

AGENDA

Environment and Economy Overview and Scrutiny Panel

Thursday, 25 September 2014 AT 10:00
In the Flensburg Room, Civic Centre, Carlisle, CA3 8QG

****Briefing meeting for Members will be at 9.15 am in the
Flensburg Room****

Apologies for Absence

To receive apologies for absence and notification of substitutions.

Declarations of Interest

Members are invited to declare any disclosable pecuniary interests, other registrable interests and any interests, relating to any item on the agenda at this stage.

Public and Press

To agree that the items of business within Part A of the agenda should be dealt with in public and that the items of business within Part B of the agenda should be dealt with in private.

Minutes of Previous Meetings

To approve the Minutes of the meeting held on 3 July 2014
[Copy Minutes in Minute Book Vol 41(2)]

To note the Minutes of the meetings held on 14 August 2014 and 8 September 2014
(Copy Minutes herewith)

Minutes - Environment and Economy Overview & Scrutiny **5 - 20**
Panel - 14 08 14

Minutes - Environment and Economy Overview & Scrutiny **21 - 24**
Panel - 08 09 14

PART A

To be considered when the Public and Press are present

A.1 CALL-IN OF DECISIONS

To consider any matter which has been the subject of call-in.

A.2 OVERVIEW REPORT AND WORK PROGRAMME **25 - 30**

To consider a report providing an overview of matters related to the work of the Environment and Economy Overview and Scrutiny Panel, together with the latest version of the Work Programme and details of the Key Decisions items relevant to this Panel as set out in the Notice of Executive Key Decisions
(Copy Report OS.21/14 herewith)

A.3 RE-THINKING WASTE PROJECT

The Director of Local Environment to give a presentation to the Panel that explains the Re-thinking Waste project.

31 - 140

A.5 QUARTER ONE PERFORMANCE REPORT 2014-15

141 -
158

The Policy and Communications Manager to submit a report that updates the Panel on the Council's service standards that help measure performance and customer satisfaction. The report also includes updates on key actions contained within the Carlisle Plan (Copy Report PC.13/14 herewith)

To be considered when the Public and Press are excluded from the meeting

-NONE-

Members of the Environment and Economy Overview and Scrutiny Panel

Conservative – Mrs Bowman, Mitchelson, Nedved (Chairman), Mrs Mallinson (sub), Mrs McKerrell (sub) Mrs Vasey (sub)

Labour – Caig (Vice Chairman), Dodd, Watson, Wilson, Bowditch (sub), Burns (sub), Harid (sub)

Independent – Graham, Betton (sub)

**Enquiries, requests for reports, background papers,
etc to Committee Clerk: Sheila Norton - 817557**

ENVIRONMENT AND ECONOMY OVERVIEW AND SCRUTINY PANEL

THURSDAY 14 AUGUST 2014 AT 10.00 AM

PRESENT: Councillor Nedved (Chairman), Councillors Mrs Bowman, Caig, Dodd, Graham, Mitchelson, Watson and Wilson

ALSO

PRESENT: Councillor Mrs Martlew – Environment and Transport Portfolio Holder
Councillor Mrs Bradley – Economy, Enterprise and Housing Portfolio Holder

OFFICERS: Deputy Chief Executive
Director of Economic Development
Director of Local Environment
Countryside Officer
Green Spaces and Bereavement Services Manager
Overview and Scrutiny Officer

EEOSP.43/14 APOLOGIES FOR ABSENCE

There were no apologies for absence submitted.

EEOSP.44/14 DECLARATIONS OF INTEREST

There were no declarations of interest affecting the business to be transacted at the meeting.

EEOSP.45/14 MINUTES OF PREVIOUS MEETINGS

RESOLVED – That the minutes of the meetings held on 10 April 2014 and 2 May 2014 be agreed as a correct record of the meetings and signed by the Chairman.

2) That the minutes of the meeting held on 3 July 2014 be noted.

EEOSP.46/14 CALL IN OF DECISIONS

There were no matters which had been the subject of call in.

EEOSP.47/14 OVERVIEW REPORT AND WORK PROGRAMME

The Overview and Scrutiny Officer presented report OS.20/14 which provided an overview of matters relating to the work of the Environment and Economy Overview and Scrutiny Panel and included the latest version of the work programme and Key Decisions of the Executive which related to the Panel.

- The Overview and Scrutiny Officer reported that the Notice of Key Executive Decisions, published on 18 July 2014, included the following items which fell within the remit of this Panel.

KD.13/14 – Development at Rosehill – the Executive would be asked at their meeting on 18 August 2014 to approve the release and leasehold disposal of the property on

final terms to be agreed by the Director of Economic Development and the Property Services Manager.

KD.16/14 – Adoption of North Pennines Area of Outstanding Natural Beauty (AONB) Management Plan – the Executive would be asked to consider the North Pennines AONB Management Plan and refer to Council for Adoption. Members of the Panel agreed at the meeting on 3 July 2014 that they did not wish to scrutinise the Management Plan.

There was discussion about whether it would be appropriate to scrutinise the report on the Development at Rosehill. The Overview and Scrutiny Officer explained that the Executive would be making a decision on the matter at their next meeting scheduled to be held on 18 August 2014 and that Members could call-in the decision if they wished to give it further consideration.

The next Notice was due to be published on 15 August 2014. There were no Key Decisions that fell within the remit of this Panel.

- Litter Bin Review Task Group – The Task Group had held their initial meeting on 24 July 2014. Members of the Panel approved the draft Terms of Reference for the Group.
- Claimed Rights – Memorandum of Understanding – Members had received a report on the transfer of Claimed Rights to the County Council at the last meeting of the Panel. Members were informed that Officers from Cumbria County Council had indicated that they were now prepared to enter into a memorandum of Understanding for residual services and that they would ask their Legal team to draft the appropriate documentation. Officers from Cumbria County Council had notified the Highways Manager that they were meeting with their solicitors on 12 August 2014 to discuss the Memorandum of Understanding.

The Carlisle Weed Spraying Programme for 2014 had been provided and the Director of Local Environment explained that there would be two applications with a third on the basis of need.

The Environment and Transport Portfolio Holder reminded Members that weed control was the responsibility of the County Council.

- A meeting of the Scrutiny Chairs Group had been held on 17 July 2014. Notes of the meeting were appended to the report. The Resources Overview and Scrutiny Panel had agreed to appoint a Task Group to look at Member Empowerment and Involvement and requested two nominations from the Panel. Councillors Caig and Nedved agreed to sit on the Task Group.
- Work Programme – The Overview and Scrutiny Officer presented the current work programme and advised Members that the programme had been amended to take into account the Panel's discussions at their meeting on 3 July 2014.

The Overview and Scrutiny Officer advised that the date of the meeting in October was 21 October 2014 and not 23 October as stated on the Work Programme. That meeting (21 October 2014) would be held in the Business Interaction Centre. Details would be sent out nearer the time.

The Director of Economic Development advised that the report on the Local Plan, which was scheduled for consideration at the meeting in September, would not have all of the relevant information and requested that the item be moved to a later meeting of the Panel.

RESOLVED – 1) That, subject to the issues raised above, the Overview Report incorporating the Work Programme and Notice of Executive Decisions items relevant to this Panel be noted.

2) That Councillors Caig and Nedved sit on the Member Empowerment and Involvement Task Group.

3) That the report on the Local Plan be deferred from the September meeting to a meeting later in the municipal year.

EEOSP.48/14 TALKIN TARN COUNTRY PARK

The Chairman reminded Members of the Panel that a Task and Finish Group had looked at the ongoing work at Talkin Tarn and had suggested that a Business Plan be submitted to the Panel for scrutiny. The Business Plan was not ready for scrutiny but Officers had provided an update of the work undertaken so far. The Business Plan would be submitted to the Panel in October 2014.

The Green Spaces and Bereavement Services Manager submitted Report LE.13/14 which provided the Panel with an interim report on the development of a business plan for Talkin Tarn Country Park and included the financial results for the year ended 31 March 2014, analysis of strengths, weaknesses, opportunities and threats, and initial ideas for addressing opportunities, which would be addressed further in the business plan.

The Green Spaces and Bereavement Services Manager apologised that the Business Plan was not ready for scrutiny as anticipated as more information was required. The Green Spaces and Bereavement Services Manager thanked the members of the Task and Finish Group for their suggestions some of which had been implemented.

The Green Spaces and Bereavement Services Manager reminded Members of the background to Talkin Tarn and advised that it was estimated that there were 120,000 visitors to the Park each year. Car Parking charges had been introduced in 2010 and increasing those charges would be an option for bringing in additional revenue.

Expenditure for the year, including maintenance of the park and running the tea room totalled £183,000. A contribution to central recharges of £60,000 brought that figure up to £243,000.

Income was generated through a number of streams and the total income for the year was £248,500.

The Green Spaces and Bereavement Services Manager was encouraged by the results which were a surplus of £5,500 on the year and made a £60,000 contribution to the City Council's central costs.

The Green Spaces and Bereavement Services Manager outlined the developments that had taken place over the previous twelve months.

A SWOT analysis indicated the strengths and weaknesses of Talkin Tarn as well as the opportunities and threats.

Survey data had indicated that the average contribution per visitor the Talkin Tarn Country Park was currently £1.00 and the total number of visitors was slowly increasing. Visitor numbers closely correlated to the weather and visitors were drawn from a wide catchment area including a significant number from the Tyne Valley.

The Green Spaces and Bereavement Services Manager outlined the objectives of the business plan which included the optimising of the customer experience at Talkin Tarn Country Park, from arriving at the park entrance, parking their car, assessing the woodland and lakeside, taking part in some of the activities on offer and enjoying some refreshments at the catering outlets. Within that framework it was important to ensure that the outstanding environment of Talkin Tarn was protected and conserved for future generations and that the commercial aspects of the park were in tune with the location.

The strongest safeguard for the future of the park would be evidenced by it performing as an asset to the City Council and that would mean it would have to be able to show a significant degree of financial self reliance. The SWOT analysis suggested there may be some additional development work to do on the commercial aspects of the Tarn in order to achieve that outcome. More details would be included in the business plan on the options available to the Council.

The Green Spaces and Bereavement Services Manager presented photographs of the changes that had been made at the Country Park, including improvements to the infrastructure, the Tea Room and some of the rare plants and wildlife that can be seen.

The Green Spaces and Bereavement Services Manager advised that there were a number of reviews on Trip Advisor which were very positive.

The Environment and Transport Portfolio Holder explained that it was vital that there was a balance between the provision of sporting/water activities and the nature of the area.

In considering the report Members raised the following comments and questions:

- *The road leading to the car park had been resurfaced. Was it made clear to the public that the funding for the work had come from funds raised from the car park?*

The Green Spaces and Bereavement Services Manager believed it was not and that was something that needed to be reinforced.

- *It was good to see that the loyalty card scheme, which had been one of the suggestions made by the Task and Finish Group, was working. It would be good for the Park if events such as Triathlons could be televised.*
- *Staff at Talkin Tarn work hard and the improvements are clearly visible. It is important to keep flexibility of hours of operation in line with weather conditions and possibly later opening.*

The Environment and Transport Portfolio Holder explained that the report stated that income at the Tarn was weather related and the weather had been good this year. The

Portfolio Holder believed that Officers needed to try to look ahead and think what may be needed and cater accordingly. The experience at Talkin Tarn had to be good whatever the weather.

- *How could the Council achieve that flexibility? It would be difficult to manage.*

The Green Spaces and Bereavement Services Manager agreed that it would be difficult to manage but many of the staff were on casual contracts and accordingly were happy to work additional hours. He gave an example of a forthcoming production of *The Tempest* at the Tarn which could include dinner prior to the performance. That would be required staff to work outside normal working hours. The issue would be included in the Business Plan.

- *How successful is the Membership Scheme at £52 per year?*

The Green Spaces and Bereavement Services Manager explained that the Membership Scheme provided free parking and other benefits. The scheme would be considered as part of the Business Plan but it was possible that people were not aware of the scheme.

- *Was the usage of the Education Cabin to be reviewed?*

The Green Spaces and Bereavement Services Manager advised that Mr Watson who held the water sports franchise had benefitted from pre-booked groups and that was something that could be built upon in relation to the Education Cabin. Officers were looking at other ways to use and market the Cabin eg for parties or small wedding receptions.

- *With the onset of winter it is important that the paths are kept in a suitable condition for wheelchairs, etc.*

The Environment and Transport Portfolio Holder advised that while access to the Park was vital it was also important to remember Talkin Tarn was a country park and it would be wrong to make it too urbanised.

- *Does holding back the Business Plan impact on the success of Talkin Tarn over the summer?*

The Green Spaces and Bereavement Services Manager did not believe that the delay in the delivery of the Business Plan would impact on the Country Park. When Officers receive firm recommendations they would be implemented but that would not be until next year.

- *How can we ensure there is a quick response to additional staff requirements in times of good weather?*

The Green Spaces and Bereavement Services Manager explained that staff often worked longer than advertised when the Park was busy but there does come a point when the coffee shop has to close. If people wish to purchase coffees/ice creams outside of those hours Officers would look at the potential benefits of the shop remaining open for longer. That issue would be considered as part of the Business Plan.

- *The report refers to commercial competition. Where is that competition?*

The Green Spaces and Bereavement Services Manager advised that the competition came from garden centres in Brampton which had coffee shops and Lanercost priory tearoom. Officers believed that it would be useful for those establishments to work with them. For example people would not spend a whole day at either Lanercost Priory or Talkin Tarn but could be encouraged to spend half a day at each.

- *How far had Officers investigated the possibility of holding a licence for weddings at Talkin Tarn?*

The Director of Local Environment advised that costs had been investigated and it was currently under consideration and would be included in the Business Plan as a proposal.

The Environment and Transport Portfolio Holder added that it would be a perfect venue for a wedding and that the matter should be explored further.

The Environment and Transport Portfolio Holder agreed to provide Members of the Panel with the results of the Customer Satisfaction survey.

RESOLVED: 1) That report LE.13/14 – Talkin Tarn Country Park be noted;

2) That a report including the Business Plan be submitted to the Panel at their meeting on 21 October 2014.

3) That the results of the Customer Satisfaction survey be made available to Members of the Panel at a future meeting.

EEOSP.49/14 CHAIRMANS ANNOUNCEMENT

The Chairman of the Panel advised that the item on the Carlisle City Centre (Draft) Development Framework would be taken as the next item on the agenda to facilitate the attendance of the consultant from GVA.

EEOSP.50/14 CARLISLE CITY CENTRE (DRAFT) DEVELOPMENT FRAMEWORK

The Director of Economic Development submitted report ED.30/14 that updated Members of the Panel on the recommendations and key proposals within the draft City Centre Development Framework including the arrangements associated with the current public consultation. The Director introduced Mr Argent who was the GVA consultant who had led on the retail capacity study. The Director gave a presentation that complemented the report.

The Director of Economic Development explained that GVA were appointed in June 2013 to prepare a Development Framework to guide future development in Carlisle City Centre to 2030. A key objective of the study was to identify suitable locations within the City Centre to accommodate future development to meet identified needs and specifically those relating to additional retail and leisure floorspace. That report was prepared in August 2012 and concluded that there was a significant quantitative and qualitative need for new Class A1 comparison (non-food) retail development within Carlisle over the period to 2030.

The National Planning Policy Framework, which all Local Plans must conform to, was categorical in requiring that identified needs for new development were met in full. The

priority for meeting that need should be within existing town and city centres subject to the availability of suitable development sites.

