



**Intelligent Plans**  
and examinations

**Purbeck District Council Review Note  
OAN Update 2017**

**Report by Intelligent Plans and Examinations (IPE) Ltd  
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10 October 2017**

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## 1. Introduction and Background

- 1.1 We have been instructed by Purbeck District Council (the District Council) to undertake a Review of the 'Purbeck OAN Update 2017' prepared by GL Hearn in September 2017.
- 1.2 This Note provides a Review of that document, and also provides an assessment for the District Council on the recent publication by the Government of a consultation paper "Planning for the right homes in the right place: consultation proposals"<sup>1</sup>, which contains a proposed standardised methodology for the calculation of local housing need.
- 1.3 This instruction follows previous work that we have undertaken with the District Council during early-2017, on behalf of the Planning Advisory Service (PAS). That work included, inter alia, a specific instruction to "look in more detail at the Strategic Housing Market Assessment (SHMA) to determine the effectiveness of the methodology that has been used and assess this against commonly used methodologies" and to "consider how the Council has then used the SHMA to formulate the options into housing need and take account of the questions that have been asked by members of the public in the consultation, thus providing a critique based on actual concerns".
- 1.4 Key extracts from our Review Note dated 8 February 2017 are reproduced below:

*"10.5 We have reviewed the Eastern Dorset SHMA (October 2015). We are satisfied that the methodology of that report is robust and consistent with current best practice on the preparation of SHMAs. However, the report is now out of date and does need to be updated to take account of the 2014-based Household Projections, published by the Government in July 2016. The Council has already recognised that, and it is one of the key actions agreed by the PRAG.*

*10.6 However, we do consider that the use of the "Local Knowledge Scenario" employment forecasts, or revised employment forecasts, in the SHMA will require particular scrutiny. As already shown, the employment forecasts component of OAHN is resulting in a significant uplift to housing need in Purbeck. This is not to say that the Dorset County Council forecasts are incorrect, but the local parameters underpinning them were not fully explained in the SHMA. In the case of Purbeck, such parameters are of crucial importance, for example, the commuting ratio (people leaving or entering Purbeck to work) is one factor where there is a direct bearing upon the growth of the resident workforce. The current commuting ratio (1.06) for Purbeck (see Table 19 in the SHMA) is derived*

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<sup>1</sup> View the consultation (and dataset) at:  
<https://www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals>

*from 2011 Census data, and was obviously based on travel to work patterns at that time. Future travel to work patterns may change depending upon the spatial distribution of new employment areas. The community representatives make the point that the largest planned new employment areas in Purbeck (Dorset Green and Holton Heath) will be at the edge of the district, and may well be more attractive to residents from adjoining districts, thereby affecting the in-commuting rate. In other words, new jobs in Purbeck may not necessarily be filled by Purbeck residents. The planning system has to deal with these situations, and there is no simple solution. Furthermore, Purbeck cannot be considered in isolation, but it does suggest that a more fine grained assessment of the employment forecasts for Purbeck and the wider HMA will be required, if such forecasts continue to be an element of the OAHN calculation (but see paragraph 9.3 above)."*

- 1.5 As part of our recommendations to the District Council, we made the following specific recommendation in paragraph 11.1 of our note:

"The commissioning of an updated SHMA is undoubtedly crucial to the further progress of the Local Plan. However, following the publication of the Housing White Paper, our advice to the Council is to await greater clarity on the Government's proposed "standardised approach" to assessing housing need before finally commissioning the updated SHMA. As we have discussed in this Note, if employment forecasts do form part of such a standardised approach (see also paragraphs 7.20/7.21) then they will require detailed scrutiny and a more finely grained assessment than hitherto, as it is this element which has the greatest potential uplift to the OAHN for Purbeck."

## **2. Purbeck OAN Update 2017**

- 2.1 This document has been prepared by GL Hearn and provides "an interim view of the objectively assessed housing need (OAN) in Purbeck for the 2013-2033 period". It further notes that "this provides a starting point for considering policies for housing provision".
- 2.2 We have reviewed the document, and find that its methodology is robust and conforms to best practice in the production of SHMAs. Importantly, the document now takes into account the 2014-based DCLG Household Projections, and these have been further enhanced by reference to the Office for National Statistics (ONS) mid-year population estimates up to 2016. The sensitivity tests undertaken to take account of Unattributable Population Change (UPC) are also robust, and we have no reason to doubt the trends set out in Tables 2 and 3 of the document. In recent years, the UPC element of the demographic component of assessing housing need has been the subject of increasing scrutiny elsewhere in the country, particularly where there are high levels of in-migration. This does not appear to be a significant issue in Purbeck, and it is worthy of note that

the UPC-adjusted projection in Purbeck shows the same level of need as the non-adjusted trend.

