Hearing Statement – Matter 2

Doncaster Local Plan

On behalf of Framecourt Homes

August 2020
1. **Introduction**

1.1. This is a Hearing Statement prepared by Spawforths on behalf of Framecourt Homes in respect of:

- Matter 2: Quantity of Development needed in the Borough

1.2. Framecourt Homes has significant land interests in the area and has made representations to earlier stages of the Local Plan process.

1.3. The Inspector’s Issues and Questions are included for ease of reference. The following responses should be read in conjunction with Framecourt Homes comments upon the submission version of the Doncaster Local Plan, dated September 2019.

1.4. Framecourt Homes has also expressed a desire to attend and participate in Matter 2 of the Examination in Public.
2. **Matter 2 – Quantity of Development Needed in the Borough**

Q2.1. Is the strategic aim in policy 3 to facilitate the delivery of at least 481 hectares of land for business (B1), general industry (B2) and storage and distribution (B8) uses over the plan period (2015 to 2035) justified and positively prepared?

2.1. This statement should be read alongside Framecourt Homes representations, including the Review of Doncaster’s Housing Requirement by Regeneris which provides analysis of Economic Performance of Doncaster.

2.2. We have previously noted that Doncaster has the fastest growing economy in Yorkshire and Humber and one of the fastest growing in the North of England. In the period between 2000 and 2017 the district created around 24,000 jobs. This represents a growth rate of 1.1% per annum. This sits slightly above the SEP target of 1% jobs growth per annum upon which the Plans target for 481 ha of employment land is based.

2.3. Regeneris have confirmed that Doncaster’s key assets are its connectivity by road, rail and air which make it a highly attractive location for inward investment, particularly for industrial logistics occupiers. They record 1.2 sq. m. of industrial/warehouse space taken up since 2010. Regeneris consider that there is a strong potential for Doncaster to accommodate high levels of inward investment in the future, which would also drive jobs growth. Indeed Peter Brett Associates (PBA) within the Economic Forecasts and Housing Needs Assessment [SDEB 44] conclude that the Job Led scenario is consistent with bottom up evidence but that it is also possible that there will be considerable demand for strategic warehousing over and above the scale of growth shown in the Job Led scenario. This acknowledges the significant locational advantages present within Doncaster, including motorway access, opportunities for multi-modal transport and labour supply. They confirm that if high quality accessible sites are provided within Doncaster, that Doncaster can play a greater role within the region.
The 2018 ELR [SDEB 10] and 2019 update [SDEB 10.1] highlight that there is very strong market demand for industrial space in Doncaster. In terms of overall take up of employment land SDEB 10 indicates an employment land take up of 483.17 hectares in the 18 year period between 2000 and 2017 (inclusive). This equates to an average take up of employment land of 26.8 hectares per year, with 21.9 hectares a year being taken up by employment uses. The average take up quoted for years 2015-17 increased to 29.22 hectares. It is concluded within SDEB 10 that the release of 31.51 ha per annum, would be sufficiently high to meet the recently evidenced market demand, and consider that there are a number of factors, such as the growth of online retailing and manufacturing likely to support strong take up of employment land over the Plan Period.

Following submission of our earlier representations the Council have produced an updated Employment Land Needs Assessment, March 2020 [SDEB 8]. It states that between 2005 and 2018 take up of employment land equates to 383 ha, an average of 27.4 ha/annum, 57% of which was for warehousing with 50% alongside/near the strategic road network. SDEB 8 confirms that the earlier SDEB 10 does not set the land requirement figure but instead updates the requirement. The Economic Forecasts and Housing Needs Assessment 2018, prepared by PBA [SDEB 44] provided a jobs growth forecast scenario assuming 1% jobs growth (27,100 jobs between 2015 and 2032), which DMBC have converted into an employment land requirement. DMBC methodology resulted in a requirement of 409 ha to 2032 based on Jobs Growth. Jobs Growth forecasts were not reviewed for the extended Plan period. The annual average of 24 ha has been assumed for the remainder of the Plan Period resulting in a requirement of 481 ha. The conclusions drawn reflect those previously published in the Employment Land Needs Assessment (ELNA) Update 2019.

It is clear that this average level of take up and demand has been exceeded in the first three years of the Plan. The Submission Plan indicates 117 hectares of employment land were taken up in the first three years of the Plan which equates to 39 hectares per annum, significantly above the Plan target of 24 hectares per annum. We note that SDEB 8 records the following employment land take up, but it is not clear whether the monitoring periods align fully with the base dates for the Local Plan:
2.7. Market signals continue to indicate demand for warehousing with strong interest in manufacturing. Evidence since the Publication of the Plan in 2019 continues to point to strong demand for employment floorspace in Doncaster, and take up of Employment Land floorspace remained above the Local Plan target at 25.28 hectares for the year 18/19 [SDEB 7].

2.8. The 19/20 Employment Land Availability Assessment was not available at the time of writing. However a number of Industry reports have indicated that market demand and take up has been high. The Big Box Summary 2020 (JLL, Jan 2020) notes that nationally take up in H2 of 2019 was 7% higher, than H1, with take up in 2019 matching the five year average, with retailers being the most active source of take up at 40% of A grade space. Savills Big Shed Briefing – July 2020 notes that the Yorkshire and North East has witnessed the strongest take up ever recorded in the market. Significantly take up in the first half of 2020 totalled 7.13 million sq ft, surpassing take up in the whole of 2019, despite uncertainties in the market. Critically there is only 0.87 years’ worth of supply left within the region. Evidence indicates that take up in Doncaster accords with this regional trend. This is amply demonstrated by the significant deal agreed in May 2020 [post Covid] for a distribution and training facility at Unity for 79 acres (circa 31 hectares). Notably this single transaction in the first quarter of year 20/21 exceeds the average annual requirement of 24 ha.

2.9. It is noted that the Inspector is not explicitly asking for evidence in relation to Covid and the potential implications. However it is worthy of note that there are several industry reports that show market activity has returned post lockdown [JLL, 2020]. Prologis note that they
expect to see a boost to logistics real estate with demand resulting from inventory levels and e-commerce. Prologis note that the source demand for most logistics real estate users has not changed, and that many items that supply chains are tied to relate to basic daily needs such as food, beverages, consumer products, and medical supplies. Further they note increasingly high service level expectations and higher barriers to new supply with suppliers increasing their inventory levels to ensure business continuity, combined with trends showing continued e-commerce adoption all of which serve to drive demand for logistics real estate. Montagu Evans (briefing note on Impact of Covid 19 on industrial and logistics) have also noted the rise of e-commerce, noting online sales accounted for 18% of sales in 2018 and that this is predicted to rise to 28% by 2024, combined with a move away from a Just In Time model, an increase in urban logistics and last mile deliveries, and a move for some occupiers to bring manufacturing back onshore, for business resilience and sustainability goals. They conclude that the demand for industrial and logistics space is increasing and is set to continue to increase at a quicker pace.

2.10. The evidence submitted within our earlier representations, in which Regeneris note the strong market demand and jobs growth at 1.1% exceeding the SEP target of 1% which underpins the Councils evidence of employment land need, combined with an updated review of take up, limited supply of land across the region and market demand demonstrate that a target of 481 ha has the potential to constrain economic growth. It is indicated in the Councils evidence SDEB 44 that there is a strong possibility that the jobs growth target does not reflect the considerable potential demand for strategic warehousing (para 2.52). The councils evidence in SDEB 10 concludes that an average of 31.5 ha appears to be more consistent with levels of take up in the Plan Period to date, and market views on demand for logistics and manufacturing space within the region and with Doncaster being ideally placed to meet this demand due to its connections to the strategic road network, rail network and airport.

2.11. The Plan as submitted could constrain economic growth and will not ensure that there is a sufficient supply of deliverable sites in locations attractive to the market, nor is it sufficiently flexible and thus is not consistent with national policy [NPPF, paragraph 80 and 81] and should be considered unsound. Therefore, there is a need to uplift the requirement to reflect the likely demand, and recent evidence on take up.
Q2.3. Is the Plan based on adequate and proportionate evidence about the quantitative and qualitative need for office, retail and leisure development in the Borough? To be effective, is it necessary for the Plan to be modified to state what those needs are?