The 2012 Carlisle Retail study identified that there was a limited availability of potential development sites within the existing City Centre Primary Shopping Area which could accommodate substantive new retail development to meet the identified future needs. If appropriate sites could not be identified within deliverable timeframes the Council would be required to identify less central sites to meet the needs arising.

The Director of Economic Development explained the six stages that the City Centre Development Framework followed and advised that the current draft City Centre Development Framework represented stage five.

The Director of Economic Development informed Members that the Carlisle Retail Study had set out a number of recommendations and concluded that the market share enhancement would only be achieved if the new provision which came forward was of genuine quality to add to the existing clothing and fashion offer in particular. The study further recognised that the balance between attracting new retailers to the City and facilitating new opportunities for existing retailers to upsize would be particularly important to ensure that any new scheme(s) did not lead to the significant displacement of retailers from the existing primary shopping area. The City Centre Development Framework had been developed within the context of the recommendations within the Carlisle Retail Study and responded to the requirements of the National Planning Policy Framework to meet identified needs in full.

An initial consultation had been held in November 2013 which focused on defining and analysing key character areas and setting out issues and initial options within each of those areas. Since then technical information had been used to refine the draft development framework further. Each of the character areas had been categorised according to their potential for future change and prospective scope for intervention and the Director of Economic Development outlined those areas.

The Director of Economic Development further explained that recommendations in relation to each of those areas a consultation leaflet that had been circulated to Members of the Panel provided greater details on the recommendations for all of the character areas and the preferred option in responding to identified retail needs.

A five week consultation on the draft City Centre Development Framework began on 28 July 2014 and interested parties had until 1 September 2014 to submit comments. Consultation material was available through the Council's website and copies had been deposited at Carlisle Central Library and the Civic Centre. Copies had also been placed in each of the Group Offices within the Civic Centre. An exhibition displaying details of the City Centre Development Framework would be available throughout the consultation period at the Civic Centre and two public drop-in sessions had been arranged.

Details of the consultation were provided by the Director of Economic Development and a presentation on the draft City Centre Development Framework had been given at an Informal Council meeting prior to the start of the consultation.

Officers had already responded to a number of requests from interested parties and would continue to do so throughout the course of the consultation.

Following the close of consultation responses would be analysed and considered in the preparation of the final City Centre Development Framework Report. Further to that the recommendations and proposals within the final City Centre Development Framework would be used to inform relevant aspects of Carlisle's emerging new Local Plan and the 'publication' draft of the City Centre Development Framework which would be subject to its own consultation in early 2015.

The Director of Economic Development explained that further work would need to be undertaken to support that the eventual preferred option(s) for new development being taken forward would be suitable, available and deliverable.

The Director of Economic Development confirmed that Officers would continue to accept comments when the consultation closed on 1 September 2014.

The Economy, Enterprise and Housing Portfolio Holder was concerned that people would react to headlines and not read the whole content of any articles in the press. She reiterated that the proposals were indicative of what may happen, that they were not definite decisions and that any changes may not happen for several years.

In considering the report Members raised the following comments and questions:

- *Any development of the City Centre would have to reflect the heritage of the City.*

The Economy, Enterprise and Housing Portfolio Holder advised that the proposals on the area retained some of the important buildings within the City.

- *Was the demolition of the Civic Centre a realistic option? It was an iconic structure.*

The Director of Economic Development explained that the issue had been raised at a recent informal Council meeting and opinions were divided. That decision would be taken at some point in the future with regard to what was important for the City Centre.

- *Architects don't always design buildings that people want. It is important that we help the Development Control committee to make wise decisions in relation to the City Centre.*

The Economy, Enterprise and Housing Portfolio Holder advised that a development brief would be drawn up and put out to consultation. Professionals would be invited to submit designs and there could be a competition to determine the final design. There would be prestige linked to the design.

The area would be most visible on the approach from the Stanwix area and it would be a challenge to create an iconic impact. The Portfolio Holder advised that the Development Control Committee had in the past refused applications and requested architects to make plans for acceptable.

Mr Argent explained that the draft framework was about the principle of bringing forward a scheme. Designs would come forward when the principle of that scheme had been agreed. The National Planning Policy Framework stated that development had to be sensitive to the historical environment. The reasons for the consultation at this stage were to look at whether there was a need to expand the retail core, and to decide whether the site was right and whether the Civic Centre should remain or be demolished.

- *Was there a separate report on the retail study? Would Members have access to that report?*

Mr Argent advised that there was a retail study that defined the natural catchment area. Consultants had looked at the urban and outlying areas as well as Allerdale and Copeland and as far as the Yorkshire Dales. The study was to assess on clothing shopping as that was the main reason people travelled to other shopping centres.

The Director of Economic Development informed Members that the Retail Study report was available on the internet.

- *Members had been advised that the Crown could do what they wished with the Crown buildings eg Magistrates Court and that the City Council would have no input. Could that building be demolished as part of the proposals?*

The Director of Economic Development explained that the Crown did have certain powers and were now saying that they did not need as many buildings as in the past. Discussions with the Ministry of Justice were ongoing.

- *With regard to the consultation what type of questions were asked? How many people were contacted? What were the responses?*

The Director of Economic Development advised that the consultation had been similar to that undertaken for the Local Plan. There were no closed questions; people were invited to attend consultation events and leave comments. A recent event in the Assembly Rooms had been well attended and a number of Officers from the Economic Development team were in attendance. People asked questions and left responses.

- *Had Officers talked to the residents of the Rickergate area?*

The Director of Economic Development explained that Officers had spoken to the residents that could be affected by the proposals. Letters had been sent to them prior to the consultation and the Development Manager had met with the Save Our Streets group. The Director confirmed that she would be happy to meet any of the residents to discuss the draft framework if requested.

- *Had the retail study identified the requirements for the next 20 years? Was the development to be done in stages?*

Mr Argent explained that the retail study was up to 2030 and looked at development in five year increments.

- *Would there still be some requirements under Council policy?*

The Director of Economic Development explained that planning guidance stated that the City Centre took preference when looking at retail development. Larger stores that would naturally be out of town such as DIY stores would be different and there would need to be a planning statement indicating why the development was out of town.

Mr Argent advised that the retail study and the draft development framework was looking more at the high street style of shopping.

- *Had the cost of replacing the Civic Centre been taken into account?*

The Economy, Enterprise and Housing Portfolio Holder explained that that decision was outside of the planning process.

- *It would be a large cost that would need to be factored in. Members believed that it was important that the Civic Centre was not relocated out of town.*

The Director of Economic Development agreed and stated that at present consideration was being given to the retail requirement issues and the protection of the City Centre. When the Business Case and Business Plan were taken forward consideration would be given on where the City Council would be re-located if necessary but Officers were keen to keep it in the City Centre.

- *The areas identified for retail expansion were to the north of the City Centre. That could lead other areas into decline eg the Citadel area.*
- *If the City Centre was to move to the north there could be implications in relation to the road layout.*

The Director of Economic Development agreed that traffic would be a key issue and stated that there would be consultation with the Highway Authority as part of whole package of issues that would need to be addressed.

The Deputy Chief Executive advised that consideration of possible relocation of the Civic Centre would be a subject for debate. There had been changes within the City Council and staff numbers had reduced.

- *Was it likely that the car park in Lowther Street would be given preferential status for development?*

The Director of Economic Development advised that it would be necessary to fit in the required 200,000 sq ft where possible. If a developer came forward for that site the application would be considered on its merits.

- *Planning permission had been granted for the site on Caldew Riverside. Would development on the site be implemented?*

The Director of Economic Development explained that planning permission had been granted to Tesco who had implemented that approval in planning terms as they wished to keep the permission live.

- *How had the evidence for the 200,000 sq ft been calculated?*

Mr Argent advised that the requirement had been calculated using methodology devised by GVA based on population growth, performance of the City Centre, numbers and physical constraints. From that figure 15% is removed to take account of on-line shopping. The reality was that Carlisle was a sub-regional centre with capacity for growth and in a wide catchment area.

- *Was there sufficient evidence that another department store was required?*

Mr Argent explained that some soft marketing had been undertaken that had indicated the need for retailers.

- *What were the effects of on-line shopping?*

Mr Argent further explained that the retail trend was that there were fewer, but larger, stores in the catchment area. Retailers still wanted new shops to display merchandise alongside the internet provision. The retail study acknowledged that spend was lost by people shopping on-line.

- *A Member requested that Members receive a full copy of the responses from the consultation.*

The Director of Economic Development confirmed that a short report on the responses could be submitted to the next meeting of the Panel. A full report would be submitted as part of the consideration of the Local Plan.

The Chairman thanked Mr Argent for his attendance and input at the meeting.

RESOLVED: 1. That report ED.30/14 – Carlisle City Centre (Draft) Development Framework – be noted.

2. That an update on the consultation feedback to submitted to a future meeting of the Panel.

EEOSP.51/14 UPDATE ON THE SENSE OF PLACE PROGRAMME

The Director of Economic Development submitted report ED.29/14 which updated Members on the implementation of and key initiatives associated with the Carlisle Sense of Place programme.

The Director of Economic Development outlined the background to the Carlisle Story and advised that a number of further initiatives had been instigated with partners as a means of pro-actively driving the Sense of Place agenda.

One of those initiatives was the Ambassador Scheme which was launched in July 2013 and had brought together businesses from across the City with the common purpose of bringing the Carlisle Story to life. There were currently 59 organisations signed up to the Ambassador programme, including the City Council. A number of Ambassador events had taken place over the past year and it was anticipated that the next series of events would commence in September.

The Prospectus built on the Carlisle Story and constituted a powerful promotional document. The content was designed to provide an introduction to Carlisle and employed the Sense of Place branding to aid a consistent marketing approach. It was the intention that the Prospectus would feature within and headline similarly branded folders the content of which could be easily tailored to suit the needs of an event, opportunity or specific agenda.

No formal launch of the Prospectus had taken place but copies had been made available at the recent Ministerial Announcement of successful Local Enterprise Partnership

Funding in Longtown and at the recent Carlisle Partnership Annual General Meeting. Initial feedback had been very positive.

Two different size copies of the document would be available as well as an electronic copy. In due course it would be made available to all who wish to use it as part of their own marketing material.

The Director of Economic Development explained that the numerous resources associated with the Sense of Place programme would be free of charge to any local business wishing to make use of the key documents and branding. The Director of Economic Development outlined the existing resources available.

To maximise the benefits of employing those resources and to secure the best level of support those businesses wishing to make use of the programme were encouraged to participate in the Ambassador Programme. The Sense of Place programme operated alongside and complemented other local programmes and initiatives which also supported the programme.

Assorted marketing material had featured at numerous events and conferences in Carlisle, Kendal and Gateshead.

The Director of Economic Development gave an example of how the programme worked in practice and benefitted the area. The Local Government Association had also approached the City Council to provide a case study of the Sense of Place campaign at a recent conference in Bournemouth.

In order to sustain the momentum of the programme and increase its success the Ambassadors Group had identified a need to appoint a dedicated programme manager. To allow that to move forward funding was now in place to support an appointment on a full time basis for an initial twelve month period with the cost of doing so being match funded by the private sector.

In order to sustain the post in the longer term a key role of the Place Manager would be to work with the Ambassadors and local businesses to sell the benefits of supporting and buying into the programme. Unfortunately the recruiting panel were unable to appoint from those applicants who had been shortlisted for interview and options were currently being considered which would ensure that the Ambassador programme did not lose momentum.

The costs associated with the programme to the end of June 2014 were included in the report. The costs covered all aspects of the programme with the exception of the Prospectus which had been met by the City Council within existing economic development related budgets.

So far the cost of the Sense of Place programme had been funded through a private/public sector partnership. The delivery of the four Ambassador events had been funded entirely by those who hosted them and Ambassadors had been offering significant incentives directly in response to the Sense of Place programme through discounted products and services.

In considering the report Members raised the following comments and questions:

Ambassadors Scheme

- *Members had been notified which large businesses were taking part in the Ambassadors Scheme. Were they the board that was making the decisions on funding? Which small businesses were involved?*

The Director of Economic Development explained that a number of small businesses sat on the board and attended the Ambassadors group meetings but more small businesses were needed.

- *The cost to small businesses of being part of the Ambassadors scheme was £500. Was that prohibitive?*

The Director of Economic Development advised that the figure indicated a contribution and was negotiable and she was happy for that to be reflected in the documents. Similarly the contribution from sole traders was negotiable.

- *The Carlisle Story proposed Carlisle as the City of the Lakes. For some time there had been attempts to make Carlisle a destination in its own right.*

The Director of Economic Development agreed that Carlisle needed to stand up and promote itself. The title City of the Lakes came from the consultation work following discussions with communities and businesses. It could not be ignored that Carlisle was adjacent to the Lake District. The title was a way of marketing the city and businesses had been supportive.

- *There were differing views between businesses and the tourist industry. The Carlisle Story appeared to be promoting Scotland. Signage on the M6 showed Scotland above Carlisle.*

The Deputy Chief Executive advised that the issue was part of the interpretation of the Carlisle Story. The point was to show the location of Carlisle as people outside of Carlisle found it difficult to locate the City.

- *That was not clear. Showing Carlisle as the gateway offered a different aspect that could be misinterpreted.*

The Deputy Chief Executive explained that the Carlisle Story was in its early stages and it was an attempt to show the location of the City. The remainder of the prospectus showed how great the City was but more work was needed. The Deputy Chief Executive confirmed that he would pass Members' comments on to the Ambassadors Group.

- *A Member stated that he would like to see the results of the Ambassadors Scheme.*
- *With regard to tourism, the Ambassadors Scheme was mainly big businesses and tourism was not necessarily just about tourism but could also be of benefit to businesses.*

The Deputy Chief Executive explained that there were different scales of tourism providers. Two of the Ambassadors meetings had been on tourism – one had been about Tullie House and the other about tourist activity in the region.

The Director of Economic Development added that it was important to get the balance right and the Carlisle Story was promoting all businesses including tourism.

- *As it had not been possible to appoint a Place Manager would the emphasis now be across the whole sector including tourism?*

The Director of Economic Development agreed that tourism was an important part of the Carlisle Story but was very diverse and involved a lot of small businesses.

The Economy, Enterprise and Housing Portfolio Holder stated that she was happy that so many businesses had shown an interest in and were promoting the City. She hoped Carlisle would continue to attract more businesses to develop the City further.

- *What has the Ambassadors Group achieved in the past year?*

The Director of Economic Development advised that the group had looked at branding which had been evident on hoardings, e-banners and in the foyer of the Civic Centre. Discussions were also taking place with Virgin trains with regard to the refurbishment of the station. The Director advised that she would circulate a list of achievements made by the Ambassadors Group.

- *Some businesses had advised that they had difficulty accessing and downloading the branding and had given up. Also larger companies had their own corporate designs and may not wish to use the Carlisle Story branding.*

The Director of Economic Development advised that if people had difficulty downloading the branding it was available either on CD or memory stick by contacting the Economic Development department.

Resources

- *The report stated that the cost to the City Council so far this year was £929. Was that figure likely to change by the end of the year?*

The Director of Economic Development explained that that was difficult to predict. However all spending was scrutinised to ensure it was spent effectively. The Director of Economic Development did not anticipate the costs would be as high as previous years. The cost of the Place Manager had not been factored in as that cost was already included in the Economic Development budget.