- 2.3 The key issue in the document continues to be the linkage between population growth and economic growth in Purbeck. We particularly welcome the commentary made at paragraph 3.3, especially in the light of our earlier concerns. This leads to the economic-led projections set out in paragraphs 3.4-3.6, and we find these to be robust and realistic.
- 2.4 In this context, we have reviewed the accompanying Note provided to us, entitled "Dorset Economic Projections 2017 – Background – Purbeck" and prepared by the Research Team of Dorset County Council. This has been produced to supplement the outputs of the Local Economy Forecast Model (LEFM). This is a very helpful note, and importantly describes the crucial distinction between "projections" and "forecasts" in the assessment of economic trends.
- 2.5 The Note, in our assessment, now takes a very much more realistic appraisal of potential economic trends in Purbeck over the period 2013-2033. We have carefully considered the adjustments set out on pages 4-5 of the Note to reflect potential sector variations in the Purbeck economy, in comparison to national and regional trends. From our assessment, and from our broad understanding of the Purbeck economy, the sector adjustments proposed for Purbeck all appear to be reasonable and more realistic than some earlier outputs. By way of example, we point to sector reductions in Wood & Paper, Motor Vehicles and Printing & Recording, and to sector enhancements in Food, Drink & Tobacco and Other Transport Equipment.
- 2.6 These adjustments are reflected in the revised employment trends set out in the table on page 6 of the Note, and we consider that the Purbeck Revised Trends, set out in columns 6 and 7 of that table, now form a reliable dataset upon which to develop planning policies and proposals for the Purbeck Local Plan 2013-2033. We would just caution that there continue to be major global and national structural changes affecting local economies, and until there is much more certainty, for example on the U.K.'s trading patterns and immigration policies arising from 'Brexit', then we would advise that a conservative view is taken on economic growth, at least up to 2021.
- 2.7 Overall, however, we are much more satisfied that the linkages between housing need and economic growth in Purbeck up to 2033 are now underpinned by sound and reliable evidence, and we consider that the decision taken in late-2016 to 'pause' the preparation of the Local Plan Review has proved to be justified in that particular context.

- 2.8 The OAN Update document sets out at Section 4 the updated adjustments that have been made to the housing need assessment in respect of Housing Market Signals and Affordability. There are no unexpected variations in this data, and Table 6 reinforces the well understood position that there is a substantial need for Affordable Housing in Purbeck, although it is relevant to note that the increase in the median affordability ratio in Purbeck since 2013 has been considerably lower than both the national and regional averages. Although this trend, in itself, does little to diminish the underlying requirement for a significant boost in the delivery of Affordable Housing in Purbeck in the short-term, it is a position that might assist in the implementation of effective Affordable Housing policies in the new Local Plan. This would stem, if the trend continues, from the Median Affordability Ratio in Purbeck increasing at a slower pace than most of the neighbouring districts, thereby contributing progressively to a stronger and more attractive local housing market overall in Purbeck, where viability issues regarding the deliverability and affordability of Affordable Housing should be somewhat less of a major issue to developers in the context of total development costs.
- 2.9 Section 5 of the document provides the overall conclusion on OAN in Purbeck for the period 2013-2033. We have carefully assessed the comments made in this section, and consider that, individually and collectively, they are all extremely robust, leading to the conclusion that the OAN for Purbeck is around 173 dwellings per annum, which is a reduction from 238 dwellings per annum in the 2015 SHMA. Again, this robust and updated assessment supports the decision to 'pause' the Local Plan Review, and on the basis of the information supplied we feel that the methodology and component assessments of the OAN Update 2017 are reliable.

### **3. Department for Communities and Local Government (DCLG) Consultation – "Planning for the right homes in the right places: consultation proposals" (September 2017)**

- 3.1 The Government published its proposals for the assessment of local housing need on 14 September 2017, and the public consultation exercise extends until 9 November 2017.
- 3.2 As expected, and as initially announced in the Housing White Paper<sup>2</sup>, the assessment of local housing need will be based on a standardised national methodology which is described at paragraphs 15-29 of the consultation document. This proposed methodology is based around the

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<sup>2</sup> View the consultation at: <https://www.gov.uk/government/collections/housing-white-paper>

recommendations of the Local Plans Expert Group (LPEG)<sup>3</sup>, but in some respects, is rather more straightforward than the methodology suggested by the LPEG.

