

# Darlington Local Plan

## Skerningham Estates Limited (ID: 1250841)

### Matter 2 Statement - Amount of development needed in the Borough

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Issued April 2021

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1.1 Our Client (Skerningham Estates Limited) responds to Questions 2.1 and 2.2; and 2.3 and 2.4.

#### **Economic growth and employment land requirements**

#### **Q2.1. Is the aim to facilitate economic growth of 7,000 net additional jobs in the Borough between 2016 and 2036 justified and positively prepared?**

1.2 It is understood that the Council's aim of achieving net jobs growth of 7,000 over the Plan period is underpinned by the Combined Authority's aim to deliver 25,000 jobs across the Tees Valley by 2026. Page 13 of the Darlington Employment Land Review: Update 2019 states that:

*"TVCA estimated Darlington's share of the ambitious 25,000 Tees Valley jobs target until 2026 would equate to c. 7,000 additional Darlington based jobs by 2036. This was calculated by looking at each local authority's current sector split and recent economic growth."*

1.3 This approach – of having regard to economic growth ambitions at the Local Enterprise Partnership/Combined Authority level in planning for employment land needs – is in accordance with Paragraphs 2a-026-20190220 and 2a-032-20190722 of Planning Practice Guidance.

1.4 Past trends in employment change at the local authority level (set out below) also support the conclusion that the Council's aspiration to deliver 7,000 net additional jobs is justified and positively prepared. This is particularly true when one considers that job change over the past 15 years has been delivered in the absence of an up-to-date Plan (Darlington's most recent Plan was intended to cover the period up to 2006). The Council's new Plan will respond to modern occupier needs and establish a clear strategic framework, providing greater certainty and confidence to prospective investors. In addition, the following factors suggest that the Borough's long-term economic performance could potentially outstrip past trends:

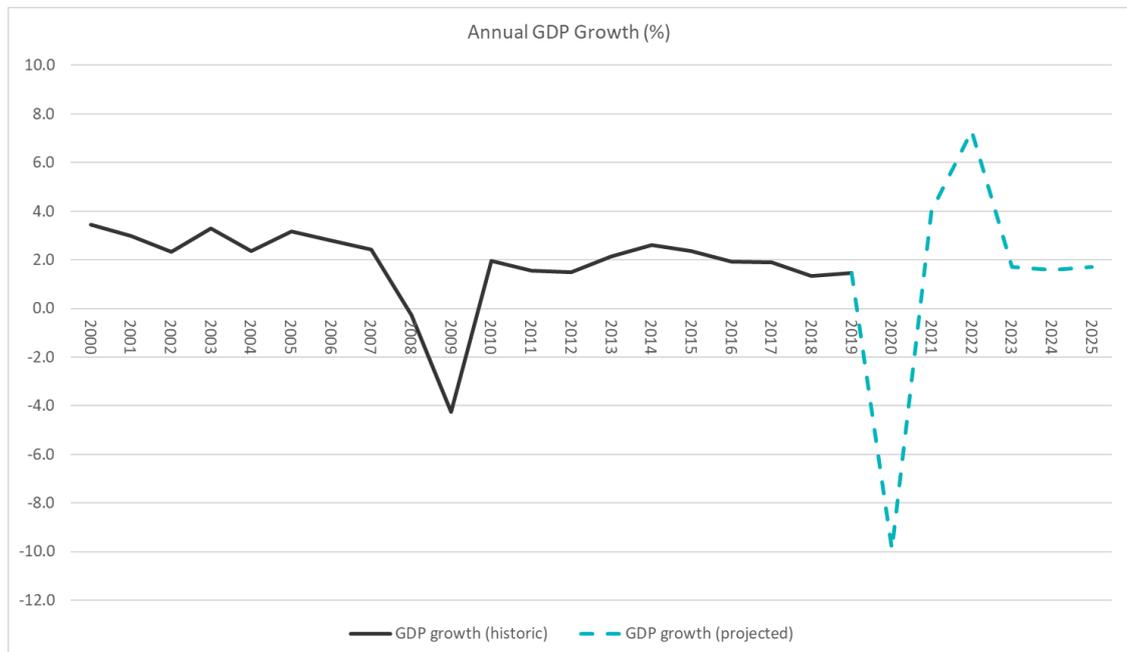
- The Budget 2021 commitment to establish a new 'Treasury North' campus in the town as part of Government's levelling up agenda. The campus is expected to house 750 staff from ministries including the departments for business, transport and local government;
- The recent submission of a successful Town Investment Plan, which has unlocked £22.3million of funding for Darlington. The overarching aim of the Towns Fund is to drive the sustainable economic regeneration of towns to deliver long-term economic and productivity growth;
- Proposals (with secured funding) for the delivery of a £105million programme of investment at Darlington Railway Station. This includes work to remodel the station and increase capacity by creating dedicated platforms for local connections and future high-speed services;

- The impact of the creation of the Tees Valley Combined Authority, which provides enhanced public investment (including a £588million Investment Plan for the period 2019-2029) and greater sub-regional autonomy to support improved economic outcomes; and
- The potential for future growth at Tees International Airport, following a recent change of ownership and a TVCA commitment to deliver £23.5 million of funding to unlock land for development. The site now benefits from owners with a demonstrable track record of delivery.

