

Central Lancashire Local Plan

Memorandum of Understanding and Statement of Co-Operation:

Relating to the Provision and Distribution of
Housing Land

April 2020



**Joint Memorandum of Understanding & Statement of Co-operation
Relating to the Provision and Distribution of Housing Land**

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Parties to the Memorandum

Preston City Council

South Ribble Borough Council

Chorley Council

Signed on behalf of Preston City Council

Chris Hayward (Director of Development)



Date: 28 April 2020

Signed on behalf of South Ribble Borough Council

Jonathan Noad (Director of Planning and Property)



Date: 28 April 2020

Signed on behalf of Chorley Council

Chris Sinnott (Deputy Chief Executive/Director of Early Intervention)



Date: 28 April 2020

1. Background

- 1.1 Central Lancashire is defined as the area covered by the following three Local Planning Authorities ('the Councils'):
- Preston City Council
 - South Ribble Borough Council
 - Chorley Council.
- 1.2 The Councils, together with Lancashire County Council (which provides strategic planning functions in relation to highways, minerals and waste), have a history of joint working which reflects the compact nature of this part of Lancashire, focussed on the urban core. Joint working is formally constituted in a Joint Advisory Committee of the Councils, which was established in 2008.
- 1.3 Overall, the Councils cover an area of some 458km² (177 square miles) with a combined population of 367,518. Importantly, in this context, the area functions as one integrated local economy and travel to work area and is a single Housing Market Area. Containment levels approach 80% for travel to work and exceed 80% for housing moves when long distance moves are excluded.
- 1.4 Journey times by rail from Preston to Leyland are 6 minutes and to Chorley 14 minutes. Rail journey times between Chorley and Leyland are 8 minutes. Both Chorley and Leyland are within 20 minutes journey time by road from Preston and 15 minutes between the two.

2. The Current Development Plan

- 2.1 The history and depth of joint working by the Councils is reflected in the current development plan. The principal spatial plan is the Central Lancashire Core Strategy, adopted by the Councils in July 2012. The plan covers the administrative areas of all three Councils.
- 2.2 Beneath that plan are three individual Local Plans (or Site Allocation Plans), all adopted in July 2015, as well as Area Action Plans and Neighbourhood Plans.
- 2.3 Central Lancashire Core Strategy Policies 1 and 4 are of particular relevance to the provision of housing land. Policy 1 sets out the overall spatial pattern of development, being concerned with locating growth across Central Lancashire. Policy 4 contains the housing requirements for each of the Councils:
- | | |
|---------------|---------------------------|
| Preston: | 507 dwellings pa |
| South Ribble: | 417 dwellings pa |
| Chorley: | 417 dwellings pa |
| Total: | 1,341 dwellings pa |
- 2.4 The Councils consider that maintaining the use of the housing requirements set out in Policy 4, which is now out of date, until such a time as the review of the Local

Plan is complete, is not appropriate and has been superseded by the standard housing methodology, as explained below.

3. The 2017 Memorandum of Understanding

3.1 In September 2017, following the completion of the Central Lancashire Strategic Housing Market Assessment (undertaken by consultants on behalf of the three Councils), a Memorandum of Understanding (MOU) was entered into in relation to the distribution of housing prior to the adoption of a new Local Plan.

3.2 The Central Lancashire Strategic Housing Market Assessment (SHMA) was published in August 2017 and identified that the Objectively Assessed Need (OAN) for new homes in Central Lancashire as 1,184 dwellings per annum, from a base date of April 2014, distributed as follows:

Preston:	225 dwellings pa
South Ribble:	440 dwellings pa
Chorley:	519 dwellings pa
Total:	1,184 dwellings pa

3.3 The above figures represent the OAN for each Council taking account of economic growth forecasts at that time. The SHMA also produced a slightly lower Central Lancashire OAN figure based only on demographic growth, albeit with a different distribution across the three Councils.

