and housing needs in accordance with NPPF/ PPG as summarised in section 3 of this report.
- 5.48 Beyond a consideration of the overall balance between potential labour-force growth and job growth, it is also of critical importance that new evidence prepared by the Councils gives adequate consideration to the implications of the age profile of the implied labour-force, where provision aligns with the standard method.
- 5.49 Specifically, the modelling introduced above suggests that residents aged 60 and over will account for nearly half (45%) of the additional labour force capacity over the plan period, which is nearly double the contribution of those aged under 30 (24%).

Figure 5.3: Profile of Additional Resident Labour in Greater Norwich (2018-38)



Source: Edge Analytics; Turley analysis

- 5.50 While individuals in older age cohorts will undoubtedly remain in the labour force to an extent, the Councils must explain and justify whether their ambitions to deliver a greater proportion of higher value jobs – many of which are in new or emerging sectors – can be supported by this changing profile of labour. It is reasonable to expect that the creation of such jobs will attract greater numbers of graduates and younger professionals, a proportion of which may be retained from the further and higher education providers in Greater Norwich. This in turn would be expected to generate

⁶¹ Central Norfolk Strategic Housing Market Assessment 2017, ORS, paragraph 5.9

further demographic growth which should be reflected in any calculation of housing need, and – given the analysis in section 4 – appears unlikely to be fully captured in the baseline of the current method.

Summary

- 5.51 The Draft Plan purports to acknowledge the important relationship between the Councils' economic growth strategy and the establishment of an appropriate housing requirement. Indeed, both core strands are combined in Policy 1, the Sustainable Growth Strategy.
- 5.52 Whilst the Draft Plan is explicit in identifying a growth strategy, underpinned by commitments to investment in the area's economy through the City Deal, no evidence is presented to provide reassurance that housing provision aligned to the standard method will be sufficient to meet its job growth target. This is despite previous published evidence being cited in earlier iterations of the Local Plan and highlighting that a higher need for housing can be expected in such circumstances, relative to that implied by trend-based projections.
- 5.53 In order to fill this gap, modelling has been procured to inform this technical critique. This suggests that in the order of 37,000 jobs could be supported over the plan period where housing provision aligns with the minimum need implied by the standard method.
- 5.54 At face value, this exceeds the stated target for 33,000 jobs stated under Policy 1, thereby implying that such a level of housing provision will be sufficient.
- 5.55 However, the evidence in this section serves to strongly challenge the extent to which the 33,000 job target is robustly evidenced or appropriate, in the context of:
- Its origination from a comparatively dated ELA (2017);
 - Evidence of comparatively strong job growth over the last three years, with in the order of 5,000 jobs created each year on average. This is in no small part likely to reflect the success of investment to date through the City Deal and other initiatives;
 - A misinterpretation of the approach applied in the ELA in the generation of its enhanced growth scenario, upon which the figure is based. This recognises that the scenario was developed on the basis of long-term stronger growth in key sectors, which assumed a rising trajectory of job growth averaging in the order of 2,000 jobs per annum. The Councils' approach to "netting-off" strong job growth to date fundamentally fails to acknowledge this profile with the assumption instead that the rate of job growth falls closer to the baseline scenario for the remainder of the projection period; and
 - The ongoing commitment of the Councils and partners to continue to facilitate stronger job growth supported by commitments to deliver new infrastructure investments as well as the delivery of priority employment locations.

- 5.56 On the basis of the above, it is considered reasonable that the Draft Plan should as a minimum seek to provide for job growth which reflects the rate in the enhanced growth scenario being sustained. This would imply that a minimum target of circa 40,000 jobs would be more appropriate and representative of its growth strategy. On the basis of the demographic modelling presented in this section, it is evident that there is a real risk that the level of housing growth implied by the standard method will not meet needs in full and that a higher level of housing need is more appropriate.
- 5.57 Such a position is further compounded where it is recognised that the changing age profile of the labour-force where provision aligns with the standard method is unlikely to facilitate the shift towards higher value jobs, which themselves are assumed to be in new sectors of the economy and which will require evolving skills. This would also point to the likelihood of a greater pressure arising from new graduates and younger professionals looking to work and live in the area.
- 5.58 In the context of the above it is considered critical that the Councils revisit their evidence base through the preparation of an up-to-date assessment of housing and employment needs to ensure that its growth strategy is compliant with the NPPF and PPG.
- 5.59 With regard to planning for new homes, it is also important to recognise that a stronger economy at the end of the plan period would be expected to continue to generate a parallel sustained need for housing. This must be reflected in a more positive and robust approach to planning for housing within the Draft Plan to ensure a flexible and deliverable supply of land.