- 1.5 ONS Jobs Density data provides a summary of annual employment in Darlington from 2000. The data shows that the number of jobs increased by 6,000 between 2000 and 2016 (the start of the Plan period) from 50,000 to 56,000. This corresponds to a growth rate of 12.0% (or an average of 0.75% per annum).
- 1.6 The length of the data series (16 years) is broadly comparable to that of the Local Plan Period (20 years) and sufficiently long to take account of periods of boom and bust in the economic cycle (including the recession of 2008/09). As such, it provides a useful benchmark for understanding the scale of growth that Darlington could achieve between 2016 and 2036.
- 1.7 If it is assumed that average annual growth of 0.75% (or total growth of 15.0% over 20 years) could be delivered over the Plan period – from a base of 56,000 jobs in 2016 – this would result in 64,400 jobs in 2036. This would represent an absolute increase of 8,400.
- 1.8 It is considered appropriate to continue to plan for net jobs growth of 7,000 over the Plan period, despite the economic challenges presented by COVID-19. Any reduction in the Council’s jobs target – with a corresponding reduction in employment land and housing allocations – risks becoming self-perpetuating and would appear to be at odds with both Paragraph 80 and Paragraph 81a of NPPF:
- 1.9 *“Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity.”* (Paragraph 80)
- 1.10 Planning policies should *“...set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth.”* (Paragraph 81a)
- 1.11 Furthermore, the Council is seeking to plan over a 20-year period and so needs to take a long-term view of development needs, rather than being unduly influenced by a short-term economic shock. The past trend data presented above covers the period 2000 to 2016 which is broadly in line with the duration of a full economic cycle. The data reflects the impact on Darlington’s economy of the 2008/09 recession and subsequent sluggish recovery, as well as an earlier period of stronger growth. As such, it is unlikely to significantly overstate Darlington’s ability to deliver jobs growth over the long-term.
- 1.12 In addition, Figure 1 sets the anticipated economic impact of COVID-19 in the context of the UK’s recent economic performance. This shows that COVID-19 resulted in a sharper initial contraction in output in comparison with the financial crisis of 2008/09. It does not necessarily, follow, however, that the overall economic impact of COVID-19 will be more pronounced. Indeed, the data shown in Figure 1 also indicates that:
- The period of economic contraction caused by COVID-19 is expected to be shorter (with one year of negative growth) than that precipitated by the financial crisis of 2008/09 (which resulted in two years of negative growth);

- The rebound/recovery from the current downturn is anticipated to be much quicker and more pronounced than after 2008/09. Economic growth of 1.9%, 1.5% and 1.5% respectively was recorded in 2010, 2011 and 2012. In contrast, growth in 2021, 2022 and 2023 is forecast by the Office for Budget Responsibility (OBR) to be much higher (at 4.0%, 7.3% and 1.7% respectively);
- Analysis of economic growth over a 5 year period (from the start of each recession) indicates that:
  - a The UK economy was 0.4% larger at the end of 2012 in comparison with the start of 2008; and
  - b The OBR expects the UK economy to be 4.7% larger at the end of 2024 in comparison with the start of 2020.

Figure 1 UK Economic Growth (Gross Domestic Product) 2000-2025



Source: World Bank (observed) / Office for Budget Responsibility (projected)

**Q2.2. Are the proposals in policies E1 and E2 to provide for a total of 158 hectares (net) of additional land for employment uses justified and positively prepared? In particular, would this overall quantity of land allow for the creation of 7,000 net additional jobs between 2016 and 2036 and provide sufficient flexibility to accommodate needs not anticipated and enable a rapid response to changes in economic circumstances?**