2.12. Framecourt Homes has no specific comment in relation to this issue

Q2.4. Does the Plan clearly establish a housing requirement figure for the Borough for the Plan period as required by national policy?

2.13. Please refer to our response in relation to Q2.5 in which we establish that the current requirement established as a range lacks certainty and clarity and further creates inconsistencies within the Plan. Furthermore, our response to Q2.6 maintains that the requirement should be a single requirement which accounts for economic growth, past delivery rates and affordable housing requirements. Framecourt Homes consider the Plan should establish a minimum requirement of 1,100 dpa.

2.14. Framecourt Homes is concerned that Policy 3 lacks clarity. Policy 3, bullet point 2, of the local plan strategic aim is to facilitate the delivery of 18,400 new homes in the period 2015 to 2035 (920 per annum). This first sentence appears to present a clear single requirement for housing over the Plan Period. This clarity is then reduced in the following two sentences, which proceed to introduce the ‘requirement’ being a range. Whilst we appreciate that the figure resulting from the Standard Methodology changes each year, the lack of an actual defined figure for the bottom end of the range does not provide certainty or clarity for the development industry, the council or, in particular, residents. It requires the lay-person to have an understanding of the difference between the Local Housing Need Figure and Standard Methodology in order to interpret what is meant by the policy and its significance.

2.15. Furthermore, the government have clearly acknowledged the inadequacies of the Standard Methodology and have announced their intent to revise it. The ‘Planning for the future’ paper is clear that the reforms proposed should lead to more homes being built. The consultation
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Outlines changes to the current planning system, details the changes to the Standard Methodology and reiterates the Government's aims of significantly boosting the supply of homes, ensuring that 300,000 homes per annum are built, and set out an ambition to deliver more than one million homes by the end of parliament. It is highly likely that the figure for Doncaster will result in a higher figure than the current Standard Methodology, based on current data a figure in the region of 960 homes per annum would be anticipated. A policy that refers to the Standard Methodology, and does not present a figure, when the methodology is expected to change, will clearly lack clarity and is inappropriate.

2.16. Framecourt Homes consider that the policy should be revised, as indicated in response to Q2.5, and consider that the policy should present a single requirement. However, in the event the Inspector is convinced that a range is appropriate, the range should be expressed clearly and upfront within the policy.

Q2.5. Is expressing the housing requirement as a range consistent with national policy or otherwise justified? If so, what should the bottom of the range be (assuming that it must be a fixed figure)?

2.17. Framecourt Homes does not consider that expressing the housing target as a range is justified, especially against the context of a Plan that is expressly seeking to deliver a level of economic growth which is consistent with the City Regions ambitions.

2.18. Framecourt Homes considers the use of a range will not support the government's clear ambition to boost the supply of homes. Paragraph 60 of the Framework is clear when determining the ‘minimum’ number of homes strategic policies should be informed by a local housing need assessment, with reference to the standard methodology. The standard methodology is a starting point for preparing the housing requirement. Government guidance is explicit that it does not produce a housing requirement figure and reiterates the government's commitment to ensuring that more homes are built supporting authorities who want to plan for growth. It goes on to state that there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method. The circumstances set out within NPPG include but are not limited to Growth Strategies, Strategic Infrastructure improvements and evidence on past delivery.
2.19. It has been determined that there are exceptional circumstances with regards to economic growth, accepted by the council when establishing the higher range, and guidance is clear that these circumstances should be taken into account when determining the minimum requirement.

2.20. The use of the standard methodology result as a minimum requirement is not consistent with guidance, which indicates the circumstances that can be considered. It will not ensure the delivery of the Council's affordable housing need nor meet its economic growth ambitions. Framecourt Homes consider that this approach is wholly inappropriate and leads to internal inconsistencies within the Plan. Economic growth being promoted throughout Plan, with a target to deliver 481 hectares of employment land based on 1% jobs growth. This is not consistent with having a requirement to deliver a minimum level of housing that does not account for the level of economic growth being sought in the Plan, and is not justified on consistent with national policy and guidance.

2.21. In the context of a Plan that sets a target to deliver a minimum 481 hectares of employment land, the establishment of a range for housing creates the potential for the level of housing provision to fall out of alignment with the delivery of employment land. This will serve to lead to unsustainable travel patterns.

2.22. Framecourt Homes do not consider that the use of a range is justified in Doncaster, it is not consistent with national policy or guidance and the Plan as submitted is not sound.
Q2.6. Is the strategic aim in policy 3 to facilitate the delivery of 18,400 new homes in the period 2015 to 2035 (920 dwellings per year) justified and positively prepared? In particular:

a) Is it appropriate to plan for a higher figure than the standard method indicates (585 homes per year)?

b) Are the economic growth assumptions upon which the strategic aim of 18,400 new homes is based aspirational but deliverable between 2015 and 2035?

c) If such economic growth were to materialise, would it be likely to affect demographic behaviour to the extent that an additional 335 homes are needed every year between 2015 and 2035 (on top of the 585 per year that the standard method indicates are needed)?

d) Do previous levels of housing delivery in the Borough indicate a need for more than 585 homes per year?

e) Should the Plan aim to deliver more than 585 homes per year in order to help meet the need for affordable homes?

Part A

2.23. The Framework (paragraph 35) is clear that to be considered positively prepared and therefore ‘Sound’, the Plan must as a minimum meet the Plan area’s objectively assessed needs, footnote 19 confirms for housing, that such needs should be assessed using a clear and justified method.

2.24. The Framework, (paragraph 60) is clear when determining the ‘minimum’ number of homes strategic policies should be informed by a local housing need assessment, with reference to the standard methodology. However Policy and Guidance is clear that the standard methodology is a starting point for preparing the housing requirement. NPPG explicitly states that the standard methodology does not produce a housing requirement figure and reiterates the Government’s commitment to ensuring that more homes are built supporting authorities who want to plan for growth. It goes on to state that there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method. The circumstances set out within NPPG include but are not limited to Growth Strategies, Strategic Infrastructure improvements and evidence on past delivery.
2.25. Framecourt Homes maintain that there are exceptional circumstances in Doncaster which demonstrate that housing need in Doncaster is higher than the figure that results from the use of the Standard Methodology. Framecourt Homes have provided evidence within our earlier representations, considered further herein, which demonstrate that exceptional circumstances exist, these include:

- the growth strategy, see response to part b of this question;
- past delivery rates, see response to part d of this question; and
- affordable housing need, see response to part e of this question.

2.26. Framecourt Homes consider that the evidence available points to higher requirement than that expressed within the Plan and, consistent with national policy and guidance, it is therefore appropriate to plan for a higher figure than the standard methodology.

2.27. Furthermore, the standard methodology is based on the 2014 SNPP projections, the government indicates that this is because they are considered to be consistent with the Government’s objective of significantly boosting the supply of homes. In Doncaster 2014 SNPP projections indicate lower levels of growth over the same period than the 2018 SNPP projections. The 2018 SNPP project that there will be 4% growth in the population between 2018 – 2018, compared to 1% growth over the same period in the 2014 SNPP. The contrast in levels of growth are even more stark when considering the levels of growth forecast over a 20 year period between 2018 – 2028 where the 2018 SNPP forecasts 7% growth, compared to 3% growth in the 2014 SNPP. Over the 25 year period of the 2014 SNPP forecast growth is 3.2 %, whereas the 2018 SNPP forecasts 8.7% growth. Therefore, basing the growth of the Plan on the basis of an acknowledged standard methodology flawed process when the latest projections indicate higher growth rates would be inappropriate.

2.28. The Government has accepted that there are flaws in the current approach to the standard methodology, and have published ‘Changes to the current planning system’. This consults on a revised methodology which remains consistent with the government aims of significantly boosting the supply of homes and ensuring the delivery of 300,000 homes per annum. Further it considers that the Standard method would deliver one million homes by the end of parliament.
2.29. Applying the revised approach to Doncaster, results in a figure (circa 960 dpa) which is significantly higher than the current standard method and higher than the upper end of the requirement of 920 dwellings per annum. Furthermore, it is noted that there remains potential for this methodology to be revised to further reflect the ambitions of the Northern Powerhouse.