6. Conclusions

- 6.1 The Greater Norwich Local Plan Draft Strategy – published for consultation until 16 March 2020 – aims to meet a need for 2,027 homes per annum, through a slightly higher housing requirement that makes separate and necessary allowances for supply.
- 6.2 The Councils have arrived at such a level of need by simply applying the standard method, introduced for the purposes of establishing a minimum need through recent revisions to the National Planning Policy Framework (NPPF) and related Planning Practice Guidance (PPG).
- 6.3 The Councils are therefore understood to view the outcome of this formula as an appropriate representation of the full need for housing in Greater Norwich, despite a concerning lack of evidence to substantiate their position in this regard. This lack of consideration conflicts with national policy and guidance, which emphasises that the standard method produces only a minimum starting point and makes clear that there should be an assessment of whether housing need will actually be higher than implied by its formula.
- 6.4 The technical critique set out in this report strongly indicates that in undertaking such an assessment there is a clear and justified need to depart from the output generated by the standard method, recognising its acknowledged limitation as being based principally on past trends. Following the assembly of up-to-date evidence, including bespoke demographic modelling provided by Edge Analytics, this report concludes that the need for housing in Greater Norwich will exceed that implied by the standard method figure because:
- The outcome of the method is intrinsically linked to **projections that have underestimated population growth** to date in Greater Norwich, and particularly failed to anticipate a more pronounced – and increasingly vital – net inflow of people from other parts of the UK. This calls into question whether the method is accurately capturing the housing needed by the population in this area, both now and in the future;
 - Meeting the need implied by the method would likely grow the labour force and support in the order of 37,000 new jobs, ostensibly surpassing the target proposed in the Draft Plan (33,000) but **falling short of the job growth that can be reasonably expected to result from an ongoing economic growth strategy**. The Councils’ target is considered inadequate in this regard, given that it is derived from an unjustified and unduly simplistic manipulation of a scenario presented in an evidence base document which is now comparatively dated and pre-dates the revised NPPF. Equally, as a result of the datedness of the informing analysis, it is considered to fail to adequately reflect the strong economic context which Greater Norwich has demonstrated for a sustained period of time or the full impact of planned investment. In this context it is considered that planning for in the order of 40,000 jobs as a minimum over the plan period would be more reflective of the strong potential for truly enhanced growth in Greater Norwich. This clearly would not be supported where housing

provision is restricted to the level implied by the standard method, and the associated ageing of the labour force also appears unlikely to support the desired shift towards higher value sectors.

- Simply meeting the need implied by the method would prompt a **16% reduction in the annual rate of housing delivery** belatedly achieved over the past three years, when adopted housing targets were met for the first time. Such a reduction is unjustified at a time when the Government remains committed to significantly boosting housing supply; and
- Treating the current outcome of the standard method as a definitive expression of the housing needs of Greater Norwich fails to take account of the Government's **imminent change in the method itself**, scheduled to occur prior to the next stage of consultation and submission of the plan in 2021. No recognition of this has been made in the Councils' position, whereas we suggest a level of flexibility should be built into the housing calculations at this stage of plan-making to reflect this position and enable an effective response to be made to any change in the standard method calculations without undermining the soundness of the Plan.