- 1.13 Proposals to provide for a total of 158 ha (net) of employment land would allow for the creation of 7,000 net additional jobs over the Plan period. The Council's Employment Land Review: 2019 Update specifically considers a labour demand scenario predicated on growth of 7,034 jobs (net). This is estimated, by Council officers, to translate to a need for 150 ha of employment land (Page 14).
- 1.14 The Council's Employment Land Review: 2019 Update subtracts anticipated future losses from an initial demand figure of 150 ha to arrive at an 'adjusted' requirement for 110 ha. Lichfields do not consider this to be necessary, given that the employment figures underpinning the scenario are net and, as a result, already capture the impact of any reduction in demand for employment land/premises. On this basis, the delivery of 7,000 jobs would appear to correspond to a need for 150 ha of employment land.
- 1.15 It is common practice in planning for future employment land needs to add a flexibility margin to demand forecasts. This is a contingency factor, providing an additional buffer to allow for:
- Delays in development coming forward;
  - Uncertainties in the forecasting process (i.e. the possible need to accommodate unanticipated demand); and
  - To provide developers and occupiers with a range and choice of sites.
- 1.16 A margin equivalent to two years of net take-up is considered appropriate in most circumstances. Analysis contained within the Council's Employment Land Review: 2019 Update indicates that:
- Gross take-up in Darlington has averaged 5.5 ha per annum in recent years; and
  - Losses of employment land in Darlington have averaged c.2.5 ha per annum.
- 1.17 Based upon the above, net take-up of land in the Borough can be estimated to have been in the order of 3.0ha per annum. This would translate to a flexibility margin of 6.0 ha and would increase the level of demand associated with the delivery of 7,000 jobs from 150 ha to 156 ha. This is broadly in alignment with the supply of 158ha proposed in policies E1 and E2. Whilst a flexibility margin does not appear to have been considered within the Council's demand calculations, therefore, a supply-side 'buffer' is proposed which appears to be appropriate in scale.
- 1.18 Having regard to the above, the proposals in policies E1 and E2 are considered to be justified and positively prepared.

## Household growth and housing requirements (policy H1)

### **Q2.3. Are (a) the minimum requirement of 422 net additional dwellings per year and (b) the target of 492 net additional dwellings per year between 2016 and 2036 justified, positively prepared and consistent with national policy?**

- 1.19 There are two stages in identifying a housing requirement for a Local Plan;
- 1 An assessment which determines the minimum number of homes needed – identified by paragraph 60 of the NPPF as being ‘conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals’; and
  - 2 The second stage involves identifying the policy requirement based on this need, this can be higher where there is a need to increase future housing delivery above the minimum level identified.
- 1.20 The approach taken in Darlington, to go above the minimum number of homes identified by the standard method, is aligned with the NPPF and the additional guidance set out in the Planning Practice Guidance (PPG) and is evidenced through the approach set out in the Strategic Housing Market Assessment Update (2017). Despite the study being undertaken prior to the introduction of the standard method, the approach it adopts meets all of policy tests set out in the revised NPPF and aligns with the guidance in the PPG.
- 1.21 At the time, the SHMA Update prepared the standard method for Darlington, as set out in the Plan, was identified as 177 dpa. If the standard method was calculated based on the latest affordability data and from the base period of 2020, the future minimum local housing need would be 165 dpa.
- 1.22 The Council’s evidence, contained in the SHMA Update (2017) concluded the sub-national population projections (2014-based) were not an appropriate basis for identifying future need in Darlington and as such considered there to be ‘*exceptional circumstances*’ which justified an alternative approach to the standard method set out in the PPG. This is a key test in paragraph 60 of the revised NPPF in respect of whether an alternative approach to the standard method should be adopted and exceptional circumstances exist which support a move away from the prescribed standard method. The SHMA Update (2017) concluded that the result of comparing projected population growth with alternative data sets in Darlington including; NHS patient register, school census and state pension records, evidence that all three sources indicate past population growth in Darlington has been understated and as such exceptional circumstances justified an alternative approach for assessing the minimum local housing need in Darlington.
- 1.23 The SHMA Update (2017) went on to consider a range of demographic sensitivities which led to an alternative demographic starting point being identified.
- 1.24 The Housing Topic Paper summarises the approach and identifies using local data (NHS Patient Register) a population increase of 12,300 compared to 2,300 under 2014-based projections. This would be an increase of 368 households per annum between 2016 and 2036 and 384 dwellings per annum.
- 1.25 An additional 5 dpa was then added to account for concealed households. Between 2001 and 2011 concealed households of 25 to 34 year olds increased, this increase has been upped by 50% to the start of the plan period. This results in a minimum local housing need of 389 dpa.

