

Report of	Meeting	Date
Deputy Chief Executive/Director of Early Intervention and Support	Council	19 November 2019

CENTRAL LANCASHIRE MEMORANDUM OF UNDERSTANDING (MOU)

PURPOSE OF REPORT

1. The purpose of the report is to seek approval to adopt a revised joint Memorandum of Understanding (MOU) which will inform plan-making and planning decision across Central Lancashire.

RECOMMENDATION(S)

2. That the principles of the enclosed revised MOU (see appendix one) are approved.
3. Final approval of the revised MOU (minor nonmaterial changes) be delegated to the Deputy Chief Executive/Director of Early Intervention in consultation with the Executive Member for Public Sector Reform and Economic Development.
4. The Council adopts the MOU upon formal approval by all three councils (in accordance with their respective scheme of delegation) and provisions be implemented for plan-making and decision-making purposes.

EXECUTIVE SUMMARY OF REPORT

5. The housing requirement is an integral part of plan-making and decisions regarding applications for development and it is a key issue for the new Central Lancashire Local Plan. The first MOU for Central Lancashire was prepared and adopted in 2017 following the publication of new housing evidence, namely the Strategic Housing Market Assessment (SHMA).
6. The SHMA produced a housing need and distribution which reflected the existing distribution of housing as specified within policy 4 of the Central Lancashire Core Strategy 2012. Further, as the aggregated annual housing need identified within the SHMA exceeded the figure within policy 4, it was appropriate that the three councils commit to continuing the annual housing distribution of 417, 417 and 507 for Chorley, South Ribble and Preston Councils respectively.
7. The introduction of the Standard Housing Method for Local Housing Need by the government has changed how the annual housing requirement is to be calculated. Given the existing Core Strategy was adopted in 2012, the method for calculating the annual housing requirement across Central Lancashire is the formula now prescribed by government.
8. The three councils have commissioned Icenl Consultants to produce evidence which provides robust basis for a redistribution of the Central Lancashire annual housing requirement.

9. The revised joint MOU (appendix one) has been updated to provide a renewed commitment by Preston, Chorley and South Ribble councils to deliver the respective annual housing numbers, including committing to working in collaboration to monitor five- year housing land supply.
10. The revised MOU commits the three councils to a distribution ratio (see below) which will be applied to the total housing need figure for Central Lancashire:
 - Chorley 27.5%
 - Preston 40%
 - South Ribble 32.5%

Confidential report Please bold as appropriate	Yes	No
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CORPORATE PRIORITIES

11. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy homes and communities	X	An ambitious council that does more to meet the needs of residents and the local area	X

THE STANDARD METHOD OF HOUSING

12. NPPF paragraph 60 and PPG states ‘To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, 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.
13. The standard housing method applies a prescribed formula and based on current data, the annual housing need figure for each of the three councils are as follows:

Local Authority	Minimum annual housing need figure (standard method)
Chorley	586
Preston	242
South Ribble	202

THE PROPOSED DISTRIBUTION OF HOUSING BY ICENI CONSULTANTS

14. The IcenI report reminds us that PPG states that circumstances where it may be appropriate to consider if actual housing need is higher than the standard method indicates, and this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:
 - growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);

- strategic infrastructure improvements that are likely to drive an increase in the homes needed locally;
15. PPG also states that where local housing need is being calculated for Local Plans which cover more than one area, the housing need for the defined area should at least be the sum of the local housing need for each local planning authority within the area. It will be for the relevant strategic policy-making authority to distribute the total housing requirement which is then arrived at across the plan area.
16. The table below sets out the proposed ratio to be applied when disaggregating the annual Central Lancashire Housing need figure.

TABLE OF PROPOSED DISTRIBUTION OF HOUSING ACROSS CENTRAL LANCASHIRE

	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 – homes per year (Iceni analysis applying current figures which will be subject to change upon new ONS data on household projections)	282	410	334	1,026

CONSULTATION OF PROPOSED DISTRIBUTION

17. The proposed distribution has been shared with a mailing list comprising of developers, planning agents and landowners as well as circulation to all parish councils and elected members.

IMPACT ON FIVE YEAR HOUSING LAND SUPPLY

18. Councils are required to maintain a five-year housing land supply and to monitor this, reporting annually as part of the annual monitoring report (AMR). Based on the existing arrangements, we apply the Core Strategy Policy 4 figure of 417 homes per year in this assessment.
19. The housing requirement for the borough for the period 2010-2026 as set out in Core Strategy Policy 4 is 6,834 dwellings. This is based on a requirement of 417 dwellings per annum and a prior under provision of 162 dwellings. Between 1st April 2010 and 31st March 2019 5,370 dwellings were completed in the borough. This leaves a requirement of 1,464 dwellings over the 7-year period 1st April 2019 to 31st March 2026. The annual target over this period is therefore 209 dwellings with a total of 1,045 dwellings required over the five-year period 1st April 2019 to 31st March 2024.
20. In accordance with paragraph 73 of the NPPF, an additional buffer of 5% is required to ensure choice and competition in the market for land. After adding this buffer, the total housing requirement for the five-year period 1st April 2019 to 31st March 2024 is 1,097 dwellings which is 219 dwellings per annum.

21. Therefore, is a total supply of 1,966 (net) deliverable dwellings over the five-year period 1st April 2019 to 31st March 2024 which is a 9.0-year deliverable housing supply.
22. The impact of adopting the revised MOU is different for Preston and South Ribble Councils compared to Chorley. For Preston and South Ribble, adoption essentially wipes out any under-delivery of housing from previous years as this has already been taken account of in the calculation. For South Ribble the under-delivery from 2003 using the current Local Plan figure would equate to 1,110 homes.
23. Conversely, for Chorley, the oversupply is erased (see paragraph 20) and therefore this means that calculating the five-year housing land supply based on the proposed ratio and arrangements. Applying this new formula, the 5-year housing land supply based on the MOU figure of 282 with a 5% buffer is 6.6 years.

IMPLICATIONS OF REPORT

24. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	X	Customer Services	
Human Resources		Equality and Diversity	
Legal	X	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

25. In terms of managing risk, this approach represents the most appropriate course of action. Central Lancashire has a proven track record of collaborative plan-making which is strategic and in accordance with requirements of NPPF and PPG. It ensures that development is sustainable and is plan-led supported by robust evidence.

COMMENTS OF THE STATUTORY FINANCE OFFICER

26. If agreed the budget will be adjusted for the expected annual growth in property numbers. The latest Government consultation suggests a reduction and eventual elimination in New Homes Bonus. As a result of this the budget impact of reducing the number of the homes delivered annually is reduced.

COMMENTS OF THE MONITORING OFFICER

27. The starting point for setting housing need is the standard methodology. However it is clear you can depart from this when assessing need across a wider footprint provided the approach taken is evidence based, reasonable and does not deliver across the wider area a housing figure less than that set by combining the figures set using the standard methodology. In this instance the proposed housing numbers across the 3 borough areas have been set using clear evidence and are reasonable. It is justified to depart from the standard methodology provided all parties agree to the MoU.

CHRIS SINNOTT
DEPUTY CHIEF EXECUTIVE/DIRECTOR OF EARLY INTERVENTION AND SUPPORT

Background Papers		
Document	Date	File

<p>Joint memorandum of understanding and statement of co-operation relating to the objectively assessed need for housing</p>	<p>19TH September 2017</p>	<p>https://democracy.chorley.gov.uk/documents/s78556/Council%20Report%20MOU%20and%20FOAN%20for%20Housing%2019th%20September%202017.pdf</p>
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Report Author	Ext	Date
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