- 6.5 Taking the above into account, the Councils' dismissal of the appropriateness of a higher housing need figure is strongly challenged. In supporting a more reasonable job growth target which better reflects the area's economic strategy and economic potential, it is clear that **a higher level of housing need must be acknowledged and provided for**. This is a position which has been acknowledged in the Councils' earlier consultation, where a more substantive evidence-based assessment was presented and referenced.
- 6.6 Furthermore, the Councils' attempt to justify a position whereby their housing requirement provides sufficient flexibility to respond to higher housing need is substantively flawed. The argument advanced references the fact that the proposed housing requirement is circa 9% higher than the claimed need, derived from the standard method, but it is critical to recognise that this buffer is intended to alleviate risks to *supply* and is a separate requirement of national policy. The PPG clearly emphasises that an assessment of the potential for higher need, relative to the standard method, must be undertaken '*prior to, and separate from*' any consideration of supply⁶².
- 6.7 Based on the above, it is considered that **the Councils must update their evidence base prior to the next stage of consultation on the emerging Local Plan**, to comply with the NPPF and PPG. This should properly evaluate the level of job growth that is likely in Greater Norwich, taking recent successes – no doubt linked to the City Deal and other initiatives – into account while reconsidering the prospects for long-term growth beyond "business as usual" in key locations and sectors. A related assessment of housing needs should also be produced, to locally test the minimum need implied by any standard method and ensure that the housing needed to support a growing economy can be robustly and positively planned for.

⁶² PPG Reference ID: 2a-010-20190220

Appendix 1: Modelling Assumptions

This report has drawn upon a demographic cohort component model configured by Edge Analytics using the industry-standard POPGROUP suite of software. A scenario has been principally developed to explore the population and job growth that could be expected in Greater Norwich where 2,027 dwellings per annum are assumed to be provided between 2018 and 2028, reflecting the underpinning need used within the housing requirement proposed in the Draft Plan.

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

- Housing growth has been indicatively distributed between the three Greater Norwich authorities based on the current split of the standard method figure⁶³, albeit only the aggregated figures for Greater Norwich as a whole are referenced in this report.
- The population at the start of the plan period (2018) is based on the official mid-year estimate produced by the ONS, with earlier population estimates also integrated within the model.
- Age-specific fertility and mortality assumptions are derived from the 2016-based sub-national population projections (SNPP). These represent the latest such assumptions to have been published by the ONS, and are based on recent population trends in Greater Norwich.
- From 2018 onwards, population changes to the extent that it can be accommodated through the specified level of housing provision. Net internal migration can therefore increase or reduce each year depending upon the availability of housing, while taking account of other changes to the population. The model thus makes its own assumptions on internal migration flows into and out of Greater Norwich.
- While the model makes its own assumptions on the number of internal migrants, the *profile* of internal and international migrants aligns with that suggested by the 2016-based SNPP. The assumed count of future international migrants to and from Greater Norwich is also taken from this projection.
- Economic activity rates recorded in Greater Norwich at the 2011 Census, by age and sex, have initially been applied, but the rates for those aged 16 to 89 have been adjusted to reflect the latest national forecasts produced by the Office for Budget Responsibility⁶⁴ (OBR) in July 2018.
- There is assumed to be no change in the commuting ratio recorded in each authority at the 2011 Census.
- Unemployment rates are assumed to remain fixed at the level recorded in each authority in 2018, as this is lower than the pre-recession average in Norwich and South Norfolk and only marginally higher than this average in Broadland. This implies that a

⁶³ 44% of housing in South Norfolk, 30% in Norwich and 26% in Broadland

⁶⁴ Office for Budget Responsibility (July 2018) Fiscal Sustainability Report

further fall in unemployment is unlikely to be achieved consistently over the plan period and should not be relied upon.

- A fixed proportion of employed people are assumed to occupy more than one job, based on local evidence over the past ten years from the Annual Population Survey.
- The private household population is initially converted to households through the application of official 2014-based headship rates, although these rates are locally adjusted to facilitate a full return to the higher rates of younger household formation recorded in 2001 where this is not already assumed within ten years (2030). Original trends are continued thereafter if an improvement is projected, otherwise the headship rates remain fixed.
- Households are converted to dwellings by applying the vacancy rate recorded in each authority at the 2011 Census.

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