Part B

2.30. As referred to in response Q2.1 and the report by Regeneris submitted alongside Framecourt Homes’ representations (Appendix 1), the economic growth assumptions are in response to the SEP ambitions and the Policy on scenario considers Jobs growth of 1% per annum. Regeneris note the annual average level of jobs growth rate from 2000-2017 has been 1.1% p.a. Between 2012-2017 the average growth has been 2.8% p.a. This is over and above the level of jobs growth assumed, which is even more notable given the economic downturn between 2008 and 2011. This demonstrates that the economic growth assumptions upon which the strategic aim of the plan is based on are not only deliverable but have been exceeded, even in periods which included economic downturn, and have been considerably higher in the first couple of years of the Plan to 2017.

2.31. It is indicated within the Councils evidence SDEB 44 that there is a strong possibility that jobs growth in the jobs growth target does not reflect the considerable potential demand for strategic warehousing (para 2.52). This is reflected in the take up of employment land evidenced in the first few years of the Plan.

2.32. This demonstrates that the economic growth assumptions upon which the strategic aim of the plan is based on are not only deliverable but have been exceeded, even in periods which included economic downturn, and have been considerably higher in the first couple of years of the Plan to 2017.

2.33. A report to the Sheffield City Region Housing Board, 9th January 2020 notes that the delivery of new homes in Doncaster is considerably above the emerging local plan requirement and that this reflects the strong developer interest in the borough, and strong Jobs growth and investment in infrastructure.
2.34. **Framecourt Homes consider that the evidence justifies the use of the economic growth assumptions as an absolute minimum, noting that the evidence points to higher levels of Jobs growth being achieved in the first part of the plan period.**

Part C

2.35. As indicated in response to Part B, the evidence points to a strong record of jobs growth, accompanied with high levels of employment land take up. Doncaster is well positioned to sustain high levels of economic growth over the plan period.

2.36. Furthermore, jobs growth has been higher than the jobs growth in the policy on scenario assessed by PBA. This jobs growth has been reflected in the levels of housing delivery in recent years which far exceed the upper requirement in the Plan of 920 dwellings per annum, refer to part D for completions data. The link between jobs growth and investment and housing growth was acknowledged by the Sheffield City Region Housing Board on 9th January 2020 in a report on the latest housing completion figures, appendix 1. It notes that the “delivery of new homes in Doncaster is considerably above the level required through both the local housing need figure and the emerging local plan annual requirement of 920 dpa. Housing completions have increased over the last three years with 2018/19 figures representing an all time record high not seen for over a decade in the Borough. This reflects strong developer interest in the borough, and associated strong jobs growth and investment in the borough’s infrastructure”.

2.37. Our earlier representations, and the report by Regeneris concludes that PBA in SDEB 44 have made unjustified and unrealistic assumptions within their assessment of need which serve to suppress the level of housing required to support the employment growth of the Borough.

2.38. PBA [SDEB 44] stated that “the OAN should be based on a realistic expectation of future jobs rather than aspiration” “the policy led scenario is recognised as ambitious and hence the jobs growth and housing demand that it predicts may not materialise”. The report recommends that the Council adopt a lower number halfway between the baseline and the policy led assumptions”.

2.39. Regeneris concluded that a growth rate of 1420 jobs p.a. would be consistent with past trends and would ensure greater alignment with the council’s employment land policies. Regeneris also disagree with the assumptions with SDEB 44 relating to commuting, double jobbing and household formation rates and justify their views within the report.
2.40. Framecourt Homes therefore considers there is strong evidence to support the potential for higher levels of economic growth. Regeneris review assumptions around double jobbing, commuting, and household formation rates associated with the level of economic growth being planned, and confirm the level of housing that would be required to support that need. The recent level of completions in the borough align with those conclusions, and sustained economic growth in the Borough.

2.41. **Framecourt Homes consider, based on the economic growth assumptions supported in the Plan, that Doncaster need to deliver 1,100 dwellings per annum in order not to constrain economic growth through lack of labour supply.**

2.42. Part D

2.43. In accordance with Government guidance consideration should be given to past delivery rates when determining the appropriate housing requirement. As stated in Part A, NPPG states there may be situations where previous levels of housing in an area are significantly greater than the outcome from the standard method and that authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Completions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-16</td>
<td>1,025</td>
</tr>
<tr>
<td>2016/17</td>
<td>1,049</td>
</tr>
<tr>
<td>2017/18</td>
<td>1,137</td>
</tr>
<tr>
<td>2018/19</td>
<td>1,189</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,400</strong></td>
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Table 1: RLA net completions, DMBC 4

2.44. New information has become available since the submission of our earlier representations. DMBC 4 provides the net completions for the year 18/19. Since the beginning of the Plan period there has been year on year growth in housing completions. There is no published data for 19/20, however we have reviewed sites listed SDEB 26, and based on the sites we have
reviewed completions for 19/20 are over 1,070. This analysis did not include completions arising from sites under 5 units, and will not have captured all sites above 5 units, as such actual completions are likely to be above 1,070.

2.45. Completions over a sustained period of 5 years have remained significantly above the standard methodology and the upper Plan requirement of 920. Consistent with the NPPG the data on delivery rates should be considered when determining the appropriate requirement. The data clearly indicates the need for more than 585 homes per year, and indeed indicates a need for more than 920 dwellings per annum.

2.46. Framecourt Homes consider in order to support the sustained levels of economic growth within the borough achieved in the past and future growth potential, it is critical that housing growth is not artificially suppressed. Consistent with national guidance, evidence on completions should be considered when determining the requirement. Completions since the beginning of the Plan period support the analysis by Regeneris, and the need for a requirement of 1,100 d.p.a.

Part E

2.47. The framework is clear that when determining the minimum number of homes needed, strategic policies should be informed by a local housing need assessment (paragraph 60). Within this context paragraph 61 is explicit that the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies. This includes the need for affordable housing.

2.48. The council have assessed the need for affordable housing within Doncaster to be 209 affordable dwellings per annum. This equates to just over 35% of the local housing need figure. The table below demonstrates that the level of affordable housing completions, against the context of current completions. This demonstrates that the affordable housing need has not been met within the first three years of the Plan. Affordable housing completions have been at around 14 – 15 % of completions.

<table>
<thead>
<tr>
<th>Year</th>
<th>Affordable Completions</th>
<th>Total Completions (RLA Net)</th>
<th>Affordable completions (%)</th>
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2.49. Affordable housing completions have not been provided by the council for year 18/19, when completions reached a net high of 1,189. However, affordable housing supply open data, indicates that there have been 220 affordable housing completions in 18/19, meeting the identified need for affordable housing for this period.

2.50. Framecourt Homes are concerned that a target of 920 homes will not be sufficient to ensure sufficient affordable homes of the right type and tenure will be delivered. In order to deliver 209 affordable dwellings per year, a requirement of at least 1,393 would be required. This assumes the achievement of an average of 15% affordable housing, which represents the average achieved over the last four years of monitoring.

2.51. A report to the Sheffield City Region Housing Board on 2nd July 2020 expresses concerns around the affordability of homes within the region. The report concludes that “over 50% of new houses are currently unaffordable for people on average incomes, while average deposit on an entry level home (£15,000) would take households on bottom 20% incomes over 9 years to save. With growth and rising demand property will become more unaffordable. Home ownership is not achievable for everyone, therefore the solution must be to build more affordable homes to rent. This could include options for shared ownership and ultimately the right to buy”.

2.52. The list of circumstances where it may be appropriate to consider whether actual housing need is higher than the standard method provided in the NPPG is not exclusive. National policy is clear that the needs of specific groups with specific housing requirements should be addressed. A plan cannot be considered positively prepared where it does not meet the areas objectively assessed needs. Framecourt Homes consider it is appropriate, where it is demonstrated that a requirement produced by the standard methodology will not meet the authority’s affordable housing need, to Plan for a higher figure to ensure that the needs of all
specific groups can be met. In Doncaster it is clear that in order to deliver 209 affordable dwellings a year that a requirement above 585 and 920 is required.

