

Briefing Note

Our ref 15405/02/MS/MT

Date 21 May 2018

EIP ref Wates Developments – representor reference: RN/547 and RN/1063

Subject **Ashford Borough Council note in respect of matters arising from Issue 4 hearing (ED/17)**

1.1 Lichfields, alongside Judith Ashton Associates, appeared at the Issue 4 hearing session on the 18th April on behalf of Wates Developments. We set out as follows a response to the invitation to comment on the Council’s further note (ED/17). It is structured under the same headings.

Reverse modelling workforce growth

1.2 We note the reverse modelling appears as referenced at the hearing session; it starts with the housing requirement figure as a fix (16,120 over 2011-30), applies demographic assumptions (household formation, migration, employment rates etc.) to this, to arrive at a view of what population change that could bring about and what workforce growth that would lead to.

1.3 It is unclear from the note precisely what (if any) assumptions have been made in this modelling in respect of how workforce growth (i.e. people available for work who are living in Ashford Borough) translates or compares to job growth (i.e. positions of regular employment within Ashford Borough). We would note that Ashford experiences a net out-commute (i.e. more residents leave the Borough to work than workers come into the Borough work¹), suggesting the comparison drawn at para 13 between workforce growth (755-782 p.a. or 660 p.a. on SNPP) and employment growth (620 p.a.) is likely to overstate the difference as some workforce growth will be commuting elsewhere. It is not clear whether this reverse-modelling adopts the same approach as in the 2015 SHMA (SD13 paras 4.3-4.14).

1.4 At para 5 the note recognises a point which we put to the hearing; that the uplift element of the proposed housing number (i.e. that element above the 2014-based SNPP demographic baseline which the Council make for market signals and “positive planning”) is likely to be for the most part associated with additional household formation from the existing population in the Borough, rather than additional population growth (and consequent additional worker growth) in the Borough. The note deals with this by improving formation rates amongst just two age groups (25-34 and 35-44), but clearly the purpose of any market signals is to improve affordability (and therefore ability and choice to form a household) across all age groups. It is considered that the ‘part return to trend’ scenario should be seen as a maximum population change scenario with potential for population/workforce growth to be lower than set out in Table 3. In short, we consider it is unlikely the planned for housing number (16,120 over 2011-30) would provide as many workers for Ashford Borough as set out in the reverse modelling; it is likely to be closer towards that identified for the 2014-based SNPP (Table 1 in the note).

1.5 Notwithstanding, what this exercise does highlight is the need for a sufficient market signals uplift to ‘improve affordability’ and an approach to this which is applied consistently across the country. If uplifts in supply are simply met by increased demand in an area (e.g. from

¹ Based on Census 2011 data as referenced in SD13 Table 14

population growth, as suggested by this modelling), then it could not reasonably be expected that those market signals uplifts would improve affordability.

Employment growth

- 1.6 We note the employment growth drawn from Experian economic forecasts set out in the EKGf report (12,400 jobs 2016-36, 620 p.a.). These are standard baseline econometric forecasts, and do not account for any economic/policy interventions or upside changes which may generate enhanced growth. In that context they are very similar (near on the same) to the baseline employment forecast within the Strategic Employment Options Report (EBD004) (12,400 jobs 2010-2030, 620 p.a.). In that context our original observations, set out in our matters statement remain applicable; the SHMA update (and SA) has not considered the potential for ‘enhanced productivity’ or ‘enhanced performance’ employment growth and the consequent impact on housing needs (e.g. if housing might constrain ability to capture such growth).

London migration

- 1.7 The clarification on the derivation of the 442 dwellings allowance is welcome, though it is unfortunate that this should, in actual fact, have been 546 dwellings due to an error. Notwithstanding, the Council maintain their position set out at the hearing, that the new GLA projections would indicate lower dwelling growth for Ashford, and therefore it is not required to make the plan sound², but is positive planning.
- 1.8 In respect of the projections, the GLA themselves produce three variants. The central variant, which the note refers to and which the GLA are seeking to align the London Plan with, is a 10-year trend. GLA also produce 5-year and 15-year trend variants. It is notable that the 5-year trend is greater than the 10-year or 15-year variants, and is more akin to the ONS SNPP (which uses a similar trend period, but remains different due to methodological difference in the way GLA treat issues such as international out-migration and ‘unattributable population change’). What this partly reflects, is the sharp dip in net migration between Ashford and London during the recession (see SD13 Table 28 page 88), a period which the short-term trend excludes, and the recent – and increasing – trends for net inward migration to Ashford from London (a point discussed at the hearings – including in relation to functional relationships between London-Ashford re. HS1). In that context, we continue to consider the GLA variant projections do highlight why it is justified to take into account the potential and likelihood, specific to Ashford, of increased net migration from those base levels assumed in trends; it remains a likely possibility and is not without pre-recession precedent.

² As a short point – NPPF para 182 requires LPA’s to submit a plan that is “sound”; it is not our reading of the Council’s position that they consider this additional element makes the plan unsound in anyway (e.g. is causing other significant harms) and should be removed by modification as such. However, this may become a moot point following any other conclusion on the appropriate OAN and housing requirement in respect of other factors.

Table 1 GLA 2016-based Projections for Ashford

GLA 2016-based Projection Variant	Households (2011-30)	Dwellings (2011-30)	Dwellings p.a.
Short-term - Uses a 5-year average of past migration data	13,915	14,472	761
Central - Uses a 10-year average of past migration data	13,058	13,607	716
Long-term - Uses a 15-year average of past migration data	13,029	13,550	713

Source: GLA: <https://data.london.gov.uk/dataset/projections/>

Overall

- 1.9 The Council's note provides helpful clarification on how the Council has approached a few issues and provides relevant background workings. Notwithstanding, it is not considered this fundamentally alters or addresses our previous points of critique in respect of the appropriate objectively assessed housing need for Ashford Borough. In our view there remain significant shortcomings outside the scope of the issues that the Council's note deals with (most notably in respect of market signals). However, the above also highlights that we do not agree that comfort can be drawn from the reverse modelling, employment growth nor London migration, as demonstrating that OAN conclusion has been robustly arrived at with reference to all relevant factors; there remain issues in each of these which would support the case for a greater uplift on the demographic starting point than currently put forward by the Plan.