- 3.3 The Government's intention, subject to the outcomes of the current consultation, is to introduce this new methodology from 1 April 2018, and of key importance to Purbeck are the proposed transitional arrangements described at Table 1 of the document.
- 3.4 The document is accompanied by a spreadsheet illustrating how the proposed methodology has been used to generate a local housing need for the period 2016-2026 for all local authorities in England. In the case of Purbeck, the calculation is 168 dwellings per annum.
- 3.5 The calculation of 168 dwellings per annum is remarkably close to the output (173 dwellings per annum) from the OAN Update 2017 document, reviewed above. It is not possible to make a direct comparison between the two outputs, because of the differing methodologies, but it is a clear indication that the projected future housing need in Purbeck arising from both methods of calculation is broadly correct.
- 3.6 The District Council now faces a critical decision as to whether to pursue the preparation of its Local Plan on the basis of the OAN Update 2017, or whether to continue with the preparation of the Plan on the basis that the standardised methodology will be in place, and contained as national policy in a revised version of the National Planning Policy Framework (NPPF) that is expected to be published in spring 2018.
- 3.7 At this juncture (early October 2017) there are benefits and disbenefits from either approach, and much depends upon the extent of the other work that is being undertaken to take the Local Plan forward.
- 3.8 We have had some informal discussions with a senior official at DCLG, and are advised that any housing backlog (i.e. under-delivery against a previous housing target) will not be carried forward into the new housing need assessment. In the case of Purbeck, housing completions in 2012-2017 have shown a significant backlog (whilst completions in 2015-16 did show a substantial improvement, this does not appear to have continued subsequently). Whilst the approach to housing backlog has not yet been confirmed by DCLG, and is not part of the current consultation, it is reasonable to assume that the Government's intention is to establish a new baseline start date for Local Plans across England, at least for the calculation of housing need, although of course authorities will be able to choose to maintain their current Local Plan programmes should they wish to do so. As far as we can establish, the Government's intention is to

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<sup>3</sup> View the LPEG Report at: <https://www.gov.uk/government/publications/local-plans-expert-group-report-to-the-secretary-of-state>

formalise the position through the revised NPPF which (as noted in 3.6 above) is now expected to be published in spring 2018, and our assumption is that the baseline date will be 1 April 2016.

- 3.9 We are advised that housing delivery will, in future, be monitored by the Government through the Housing Delivery Test. There is an expectation that this will be 'back-dated' to record housing delivery in earlier years, although it is still not clear, following our discussions with DCLG, whether this will be the case. Persistent and ongoing under-delivery of housing is likely to require the submission of an Action Plan by an authority, demonstrating how the authority will boost delivery, including the identification of additional sites if necessary. The Housing White Paper (at paragraphs 2.47-2.50) set out the Government's proposals for the Housing Delivery Test and stated that the first assessment period would be for the period 2014/15 to 2016/17. However, it also stated that the Test would be first triggered from 1 November 2017. We now understand that this will not be the case, and that the first application of the Test has been deferred until early-2018. We are uncertain whether this will affect the definition of the first assessment period, and therefore whether or not the Test will be 'back-dated' as originally proposed. In the case of Purbeck, we understand that the authority delivered 388 new homes (against a Local Plan target of 360 new homes) during 2014/15-2016/17, and therefore the Council would be unaffected by the 85%/95% 'targets' for that assessment period as stated in the Housing White Paper, if of course the Test is introduced as intended.
- 3.10 However, there is a record of under-delivery of housing in Purbeck across a longer period, and from our initial assessment of the situation facing the Council, it would seem that if the Council wishes to take advantage of the OAN formulated through the Government's standardised methodology, then it would be strongly advised that there are short-term opportunities (over the next 2-3 years) in place to significantly boost, and then sustain, housing delivery. This will come from the allocation of sites, with a 'package' of sites readily available for developers to propose development at an early date. This points to the release of some sites where there are no over-riding infrastructure requirements. This will of course have implications for other policies in the emerging Plan, and notably those concerning the phasing and location of development during the first five years of the Plan period.
- 3.11 We sought advice on the situation regarding Local Plans that will extend beyond 2026, as is the case in Purbeck. We understand the DCLG expectation is that revised household projections will be published in 2018. Authorities will then be expected to use those projections to update and roll forward their Local Assessment of Housing Need as part of a Review of the Local Plan, and the Government is believed to be seeking

much more rigid adherence by authorities to the Review of Local Plans, at least every five years. We also expect this matter to be addressed in the revised NPPF. The situation therefore, as we see it for Purbeck, is that the District Council could choose to prepare a Local Plan using the standardised methodology for the assessment of housing need for the period 2016-2036.

- 3.12 Finally, it is clear that the District Council will need to take some key decisions regarding the emerging new Local Plan during this autumn. We consider that the decision to 'pause' the Local Plan in late-2016 was both pragmatic in the context of local circumstances, and now fully justified in the light of the OAN Update 2017 and potential national policy changes. The clear need over the course of the next 2-3 years is to boost housing delivery in Purbeck, and this would seem to us to be the main policy driver that the Council will need to address. As the housing need target for Purbeck produced by these two approaches is very similar, the Council can be confident that the housing need target is broadly correct and is a sound basis for making the housing allocations in the new Local Plan.

*Derek Stebbing*

October 2017