- *Who were the target audience for the Prospectus?*

The Director of Economic Development explained that Mr Stevenson MP had wanted something to give to people to promote Carlisle. Officers had produced the Prospectus which could be given out by the MP and businesses to people outside of Cumbria. There was also a booklet and a folder into which businesses, including the tourist sector, could put information relevant to their own business.

- *There are no contact details on the Prospectus.*

The Economy, Enterprise and Housing Portfolio Holder advised that the Prospectus was part of the pack which included contact information. The campaign had achieved national recognition including from the Government and had been held up as an example.

The basic idea of the pack was to enable Carlisle to be seen as an attractive place to visit and to set up a business. Carlisle currently had an aging population and it was important to attract and keep young people in the area.

- *With regard to the Place Manager it had been stated that that post may now have a marketing role. What was the City Council's contribution and was that ongoing?*

The Director of Economic Development advised that the cost was £25,500 and options of the role were being reviewed.

- *Who is the lead with regard to the Place Manager role – businesses or the City Council?*

The Director of Economic Development advised that ownership was with the steering group which the City Council were supporting.

RESOLVED: 1. That report ED.29/14 – Update on the Sense of Place Programme – be noted.

2. That a further report be submitted to the Panel in March 2015.

(The meeting ended at 12.15 pm)

SPECIAL ENVIRONMENT AND ECONOMY OVERVIEW AND SCRUTINY PANEL

MONDAY 8 SEPTEMBER 2014 AT 10.00 AM

PRESENT: Councillor Nedved (Chairman), Councillors Mrs Bowman, Caig, Dodd and Mitchelson

ALSO

PRESENT: Councillor Glover – Leader
Councillor Mrs Martlew – Environment and Transport Portfolio Holder
Councillor Mrs Bradley – Economy, Enterprise and Housing Portfolio Holder
Councillor Ellis
Councillor Mrs Prest
Councillor J Mallinson

OFFICERS: Deputy Chief Executive
Director of Economic Development
Director of Resources
Strategic Property Manager
Legal Services Manager
Overview and Scrutiny Officer

EEOSP.52/14 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillor Wilson.

EEOSP.53/14 DECLARATIONS OF INTEREST

Councillor Mrs Bowman declared an interest in Agenda Item B.1 – Development at Rosehill in accordance with the Council's Code of Conduct. The interest related to the fact that a member of her family is employed at Rosehill and her husband is a member of the Insurance Indemnity Fund of which includes H&H.

EEOSP 54/14 – PUBLIC AND PRESS

Members challenged the Executive as to why the whole matter was restricted to Part B as they felt that the report could be split into two, principle in Part A , confidential details in Part B. The Legal Services Manager explained the reasons why the item was placed in Part B and advised that it would be difficult to consider all of the issues in public as they related to the business and financial affairs of the Council and H&H.

EEOSP.55/14 CALL IN OF DECISIONS

(Public and Press excluded by virtue of Paragraph 3)

The Chairman of the Environment and Economy Overview and Scrutiny Panel reported that Executive Decision EX.93/14 from the Executive on 18 August 2014 – Development at Rosehill – had been called-in by Councillor Nedved as Chairman of the Panel.

The Executive had decided:

“That the Executive:

1. Noted the current position regarding the proposed disposal to H&H set out in Report ED.22/14.
2. Granted a lease to H&H at best consideration, based on valuation, on final terms to be agreed by the Director of Economic Development and the Director of Governance. “

The reason for the decision by the Executive was:

“As detailed within Report ED.22/14”

The reasons given by the Members for the call-in were:

- “To scrutinise the decision making process and external advice given to the Council;
- To question whether or not the Council is maximising the value of the asset, and
- Lack of consultation”.

In considering the decision Members raised the following comments and questions:

- *There was a lack of consultation. What advice was the Executive given with regard to remediation of the site and obtaining the best valuation?*

The Economy, Enterprise and Housing Portfolio Holder explained that this information was contained within the report and that there were a number of economic advantages which were considered when making the decision including possible alternative uses of the site and any impact on other areas of the City, the nature of the proposed development and the employment opportunities this would bring.

- *Were there alternative proposals which could be considered?*

The Leader explained that the advice was contained within the report on the complicated legal issues which restricted the Council in relation to this.

In response to a query the Strategic Property Manager confirmed the nature of the legal constraints on the site and that the whole site would be required for the proposed development.

- *Would there be varying levels of remediation work required on the site, and consequently cost, dependent upon the nature of the development?*

The Strategic Property Manager stated that the level of remediation would vary with the end user.

The Director of Economic Development added that remediation work on the whole site had been explored and the remediation work would be different for different uses. The cost had been assessed having regard to the proposed use.

There was considerable discussion around the legal issues in relation to the site.

The Strategic Property Manager advised that an independent valuation of the site had been undertaken and the Executive had considered that information.

- *It would have been helpful if that information had been passed to Members earlier.*

The issues in relation to the site were no different to those considered in 2006 but the Executive had decided that it would not be appropriate to do nothing with the site. The proposals had support from the LEP as it would lead to an increase in the number of jobs available.

- *Members appreciated the benefits of the proposals but were concerned about transparency. What other options had been explored?*

The Leader explained that the legal issues meant that other options were limited. The Legal Services Manager clarified the legal issues.

- *Rosehill is a business park and not an industrial estate. The Expo on the site brings economy into the City. There was still concern that the Executive could have been more open and accountable.*

The Economy, Enterprise and Housing Portfolio Holder stated that it was important to support the business on Rosehill but she was disconcerted that a Member was focussing on the potential financial benefits rather than the other economic advantages of the proposal. The matter was complex and the Executive's decision would result in numerous economic benefits to the City including employment opportunities and site improvement.

The Director of Resources advised that there were a number of significant financial advantages to moving the matter forward quickly.

- *It is important that all avenues are explored fully. It does not feel as if full consideration has been given to all the issues eg car parking. The proposed arrangements for car parking on the site could result in difficulties elsewhere.*

The Director of Economic Development reminded Members that the report was clear in respect of car parking provision within the proposed development.

The Strategic Property Manager explained that the current parking provision was poor and not in keeping with the estate. The proposal would provide a much improved facility.

- *The decision could create parking problems which would affect businesses on the estate.*

The Director of Economic Development advised that the issues had been raised with the potential developer who would not do anything to compromise their business.

There was discussion about the access to the car parking on the site.

- *Have all the opportunities in relation to the site been explored?*

The Strategic Property Manager advised that at the present time the Council had limited scope to consider other opportunities because of the legal constraints on the site.

- *Would grant aid be available for the remediation of the site?*

The Director of Economic Development explained that the possibility of funding from the LEP had been explored but that it had been agreed that it was preferable for the developer to obtain funding themselves.

- *How would the development comply with European procurement legislation?*

The Legal Services Manager reminded Members that the detailed legal comments were included in the report and clarified these for the purposes of the meeting.

- *Why is the decision not being referred to Council?*

The Legal Services Manager explained the reasons why the decision did not need to be referred to Council.

- *Has there been adequate debate in respect of the proposal?*

The Leader advised that the matter had been fully debated.

The Council and H&H have taken advice over the legal issues and there was no clear cut solution.

The Legal Services Manager explained that the legal position with regard to the constraints on the site was complicated and arguments could be mounted for either position. The only way to determine the issues would be to apply to a Tribunal which would be lengthy and costly.

In response to a query from a Member the Director of Resources explained that car parks were taken into account when assessing the rateable value of businesses.

- *Are business rates reinvested in businesses or put into the general pot?*

The Deputy Chief Executive advised that the Council had no policy at present with regard to re-investment and therefore revenue was included in the general budget figures.

RESOLVED: 1) That the Environment and Economy Overview and Scrutiny Panel were critical of the Executive for dealing with this matter in Part B. Therefore the Panel request that this item is referred back to the Executive to be split into two – the principle in Part A and confidential details in Part B.

2) For transparency and consultation, the Panel request that the Executive review whether the Council is getting value for money in respect of development at Rosehill.

(The meeting ended at 11.20 am)

Economy & Environment Overview and Scrutiny Panel

Agenda
Item:
A.2

Meeting Date: 25th September 2014

Portfolio: Cross Cutting

Key Decision: No

Within Policy and
Budget Framework

Public / Private Public

Title: OVERVIEW REPORT AND WORK PROGRAMME

Report of: Overview and Scrutiny Officer

Report Number: OS 23/14

Summary:

This report provides an overview of matters related to the Economy & Environment O&S Panel's work. It also includes the latest version of the work programme.

Recommendations:

Members are asked to:

- Decide whether the items on the Notice of Key Executive Decisions should be included in the Panel's Work Programme for consideration.
- Note and/or amend the Panel's work programme

1. Notice of Key Executive Decisions

The most recent Notice of Key Executive Decisions was published on 12th September 2014 and has been circulated to all Members. The following issues fall into the remit of this Panel:

KD.20/14 – Talkin Tarn Business Plan – the item was included in the Work Programme for consideration at the meeting of the Panel on 21 October 2014.

2. References from the Executive

The Executive will meet on 15th September after publication of this report. Any references will be circulated to Members of the Panel.

3. Next Meeting of the Panel – 21st October 2014

The meeting will be held in the Business Interaction Centre, Paternoster Row in the morning to hold a session on business support. The Chair has requested that the Panel break at 12 noon and reconvene at the Civic Centre at 1pm to consider the other items on the work programme.

4. Work Programme

The Panel's current work programme is attached at **Appendix 1** for comment/amendment.

Contact Officer: Nicola Edwards **Ext:** 7122
Appendices attached to report: 1. Economy & Environment Work Programme 2014/15

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

Issue Portfolio Holder & Lead officer	Type of Scrutiny					Comments/status	Meeting Dates							
	Performance Management	Key decision Item/Referred from Executive	Policy Review/Development	Scrutiny of Partnership/ External Agency	Monitoring		3 Jul 14	14 Aug 14	25 Sep 14	21 Oct 14	27 Nov 14	22 Jan 15	12 Mar 15	23 Apr 15
CURRENT MEETING – 25 th September 2014														
Re-thinking Waste Project Cllr Martlew/Angela Culleton		✓	✓	✓	✓	Sept – Presentation on project Nov – Meeting dedicated to waste issues			✓		✓			
Performance Monitoring Reports Steven O'Keefe/all PH	✓				✓	Monitoring of performance relevant to the remit of Panel	✓		✓		✓		✓	
Local Plan Cllr Bradley/Jane Meek		✓				August – City Centre Development Framework September – evidence base for the revised housing target and the SHMAA		✓	✓		✓			
TASK AND FINISH GROUPS														
Litter Bin Review			✓			Cllrs Dodd, Nedved and Wilson – scoping review		✓						
Business Support			✓			To commence in Oct 2014				✓				
FUTURE MEETINGS														
Business Interaction Centre				✓		To receive an update on the Centre				✓				

Issue Portfolio Holder & Lead officer	Type of Scrutiny					Comments/status	Meeting Dates							
	Performance Management	Key decision Item/Referred from Executive	Policy Review/Development	Scrutiny of Partnership/ External Agency	Monitoring		3 Jul 14	14 Aug 14	25 Sep 14	21 Oct 14	27 Nov 14	22 Jan 15	12 Mar 15	23 Apr 15
Talkin Tarn Cllr Martlew/Angel Culleton			✓			Interim report August. Business Plan in October	✗	✓		✓				
Carlisle Story Cllr Bradley & Glover/Jane Meek				✓		Report to include prospectus for Carlisle and Sense of Place update		✓						✓
TIC and Public Realm		✓			✓	Update on projects				✓				
Section 106 Agreements Jane Meek/Cllr Bradley					✓	Panel requested report detailing outstanding Section 106 agreements – to receive annual report on monies spent							✓	
Environmental Performance of the Council Arup Majhi/Cllr Tickner			✓		✓	Annual Monitoring of performance. For information then within performance report in future years.						✓		
Budget Peter Mason/Darren Crossley/All Portfolio Holders		✓	✓			To consider budget proposals for 2015/16					✓			
Skills Audit			✓			To receive report detailing outcome of audit						✓		
Scrutiny Annual Report			✓		✓	Draft report for comment before Chairs Group								✓
COMPLETED ITEMS														

Issue Portfolio Holder & Lead officer	Type of Scrutiny					Comments/status	Meeting Dates							
	Performance Management	Key decision Item/Referred from Executive	Policy Review/Development	Scrutiny of Partnership/ External Agency	Monitoring		3 Jul 14	14 Aug 14	25 Sep 14	21 Oct 14	27 Nov 14	22 Jan 15	12 Mar 15	23 Apr 15
Claimed Rights Angel Culleton/Cllr Martlew		✓				Monitoring of Highways services following transfer to Cumbria CC	✓							
Recycling			✓			Executive response to Task Group Report	✓							

Report to Economy & Environment Overview and Scrutiny Panel

Agenda
Item:

A.4

Meeting Date: 25th September 2014
Portfolio: Economy, Enterprise and Housing
Key Decision: No
Within Policy and Budget Framework: Yes
Public / Private: Public

Title: **Strategic Housing Market Assessment Update**
Report of: Director of Economic Development
Report Number: ED 34/14

Purpose / Summary:

To update Members of the Economy and Environment Overview and Scrutiny Panel on the key findings and recommendations within an update of the Council's Strategic Housing Market Assessment.

Recommendations:

That Members note the content of the report.

Tracking:

Executive:	N/A
Overview and Scrutiny:	25 th September 2014
Council:	N/A

1. BACKGROUND

- 1.1 The National Planning Policy Framework¹ (NPPF) requires local planning authorities to plan to meet the full objectively assessed development needs for their areas, and therefore requires Local (Development) Plans to be informed through robust evidence. With regards to understanding and establishing future needs for housing, including affordable housing, the most commonly accepted method is to undertake an assessment known as a Strategic Housing Market Assessment (SHMA).
- 1.2 The housing targets within the emerging Carlisle Local Plan have to date been informed by an assessment which was undertaken in 2011. Whilst the findings of such an assessment would normally endure beyond a five year period, the emergence of significant new evidence in the form of new Census data; updated national household and population projections; and updated economic forecasts, has prompted a need to act to update the assessments key outputs.
- 1.3 Key outputs from the study include establishing, for the district, overall levels of housing need, overall levels of affordable housing need and the mix of new housing required in terms of unit size (by reference to bedrooms) and tenure (open market, intermediate or affordable rent). These key outputs are used to directly inform targets and policies within the emerging Local Plan, and in this regard the study constitutes a critical piece of the evidence base underpinning the emerging Carlisle District Local Plan (2015-2030).
- 1.4 A copy of the draft SHMA update report, inclusive of an executive summary, is appended to this report. The report is anticipated to be finalised prior to the end of September and published as a key component of the Local Plan evidence base shortly after.

2. METHODOLOGY

- 2.1 Guidance on undertaking assessments of housing need are set out in the National Planning Policy Guidance² which was published earlier in 2014. This guidance identifies that such exercises are “*not an exact science*” but sets out some key and common factors assessments should consider. Importantly the guidance makes clear that plan makers should “*avoid expending significant resources on primary*

¹ CLG (2012) National Planning Policy Framework. Available at URL: <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

² CLG (2014) National Planning Practice Guidance. Available at URL: <http://planningguidance.planningportal.gov.uk/>

research” as this will in many cases be a disproportionate way of establishing an evidence base and instead advises relying “*predominantly on secondary data*”. The update of the SHMA fully accords with the most up to date Government guidance and follows the approach advocated in relying on secondary data.