3.4 Given the Central Lancashire yearly OAN overall was not found to be radically dissimilar to the housing requirements of Policy 4 (albeit with the exclusion of any historic under or over delivery), the 2017 MOU agreed to a continuation of the use of the Policy 4 housing requirement and distribution. This decision was based on the need to continue to prioritise a pattern of development which supported the growth of strategic sites and locations, namely Cottam and North West Preston.

3.5 Furthermore, at the time, it was considered that a continuation of the application of Policy 4 would help to address net out-migration from Preston to other parts of the Housing Market Area.

3.6 In November 2017 the MOU process was subject to assessment on appeal in relation to a development at Pear Tree Lane, Euxton, Chorley (Appeal Ref: APP/D2320/W/17/3173275). Although national policy has moved on substantively since this time (covered in Section 4 of this document), the fundamental principles of this decision remain pertinent.

3.7 In this case the Inspector deliberated the legitimacy of the MOU in apportioning dwellings from one part of the Central Lancashire Housing Market Area (HMA) to another, given this would be outside of the development plan process. In conclusion the Inspector cited the '*proven track record of joint working across the HMA*' (Paragraph 27) and concluded an apportionment of OAN to elsewhere in the

HMA, in accordance with the principles of the MOU, would be acceptable (Paragraph 32 and 33).

4. Changes to the National Planning Policy Context

- 4.1 The changes to the National Planning Policy Framework (the Framework) since the 2017 MOU have been significant.
- 4.2 In February 2019, the Ministry of Housing, Communities & Local Government (MHCLG) published the revised Framework. From the date of its publication, the revised Framework, and the policies and guidance contained therein, are material considerations to be taken into account in determining planning applications and guide the content of new Local Plans.
- 4.3 Paragraph 60 of the revised Framework states that in order to determine the minimum number of homes needed, policies should be informed by a local housing need assessment conducted using the standard method in national planning guidance. This approach ought to be used, unless exceptional circumstances justify an alternative approach. Paragraph 60 also states that any needs which cannot be met in neighbouring authorities should also be taken into account.
- 4.4 National Planning Practice Guidance (PPG) prescribes the standard method formula, which calculates the minimum number of homes which must be planned for. The formula establishes a baseline, by taking the latest Office for National Statistics (ONS) household growth projections, and, applying an affordability adjustment, based on an authority's median workplace-based affordability ratio (PPG Para 2a-004-20190220).
- 4.5 Until such a time as Government produces revised PPG, Local Planning Authorities (LPAs) must use the 2014 based ONS household projections in calculating the minimum number of homes which need to be planned for (PPG Para 2a-005-20190220).
- 4.6 PPG provides scenarios whereby planning for higher levels of housing need in a particular authority may be appropriate. Paragraph 2a-010-20190220 of PPG states that in circumstances where actual housing need may exceed an authority's standard method calculation, entering into a statement of common ground with neighbouring authorities to agree to take unmet need would be an appropriate course of action to take.
- 4.7 PPG states that in circumstances where local housing needs assessments cover more than one area, for example where LPAs are working jointly on strategic plans, the housing need for the defined area should at least be equal to the sum of the minimum number of homes needed in each LPA. Furthermore, PPG advises that it is a matter for the relevant LPAs to determine the distribution of the total minimum number of homes needed across the plan area (PPG Para 2a-013-20190220).

4.8 Paragraph 73 of the Framework states that:

'Local planning authorities should identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing against their housing requirement set out in adopted strategic policies, or against their local housing need where the strategic policies are more than five years old.'

4.9 Footnote 37 to Paragraph 73 of the Framework states that:

'Unless these strategic policies have been reviewed and found not to require updating. Where a local housing need is used as the basis for assessing whether a five year supply of specific deliverable sites exist, it should be calculated using the standard method set out in national planning guidance.'

