

To: Cabinet
Date: 8 February 2023
Report of: Executive Director - Development
Title of Report: Oxford Local Plan 2040 Focused Consultation on Housing Need

Summary and recommendations	
Purpose of report:	The Cabinet is requested to approve the Oxford Local Plan 2040 Housing Numbers Consultation Document (Regulation 18 part 2) for consultation. This supplements the Preferred Options Consultation that took place in autumn 2022 with additional evidence about housing need. Cabinet is also requested to approve the associated adjustments to the Local Plan programme in the Local Development Scheme.
Key decision:	Yes
Cabinet Member:	Councillor Alex Hollingsworth, Cabinet Member for Planning and Housing Delivery
Corporate Priority:	Support thriving communities, Deliver more affordable housing Enable an inclusive economy; Pursue zero carbon Oxford;
Policy Framework:	Development Plan Document

Recommendation(s): That Cabinet resolves to:

1. **Approve** the Oxford Local Plan 2040 Housing Numbers Consultation Document (Regulation 18 part 2) for public consultation;
2. **Approve** the associated update to the Oxford Local Development Scheme 2023-28; and
3. **Authorise** the Head of Planning Services, after consultation with the Cabinet Member for Planning and Housing Delivery, to make any necessary editorial corrections to the documents and the supporting evidence base prior to going out to consultation.

Appendices	
Appendix 1	Oxford Local Plan 2040 Housing Numbers Consultation Document (Regulation 18 part 2)
Appendix 2	Local Development Scheme
Appendix 3	Equalities Impact Assessment
Appendix 4	Risk Register

Introduction and background

1. The purpose of this report is to seek approval for the Oxford Local Plan 2040 Housing Numbers Consultation Document (Regulation 18 part 2) (Appendix 1) to go out to consultation. A Preferred Options consultation was undertaken last autumn 2022. That consultation sought to gather views about potential policy approaches to the issues previously identified.
2. It was made clear in that consultation that a further consultation would be undertaken early in 2023 focused on housing need. Housing need was discussed in general terms in the Preferred Options document, but no figure of need was included. That was because the Oxfordshire Plan 2050 was intended to determine the housing need for Oxfordshire and apportion that to the districts, based on a spatial strategy. It had also been agreed by all of the Oxfordshire Local Planning Authorities that the Oxfordshire Growth Needs Assessment (OGNA), originally undertaken in 2019 to inform the Oxfordshire Plan, was out of date and needed updating, and work had commenced jointly on this. However, work ceased on the Oxfordshire Plan and the updated OGNA shortly before the Oxford City Council's Local Plan Preferred Options consultation, and there was not time to collect alternative housing need evidence before that consultation took place.
3. After work ceased on the joint OGNA evidence base on housing need for Oxfordshire, it was necessary to re-commission this part of the evidence base. Oxford City Council and Cherwell District Council partnered to jointly commission this work, called the Housing and Economic Needs Assessment (HENNA¹) (Cambridge Econometrics, Iceni, JG Consulting, available from the list of evidence studies on this page www.oxford.gov.uk/localplan2040). This has now been completed to inform the consultation document for the additional Regulation 18 (Part 2) consultation, and will be published alongside it, as well as the Green Belt Assessment of Additional Sites².
4. Given that the housing requirement in the local plan was likely to be capacity-based, the other preferred options and proposed site allocations would not be significantly affected by the housing number. Therefore, consultation went ahead on the Preferred Options document as planned, with this further, focused consultation to follow once the evidence was prepared.