A requirement based on the standard methodology cannot against this context be considered to be positively prepared, and would not be sound. The requirement must take full account of the planned level of economic growth, and must ensure that the needs are met, including affordable housing need. Framecourt Homes consider the minimum requirement should be at least 1,100.

Proposed Change

2.53. To overcome the objection and address soundness matters, the following changes are proposed:

• Review the Employment Land Requirement to reflect evidence on jobs growth, and latest evidence on take up and market demand for manufacturing and logistics space.
• Review the approach to the housing requirement and increase to 1,100 dwellings per annum.
• Express the housing requirement as a single figure to provide clarity and ensure internal consistency within the Plan.
Spawforths

Review of Doncaster's Housing Requirement

18 September 2019

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1. Introduction

1.1 Doncaster Council is consulting on the Publication Version of its Local Plan which will shape development in the borough between 2015 and 2035. Policy 3 of the Draft Plan states that at least 920 (net) new homes per annum will be delivered over the plan period (18,400 homes in total).

1.2 Hatch Regeneris has been appointed by Spawforths, on behalf of a consortia of housebuilders, developers and landowners to review the available evidence and provide advice on whether this level of provision will be sufficient to meet the needs of the future population and economy of Doncaster.

1.3 Hatch Regeneris are experts in assessing housing need and have prepared NPPF/PPG compliant evidence in over 50 local authority areas in England.

1.4 The report is structured as follows:
- Section 2 reviews the current planning policy and guidance which sets out how housing need should be assessed
- Section 3 reviews the recent economic performance of Doncaster to understand the potential for future growth.
- Section 4 reviews recent housing need assessments undertaken for Doncaster and provides our conclusions on the level of housing required to support economic growth.
- Section 5 summarises the key findings and conclusions.
2. Policy and Methodological Context

- Government is committed to delivering more housing and delivering economic growth. This is made clear in NPPF and in numerous other policy statements.
- Rebalancing the UK economy is another central objective of government policy. Growing the economic prosperity of the North of England is a primary policy goal.
- The revised NPPF and PPG has set out a standard method for determining the minimum level of housing that local planning authorities need to deliver. This removes the requirement to align housing policies with the future economic growth of an area. LPAs can still make an upward adjustment to support growth although this will now be discretionary.
- Criticism of the new approach centres on the risk it will “lock” areas into a cycle of low inward migration and low housing delivery. There are also concerns that the standard method will work against the aim of narrowing the north-south divide by under-providing the housing required to support growth in northern economies.

Planning Policy

2.1 The revised National Planning Policy Framework (NPPF) was published in February 2019. This retains the three overarching objectives contributing to sustainable development from earlier versions; building a strong, responsive and competitive economy, supporting strong, vibrant and healthy communities and protecting and enhancing the environment.

2.2 The revised framework also retains the explicit and unambiguous target to significantly boost the supply of housing (para 59) but introduces a new standard method for determining the minimum number of homes needed in local areas (see below). The framework continues to highlight the importance that local planning authorities adopt policies which support economic growth in their area, stating “Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development” (para 80). It also states that planning policies should “seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment” (para 81).

Addressing the North-South Divide

2.3 The UK Government has also stated its intentions to address regional imbalances in the UK economy. The 2018 Industrial Strategy White Paper recognised that regional disparities in the UK are wider than in other western European nations and states that “many places are not reaching their full potential”. The strategy contains many measures orientated towards addressing regional disparities across broad areas like skills, transport and research and development.

2.4 The Government’s commitment to rebalancing the UK economy has been seen in policy measures, such as the establishment and strengthening of Metro Mayors across city regions, the opening of regional transport bodies like Transport for the North to link regional transport priorities with economic ones and committing funds, such as the £400m Northern Powerhouse Investment Fund.

2.5 The Northern Powerhouse Strategy was published in 2016. This set out the Government’s intention to continue developing the Northern Powerhouse. It outlines the Government’s strategy to tackle productivity barriers and realise the full economic potential of the North
of England, including investment in transport infrastructure, measures to raise skill levels and ensure the North is an excellent place to start a business.

2.6 In 2019, the new Prime Minister Boris Johnson showed his continued commitment to the Northern Powerhouse by confirming the Government will fund a new high speed, trans-Pennine rail line between Manchester and Leeds.

How should housing need be calculated?

2.7 As stated above, the new NPPF introduces a new simplified method for determining the minimum level of housing needed in an area, which replaces the previous method.

The previous method

2.8 Under the earlier planning framework and guidance, the objectively assessed need for housing was calculated using a three step process:

- **Establish the demographic starting point**: plan-makers needed to use the latest available household projections to establish the baseline level of housing need. They could then make adjustments specific to their local circumstances based on alternative assumptions about demographic projections and household formation.
- **Consider whether an uplift was required to support employment growth**: an adjustment to the starting point should be considered to ensure that sufficient housing is provided to meet the needs of the economy. This was based on an assessment of the projected labour supply compared to future jobs growth.
- **Consider whether an uplift is required to address market signals**: a further adjustment should be applied if there is evidence of an imbalance between the demand for and supply of housing. Relevant indicators include house prices, rents affordability and overcrowding.

The new standard method

2.9 The new standard method for calculating local authorities’ housing need is based on a simple formula. This involves the following steps:

- **Step 1: Setting the baseline**: the 2014 based household projections continue to be used as the demographic baseline for each local authority area\(^1\). This should be based on the average annual household growth over a 10 year period.
- **Step 2: An adjustment to take account of affordability**: the baseline should be adjusted using a formula based on the affordability ratio (the ratio of median house prices to median earnings). For each 1 per cent increase in the affordability ratio above four, this would result in a quarter of a per cent increase in need above projected household growth.

\[
\text{Adjustment factor} = \left( \frac{\text{Local affordability ratio} - 4}{4} \right) \times 0.25 + 1
\]

\(^1\) Although more recent projections have now been published (the 2016 based projections prepared by ONS), these pointed to a much lower level of housing need across the UK. The revised PPG therefore states that “the 2014-based household projections are used within the standard method to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government’s objective of significantly boosting the supply of homes”.

• **Step 3: Capping the level of any increase**: the standard method caps the level of any increase at 40%. For those authorities that have adopted their plan in the last five years, this cap is applied to the annual requirement figure in the local plan. For those that do not have an up-to-date local plan it is capped at 40% above whichever is higher of the projected household growth for their area over the plan period, or the annual housing requirement figure set out in their local plan.

2.10 The main change to the previous method is that local plan makers are no longer compelled to align their housing need figure with anticipated jobs growth. This would now be a discretionary policy decision for the local planning authority: “the standard method for assessing local housing need provides the minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore there will be circumstances where actual housing need may be higher than the figure identified by the standard method.” (paragraph 10).

2.11 Based on the standard method, the minimum housing need for Doncaster is **563 dpa**. Although Doncaster is free to set a higher number which may be based on expected future jobs growth.

**Response from Housebuilding Industry**

2.12 Since the standard method was first proposed, a number of stakeholders from the planning or housebuilding industry have raised concerns about the changes. The key points are summarised below.

**Removing the link between housing need and economic growth could stifle growth in some areas and widen regional disparities in economic performance**

2.13 The main concern amongst stakeholders from the development industry was that removing the need to consider future jobs growth from the housing need assessment will result in housing policies that constrain economic growth. This is a particular risk in large areas of the north of England and the Midlands where housing is more affordable than London and the south east, but which face major labour market challenges as a result of an ageing population.