- 2.2 The base date for the projections employed in the assessment is 2013 and estimates of need are therefore expressed between the period 2013 - 2030. The base date correlates with the base date of the available data sources where as the end date correlates with that of the emerging Carlisle District Local Plan (2015 - 2030).

3. KEY FINDINGS AND RECOMMENDATIONS

- 3.1 In terms of overall housing need the updated assessment identifies that between 2013 and 2030 a range of between 8,200 and 9,600 new homes are required, equating to an annual average of between 480 to 565 net new dwellings per annum. The lower end of this range is based purely on demographic trends with the upper end of the range taking into account and therefore being driven by the need to support and sustain projected employment levels (job numbers). This proposed range of housing delivery would, if achieved, represent an increase against the existing number of homes within the district of between 16 and 19 percent.
- 3.2 Affordable housing need describes the quantity of households who cannot meet their needs in the housing market without support. The assessment estimates that in the period from 2013 to 2030, an additional 5,011 affordable homes will be required, equating to an annualised average of 295 net new affordable homes. This evidence supports that there is a continued need for new affordable housing within the District and that the Council is justified in seeking to secure additional affordable homes through the planning system, as well as considering how it can utilise its own assets and work with partners to increase delivery.
- 3.3 The draft report recommends that the evidence on affordable housing need supports that policies within the emerging Local Plan should pursue between 25 and 30% of new homes on qualifying (depending on location and site size) development sites as affordable. It also recommends that 30% of the secured affordable housing should be for intermediate products (e.g. low cost home ownership or shared ownership) where as 70% should be for social/affordable rent. It must be recognised however that ultimately such targets also need to be informed by evidence on viability.

- 3.4 In terms of overall housing need geographically within the District, the analysis generally supports that the spatial strategy being pursued through the emerging Local Plan, which proposes 70% of planned housing provision within Carlisle City and 30% within the Districts rural area, is supported by the evidence and therefore remains robust. The key analysis within the report also considers need across three sub-district levels known as Rural West, Rural East and Carlisle Urban, the composition of which are identified in Figure 1 by reference to wards.

Figure 1: Wards in each Housing Market Area	
<i>Area</i>	<i>Wards</i>
Rural West	Burgh, Dalston
Rural East	Brampton, Great Corby and Geltsdale, Hayton, Irthing, Longtown & Rockcliffe, Lyne, Stanwix Rural, Wetheral
Carlisle Urban	Belah, Belle Vue, Botcherby, Castle, Currock, Denton Holme, Harraby, Morton, St. Aidans, Stanwix Urban, Upperby, Yewdale

- 3.5 Overall housing need by sub-district level is set out in Figure 2. Affordable housing need by sub-district level is set out in Figure 3.

Figure 2: Annual housing requirements by area (2013-2030) – per annum				
	<i>(Demographic-based)</i>		<i>(Economic forecast driven)</i>	
	Housing need	% in area	Housing need	% in area
Rural West	32	6.7%	40	7.2%
Rural East	97	20.3%	122	22.1%
Carlisle Urban	349	73.0%	390	70.7%
TOTAL	478	100.0%	552	100.0%

Figure 3: Estimated level of Housing Need (per annum) by type of affordable housing		
<i>Area</i>	<i>Intermediate</i>	<i>Social / Affordable rented</i>
Rural West	7	19
Rural East	24	45
Carlisle Urban	57	143
Carlisle District	88	207
% of total	30%	70%

- 3.6 In terms of the mix of housing by unit size required, Figure 4 identifies that the analysis supports a greater need for two and three bedroom family housing with regards to market housing, and a greater need for smaller one and two bedroom properties within the affordable sector. It must be noted however that such analysis

is based on meeting needs based on household composition and it does not have regard to preferences. Many people for example who can afford to buy larger properties than required by their households do so, and in the affordable sector the experience of Registered Providers within the District supports that smaller and particularly one bedroom units are often too inflexible to meet practical needs and consequently unattractive. It is therefore important to acknowledge that whilst the analysis presents a useful indication of the required dwelling mix within the District, its application should not be prescriptive.

Figure 4: Housing Mix by Unit Size across Tenures (2013-2030)					
	<i>1-bed</i>	<i>2-bed</i>	<i>3-bed</i>	<i>4+ bed</i>	<i>Total</i>
Market Housing	5%	40%	45%	10%	5%
Affordable Housing	30-35%	35-40%	20-25%	5-10%	30-35%
All dwellings	10-15%	40%	40%	5-10%	10-15%

4. COMPARISON AGAINST THE 2011 ASSESSMENT

- 4.1 Analysis within the 2011 assessment supported that in terms of overall housing need an annual average of between 545 to 665 net new dwellings were required. The levels of overall need suggested through the updated assessment are therefore slightly lower than previous estimates, which is a trend generally mirrored across England following more accurate household and population projections and the availability of new Census data.
- 4.2 In terms of affordable housing need the level suggested in the updated SHMA is much lower than that in the 2011 assessment (295 per annum versus 708). It is important to acknowledge however that the methodologies are not directly comparable and that in particular the 2011 report included 463 households per annum accommodated through the more 'affordable' end of the private rented sector, typically households claiming Local Housing Allowance. These households were not included in the 2009 SHMA data or the 2014 SHMA, as the private rented sector is not an officially recognised affordable housing tenure in either the National Planning Policy Framework or the SHMA guidance. If the 463 households accommodated through the private rented sector were subtracted from the 708 total households in affordable need, this would give a net figure of 245, which is comparable with the 295 affordable homes per annum identified in the current SHMA, and the estimated annual requirement of 222 affordable homes in the 2009 SHMA, with the results showing an upward trend.
- 4.3 In terms of the need for different sizes of accommodation the findings between the updated and previous assessment are broadly similar.

5. NEXT STEPS

- 5.1 Having reviewed the draft document officers have identified a need for a small number of minor amendments and also sought to clarify a small number of aspects of the assessment and its findings. The appointed consultants are now working to incorporate such amendments with a view to being able to issue a final report prior to the end of September.
- 5.2 Once in receipt of the final report regard will be had to the key findings and recommendations in acting to refine and evolve the emerging Local Plan towards the next stage of its preparation - a 'publication draft'. The findings will be particularly key in influencing the housing target, in terms of the planned number of new homes required between 2015 - 2030, taken forward through the Plan. To support transparency in the plan making process the updated SHMA report will be made publicly available through the Council's website alongside the remainder of the evidence base which is informing the development of the Local Plan.

6. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 6.1 Members are asked to note the content of the report in order that they are aware of and understand the key findings and recommendations within the updated SHMA, and ultimately how these findings will inform the emerging Local Plan.

7. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 7.1 The updated SHMA will directly support the corporate priority to “**address Carlisle's current and future housing needs**”. The evidence within the assessment will for example help to ensure that efforts are focussed on delivering the right numbers, types and tenures of new homes in the right places within the District.

Contact Officer: Garry Legg

Ext: 7160

**Appendices
attached to report:**

- **Carlisle City Council Strategic Housing Market Assessment Update - Draft Report (July 2014)**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Community Engagement –

Economic Development –

Governance –

Local Environment –

Resources -

Report for:

**Carlisle City
Council**

**Strategic Housing Market
Assessment Update**

Draft Report – July 2014

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Summary

Introduction

1. This document provides a review of housing requirements in Carlisle for the period 2013 to 2030 and develops an objective assessment of the need for additional housing provision moving forward. The start date of the assessment (2013) fit in with the latest data for which good baseline data exists whilst the end date (2030) has been designed to fit in with the Council's emerging Local Plan which covers a period from 2015 to 2030.
2. The study considers up-to-date information; including that from ONS mid-year population estimates, the 2011 Census, 2012-based ONS subnational population projections (SNPP) and CLG household projections (2008- and 2011-based versions). The report is also written to ensure compliance with the NPPF and recent advice about housing requirements from CLG (in March 2014).
3. As well as providing information about overall housing requirements the opportunity has been taken to review and update information from previous research (including the 2011 Housing Needs and Demand Study and the 2009 Strategic Housing Market Assessment (SHMA) with regard to affordable housing need and the mix (by size) of market and affordable housing.

Housing Market Dynamics and Market Signals

4. The Planning Practice Guidance sets out that the housing numbers suggested by household projections should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between demand for and supply of dwellings. It indicates that prices or rents rising faster than the national/ local average may indicate particular market undersupply relative to demand. It identifies a number of relevant market signals.
 - Land Prices – where price premiums indicate a shortage of land in a locality;
 - House Prices and Rents – where longer-term changes in prices may indicate a supply-demand imbalance;
 - Affordability – using the ratio of lower quartile house prices to lower quartile incomes to assess relative affordability of market housing;
 - Rates of Development – through comparison of rates of permissions and completions relative to planned numbers over a meaningful period;
 - Overcrowding – whereby long-term increases in overcrowded, concealed and sharing households, homelessness and numbers in temporary accommodation should be considered.
5. The focus is on considering indicators relating to price and quantity. The Guidance sets out how these issues should be assessed by comparing long-term trends in the housing market area, similar demographic/economic areas, and nationally. The purpose of this is to consider whether a proportionate upward adjustment should be made to housing numbers to improve affordability.

6. The analysis of market signals provides some evidence that growth in demand for housing exceeded supply between 2001 and 2005. This contributed to a reduction in affordability. Evidence also suggests that the structural change in house prices/affordability which we have seen over the last decade (at both national and regional levels) are likely to have had some impact on household formation. Since 2007 demand for market housing has fallen. We have seen a market correction (in 2008-9). Since this point the evidence suggests a broad supply-demand balance.
7. The overall conclusion from the market signals analysis is that some allowance should be made in the household projections for higher household formation relative to the 2001-11 decade. This has been done as part of the demographic analysis (above) where it is assumed that household formation rates in the future will return towards the rates contained in the 2008-based CLG household projections.

Assessing Overall Housing Need

8. To inform the analysis of housing requirements a demographic model has been developed which allows for the testing of different assumptions. The model provides outputs for population (including age structure), household growth and the number of residents in employment. Key assumptions include:
 - Fertility and mortality rates based on 2012-based SNPP (the most up-to-date at the time of writing)
 - Migration profiles by age and sex informed by the 2012-based SNPP
 - Overall levels of migration informed by ONS mid-year population estimates (including an understanding of longer and shorter terms trends)
 - Employment rates set at a baseline from the 2011 Census and projected to improve over time in-line with past trends and changes to the state pension age
 - Headship rates which take account of both 2008- and 2011-based household projections. The projections are assumed to move back towards 2008-based figures to reflect some evidence of constraint in household formation in the recent past and moving forward (in the 2011-based projections)
 - Consideration of market signals and the extent to which these suggest that an uplift to planned housing numbers should be applied to help improve affordability
 - A vacancy rate of 4.3% to reflect turnover in the housing market and to include an allowance for second homes – this figure is consistent with data from the 2011 Census
9. Using the demographic model, two core scenarios were developed to assist in establishing what the objective requirement for housing is moving forward. These scenarios can be summarised as:
 - a) PROJ 1 – demographic trends
10. This projection looks at the average level of net migration over the 10-year period up to 2013 (the start of the projection). Initial consideration was given to the 2012-based SNPP which tends to project data over the past five years. In Carlisle there was some evidence that levels of migration in the 2007-12 period (feeding into the 2012-based SNPP) were on the low side compared with longer-term trends and so looking at the 10-year period from 2003 was considered to make for a more realistic demographic projection.

b) PROJ 2 – Job growth

11. This projection uses information from a February 2014 Experian economic forecast. In the Experian analysis it is suggested that there will be an increase in jobs in the Council area of 6,350 from 2013 to 2030 – the projection modelling therefore considers what level of housing provision might be required to house a growing workforce to take up these jobs. The link between homes and jobs is complex and it has been assumed that there will be some increase in employment rates (in-line with past trends) although no additional assumptions have been made about commuting patterns or 'double-jobbing' (which would tend to reduce the level of housing need shown in the analysis slightly).
12. The tables below show the outputs from each of the main projections for the period 2013 to 2030. The findings can be summarised as follows:

PROJ 1 - this projection suggests a requirement for around 8,200 additional homes in the period from 2010 to 2030 (481 per annum). This level of housing growth would see an increase in working residents of around 8% over 17-years.

PROJ 2 – to meet the Experian job growth forecast a higher housing requirement is derived (around 9,600 homes).

Figure 1: Summary of projections 2013 to 2030 – annual

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 – demographic-based	622	0.6%	481	0.9%	264	0.5%
PROJ 2 – job growth	815	0.8%	564	1.1%	373	0.7%

Figure 2: Summary of projections 2013 to 2030 – total

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 – demographic-based	10,566	9.8%	8,183	16.1%	4,482	8.3%
PROJ 2 – job growth	13,847	12.8%	9,589	18.9%	6,348	11.7%

13. Overall, the analysis suggests that the housing requirement in Carlisle is in the range of about 480 to 565 dwellings per annum – the lower figure being based on a demographic projection which takes account of longer-term trends and the higher figure being appropriate to meet the job growth forecasts by Experian.

Affordable Housing Need

14. Housing need describes the quantity of households who cannot meet their needs in the housing market without support. An assessment of housing need has been undertaken using information from a range of data sources which is compliant with Government guidance. The assessment identifies whether there is a shortfall or surplus of affordable housing in the Council area.

15. The assessment has estimated current housing need in 2013 of 543 households, excluding existing social housing tenants where they would release a home for another household in need. The housing needs model then looked at the balance between needs arising and the supply of affordable housing. Each year an estimated 659 households are expected to fall into housing need and 396 properties are expected to come up for relet.
16. Overall, in the period from 2013 to 2030 a net deficit of 5,011 affordable homes is identified (295 per annum). There is thus a requirement for new affordable housing and the Council is justified in seeking to secure additional affordable homes.

Figure 3: Estimated level of Housing Need (2013-30)		
	Per annum	17-years
Backlog need	32	543
Newly forming households	443	7,526
Existing households falling into need	216	3,670
Total Gross Need	691	11,739
Supply	396	6,728
Net Need	295	5,011

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

17. When looking at the Council's emerging affordable housing policies the affordable housing needs analysis strongly supports a target of between 25% and 30% (depending on location and site size). The analysis also supports a tenure split of 30% intermediate housing and 70% social/affordable rented.

Mix of housing (by size and tenure)

18. There are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes.
19. Macro-economic factors are expected to influence effective market demand for housing in the short-term. These include mortgage finance, market confidence, short-term employment growth, and pressures on household incomes. Market demand is expected to be subdued and can be expected to impact on housing completions. While this can be expected to support need and demand within the rented tenures, supply is unlikely to respond to the demand drivers in the short-term given the investment-led model for the Private Rented Sector and the funding model and constraints in the Affordable Housing Sector. These are macro-level dynamics, and not unique to Carlisle.
20. However it is still appropriate to plan on meeting expected household growth over the longer-term. This is expected to be driven by demographic trends and over the medium- and long-term in particular, by economic performance and employment growth.

21. Using our housing market model, which takes into account how households of different ages occupy dwellings and the potential delivery of housing in different tenures, we consider that market demand will be focused towards two- and three-bedroom properties. For affordable housing, taking account of identified need, existing supply and turnover of properties and issues related to the management of the housing stock (as well as outputs from the market modelling), the modelling again focuses strongly on two- and three-bedroom homes (along with a relatively high requirement for one-bedroom accommodation). Whilst the table below gives a suggested mix by size and broad tenure group this may vary depending on specific Council priorities (e.g. to house families in need rather than single people).