- 1.26 This approach aligns with the revised NPPF and the guidance in the PPG (ID: 2a-010-20190220) which states the standard method is a minimum and that a figure higher than local housing need assessed through the standard method can be identified by a local authority on the basis of employment, infrastructure, affordable housing and other factors.
- 1.27 In order to identify a housing requirement based on the adjusted minimum local housing need identified in Darlington, the SHMA Update (2017) considered a future economic scenario based around the ambition to deliver 7,000 new jobs over the plan period, supporting the facilitation of sustainable economic growth. This aligns with NPPF paragraph 81 (c) which states amongst other things that planning policies should:
- “seek to address potential barriers to investment such as inadequate infrastructure, services or housing or a poor environment”.*
- 1.28 The SHMA Update (2017) identifies a shortfall (against the adjusted demographic baseline) of 1,808 workers if the Borough was to support economic growth of 7,000 over the plan period. The report acknowledges there are various ways these additional workers could be met; increased economic activity, unemployment, commuting and migration. If these were to be met by increased migration, 1,400 dwellings would be required, 70 dpa. This results in the housing required to meet the economic-led scenario as 492 dpa (422+70). This uplift applied to the minimum local housing need (422 dpa) in Darlington will ensure that housing supply is not a barrier to future investment in the Borough.
- 1.29 Lichfields has undertaken an independent assessment, utilising PopGroup demographic modelling software, to assess the likely future housing need in Darlington over the period 2016 to 2036.
- 1.30 The approach differs from that used in the SHMA Update (2017) which identifies discrepancies between the Government’s population estimates and administrative datasets which indicate significantly higher levels of population growth in Darlington.
- 1.31 Lichfields have considered the level of homes required to support the economic-led scenario identified in the Plan to create 7,000 jobs over the plan period. In order to determine how many dwellings will be required to support Darlington’s anticipated jobs growth, the model uses unemployment data from the Annual Population Survey (APS). The economic activity rates used are aligned with the APS and take into account the MYE up to 2019 and are projected forward from 2020 in line with labour market participation rate projections from OBR. The labour force ratio reflects the number of employed workers in the Borough (from APS data) against the number of jobs in the area. The labour force ratio is based on actual data up to 2019, after which it is held constant at a three-year average for the remainder of the plan period.
- 1.32 The modelling indicates that, in order to support jobs growth of 7,000 jobs over the plan period, 490 dpa would be required. This represents the future housing need for Darlington, which meets; population and household growth, economic-led needs and as a consequence of identifying a level of housing need beyond the demographic baseline would go further towards meeting affordable housing needs identified in Darlington.
- 1.33 Although taking a different approach to identifying future housing need, the outcome of the modelling undertaken by Lichfields supports the housing requirement identified in Policy H1 of the Draft Local Plan.
- 1.34 The housing requirement set out in Policy H1 plans positively for the future of Darlington. The housing requirement of 492 dpa in the Submission Draft Plan has been derived from the SHMA

Update (2017), which uses evidence of current and future demographic trends and market signals to arrive at this figure. Given that this housing requirement exceeds the minimum starting point calculated using the standard method, it is entirely consistent with national policy and PPG that the requirement of 492 dpa set out in the Submission Draft Plan should be considered sound.

1.35 Lichfields approach, using demographic software, to test the likely future housing need in Darlington, verifies the level of future housing need identified in the Plan required to support the economic ambition to create 7,000 new jobs over the plan period.

1.36 Delivery of sufficient housing will be imperative if Darlington is to achieve its jobs growth aspirations and fulfil its economic potential. Therefore, the housing requirement of at least 492 dpa should be set out in Policy H1 and Policy H1 amended to state:

*“Housing will be delivered to meet a minimum requirement of ~~The Local Planning Authority also has a Local Plan housing target of~~ 492 net additional dwellings per annum over the plan period from 2016 to 2036. This results in a total net ~~target~~ additions of 9,840 dwellings over the plan period. The housing requirement ~~target~~ makes an allowance for economic growth and 7,000 full time equivalent additional jobs over the plan period. The increased housing requirement ~~target~~ reflects the additional new homes required to meet the need of additional workers. The housing requirement ~~target~~ will ~~also~~ be met by the sites outlined above.*

**Q2.4. Is expressing the housing requirement as a range clear and unambiguous, and does the plan clearly establish a housing requirement figure for the Borough for the Plan period as required by national policy?**

1.37 The housing requirement of 492 dpa is entirely consistent with NPPF and PPG in exceeding the standard method figure, given the specific exceptional circumstances at play in the Borough, namely;

- The robust evidence provided by the Council in the SHMA Update (2017) that indicates that the population projections which underpin the standard method are not an appropriate basis for identifying future need in Darlington (a key test in NPPF, paragraph 60); and
- The Council’s economic and jobs growth aspirations and the critical importance of providing sufficient quality and choice of housing to attract and retain working age people.

1.38 It is considered the current wording of the Policy to be ambiguous in identifying the minimum requirement of 422 dpa in addition to the 492 dpa, described as a ‘target’, required to support the Council’s economic growth aspirations.

1.39 Our Client supports the Council’s housing requirement of 492 net additional dwellings per annum over the period 2016 to 2036, as the minimum requirement for future housing set out in Policy H1 and consider that reference to the minimum local housing need identified as 422 dpa should be removed from the Policy. These amendments would ensure the 492 dpa would not be viewed as a ceiling for future housing delivery and ensure the housing requirement is clearly identified.

Word Count: 3,000