2.14 In these areas, new housing is needed to address labour shortages, regenerate former industrial areas and to support the Government’s aspirations to rebalance the economy away from the overheating south east. A number of responses raised concerns that the standard method will work against these aims:

- “the failure of the methodology to factor economic growth into Objectively Assessed Needs calculations subsequently leads to a significant suppression of housing growth across the North of England which would stifle current economic growth” – Johnson & Mowat on behalf of the Leeds City Region Developers Consortium

- “the proposed methodology is inconsistent with the Government’s aim to boost growth in the Northern Powerhouse and Midlands Growth Engine, stalling growth in these areas.” – Bidwells

- “the draft methodology... will boost the housing requirement in the South and East, while depressing it in the North. We believe this contradicts wider economic policies such as the industrial strategy and Northern Powerhouse which aim to rebalance the UK economy”. – Northern Housing Consortium
• “the outcome of the new approach will be additional housing growth pressure on London and the greater south east, and continuing limitations on the contribution that housing growth could make to rebalancing England’s economy” – Regeneris

• “We believe that if the methodology is introduced in its current form it could seriously damage some areas of the UK, especially northern cities such as Leeds and Manchester… In order for the methodology to work outside of London there needs to be some level of account taken for future growth projections” – British Property Federation

• “There is the possibility that growth objectives of many northern towns and cities will be undermined, with implications for the Northern Powerhouse”. Indigo Planning

• “There are flaws that, if left unchecked, could lead to less housing being built in some areas and a widening of the North-South divide – the opposite of the Government’s intentions. Unless authorities are progressive in their thinking and understand the link between housing and the economy, the methodology could have dire consequences, not only for economic growth but also their regeneration ambitions and affordability” – White Young Green (WYG)

• “Action will need to be taken to ensure that the relatively lower levels of need in the north of England do not undermine future economic well-being” - Lichfields

**There is a risk of carrying forward past constraints**

2.15 Household forecasts are based on recent population trends and household formation rates which are both influenced by past rates of housing delivery, affordability and economic trends. By relying on the 2014 based household projections for the demographic baseline, there is therefore a risk that past underperformance caused by economic conditions or a failure to meet housing targets are projected forward under the new method.

2.16 This leads the BPF to warn that the methodology risks “locking in recessionary trends across much of the north and Midlands”. WYG state: “It fails to recognise that areas that have previously delivered low levels of housing growth will effectively be given a mandate to continue doing so. Similarly, areas of higher growth are more likely to see a continuation of this trend. This is because, as recognised in the PPG, the household projections are based on past demographic trends and household formation rates. If migration has been constrained by supply, this constraint will be projected into the future. The uplift is unlikely to adequately compensate for this”.

**There is a risk that housing and employment land policies are not joined up**

2.17 The previous approach set out in PPG encouraged plan makers to consider housing and economic development needs alongside one another and to use consistent assumptions about jobs growth.

2.18 In contrast the proposed approach, which no longer requires any consideration of economic trends, means some councils may adopt housing and economic development policies which are inconsistent or in direct conflict with one another. The BPF argue that “this undermines a plan-led approach whereby you plan to meet housing and economic needs together, rather than planning for one and letting the other fall behind”.
Implications for this review

2.19 The standard method provides the statutory methodology for determining the minimum level of housing that Doncaster should provide over the plan period. This is calculated as being 563 dpa. This review does not question this figure.

2.20 However, as stated above, Doncaster is free to identify a higher number to support economic growth. The focus of this review is on identifying what this higher number should be. Although this is no longer a statutory requirement, it is still important that Doncaster’s housing target is aligned with other policies to support economic growth in the draft Local Plan (eg its employment land provision) and that it addresses some of the potential barriers to future growth, such as its ageing population.
3. The Economic Performance of Doncaster

- Doncaster has the fastest growing economy in Yorkshire and Humber and one of the fastest growing in the north of England. The district has created around 24,000 jobs between 2000 and 2017, representing a growth rate of 1.1% p.a.

- Doncaster’s key asset is its connectivity by road, rail and air which has made it a highly attractive location for inward investment, particularly for industrial and logistics occupiers, with over 1.2m sq m of industrial/warehouse space taken up since 2010.

- The strong performance is also due to a significant improvement in key economic indicators, including skills and rates of enterprise. The business start-up rate has more than doubled since 2010 and is now in line with the national average. These improvements have removed a key barrier to growth and mean that Doncaster is well placed to continue its high rate of growth.

- The draft Local Plan has set a target of delivering 481 hectares of employment land between 2015 and 2035 and the 2018 ELR and 2019 update shows there continues to be very strong market demand for industrial space in Doncaster. There is therefore strong potential for Doncaster to accommodate high levels of inward investment in future which would also drive jobs growth.

3.1 Doncaster is one of the fastest growing economies in the north of England. Real Gross Value Added (GVA)\(^2\) increased at a rate of 2.5% p.a. between 2000 and 2017, which is significantly higher than the national and regional average (1.7% p.a. and 1.4% p.a. respectively) and higher than any other district in Yorkshire and Humber (see Figure 3.1).

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>Annual Average Growth Rate (2000 to 2017, 2016 prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doncaster</td>
<td>3.0%</td>
</tr>
<tr>
<td>Ryedale</td>
<td>2.5%</td>
</tr>
<tr>
<td>Craven</td>
<td>2.0%</td>
</tr>
<tr>
<td>Rotherham</td>
<td>1.5%</td>
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<tr>
<td>Harrogate</td>
<td>1.0%</td>
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<tr>
<td>Leeds</td>
<td>0.5%</td>
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<tr>
<td>Sheffield</td>
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<tr>
<td>Calderdale</td>
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<td>Wakefield</td>
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<td>East Riding of Yorkshire</td>
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<td>North East Lincolnshire</td>
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<td>Hambleton</td>
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<td>City of Hull</td>
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<td>Selby</td>
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<tr>
<td>North Lincolnshire</td>
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</tr>
</tbody>
</table>

Source: Nominal and real regional gross value added (balanced) by industry, Office for National Statistics

\(^2\) GVA is the measure of the value of goods and services produced in an area, industry or sector of an economy.
3.2 This growth has driven increased demand for labour in Doncaster, creating around 24,000 new jobs between 2000 and 2017. Figure 3.1 shows that the rate of jobs growth in Doncaster has matched the national average and outperformed the average for Y&H. This has been driven by a number of sectors including logistics, retail, professional and business services and the public sector.

3.3 Table 3.1 shows how this translates to average annual growth rates over different time periods. Over each time period, Doncaster has achieved a minimum annual growth rate of 0.8% p.a. Average annual growth was lower over the ten-year period because it is skewed by the economic downturn which occurred between 2008 and 2011.

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Doncaster</th>
<th>Y&amp;H</th>
<th>GB</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 year (2012-2017)</td>
<td>2.8%</td>
<td>2.1%</td>
<td>2.1%</td>
</tr>
<tr>
<td>10 year (2007-2017)</td>
<td>0.8%</td>
<td>0.8%</td>
<td>1.2%</td>
</tr>
<tr>
<td>15 year (2007-2017)</td>
<td>1.1%</td>
<td>0.8%</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

3.4 Doncaster’s strong performance has been driven by a number of factors. The borough has excellent connectivity across a number of modes of transport, including road, rail and air, which has made it a highly attractive location for inward investment.

3.5 Doncaster has also been extremely successful in addressing some of the challenges which have acted as a constraint on growth in the past. Figure 3.2 shows how the business start-up rate, measuring levels of enterprise in Doncaster, has risen from four new businesses per 1,000 working age people in 2010 to over 10 businesses in 2016. Doncaster’s residents now display levels of enterprise in line with the national average and well above the average for Yorkshire. Doncaster has also seen a significant improvement in the skills
of its workforce, particularly among younger residents. The Annual Population Survey shows that the proportion of people with no qualifications (a key barrier to growth) fell from over 15% in 2010 to just 9% in 2018, bringing it in line with the average for Yorkshire and much closer to the national average.

**Figure 3.3 Business start up rate, 2010-2016**

![Graph showing business start up rate from 2010 to 2016 for Doncaster, Y&H, and GB.]

Source: ONS Business Demography and mid-year population estimates

3.6 The strong performance of Doncaster is due in part to the actions taken as part of the Doncaster Economic Growth Plan. This outlined a number of measures to promote new business and improve skills. Policies to support start-ups included access to start-up advisors and mentors with established local businesses. Skills measures included an apprenticeships programme and improved careers advice and guidance.