¹

https://www.oxford.gov.uk/downloads/file/8338/oxfordshire_housing_and_economic_needs_assessment_%E2%80%93_2022

²

https://www.oxford.gov.uk/downloads/file/8339/oxford_local_plan_green_belt_assessment_of_additional_sites_-_january_2023

Housing Needs Consultation Document

5. The Oxford Local Plan 2040 Focused Consultation on Housing Need (Appendix 1) explains the methodology used in the HENA and the outcomes. It discusses considerations around identifying the appropriate housing need figure and compares that to the assessed housing capacity of the city to give an idea of the level of unmet need. Consultation questions are posed throughout regarding decisions that have been made about the methodology and scenario that is appropriate.
6. The Standard Method is the starting point for calculating housing need. Alternative methods to calculate housing need can be used, but a departure from the standard method must be justified. Any alternative approach must reflect current and future demographic trends and market signals.
7. The HENA considers 4 scenarios for calculating housing need. These scenarios look at the need for housing based on the anticipated additional population and formation of households. The first two scenarios are based on demographic projections, with affordability considerations also factored in. The projected population increase is then used to estimate the number of additional households. The other two scenarios consider how many additional jobs may be created. From this, the population needing homes is estimated (with an assumption about how many will be commuting into the county and therefore not needing homes in the county), and from that the number of additional households and therefore homes required is calculated.
8. These scenarios are:
 - the Standard Method (the method set out by Government, to be used unless there are exceptional reasons that justify an alternative approach. Based on 2014 population projections and factors in affordability ratio);
 - a Census-adjusted Standard Method (standard method updated in the HENA to apply demographic factors based on the 2021 Census);
 - Cambridge Econometrics Baseline Trend (based on economic forecasts for a broad range of sectors, aggregated);
 - Economic Development-Led (based on the LEP's Local Investment Plan that supplements the Local Industrial Strategy, developed before the recent economic downturn)
9. The HENA scenarios calculate housing need for Oxfordshire, not just Oxford. This is because Oxfordshire operates as a Functional Economic Market Area (FEMA) and Housing Market Area (HMA). The individual districts do not operate as self-contained areas within which people live and work and carry out their daily lives- instead the labour and housing markets function over the whole Oxfordshire area (with some in-commuting also).
10. The other advantage of calculating need for Oxfordshire is that this irons out issues with calculations by district. Applying the standard method and even the Census-adjusted standard method to each district individually factors in part suppression of household formation due to a lack of available and suitable land. This is very evident in Oxford particularly, where the limited land supply has suppressed household formation over a long period of time. As such, looking at Oxfordshire as a whole provides a far more robust figure of housing need.

11. Of the four scenarios, the CE Economic Baseline Trend scenario (based on Cambridge Econometrics Forecasts) is considered to give the most appropriate estimate of housing need to inform the Plan. The Standard Method is clearly not based on up-to-date demographic data. It underestimates the need for homes and if applied strictly as intended to Oxford only it factors in significant historic suppression of household formation due to lack of supply. The scenario based on the Local Investment Plan estimates the highest housing need. Given the potential downside risks to economic growth, the on-going impact from macro-economic events, and public funding constraints to slow down or prevent realisation of projects, the more cautious approach built into the Cambridge Econometrics model seems advisable at the current time.
12. The two middle scenarios (the Census-adjusted Standard Method and the CE Baseline Trends) give very similar results. This is not at all surprising because they both use past trends to consider future need. The robustness of these scenarios is demonstrated by their similarity. It is considered that either could be selected as an appropriate scenario for identifying Oxfordshire's housing need. Because the census releases are not complete, and because one reason for departing from the standard method is that it does not directly account for economic needs, the Economic Baseline Trend scenario is considered to be most appropriate.
13. Once a housing need figure for Oxfordshire is established, a method is then needed to divide this between the districts. The HENA explores several ways of doing this. The proposed method is to apportion the need by the forecast distribution of jobs across Oxfordshire in 2040 (the end of the proposed local plan period). The reasoning is explained in the HENA and consultation document. The following table shows the resulting need figures from each scenario by this means of apportionment, with the Economic Baseline Trends scenario highlighted. The need for Oxford is 1,322.