4.10 The above approach is clarified further in PPG (PPG Para 68-005-20190722).

5. Standard Method & Central Lancashire

5.1 Whilst the Central Lancashire Core Strategy was adopted in July 2012 (hence is now over seven years old), the Councils have collectively continued to use the housing requirements contained within Policy 4 in order to ensure the OAN across Central Lancashire continued to be met, as established in the SHMA.

5.2 The approach set out in paragraph 5.1 was agreed in the 2017 MOU. This revised MOU is necessitated as a result of the significant shift in national policy since 2017.

5.3 Adopting the standard method formula to Central Lancashire, the following shows a breakdown of the minimum number of homes (in accordance with the formula at the time of adoption) which need to be planned for currently:

Preston:	241 dwellings pa (23%)
South Ribble:	206 dwellings pa (20%)
Chorley:	579 dwellings pa (57%)
Total:	1,026 dwellings pa (100%)

5.4 The standard method formula would therefore suggest that the minimum number of homes which need to be delivered in Central Lancashire is currently 1,026 every year. A figure, in overall terms, which is similar to the 1,184 OAN figure from the 2017 SHMA.

5.5 The current standard method formula is predicated on ONS based household projections, which are published every two years, the resultant minimum number of homes needed is a fluctuating amount.

5.6 The next ONS household projections are scheduled for publication in Summer 2020. These will have a base date of April 2018.

6. Distribution of Housing Provision in Central Lancashire

- 6.1 In order to embrace the requirements of national policy, the Councils have embarked on a review of the development plan. The aspiration of the Council's is to have a new Central Lancashire Local Plan in place by the end of 2022. The first formal consultation, an 'Issues and Options' document, will be subject to public consultation from November 2019.
- 6.2 In order to inform the new Central Lancashire Local Plan the Councils have, over the last two years, commissioned a significant amount of evidence to underpin the policies and proposals which will form part of the new plan. A key part of the evidence base is an update to the 2017 SHMA, in order to account for changes to national policy in the intervening period.
- 6.3 In April 2019, the Councils commissioned consultants Icenl to advise on the implications of the standard method on the housing need, provision and distribution in Central Lancashire. This evidence was required in order to inform the preparation of new planning policy, but also to inform a new interim arrangement, as outlined in this MOU.
- 6.4 The Central Lancashire Housing Study (the Study) produced by Icenl has been completed and is available to view by following the below link:

https://centrallocalplan.lancashire.gov.uk/media/1140/160320-central-lancs-housing-study_final.pdf

- 6.5 In accordance with the Framework and PPG, the Study concludes that the relevant minimum number of homes needed in Central Lancashire every year is currently 1,026. This revised MOU therefore redistributes the minimum local housing need figures generated by the standard method.
- 6.6 Section 4 of the Study specifically deals with the matter of housing distribution in Central Lancashire. Paragraphs 4.1 to 4.59, along with the associated tables and figures (Page 19 to 33), assess various factors influencing the most appropriate distribution of housing need, namely:
- *Population Distribution:* With Preston accounting for 38% of the Central Lancashire population.
 - *Workforce Distribution:* Proportionally, the distribution of workforce replicates that of the population.
 - *Jobs Distribution:* Almost half (48%) of jobs are located in Preston, less than a quarter (22%) are located in Chorley.
 - *Affordability:* Preston is the most affordable place to live of the three authorities.
 - *Constraints:* Chorley has the highest proportion of land covered by significant constraints, such as Green Belt.
 - *Urban Capacity:* Taking account of land and site availability across Central Lancashire, there is potentially capacity for over 77,000 homes, with the highest proportions being in Preston and South Ribble.