3.7 The improvement in its skills and business base led to Doncaster being recognised as one of the fastest improving cities in PWC’s Good Growth for Cities Index. As key drivers of productivity and economic performance these improvements have also addressed barriers to growth and positioned Doncaster to achieve high levels of growth in the future.

3.8 The Economic Growth Plan also outlined measures to increase inward investment by improving response times to planning decisions and increasing the stock of modern industrial and office premises. Analysis of take-up of new business floorspace shows that Doncaster is a highly attractive location for investors, particularly for industrial and distribution occupiers. Over 1.2m sq m of industrial space has been taken up since 2010, representing 37% of gross take-up in South Yorkshire (despite only accounting for 20% of its population). This is therefore a key source of competitive advantage for Doncaster.

3.9 The draft Local Plan seeks to build on this competitive advantage by setting a target of delivering 481 hectares of employment land over the plan period (2015 to 2035). The 2018 Employment Land Review and 2019 update also provide market evidence that new industrial and logistics space is in high demand and viable to deliver.

3.10 In summary, there are a number of grounds to be optimistic for the future growth of Doncaster. The district’s strong record of jobs growth, significant improvement in key economic indicators and large supply of high quality sites for inward investment all mean Doncaster is well positioned to achieve high levels of growth over the plan period.
4. Our View of Need in Doncaster

- The Publication Local Plan sets a target of delivering 920 dpa between 2015 and 2032. The target delivers the minimum level of housing need for Doncaster based on the standard method (585 dpa) and makes an upward adjustment to support economic growth.

- The upward adjustment was based on evidence produced by PBA which recommended housing need is presented as a range between 585 dpa (the minimum) and 912 dpa. The upper limit was based on matching the jobs growth aspirations of the Sheffield City Region LEP (1,420 jobs per annum) over the period 2016 to 2026. The Council has adopted a figure slightly above this range.

- Lichfields has produced an alternative assessment of housing need as part of a planning appeal in Doncaster. This assumes a lower rate of jobs growth (741 to 1,182 jobs per annum) but arrives at a much higher level of housing need (1,370 dpa).

- We conclude that PBA has made unjustified and unrealistic assumptions for a number of factors which all suppress the level of housing required to support future employment growth. In particular, we disagree with their assumptions about commuting, double jobbing and household formation rates.

- We also disagree with a number of the assumptions made by Lichfields and conclude that they overestimate the housing needed to support the level of growth in their scenarios.

- We conclude that Doncaster would need to deliver between 1,000 and 1,100 dpa between 2015 and 2032 to support future economic growth. This is based on our review of the assumptions made in the two reports and our professional judgement but would need to be tested through a detailed modelling exercise.

- In summary, the housing target of 920 dpa meets the minimum level of housing required as set out in the standard method but would risk constraining the future economic growth of Doncaster. For this reason we strongly recommend that the Council considers making a further upward adjustment.

### Evidence base for current housing policy

#### 4.1 The housing target of 920 dpa is based on evidence produced by Peter Brett Associates (PBA) in its report Economic Forecasts and Housing Needs Assessment (June 2018). This report presents a number of demographic and economy-led scenarios to estimate the housing required in Doncaster over the plan period. This assessment drew heavily on economic modelling and assumptions developed by Experian in their local economic forecasting model. We therefore refer to this assessment as the PBA/Experian report.

#### 4.2 The report recommends housing need is presented as a range between 585 dpa and 912 dpa (the Council has adopted a figure slightly above this range). This is based on the following:

- **585 dpa** is the minimum level of housing required in Doncaster based on the standard method. This is based on the 2014 household projections (using the 2016 based projections reduces this to 572).

- **912 dpa** is the level of housing that PBA estimate is required to meet the jobs growth aspirations of the Sheffield City Region. This is based on the period 2016 to 2026,
which is different to the plan period (2015 to 2035) but aligns with the time period used in the standard method.

**Alternative assessments of housing need in Doncaster**

4.3 We have also reviewed an alternative assessment of housing need in Doncaster. This was based on the Proof of Evidence of Fiona Braithwaite (Lichfields) for a planning appeal in Doncaster on behalf of Faith Homes\(^3\). We refer to this as the Lichfields report. This assessment was undertaken in line with the previous methodology for objective assessments of need (ie prior to the introduction of the standard method). However the scope of this assessment was similar to the PBA/Experian report in that it sought to determine the level of housing required to support economic growth in Doncaster.

4.4 The assessment tested a wide range of different demographic and economic scenarios to determine housing need. It concluded that a range of 1,200 dpa to 1,541 dpa “provides the most reliable indicator of future housing need within Doncaster” over the period 2015 to 2032. It therefore arrived at a range where the minimum level of need was some 288 dpa higher than the maximum identified by PBA over the same time period.

**What explains the difference between the assessments of need?**

4.5 We have critically reviewed both of the reports and their underpinning assumptions to understand the reasons why their estimates of housing need are so different. We use this analysis to reach conclusions on the level of housing required to support future jobs growth in Doncaster. This section looks at each of the key assumptions in turn.

**Jobs growth assumptions**

4.6 PBA/Experian run two jobs-led scenarios:

- Experian Baseline (Dec 2017): based on average growth of 830 jobs per annum
- Policy led: this assumes average growth of 1,420 jobs per annum and is based on the jobs growth targets in the emerging Strategic Economic Plan (SEP) for the Sheffield City Region (SCR).

4.7 PBA conclude that the policy-led scenario should not be used to calculate the objectively assessed need under the previous planning framework and guidance. This is because “the OAN should be based on a realistic expectation of future jobs rather than aspiration, and the Guidance specifies that the aspirations of Strategic Economic Plans should not be treated as part of the development plan”. It goes on to state that “the policy led scenario is recognised as ambitious and hence the jobs growth and housing demand that it predicts may not materialise” and recommends that the Council adopt a lower number, halfway between the baseline and policy-led scenarios.

4.8 Lichfields run a large number of jobs-led scenarios but the preferred scenarios (those used to identify the OAN) are:

- Experian Baseline (Jan 2017): based on average growth of 741 jobs per annum

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\(^3\) Land off Westminster Drive, Dunsville, Doncaster. Proof of Evidence of Fiona Braithwaite Planning Inspectorate No. Appeal AAP/F4410/W/16/3158500
• Policy led: this assumes average growth of 1,182 jobs per annum. This is also based on SCR’s jobs growth target, however it is based on an earlier target to PBA/Experian’s policy-led scenario.

4.9 This means that PBA/Experian assume a higher level of jobs growth than Lichfields but arrive at a lower housing need figure. Therefore the jobs growth assumptions do not explain the large difference in the conclusions about the level of housing need.

4.10 While we agree with PBA that the objectively assessed need for housing should not be based on unfounded policy aspirations, we disagree that jobs growth of 1,420 jobs per annum is an unrealistic level of growth. This level of growth is based on employment growing at a rate of 1% p.a. which is in line with the long term average growth rate in Doncaster (see Table 3.1).

4.11 Furthermore, this rate of growth is consistent with the Local Plan target of delivering 481 hectares of employment land over the plan period 2015 to 2035. This target is based on Doncaster achieving a jobs growth rate of 1% p.a. over the plan period and the Local Plan states that this is a realistic and evidence based target: “It is considered therefore that there is sufficient previous evidence of investment, land development and analysis on (sic) the Doncaster Employment Land Review (2018) (Colliers) that enough land should be allocated for a 1% jobs growth”.

4.12 We therefore conclude that a growth rate of 1,420 jobs per annum represents a sound basis for planning housing. This is consistent with past trends and would ensure a greater alignment with the Council’s employment land policies.

Economic activity rates

4.13 The key factor explaining the difference between PBA’s and Lichfields’ assessment of housing need is their assumptions about economic activity rates; the proportion of Doncaster’s population who are either in work (employed) or seeking work (unemployed). The level of housing need is highly sensitive to the assumed change in economic activity rates in a jobs-led scenario because it determines what proportion of future jobs growth could be taken by local Doncaster residents. If the proportion of people who are economically active is flat or falling, then it implies that a larger share of future jobs growth will need to be taken by in-migrants, which increases demand for housing.