Distribution of District Housing Need by Distribution of Employment in 2040

		Housing Need Scenario			
CE Baseline Trend Employment Based Distribution		Standard Method	Census-Adjusted SM	CE-Baseline	Econ Dev't-led
Oxfordshire	100%	3388	4721	4406	5830
Cherwell	22.9%	776	1081	1009	1335
Oxford City	30%	1016	1416	1322	1749
South Oxfordshire	18%	610	850	793	1049
Vale of White Horse	16.2%	549	765	714	944
West Oxfordshire	12.8%	434	604	564	746

Housing and Levelling up Bill and Written Ministerial Statement

14. The Government is proposing changes to the planning system in the Levelling up and Regeneration Bill, with consultation currently underway on the first release of

details in a proposed update to the NPPF³, which affect the calculation of housing need. The Government has said that housing need should still be understood as a 'starting point' for local plans. It is then said that this should be informed by what can realistically be developed, without the need to look at Green Belt, push densities or build in flood plains. These proposals do not change the general approach in Oxford. The HENA is the right starting point, as it explores housing need. In Oxford, it was never likely that the housing need could be met, because of capacity constraints, and it was highly likely that we would have a capacity-based housing requirement in the Local Plan 2040. Aspects of the Government's proposals are discussed in more detail in the consultation document (Appendix 1).

Implications of housing need for plan making

15. The Local Plan 2040 must set out a total housing requirement for the plan period, setting out the number of houses that are required to be delivered each year. Currently, the Government checks delivery of housing in each planning authority in the Housing Delivery Test and there are sanctions if the requirement is not met. The Secretary of State's statement about planning reform has said that the housing need figure is a starting point, and there may be legitimate reasons not to use this figure as the ultimate target in the plan. In Oxford it has been argued successfully for a long time, in successive plans, that the housing requirement should be less than the identified need because of capacity constraints.
16. An interim Housing and Economic Land Availability Assessment (HELAA) was undertaken to inform the Preferred Options consultation that took place in October-November 2022. The interim assessment of capacity is c.9,147 over the plan period, or 457 dwellings per annum. The HELAA will be updated to support the draft local plan to be consulted on towards the end of 2023. The updated HELAA will need to reflect the proposed policies of the new local plan. The interim HELAA relied on existing policies. However, it is clear that the housing capacity of Oxford remains very significantly below the need. The housing need has been identified and there are clear negative impacts to sustainability and quality of life if it is not met. Further updates from the Government on planning reforms and the implications for unmet housing need will need to be monitored, but this is an important issue to continue to discuss with our neighbouring authorities.

Sustainability Appraisal

17. At the preferred options stage, a sustainability appraisal was carried out to assess the options against the sustainability objectives. This was developed from the Sustainability Appraisal Scoping Report which was published as part of the Issues Consultation last summer 2021. The Sustainability Appraisal was published alongside the Preferred Options Document and formed part of the consultation. The Sustainability Appraisal considered options for housing need, including setting a constraint-based housing requirement in the Plan. The draft Plan to be consulted

³

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1126647/NPPF_July_2021_-_showing_proposed_changes.pdf
[https://www.gov.uk/government/consultations/levelling-up-and-regeneration-bill-reforms-to-national-planning-policy](https://www.gov.uk/government/consultations/levelling-up-and-regeneration-bill-reforms-to-national-planning-policy/levelling-up-and-regeneration-bill-reforms-to-national-planning-policy)

on towards the end of 2023 will be supported by an updated Sustainability Appraisal.