Figure 4: Housing Mix by Unit Size across Tenures (2013-2030)					
	1-bed	2-bed	3-bed	4+ bed	Total
Market Housing	5%	40%	45%	10%	5%
Affordable Housing	30-35%	35-40%	20-25%	5-10%	30-35%
All dwellings	10-15%	40%	40%	5-10%	10-15%

22. Based on the evidence, we would expect the focus of new market housing provision to be on two and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

Overall Conclusions

23. The analysis overall supports a housing target in the region of 480 to 565 homes per annum moving forward from 2013. This range is based on past demographic trends and also likely housing requirements to meet an Experian job growth forecast.
24. The analysis of affordable housing need confirms the findings of past research in showing a need to provide additional affordable homes. The updated analysis suggests a requirement for 295 additional units of affordable housing per annum to meet needs up until 2030. Given the role played by the private rented sector in meeting the needs of some households, the affordable need should be achievable within an overall housing delivery figure of 480-565 per annum.

1. Introduction

Introduction

- 1.1 This document provides an up-to-date evidence base about housing requirements and fulfils the key requirements of a Strategic Housing Market Assessment (SHMA) as set out in the NPPF and CLG advice of March 2014 (*Housing and Economic Development Needs Assessment*). The methodology employed follows that set out in the March 2014 advice with additional direction being taken from 2007 guidance (where more detail about the methodological approach is provided). This document does not constitute a full SHMA although key requirements of an SHMA are fully reviewed and updated. This includes:
- An analysis of housing requirements using up-to-date demographic and economic data to assist in determining the objective level of housing need for Carlisle
 - An updated affordable housing needs assessment, again drawing on up-to-date information. This includes analysis of the types (tenures) of homes required to meet needs
 - An analysis of the mix of housing likely to be required by size and tenure
- 1.2 Where relevant the report also makes comparisons with past research; this includes a Strategic Housing Market Assessment by Cumbria County Council in 2009 and a Housing Needs and Demand Study by GL Hearn in 2011.

National Planning Policy Framework

- 1.3 The Government published its National Planning Policy Framework (NPPF) in March 2012. The NPPF sets out that the purpose of planning is to help achieve sustainable development. It establishes a presumption in favour of sustainable development (para 14) which should be seen as a golden thread running through both plan-making and decision making. It sets out that for plan making this means:
- *Local planning authorities should positive seek opportunities to meet the development needs of their area;*
 - *Local Plans should meet objectively assessed needs, with sufficient flexibility to respond to rapid change, unless:*
 - *any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework as a whole; or*
 - *specific policies in the Framework indicate development should be restricted.*

- 1.4 Core planning principles which should underpin both plan-making and decision-making are set out in Paragraph 17. The third of these is relevant to determining housing provision, and provides that planning should:

Proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country meets. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of residential and business communities.

- 1.5 Paragraph 47 explains that the Government's ambition is to significantly boost the supply of housing. To do so LPAs should:

Use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with policies in the Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period.

- 1.6 This is reaffirmed in Paragraph 50 which provides that local planning authorities should plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community.

- 1.7 A Local Plan is required to set out the strategic priorities for the area, including the homes and jobs needed. In paragraph 158 the Framework provides that:

Local Plans should be based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated and take full account of relevant market and economic signals.

- 1.8 Paragraph 159 explains that a Strategic Housing Market Assessment (SHMA) should form the key part of the evidence base for policies for housing provision. The Strategic Housing Market Assessment should assess full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The scope of the SHMA is defined as follows:

The Strategic Housing Market Assessment should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:

- *meets household and population projections, taking account of migration and demographic change;*
- *addresses the need for all types of housing, including affordable housing and the needs of different groups in the community;*
- *caters for housing demand and the scale of housing supply necessary to meet this demand.*

- 1.9 All three of the bullet points above are dealt with in this report with a particular focus on the first of the three. Likely housing requirements arising from analysis of a range of up-to-date information sources have been studied. These include the 2011 Census, 2012-based ONS subnational population projections (SNPP), 2011-based CLG household projections and new mid-year population estimates (the latest being published in June 2014).

National Planning Practice Guidance

- 1.10 New Planning Practice Guidance for England was issued by Government in March 2014. This includes Guidance on ‘*Housing and Economic Development Needs Assessments*’. This specifically sets out guidance on how assessments such as this are expected to be undertaken.

- 1.11 The Guidance is clear that planning authorities are expected to consider the need for market and affordable, defining need as follows:

“the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that need.”

- 1.12 It sets out that the assessment of need should be realistic in taking account of the particular nature of that area, and should be based on future scenarios that could be reasonably expected to occur. It should not take account of supply-side factors or development constraints, with the guidance specifically stating that:

“The assessment of development needs is an objective assessment of need based on facts and unbiased evidence. Plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, infrastructure or environmental constraints.”

- 1.13 The Guidance outlines that whilst estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need, the starting point for establishing the need for housing should be the latest household projections published by the Department for Communities and Local Government (CLG). At the time of preparation of this report these are 2011-based ‘Interim’ Household Projections.

- 1.14 It identifies that these projections only cover a ten year period to 2021, so plan makers would need to assess likely trends after 2021 to align with their development plan periods. It sets out that plan makers may consider sensitivity testing, specific to their local circumstances, based on alternative assumptions in relation to underlying demographic projections and household formation rates. It sets out that account should also be taken of the most recent demographic evidence, including the latest Office for National Statistics (ONS) population estimates.

1.15 It suggests that proportional adjustments should be made where market signals point to supply being constrained relative to long-term trends or other areas in order to improve affordability. It identifies a range of market signals, specifically:

- Land Prices;
- House Prices;
- Rents;
- Affordability;
- Rates of Development; and
- Overcrowding.

1.16 It indicates that the housing need number suggested by household projections should be adjusted to reflect appropriate market signals. Through a process of comparing trends in these indicators with long-term trends (in terms of absolute levels and rates of change) in the housing market area, similar demographic and economic areas and nationally; consideration should be given to adjust upwards planned housing numbers based solely on household projections. The adjustment should be proportionate to the degree of affordability constraints and evidence of high demand.

1.17 Evidence of affordable housing needs is also relevant, with the Guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. It sets out that:

“An increase in the total housing figures included in the local plan should be considered where it could help to deliver the required number of affordable homes.”

1.18 Reinforcing the emphasis in Paragraph 159 in the NPPF on ensuring alignment of the evidence and strategies for housing and economic growth across relevant functional areas, the Planning Practice Guidance set out that:

“where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.”

1.19 It cautions against reducing migration assumptions based on economic evidence unless this approach is agreed with other local planning authorities under the duty to cooperate.

Carlisle Core Strategy

1.20 Carlisle City Council published a Local Plan for Consultation (Carlisle District Local Plan 2015-2030 Preferred Options Consultation – Stage Two) in Spring 2014. This document sets out a long-term strategic vision for the future of the Council area. Whilst the plan considers a number of policies our work particularly focuses on Policy S2 - Spatial Strategy, which provides for the delivery of 665 additional homes per annum over the 15-year plan period to 2030 – 70% located in the urban area of Carlisle, and 30% in the rural area and Policy 19 – Affordable Housing which sets targets of between 25% and 30% depending on location.

Structure of this report

1.21 This report is structured around the key requirements of the NPPG and is split into a number of sections which build up an understanding and analysis of the housing market and housing need in the Carlisle Council area. The sections to follow are:

- Housing Market Dynamics and Market Signals
- Assessing Overall Housing Need
- Affordable Housing Need
- Requirements for Different Sizes of Homes

Summary

1.22 This document provides a series of population and household projections developed for Carlisle City Council to assist in establishing an objective housing requirement. The opportunity has also been taken to update analysis about the need for affordable housing and the mix of housing (by size) in both the market and affordable sectors.

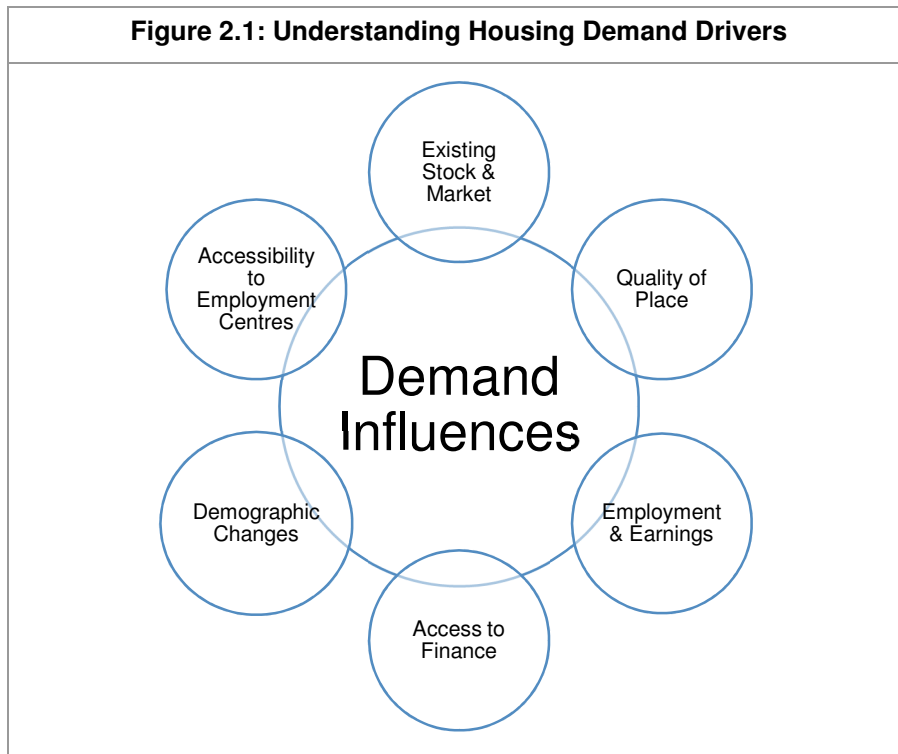
2. Housing Market Dynamics and Market Signals

Introduction

- 2.1 The Planning Practice Guidance sets out that housing numbers suggested by household projections should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between demand for and supply of dwellings. It indicates that prices or rents rising faster than the national/ local average may indicate particular market undersupply relative to demand. It identifies a number of relevant market signals.
- Land Prices – where price premiums indicate a shortage of land in a locality;
 - House Prices and Rents – where longer-term changes in prices may indicate a supply-demand imbalance;
 - Affordability – using the ratio of lower quartile house prices to lower quartile incomes to assess relative affordability of market housing;
 - Rates of Development – through comparison of rates of permissions and completions relative to planned numbers over a meaningful period;
 - Overcrowding – whereby long-term increases in overcrowded, concealed and sharing households, homelessness and numbers in temporary accommodation should be considered.
- 2.2 The focus is on considering indicators relating to price and quantity. Guidance sets out these issues should be assessed by comparing long-term trends in the housing market area, similar demographic/ economic areas, and nationally. The purpose of this is to consider whether a proportionate upward adjustment should be made to housing numbers to improve affordability.

Overview of the Housing Market and Economy

- 2.3 It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level. There are a number of key influences on housing demand, which are set out in the diagram below:

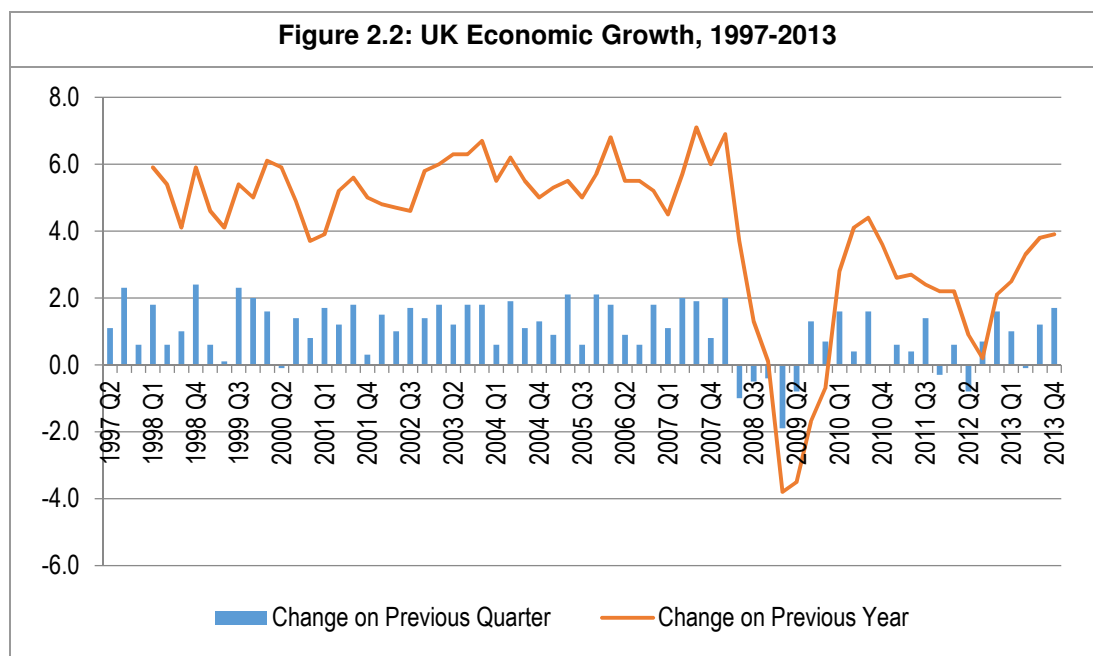


- 2.4 At the macro-level, the market is particularly influenced by interest rates and mortgage availability, as well as market sentiment (which is influenced by economic performance and prospects at the macro-level). In the recent recessionary period, these macro conditions have been particularly prominent in driving the housing market.
- 2.5 The market is also influenced by the economy at both regional and local levels, recognising that economic employment trends will influence migration patterns (as people move to and from areas to access jobs) and that the nature of employment growth and labour demand will influence changes in earnings and wealth (which influences affordability).
- 2.6 Housing demand over the longer-term is particularly influenced by population and economic trends: changes in the size and structure of the population directly influence housing need and demand, and the nature of demand for different housing products.
- 2.7 There are then a number of factors which play out at a more local level, within a functional housing market and influence demand in different locations. The important of these local factors is perhaps more pronounced in stable or healthy economic times, when mortgage availability and market liquidity are far less of a constraint on activity. These include:
- quality of place and neighbourhood character;
 - school performance and the catchments of good schools;
 - the accessibility of areas including to employment centres (with transport links being an important component of this); and
 - the existing housing market and local market conditions.

- 2.8 These factors influence the demand profile and pricing within the market. At a local level, this often means that the housing market (in terms of the profile of buyers) tends to be influenced and consequently reinforce to some degree the existing stock profile. However, regenerative investment or delivery of new transport infrastructure can influence the profile of housing demand in a location, by affecting its attractiveness to different households.
- 2.9 Local housing markets or sub-markets are also influenced by dynamics in surrounding areas, in regard to the relative balance between supply and demand in different markets; and the relative pricing of housing within them. Understanding relative pricing and price trends is thus important.

Understanding the Macro-Level Dynamics

- 2.10 Macro conditions have been a particular driver of housing markets nationally over recent years. Since the initiation of the credit crunch in 2007/8, the economy has gone through a long and deep economic recession, and has started to recovery. The momentum of economic recovery is now improving with the UK economy out-performing many of its international peers.