4.14 Lichfields and PBA have used different sources for their assumptions on future change in economic activity rates:

• Lichfields align their assumptions with the Office for Budget Responsibility (OBR)’s 2017 projections of economic activity rates for the UK, which they then rebase to take in to account the current conditions in Doncaster. The same assumptions are applied in all of the jobs-led scenarios.

• PBA use the assumptions which are built in to Experian’s model for local economic forecasting. The assumptions made about economic activity are more dynamic in that they respond to changes in the economy (eg if demand for labour grows then economic activity rates increase in response)

4.15 When applied to the same 2014 based sub-national population projections, the two sets of assumptions result in two very different projections of future change in the labour supply. PBA/Experian forecast an increase of 5,000 resident workers, while Lichfields forecast a fall of 1,400. The difference between these two (6,400 workers) helps to explain why they arrive at such different conclusions about the need for housing. In Lichfields’ scenarios the shortfall of local workers means that Doncaster needs to attract in-migrants to support jobs growth.
Table 4.1 Projected Change in Labour Supply in Doncaster based on 2014 Sub-national Population Projections 2015 to 2032

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2032</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peter Brett Associates</td>
<td>148,200</td>
<td>153,200</td>
<td>+5,000</td>
</tr>
<tr>
<td>Lichfields</td>
<td>148,700</td>
<td>147,300</td>
<td>-1,400</td>
</tr>
</tbody>
</table>

PBA numbers from Table 2.1 in Economic Forecasts and Housing Needs Assessment, July 2018.
Lichfields numbers from Land off Westminster Drive, Dunsville, Doncaster, Appendices to the Proof of Evidence of Fiona Braithwaite, Appendix 7: Modelling Outputs, Scenario A1: 2014 Baseline

4.16 The main difference between the two assessments relates to the assumptions made about the economic activity rates of 16 to 64 year olds

- Lichfields use the evidence from OBR to apply assumed change in economic activity rates for five year age groups. The net effect of these changes is a slight increase in the economic activity rate from 74.6% to 75.5%.

- In contrast, PBA/Experian assume the economic activity rate for 16 to 64 year olds increases at a much faster rate. The scale of the increase is different in each of the scenarios but ranges from a 5.3 percentage point increase in the baseline demographic scenario (based on SNPP 2014) to 5.6 percentage points in the jobs-led scenario.

4.17 The scale of the increase is enough to offset Doncaster’s declining working age population and increase the size of the workforce over the plan period.

4.18 While we would normally support the assumptions used by Lichfields, analysis of recent data on economic activity rates show that PBA/Experian's assumptions are justified. Although economic activity rates have fluctuated over time, the long term trend shows that economic activity rates have been increasing by around 0.4 percentage points per annum which is consistent with PBA’s assumptions.

### Workers with more than one job

4.19 Neither the Lichfields nor the PBA/Experian reports explain their assumptions about the proportion of workers with more than one job. However this can have a significant effect on the level of housing need. If it is assumed that the proportion of workers with more than one job increases over time, it implies a smaller number of workers are required to support jobs growth than if the rate remains constant. This reduces the level of in-migration which in turn supresses the demand for housing.

4.20 Although PBA/Experian do not address the issue of “double jobbing” in their report, they do implicitly assume that the rate will increase from 3.6% to around 6% in each of their scenarios based on the ratio of ‘Workplace Jobs’ to ‘Workplace based Employment’. This has a significant effect on the number of people required to fill jobs; if they assumed that the rate remains constant then Doncaster would need to find an additional 3,300 people in the baseline scenario and an additional 3,400 people in the policy-led scenario. Assuming that these additional people could not be attracted through increased in-commuting (since that would be depriving neighbouring areas of workers), the shortfall would need to be addressed by increased in-migration to Doncaster which would increase demand for housing.

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4 This is approximate. The Lichfields assessment states that OBR 2017 rates have been used and rebased to Doncaster using data from the Census and Annual Population Survey. However they do not present the calculations, the specific assumptions which have been applied for different age groups and genders in Doncaster or how this translates to an overall economic activity rate for 16 to 64 year olds. We have tried to recreate Lichfield’s calculations and arrived at a broadly similar result as them.
Table 4.2 PBA/Experian assumptions for double-jobbing

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>Baseline Scenario 2032</th>
<th>Policy-led scenario 2032</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workforce Jobs</td>
<td>134,000</td>
<td>147,800</td>
<td>160,600</td>
</tr>
<tr>
<td>Workplace based Employment</td>
<td>129,300</td>
<td>139,400</td>
<td>151,600</td>
</tr>
<tr>
<td>% of workers with more than one job</td>
<td>3.6%</td>
<td>6.0%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

4.21 The source of PBA/Experian’s assumption on double jobbing is not clear, nor is it justified. APS data shows that around 3% of people in employment in Doncaster in 2015 had more than one job. However there is no evidence that this is increasing over time. Figure 4.2 shows the change in the double-jobbing rate for Doncaster and Yorkshire and Humber (this is included because the margins of error are much lower at regional level). This shows that the rate has fluctuated over time but has only risen above 3% on a small number of occasions. The data for Yorkshire is more consistent but shows that the double jobbing rate has consistently been between 3% and 4%. At no point has it got close to 6%.

![Figure 4.1 Percentage of residents with more than one job](source APS)

4.22 Lichfields do not state their assumptions about double-jobbing. However it appears from their modelling outputs in Appendix 7 that they assume each new job will require one worker; effectively assuming a double jobbing rate of zero. This is also incorrect as the evidence above shows. A more reasonable assumption would be that the double jobbing rate is set at around 3% and then held constant for the duration of the plan period.

**Commuting**

4.23 The assumptions made about commuting can also have a significant effect on the estimated population and housing required to support future jobs growth. For example, if it is assumed that the net balance of out-commuters and in-commuters declines (sometimes referred to as “reclaiming commuters”), it means a larger number of new jobs can be filled from the local labour market, which reduces the need to attract in-migrants.

4.24 The two assessments for Doncaster make the following assumptions:
Lichfields assume that the commuting ratio (the ratio of employed residents to workforce jobs located in Doncaster) remains constant throughout the plan period. They do not state what the ratio is, but based on the data sources used it appears they have assumed a ratio of 0.99. This would mean that Doncaster is a net importer of commuters although only by a very small margin.

PBA/Experian use the assumptions built in to Experian’s local economic forecasting model. It is not explained how commuting is calculated, however we assume this is essentially a balancing item which goes up and down based on forecast demand and supply in Doncaster and neighbouring areas. Their model shows that Doncaster’s commuting balance is negative, indicating that more people commute out than commute in. This is the reverse of Lichfields’ assumption which is explained by the fact that Experian apply an additional assumption about double jobbing, which means the number of people working in Doncaster is lower than the number of jobs. In both of the scenarios it is assumed that the net outflow of commuters will fall, which means there are more workers available to fill jobs created in Doncaster.

These different assumptions provide another reason for the large differences between PBA’s and Lichfields’ housing need results. By making the assumption that Doncaster will reclaim commuters, the estimated number of additional people required to meet jobs growth is reduced. We estimate that if the commuting ratio was kept constant, Doncaster would need to find an additional 2,700 employed residents to fill jobs in the baseline scenario and an additional 3,200 employed residents in the policy led scenario.

PBA explain the change in commuting patterns by stating that “this results from the tightening labour market”. In other words local demand for labour increases relative to local supply. However, commuting patterns are not just dependent on labour market conditions in Doncaster. They also depend on conditions in neighbouring areas. The complex range of factors which could influence commuting patterns (e.g. demographic change, jobs growth etc in multiple areas) means it is very difficult to predict how they will change in future. By assuming that the net outflow from Doncaster reduces, the model is essentially depriving neighbouring areas of workers by reducing a source of labour supply.