Local Development Scheme

18. The Oxford Local Development Scheme (LDS) is a project plan that sets out timescales for the preparation and revision of documents forming part of Oxford City Council's Development Plan and other planning policy documents. The Local Plan is the name for the document that contains the majority of the Council's statutory planning policies. The LDS provides details on what the Development Plan documents will contain and the geographical areas they will cover.
19. The LDS is an important tool to enable local communities and interested parties to keep track of the Development Plan documents' progress and to ensure that they are aware of when opportunities for involvement are likely to arise. It is a statutory requirement that all local planning authorities prepare and maintain a LDS. An update to the LDS is required because of this second Regulation 18 consultation, which is not shown in the current LDS. To accommodate the second Regulation 18 consultation in early 2023 will require the consultation on the draft submission plan (Regulation 19) to be pushed back a few months from June-July 2023 as is shown in the current LDS to November-December 2023. This also delays the intended date of submission of the plan for examination from December 23 to March 24, with consequential delays to the expected hearing dates. The West End SPD has been removed from the LDS because it is now adopted, and the Oxfordshire Plan 2050 has been removed because it is no longer being pursued.
20. The Oxford Local Plan 2040 will need to be adopted by 2025 at the latest in order for it to have 15 years to run from adoption and to meet the legal requirements to complete a review within 5 years of adopting a development plan. In the LDS 2023-27 the following is therefore proposed for the next stages of production of the Oxford Local Plan 2040:

Local Plan Stage	Programme LDS 23-28
Consultation on housing needs (Reg18 part2)	February-March 23
Consultation on Draft Plan (Reg19)	November-December 23
Submit Plan for examination	By end March 24

Consultation

21. The consultation responses provide important input in forming and shaping the local plan. Consultation so far has involved the Issues consultation in summer 2021 and the Preferred Options consultation (Regulation 18 part 1) in October-November 2022. Engagement and consultation on the Local Plan 2040 Preferred Options Document will be consistent with the [Statement of Community involvement in Planning](#) and appropriate to the stage.
22. The consultation period for this housing need consultation will commence on 13th February 2023 and will run for six weeks until 27th March. An online campaign will run throughout the six-week consultation period. Statutory and non-statutory groups and businesses will be contacted during this time period too, alongside contacting all those previously involved in the Local Plan and those who have registered interest in planning documents.

23. There will be a further round of consultation, known as the ‘proposed submission’ plan (under Regulation 19). The proposed amendment to the Local Development Scheme envisages the proposed submission plan being published for consultation in November 2023.

Financial implications

24. The costs associated with the production of the Local Plan, including consultation, are being met through the annual Local Plan budget (with relevant carryovers as the spend profile is not even across the multiple years of the project), with additional funds asked for in the budget to take the Local Plan through to adoption. As the Oxfordshire local planning authorities have been unable to agree and progress the Oxfordshire Plan, more focus will now be on individual Local Plans. There are additional costs to the Local Plan associated with this approach, including the commissioning of the HENA that has informed this focused Housing Consultation Document. However, a budget had been set aside for the Oxfordshire Plan which can be used to meet these costs.

Legal implications

25. There are no specific legal implications arising from the recommendations set out in this report. There are legal requirements that must be followed through the production of the Local Plan, which will be considered by the Inspector at Examination.

26. The process for preparing the Local Plan is set out in the Planning and Compulsory Purchase Act 2004 (as amended) and the Town and County Planning (Local Planning) (England) Regulations 2012. Under Regulation 18 of the 2012 Regulations the Council must notify those who have an interest in the local plan and invite each of them to make representations. The consultation will include local residents, businesses, adjoining local authorities and other statutory bodies. In preparing the plan, the Council must consider any representation made to them in response to the invitations. The approach recommended in this report will meet the requirements set out in Regulation 18 of the Town and Country Planning (Local Planning) (England) Regulations 2012 for this stage of consultation.

Level of risk

27. The completed Risk Register is attached as Appendix 4.

Equalities Impact

28. Equalities impact is attached as Appendix 3.

Environmental Impact Assessment

29. The council is committed to addressing the effects of, and reducing our contribution towards, climate change. In 2019, the council declared a climate emergency and has committed to a series of actions. The Oxford Local Plan 2040 has sustainability, climate change and climate adaptation and mitigation as core themes

running throughout the plan. The Preferred Options document seeks to reflect this across all the chapters whether it is through design policies, parking policies, flooding, drainage or how to ensure the most efficient use of land. The draft Local Plan will be supported by a Sustainability Appraisal and Habitat Regulations Assessment.

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