Source: ONS

- 2.11 One of the key triggers to the recent economic difficulties on an international level was the 'credit crunch.' The downturn in the world economy was led to a large extent by the sub-prime lending crisis in the United States: this crisis has generated a fundamental shift in not only interbank lending but more significantly, attitudes towards customer lending (including home purchasers, landlords and developers). Banks sought to increase the inter-bank lending rate (LIBOR) and sought to adjust their exposure to risk by adopting much more cautious lending practices. This sharply reduced liquidity in the financial markets and credit available and in tightening lending criteria for current and prospective homeowners. This tightening of lending criteria increased 'barriers' to entry for marginal mortgage applicants by reducing loan to value ratios (LTVs), increasing costs associated with obtaining mortgages and reducing the income multiples accepted.

2.12 The tight lending criteria initiated by the credit crunch have continued to have an impact on mortgage lending over the last four years, with households' ability to obtain mortgage finance functioning as a notable constraint on effective demand for market homes. However as the economy has begun to pick up, confidence has returned to the housing market. Housing market recovery has also been buoyed by the Government-backed Help-to-Buy Scheme.

2.13 As the figure below demonstrates, there is virtually no evident recovery in lending since 2010; with trends flat during the past few years. There are however signs that mortgage lending is picking up in 2013/14, particularly owing to Government-backed schemes.



Source: Council for Mortgage Lenders

2.14 Lending in the first half of 2014 according to the CML was 28% up on the same period in 2013, highlighting the recovery in the market. The impact of the credit crunch on first-time buyers (FTB) has been particularly notable. Average loan-to-value ratios fell sharply post-2008 and currently stand at 84% (May 2014). Key issues affecting the ability of households and investors to secure mortgage finance are:

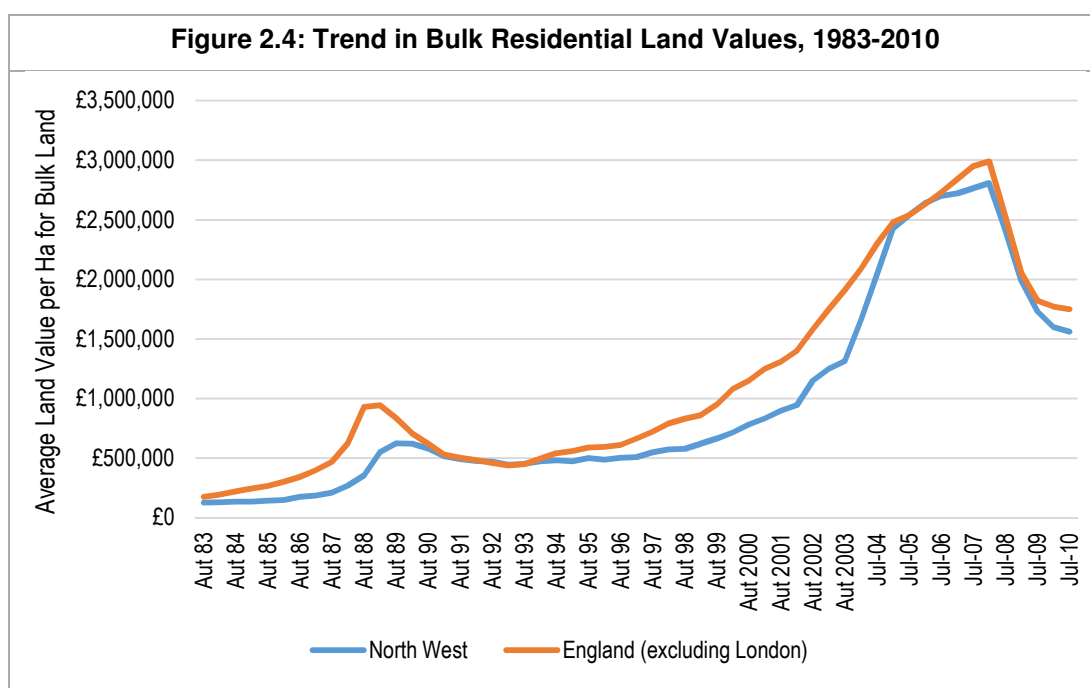
- Savings and Capital: the ability to raise a deposit;
- Earnings and Interest Rates: affecting the ability to afford repayments;
- Lending Criteria: key criteria which have to be met to secure finance.

2.15 The typical first-time buyer income multiple in May 2014 was 3.43 times their gross income. Low mortgage interest rates have kept borrowers' payment burden low. First-time buyers spent 19.5% of gross income on capital and interest payments. Over the past year or so first-time buyer numbers have been increasing but remain well below levels pre-2007.

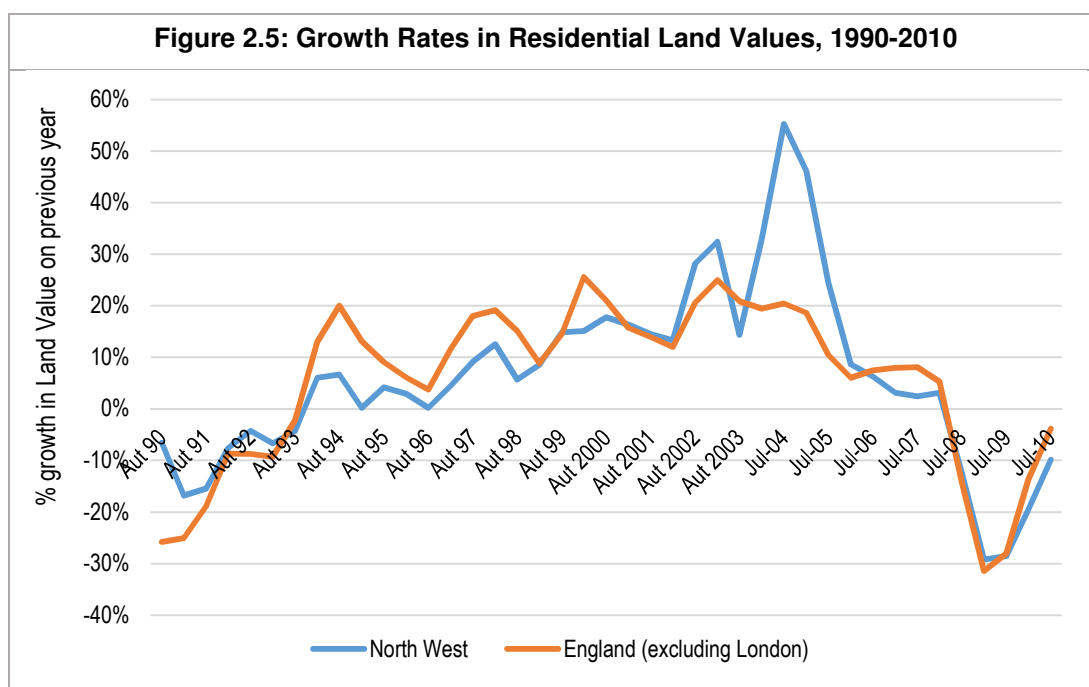
- 2.16 Market sales are also influenced by investment activity - that is properties bought to be rented privately. The buy-to-let sector continues to grow, with the Council for Mortgage Lenders indicating that the number of new buy-to-let loans in the first quarter of 2014 was slightly up on the fourth quarter of 2013 to 47,000, up 1% on the previous quarter and 46% on the first quarter of 2013.

Land Prices

- 2.17 Consistent published information on land prices is not available. We have thus drawn on a range of data sources. The figure below indicates that values for bulk land rose substantially across England from £360,000 in 1992 to a peak of £3.0 million per hectare in January 2008. The credit crunch however resulted in a notable fall in land values, with values declining by 38% nationally from January 2008 to July 2010; and by a more substantial 44% across the North West.
- 2.18 The average value for bulk land in the North West did not increase as substantially as was the case across England between 2004-2007; suggesting a greater volume of land supply relative to demand. There has however still been a notable price correction, with land values in 2010 falling back to levels similar to those in 2003/4. Land values within the region in 2010 were 11% below the national average in July 2010 – the second figure below shows the same data expressed as annual averages.
- 2.19 Overall the analysis does not point towards a particular shortage of development land within the region in 2010; although it does suggest that land supply over the 1999-2005 period in the region fell short of demand.



Source: VOA/ HCA 2010



Source: VOA/ HCA 2010

- 2.20 We can also use the VOA 2010 data to benchmark residential land values at a more local level. Across the three different types of sites shown, land values in Carlisle were below the North West average and also below national averages (by 18%-23%).

Figure 2.6: Residential Land Values, 2010

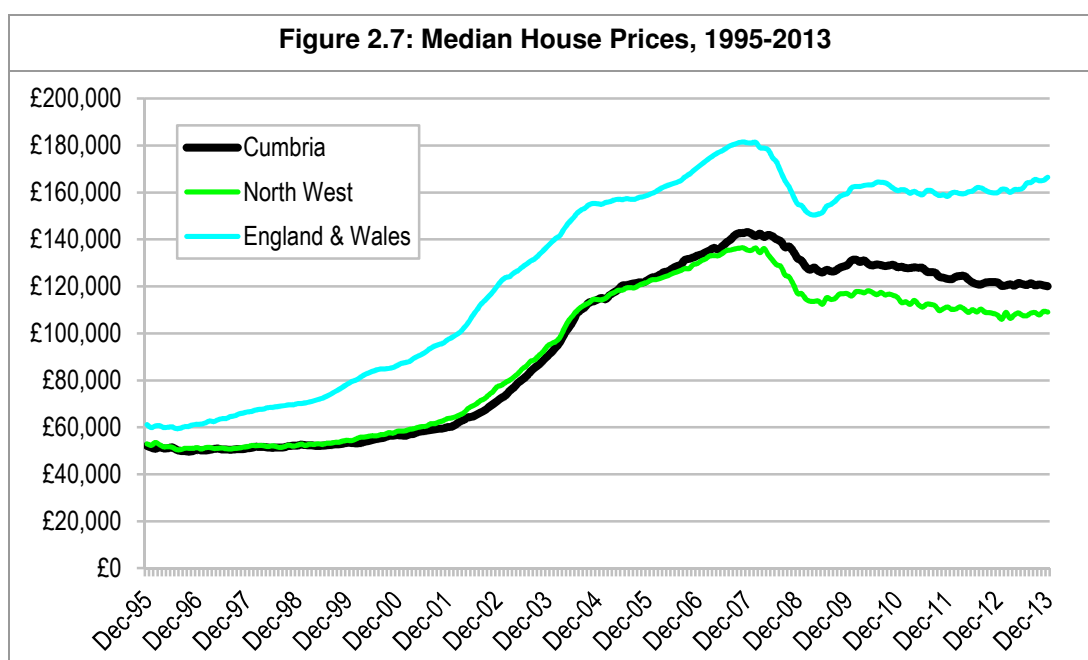
		Small sites	Bulk Land	Sites for flats or maisonettes
		£/Ha	£/Ha	£/Ha
Sefton	Bootle suburbs	565,000	560,000	NA
Liverpool	Suburbs	1,200,000	1,150,000	1,150,000
Knowsley	Prescot Huyton	950,000	950,000	950,000
Warrington	South Warrington	2,100,000	1,900,000	1,900,000
Blackburn	Blackburn	1,300,000	1,100,000	1,100,000
Bolton	Bolton	1,420,000	1,285,000	1,285,000
Carlisle	Carlisle	1,450,000	1,450,000	NA
Chester	Chester	2,100,000	1,900,000	NA
Lancaster	Lancaster	1,700,000	1,550,000	NA
Manchester	S.suburbs/City fringe	2,450,000	2,210,000	2,210,000
Preston	Preston	1,500,000	1,400,000	1,400,000
Rochdale	Rochdale	1,235,000	1,150,000	1,150,000
South Lakeland	Ambleside	1,650,000	1,650,000	NA
Stockport	Bramhall	2,450,000	2,270,000	2,270,000
Trafford	Altrincham	1,765,000	1,620,000	1,620,000
Wigan	Wigan	1,350,000	1,260,000	1,260,000
North West		1,720,000	1,600,000	1,590,000
England (excluding London)		1,880,000	1,770,000	1,970,000

Source: VOA/ HCA 2010

- 2.21 Overall at the current time there is no evidence from land values of a supply-demand imbalance and thus a need to increase housing supply.

House Prices and Rents

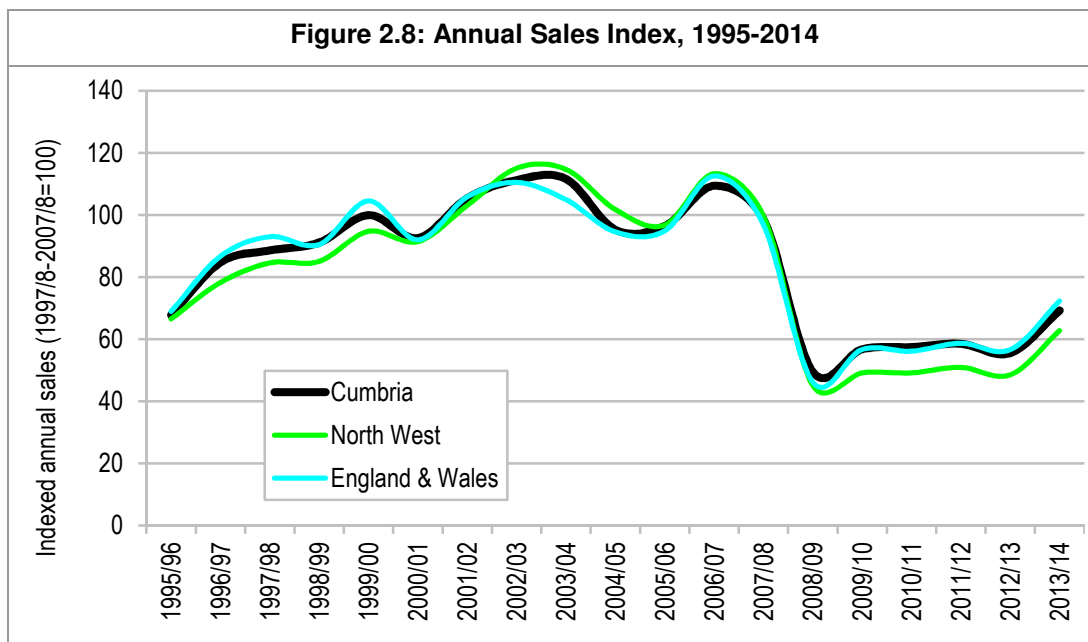
- 2.22 Next we consider longer-term changes in house prices and what these tell us about supply-demand balance for housing.
- 2.23 Over the decade to 2007 median house prices grew strongly, increasing by about 280% across Cumbria. This was slightly more than the growth achieved across the North West Region but below the average for England & Wales. The pattern of house price change in Cumbria was broadly in line with other areas. Prices grew over the decade by £90,000 in the County relative to growth of £85,000 across the region and about £115,000 nationally.
- 2.24 House price dynamics since 2007 have been quite different and Cumbria looks to have performed below average – the County seeing a decline in prices in-line with regional and national trends but no subsequent recovery (which has been observed nationally). Since the 1st quarter of 2010 average prices in Cumbria have decreased by 7%; this contrasts with a 6% decline regionally and a 5% increase for England & Wales. No adjustment has been made to the figures to take account of inflation – were we to factor in inflation then the data would show an even greater fall in house prices in real terms over the past few years.