- 6.7 The Study demonstrates that applying the standard method figure to each individual authority, as calculated, would be significantly at odds with the distribution of people, jobs and services. However, further than that, applying the standard method figure to each individual authority, as calculated, would serve to undermine the key principles underpinning the Preston, South Ribble and Lancashire City Deal (the City Deal). The City Deal, agreed in 2013, is a growth deal with Government, securing investment in infrastructure to support housing and economic growth.
- 6.8 To date, the City Deal has unlocked the development potential of land in Preston and South Ribble and will continue to support significant housing growth in both authority areas. A distribution of housing in Central Lancashire which is more reflective of City Deal aspirations is therefore a key outcome of this revised MOU.
- 6.9 With regards housing distribution, the findings of the above analysis are presented in tabular form within the Study as follows:

Table 1: Recommended Housing Distribution

Variable	CBC	PCC	SRBC
Jobs Distribution	22%	48%	30%
Population Distribution	32%	38%	34%
Affordability Distribution	36%	28%	36%
Workforce Distribution	32%	38%	30%
Nominal Urban Capacity	18%	42%	40%
Existing Spatial Strategy	30%	40%	30%
Land not Subject to National Constraints	20%	86%	33%
Recommended Distribution (%)	27.5%	40%	32.5%

- 6.10 The Study therefore makes robust recommendations on the distribution of housing need, and concludes, at paragraphs 4.44 to 4.53 (Page 23 to 25), that an evidence-based distribution of housing need would recommend that 40% of need is met in Preston, 32.5% in South Ribble and 27.5% in Chorley, as shown in **Table 1** (above).
- 6.11 Reflective of the above analysis, the overall purpose and effect, in planning terms, of this revised MOU is clear. The Central Lancashire authorities have aggregated the minimum annual local housing need figure calculated using the standard method and redistributed this to reflect the most sustainable pattern of development in the sub-region, as well as to align with City Deal growth aspirations in Preston and South Ribble specifically.

7. Current Requirements

- 7.1 The implications of applying the recommended distribution to the local housing need within Central Lancashire (at April 2019) is set out in **Table 2**, alongside the original distribution as calculated through the application of the standard methodology.

Table 2: Implications of Recommended Distribution

	CBC	PCC	SRBC	Total
Local Housing Need (Standard Method)	579	241	206	1,026
% of Local Housing Need (Standard Method)	57%	23%	20%	100%
Recommended Distribution (%)	27.5%	40%	32.5%	100%
Local Housing Need (Iceni Analysis)	282	410	334	1,026

- 7.2 The actual minimum local housing need figures shown in Table 2 (above) provide a snapshot for the current monitoring year (2019/20). Given the standard method formula relies on ONS household growth projections, the actual figures are subject to change on an annual basis.
- 7.3 In taking the decision through this MOU to adopt the minimum number of homes (albeit redistributed in accordance with the evidence), PPG is clear that past under delivery of new homes should not be taken into account, as the relevant affordability adjustment specifically addresses that point (PPG Para 2a-011-20190220).

8. Agreement

- 8.1 Preston City Council, South Ribble Borough Council and Chorley Council hereby agree:

(a) to adopt the use of the standard method formula to calculate the minimum number of homes needed in Central Lancashire (1,026 pa as at April 2019), in accordance with national policy, in replacement of the out-of-date housing requirements set out in Policy 4 of the Central Lancashire Core Strategy.

(b) to apply the recommended distribution of homes as follows:

Preston:	40%
South Ribble:	32.5%
Chorley:	27.5%
Total:	100%

(c) to review the recommended distribution of homes set out in (b) no less than every three years or upon the adoption of a new Central Lancashire Local Plan,

whichever is sooner, unless new evidence that renders this document out of date emerges.

(d) to produce a Statement of Common Ground annually to update the actual minimum housing requirements across Central Lancashire, in accordance with the agreed distribution set out in (b) until adoption of a new Central Lancashire Local Plan. At April 2019, these requirements are as follows:

Preston:	410 dwellings pa
South Ribble:	334 dwellings pa
Chorley:	282 dwellings pa
Total:	1,026 dwellings pa

(e) to co-operate in the performance and monitoring of the MOU generally and to monitor housing completions and each Council's respective five-year housing land supply position against the requirements set out in (d) (or subsequent Statements of Common Ground) with immediate effect.