Guidance issued by the Planning Advisory Service (drafted by PBA itself) warns against making these sorts of assumptions unless they have been agreed with the neighbouring authorities that it affects:

“Another risky approach is to plan for recalling commuters, so the ratio of workplace jobs to resident workers – and hence to population and number of dwellings – is assumed to rise over the plan period. Like increasing activity rates, this assumption means that more jobs can be accommodated for a given number of dwellings, or a given number of jobs needs fewer dwellings. But the expected shift in commuting should be believable, and acceptable to the other local authorities affected by it. Strategies of recalling commuters should not be adopted unilaterally; they require cross-boundary agreement in line with the Duty to Cooperate.”

PBA could argue that their assumptions about commuting are internally consistent with Experian’s local economic forecasting model and its calculations about the commuting balance between different authorities. However these assumptions have not been agreed with neighbouring authorities. In fact there is evidence that they are inconsistent with some neighbouring authorities’ assumptions about commuting in their own housing need assessments. For example in Barnsley, which shares strong commuting links with Doncaster5, the OAN assumed a reduction in out-commuting down to 2001 levels. PBA

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5 The 2011 Census showed that around 3,100 residents of Barnsley commuted to work in Doncaster, making it the third largest source of external labour for Doncaster (after Rotherham and Bassetlaw)
was highly critical of this assumption stating “setting aside the practicality of recalling these workers that are likely to be in employment elsewhere in the region, the approach is based on the notion that another Council must increase its housing by an equal number to offset this return of commuters to Barnsley”.

4.29 This means that the housing need models in two neighbouring authorities are both based on the assumption that they will be able to reclaim commuters. If this pattern was repeated across South Yorkshire, it would result in housing policies which cause an undersupply of labour relative to the needs of the economy. For this reason we believe the assumptions are unjustified.

**Household Formation Rates**

4.30 A further factor explaining the difference in results is in the assumptions made for household formation (the probability that a person of a given age/gender will form a household). Both Lichfields and PBA apply the household formation rates underpinning the 2014 based household projections developed by CLG. However Lichfields apply an additional sensitivity test which assumes that household formation rates for 15 to 34 year olds partially catch up to earlier household formations forecasts produced in 2008. The justification for this is that there is some evidence that household formation among younger age groups have been suppressed by the economic downturn, stricter lending requirements and the poor affordability of housing in some parts of the country. This adjustment increases the average housing requirement by between 60 and 80 dwellings per annum in the two “preferred” scenarios.

4.31 We believe an upward adjustment to household formation rates for younger people in Doncaster is justified. However we disagree with the method used by Lichfields which assumes a partial catch up to household formation rates used in the 2008 projections (now ten years out of date). A more reasonable adjustment would be that they continue on the trajectory forecast in the 2014 household projections between 2015 and 2024 rather than falling again after this date. By the end of the plan period this would mean the household formation rate is around 46.7% rather than 45.2%. We estimate this would increase the number of households by around 40 per annum in PBA’s baseline demographic scenario and 60 per annum in the policy-led scenario.
The final reason why we consider PBA’s housing need estimate to be too low to support economic growth is the time period used. Paragraph 4.29 of the report presents two estimates of housing need for the policy-led scenario based on different time periods:

- For the plan period 2015-32: 1,073 dpa
- For 2016-26, the assessment period used in the new standard method: 912 dpa.

They explain the main reason for the difference is that the gap between labour demand (jobs growth) and labour supply (due to change in population and economic activity) gets larger over time. So the longer the forecast period the greater is the need to attract new workers to Doncaster.

PBA use the lower figure because it aligns with the ten year period used in the standard method. However there is no reason why these two should align. Given that the housing target will apply throughout the plan period adopting the lower figure risks labour supply becoming increasingly out of step with labour demand.

We have identified flaws in a number of assumptions used by PBA/Experian and Lichfields. In the case of PBA/Experian, these have all suppressed the level of housing required to support future economic growth. We also disagree with a number of the assumptions made by Lichfields and conclude that they overestimate the housing needed to support the level of growth in their scenarios.

Based on the above, we conclude that Doncaster would need to deliver in the region of 1,100 dpa between 2015 and 2032 to support future economic growth. This lies between the two estimates made by PBA/Experian and Lichfields. This is based on our review of the assumptions made in the two reports and our professional judgement but would need to be tested through a detailed modelling exercise.
In summary, the housing target of 920 dpa meets the minimum level of housing required as set out in the standard method but would risk constraining the future economic growth of Doncaster. For this reason we strongly recommend that the Council considers making a further upward adjustment.
Summary of Key Points

5.1 Doncaster Borough Council is consulting on its Draft Local Plan which will shape development in the borough between 2015 and 2032. Hatch Regeneris has been appointed by Spawforths, on behalf of a consortia of housebuilders, developers and landowners to review the available evidence and provide advice on whether this level of provision will be sufficient to meet the needs of the future population and economy of Doncaster.

Policy and methodological context

- The UK Government is committed to delivering more housing and delivering economic growth. This is made clear in NPPF and in numerous other policy statements.
- Rebalancing the UK economy is another central objective of government policy. Growing the economic prosperity of the North of England is a primary policy goal.
- The revised NPPF and PPG has set out a standard method for determining the minimum level of housing that local planning authorities need to deliver. This removes the requirement to align housing policies with the future economic growth of an area. LPAs can still make an upward adjustment to support growth although this will now be discretionary.
- Criticism of the new approach centres on the risk it will “lock” areas into a cycle of low inward migration and low housing delivery. There are also concerns that the standard method will work against the aim of narrowing the north-south divide by under-providing the housing required to support growth in northern economies.
- Applying the formula for the standard method in Doncaster would result in a housing requirement of 572 dpa.

The economic performance of Doncaster

- Doncaster has been one of the fastest growing economies in Yorkshire and Humber. The district has created around 24,000 jobs between 2000 and 2017, representing a growth rate of 1.1% p.a.
- Doncaster’s key asset is its connectivity by road, rail and air which has made it a highly attractive location for inward investment, particularly for industrial and logistics occupiers, with over 1.1m sq m of industrial/warehouse space taken up since 2010.
- The strong performance is also due to a significant improvement in key economic indicators, including skills and levels of enterprise. The business start-up rate has more than doubled since 2010 and is now in line with the national average. These improvements have removed a key barrier to growth and mean that Doncaster is well placed to continue its high rate of growth.
- The draft Local Plan has set a target of delivering 481 hectares of employment land between 2015 and 2035 and a number of ELRs shows there continues to be very strong market demand for industrial space in Doncaster. There is therefore strong potential for Doncaster to accommodate high levels of inward investment in future which would also drive jobs growth.
Our view of need in Doncaster

- The draft Local Plan sets a target of delivering 920 dpa between 2015 and 2032. The target delivers the minimum level of housing need for Doncaster based on the standard method (585 dpa) and makes an upward adjustment to support economic growth.

- The upward adjustment was based on evidence produced by PBA which recommended housing need is presented as a range between 585 dpa (the minimum) and 912 dpa. The upper limit was based on matching the jobs growth aspirations of the Sheffield City Region LEP (1,420 jobs per annum) over the period 2016 to 2026. The Council has adopted a figure slightly above this range.

- Lichfields has produced an alternative assessment of housing need as part of a planning appeal in Doncaster. This assumes a lower rate of jobs growth than PBA (741 to 1,182 jobs per annum) but arrives at a much higher level of housing need (1,370 dpa).

- We conclude that PBA has made unjustified and unrealistic assumptions for a number of factors which all suppress the level of housing required to support future employment growth. In particular, we disagree with their assumptions about commuting, double jobbing and household formation rates.

- We also disagree with a number of the assumptions made by Lichfields and conclude that they overestimate the housing needed to support the level of growth in their scenarios.

- We conclude that Doncaster would need to deliver between around 1,100 dpa between 2015 and 2032 to support future economic growth. This is based on our review of the assumptions made in the two reports and our professional judgement but would need to be tested through a detailed modelling exercise.

- In summary, the housing target of 920 dpa meets the minimum level of housing required as set out in the standard method but would risk constraining the future economic growth of Doncaster. For this reason we strongly recommend that the Council considers making a further upward adjustment.