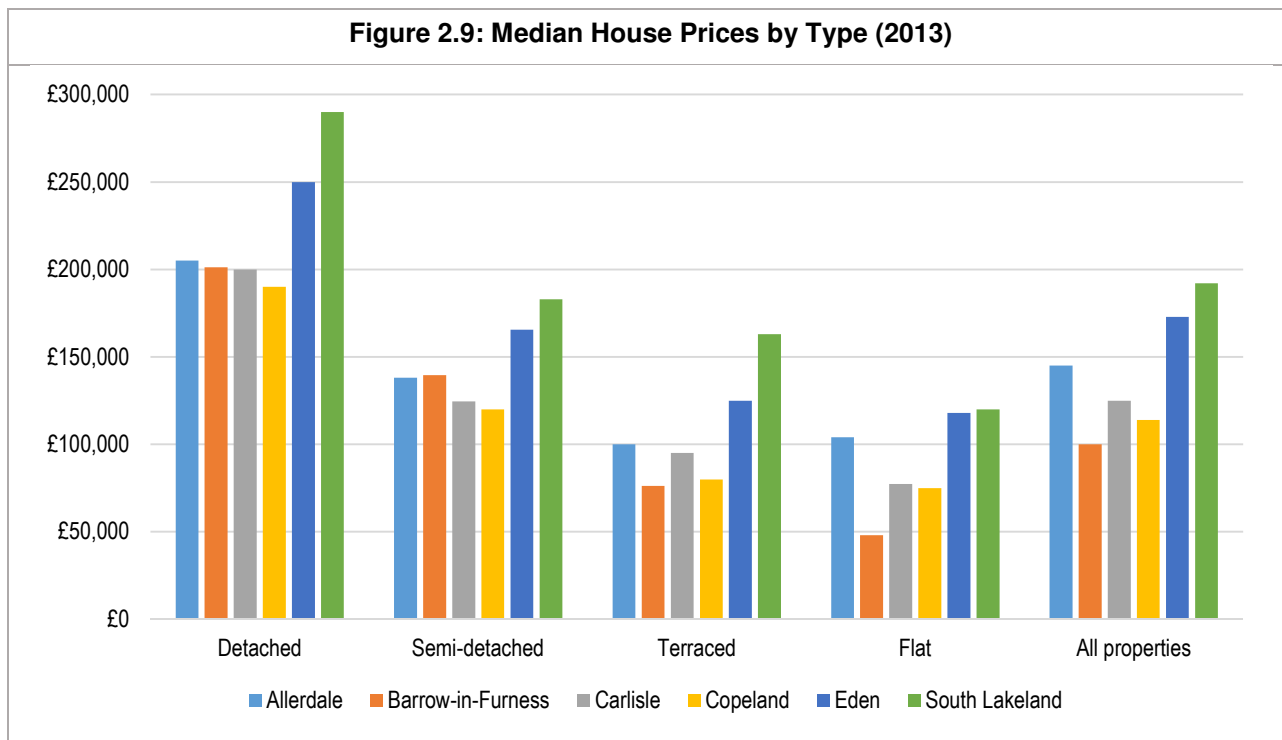
Source: HM Land Registry

- 2.25 Next we turn to consider sales. We regard sales trends as indicative of effective demand for market housing. The figure below provides an index of annual sales where 100 is the average sales over the decade to 2007/8. The analysis indicates a market 'dip' in 2005 (linked to a rise in interest rates). However it shows a substantial drop in sales in 2008 to a level 50%-60% below the long-term trend. There was some recovery in 2013/14 but sales were still 30%-40% down on the long-term trend.

- 2.26 Access to mortgage finance is the key constraint to market performance here, impacting on levels of both first-time buyers and investment purchases towards the bottom of the market in particular. This has a cascading impact on overall market vitality and confidence (and impacts on chains of sales).



- 2.27 Turning to look at house prices more locally, the chart below indicates house prices for different types of homes in Carlisle and other authorities in the County. Prices in Carlisle sit somewhere in the middle of the range of local authorities – prices being generally higher than in Barrow-in-Furness and Copeland but significantly lower than in Eden and South Lakeland.

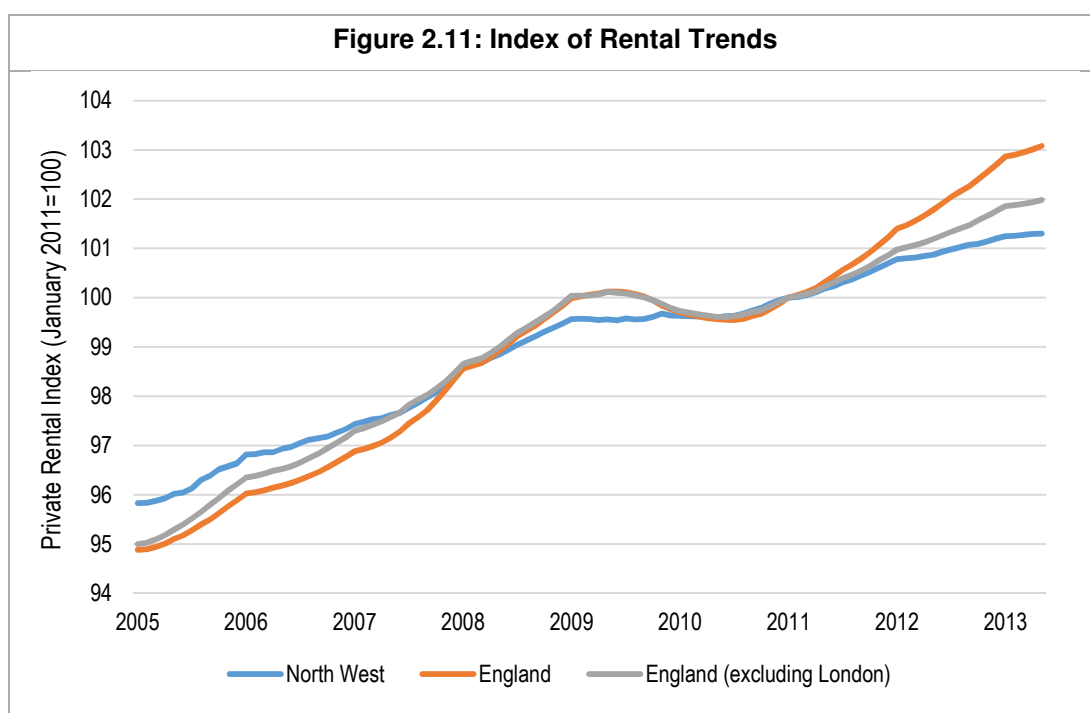


- 2.28 The table below compares house prices to those in Cumbria, and to the England & Wales average. All property sizes show lower average values than in other areas with the most notable difference being in the case of flats when compared with the England & Wales average.

Figure 2.10: Median House Prices by Type – 2013			
	Carlisle	Cumbria	England and Wales
Detached	£200,000	£230,000	£259,995
Semi-Detached	£124,500	£140,000	£166,500
Terraced	£95,000	£100,750	£151,500
Flat/Maisonette	£77,250	£100,000	£174,950
All	£124,900	£141,000	£185,000

Source: HM Land Registry Price Paid Data

- 2.29 Overall the house price analysis at a local level does not point to a particular supply-demand imbalance for homes within Carlisle relative to other parts of the County or the wider region.
- 2.30 The figure below shows rental trends. The ONS Monthly Private Rental Index indicates that across the region, rental values have grown fairly modestly when compared with the national average. Since 2011 they have increased by just over 1% compared with 3% across England. This is a low level of growth (particularly when inflation over this period is considered); and does not point to a substantial supply-demand imbalance in the rental sector.



Source: ONS Monthly Private Rental Index

- 2.31 Turning to consider rental values at a more local level, the table below draws on published data from the Valuation Office Agency (VOA). This shows that Carlisle has a more strongly developed rental market than other parts of Cumbria. However the average rental cost at £458 pcm in the twelve months to March 2014 was notably below that in any of the other areas studied.

Figure 2.12: Rental Values (Per Calendar Month) – All Properties – year to March 2014

£PCM	No. Rentals	Average	Lower quartile	Median	Upper quartile
Cumbria	7,760	£504	£400	£475	£575
Allerdale	1,308	£488	£395	£450	£550
Barrow-in-Furness	835	£475	£375	£433	£525
Carlisle	2,594	£458	£385	£450	£500
Copeland	822	£498	£400	£450	£550
Eden	837	£548	£450	£525	£600
South Lakeland	1,364	£602	£495	£578	£683
North West	63,896	£532	£410	£495	£600
England	477,656	£720	£465	£595	£795

Source: VOA

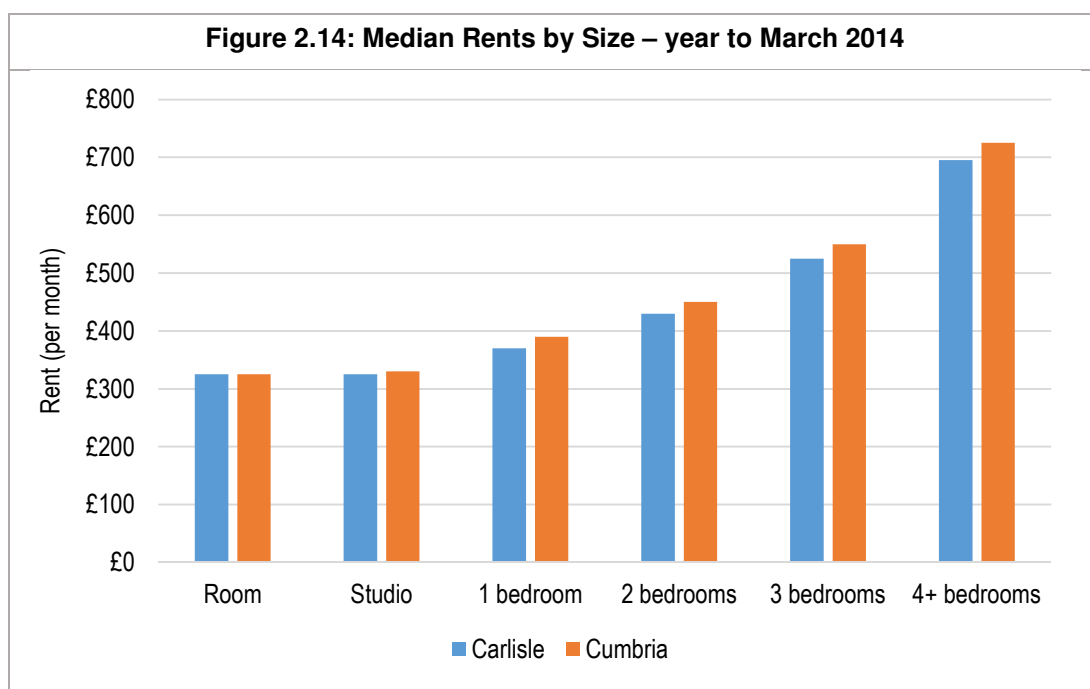
- 2.32 Rental values are influenced by property size. The table below provides a comparison of rental levels for 2-bed properties across Cumbria. Median values are consistent with the Cumbria average but notably below regional and national figures.

Figure 2.13: Rental Values (Per Calendar Month) – two bedroom properties – year to March 2014

£PCM	No. Rentals	Average	Lower quartile	Median	Upper quartile
Cumbria	3,602	£469	£400	£450	£525
Allerdale	614	£449	£395	£430	£495
Barrow-in-Furness	460	£429	£375	£415	£450
Carlisle	1,242	£442	£400	£430	£475
Copeland	364	£454	£400	£428	£500
Eden	329	£497	£450	£495	£540
South Lakeland	593	£574	£525	£575	£625
North West	28,761	£510	£425	£495	£550
England	189,991	£677	£475	£575	£735

Source: VOA

- 2.33 The figure below further demonstrates that rental values for properties in Carlisle are generally slightly below average across all property sizes relative to other parts of the County.

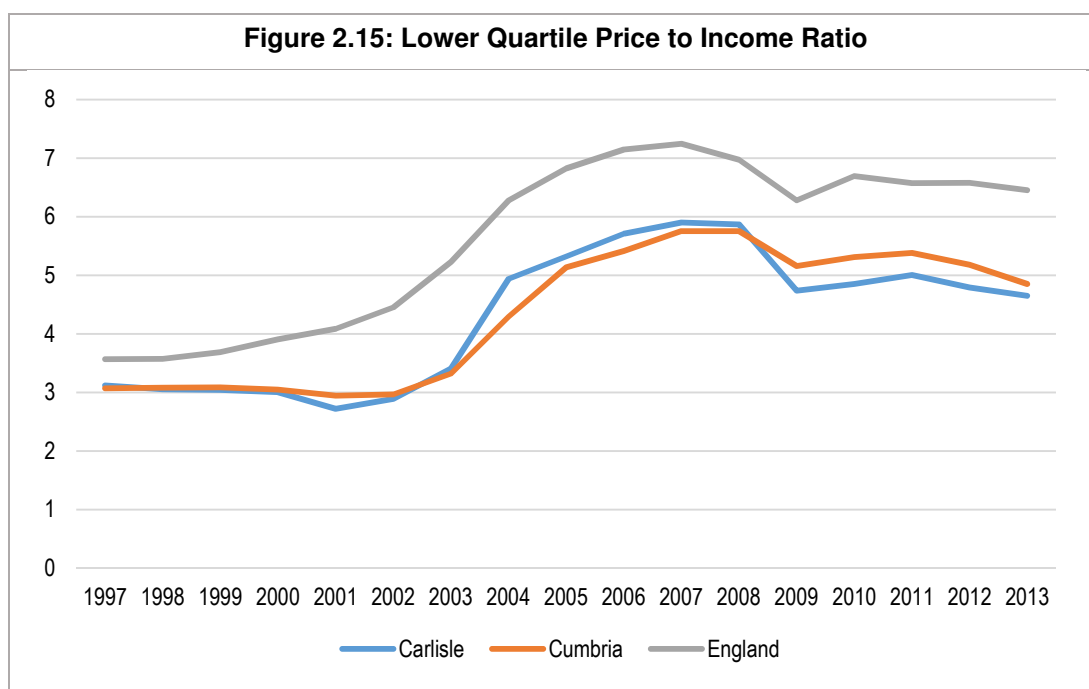


Source: VOA

- 2.34 Overall the rental evidence does not point towards a particular imbalance between supply and demand for property taking account of both rental trends and comparative benchmarking of rental costs.

Affordability of Market Housing

- 2.35 Lower quartile price to income ratios are identified by Government as a measure of the affordability of housing. They consider the affordability of entry-level market housing to younger prospective buyers. The figure below compares performance on this measure within Carlisle with the County and England more widely. Affordability trends using this measure have tracked the England average, with the ratio in Carlisle currently being slightly below average for Cumbria.



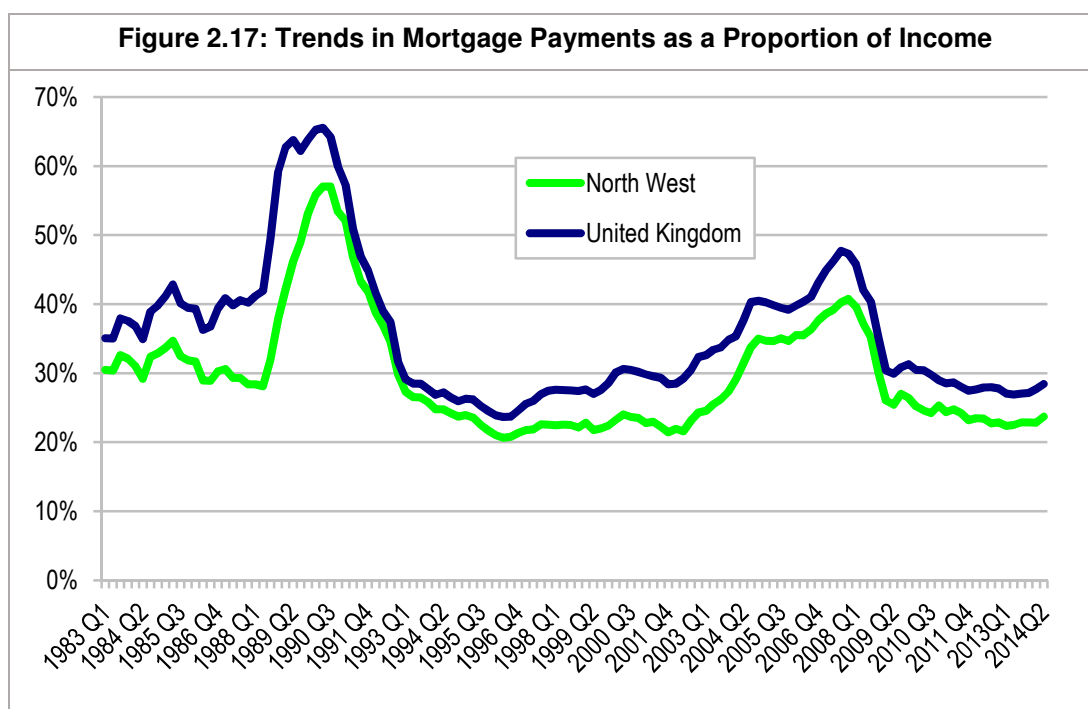
Source: CLG Table 576

- 2.36 What the analysis does indicate is that over the 2003-8 period the affordability of market housing using this measure reduced substantially. However affordability improved from 2008 (as LQ house prices fell relative to earnings). The table below benchmarks the ratio levels in 2013 and trends over the previous 15 years.

Figure 2.16: Ratio of Lower Quartile Prices to Lower Quartile Earnings				
	1998-03	2003-8	2008-13	Ratio, 2013
Carlisle	12%	72%	-21%	4.65
Cumbria	8%	73%	-16%	4.85
England	46%	33%	-7%	6.45

Source: CLG Table 576

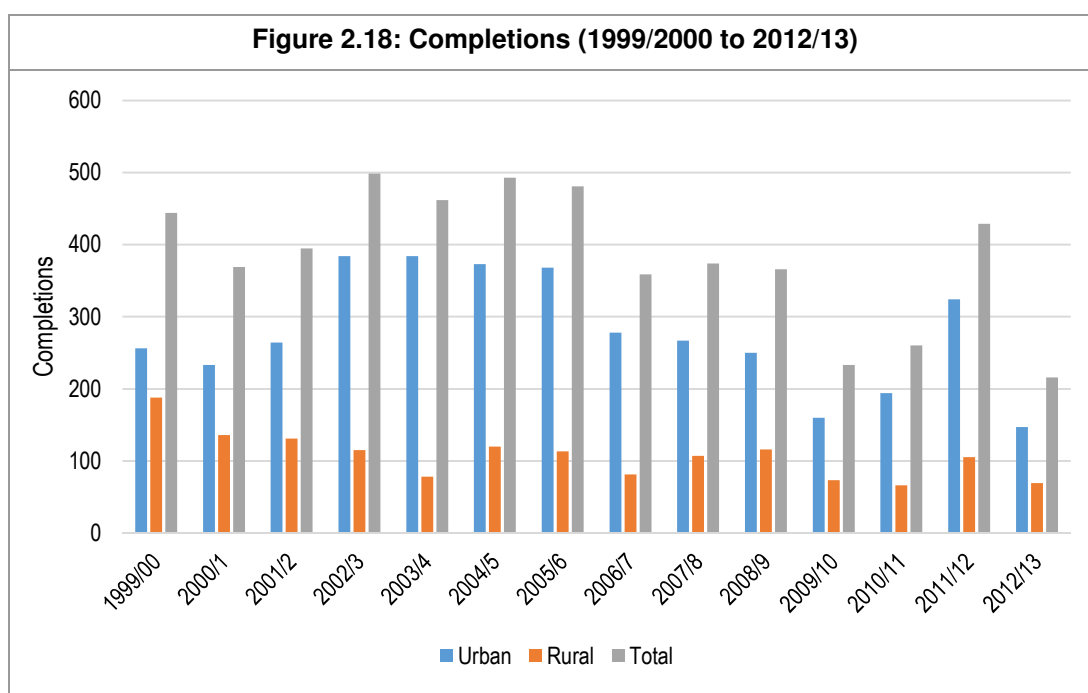
- 2.37 This measure (coupled with the wider evidence) does not point to a supply-demand imbalance in the market at the current time. It suggests that the affordability of market housing has improved since 2008. The LQ ratio is a relatively simplistic measure, given that households ability to afford market housing is also affected by the costs of (and access to) mortgage finance. The chart below draws on HBOS data to benchmark mortgage payments as a proportion of incomes. This shows that the affordability of maintaining a mortgage today is similar to that in the late 1990s in the North West (and that the region is more affordable than average relative to other parts of the UK).



Source: Halifax House Price Index

Rates of Development

- 2.38 We can benchmark rates of completions over time using the Council's monitoring data. Until its revocation in 2013 housing delivery was assessed against targets in the North West Regional Spatial Strategy. This set a requirement for provision of 450 dwellings per annum in Carlisle. The figure below shows the number of completions back to 1999/2000 split by those in urban and rural areas.



Source: Carlisle Annual Monitoring Report

- 2.39 This information is provided in the table below; also showing cumulative completions since 2003 and how this compares with the RSS target. The data shows that completions were at their lowest level in the past year and that as of 2013 an average of 367 dwellings per annum had been delivered (since 2003) making for a shortfall against the RSS of some 827 homes.

Figure 2.19: Completions compared with RSS target				
Year	Completions	Cumulative completions (from 2003)	Cumulative target (from 2003)	Cumulative shortfall (from 2003)
1999/00	444	-	-	-
2000/1	369	-	-	-
2001/2	395	-	-	-
2002/3	499	-	-	-
2003/4	462	462	450	-12
2004/5	493	955	900	-55
2005/6	481	1,436	1,350	-86
2006/7	359	1,795	1,800	5
2007/8	374	2,169	2,250	81
2008/9	366	2,535	2,700	165
2009/10	233	2,768	3,150	382
2010/11	260	3,028	3,600	572
2011/12	429	3,457	4,050	593
2012/13	216	3,673	4,500	827

Source: Carlisle Annual Monitoring Report

- 2.40 This analysis clearly highlights a shortfall in provision against previous targets. The NPPG states that *'if the historic rate of development shows that actual supply falls below planned supply, future supply should be increased to reflect the likelihood of under-delivery of a plan'*. The NPPG also urges that *the assessment will need to reflect the consequences of past under-delivery of housing'*. It is considered that under-delivery is likely to have had two impacts which need to be studied moving forward. Firstly, a lower level of housing delivery may have restricted migratory movements to the area (given a relative lack of homes for people to move to) and secondly, household formation may have been constrained. These two points are picked up in the following section which uses a demographic projection based analysis to establish the level of housing need moving forward.

Overcrowding

- 2.41 The final market signal highlighted in guidance is overcrowding where it is noted that an *'increase in the number of such households may be a signal to consider increasing planned housing numbers'*. The analysis below firstly looks at levels of overcrowding in Carlisle compared with other areas (based on the bedroom standard) before moving on to consider how overcrowding has changed over time (in this case using the room standard as historical bedroom standard data is not available from the Census source used).
- 2.42 The table below shows that in 2011 some 2.2% of households in Carlisle were overcrowded. This is slightly above the average for Cumbria but notably below both the regional and national average. Indeed, the figure for Carlisle is less than half the figure seen for the whole of England.

Figure 2.20: Overcrowding (2011) – bedroom standard		
	Overcrowded (no.)	Overcrowded (%)
Carlisle	1,047	2.2%
Cumbria	4,053	1.8%
North West	107,256	3.6%
England	1,024,473	4.6%

Source: Census (2011)

- 2.43 The table below shows overcrowding (as measured through the room standard) in 2001 and 2011. The data confirms that levels of overcrowding in Carlisle are generally low and have not increased significantly over the past decade.

Figure 2.21: Changes in overcrowding (2001-2011) – room standard			
	2001	2011	Change
Carlisle	4.1%	4.4%	0.3%
Cumbria	3.8%	3.7%	0.0%
North West	5.4%	6.2%	0.8%
England	7.1%	8.7%	1.6%

- 2.44 Overall, the analysis of overcrowding and how this has changed does not suggest any significant imbalance in the housing market that requires adjustment to housing numbers.

Conclusions on Market Signals

- 2.45 There is evidence that growth in demand for housing exceeded supply between about 2001 and 2005. This contributed to a reduction in affordability;
- 2.46 The structural change in house prices / affordability which we have seen over the last decade (at both national and regional levels) is likely to have had some impact on household formation;
- 2.47 Since 2007 demand for market housing has fallen. We have seen a market correction (in 2008-9). Since this point the evidence suggests a broad supply-demand balance;
- 2.48 It would be appropriate based on the market signals to consider future assumptions about migration and household formation rates, and make some allowance for higher household formation relative to the 2001-11 decade. This has been done as part of the demographic analysis (below) where it is assumed that household formation rates in the future will start to return to the levels seen in the 2008-based CLG household projections.

3. Assessing Overall Housing Need

Introduction

- 3.1 The analysis carried out follows the requirements of the National Planning Policy Framework and the more recent (March 2014) CLG advice about assessing housing and economic development needs. The National Planning Practice Guidance (NPPG) effectively describes a process whereby the latest population and household projections are a starting point; and a number of “tests” then need to be considered to examine whether it is appropriate to consider an upward adjustment to housing provision. These are:
- Is there evidence that household formation rates in the projections have been constrained? Do market signals point to a need to increase housing supply?
 - How do the demographic projections ‘sit’ with the affordable housing needs evidence, and should housing supply be increased to meet affordable needs?
 - What do economic forecasts say about job growth? Is there evidence that an increase in housing numbers would be needed to support this?
- 3.2 The core projections in this section look at housing needs in the period from 2013 to 2030. This recognises the Council’s emerging plan dates of 2015-30 but has started in 2013 due to this being the latest date for which a good baseline of demographic data is available (from the ONS 2013 midyear population estimates).

What is the Starting Point to Establish the Need for Housing?

- 3.3 The NPPG states that *‘household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need. The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics. Projected household representative rates are based on trends observed in Census and Labour Force Survey data’.*
- 3.4 At the time of writing these were the 2011-based ‘interim’ subnational population projections (SNPP) and the 2011-based ‘interim’ household projections from CLG (which are directly based on the SNPP). These projections are important as they provide a consistent approach where key inputs (such as levels of internal migration) sum at a national level. The SNPP is also a good source of data as it uses a ‘multi-regional’ model that studies migratory movements by age and sex between all local authorities in the Country. The SNPP is however limited by the accuracy of data underpinning it such as migration which is notoriously difficult to accurately measure – particularly at smaller area level.
- 3.5 The table below shows household growth from the 2011-based CLG projections. The projections cover the 10-year period to 2021 which is the full period covered by CLG. For the whole period studied this projection suggests a 2,336 increase in households (234 per annum). The percentage increase in households is 4.8% which is significantly below the figure for England (10%) and also below the North West region (5.8%). It is however slightly above the figure for Cumbria 4.3%.

Figure 3.1: Projected household growth 2011-21 – CLG 2011-based household projections	
	Carlisle
Households 2011	48,298
Households 2021	50,634
Change in households	2,336
Per annum	234
% change from 2011	4.8%

Source: CLG 2011-based household projections

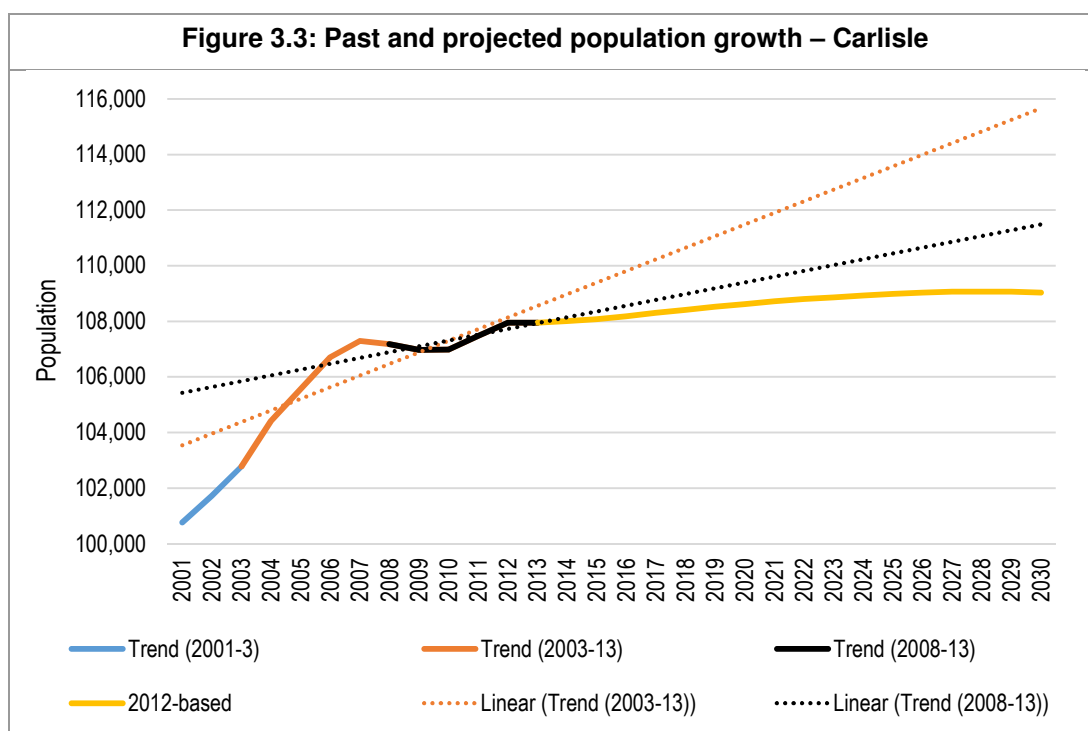
- 3.6 We can also look back to older series of demographic projections such as the 2008-based CLG household projections. This projection has the advantage of being extended beyond 2021 (which is the end date of the 2011-based version). The outputs from the 2008-based CLG projections are shown below (covering the period from 2013 to 2030 – the full range of these projections was 2008-33). This shows a projected household growth of 479 per annum – significantly higher than the 2011-based projections.

Figure 3.2: Projected household growth 2011-30 – CLG 2008-based household projections	
	Carlisle
Households 2013	49,390
Households 2030	57,534
Change in households	8,144
Per annum	479
% change from 2013	16.5%

Source: CLG 2008-based Household Projections

2012-based subnational population projections

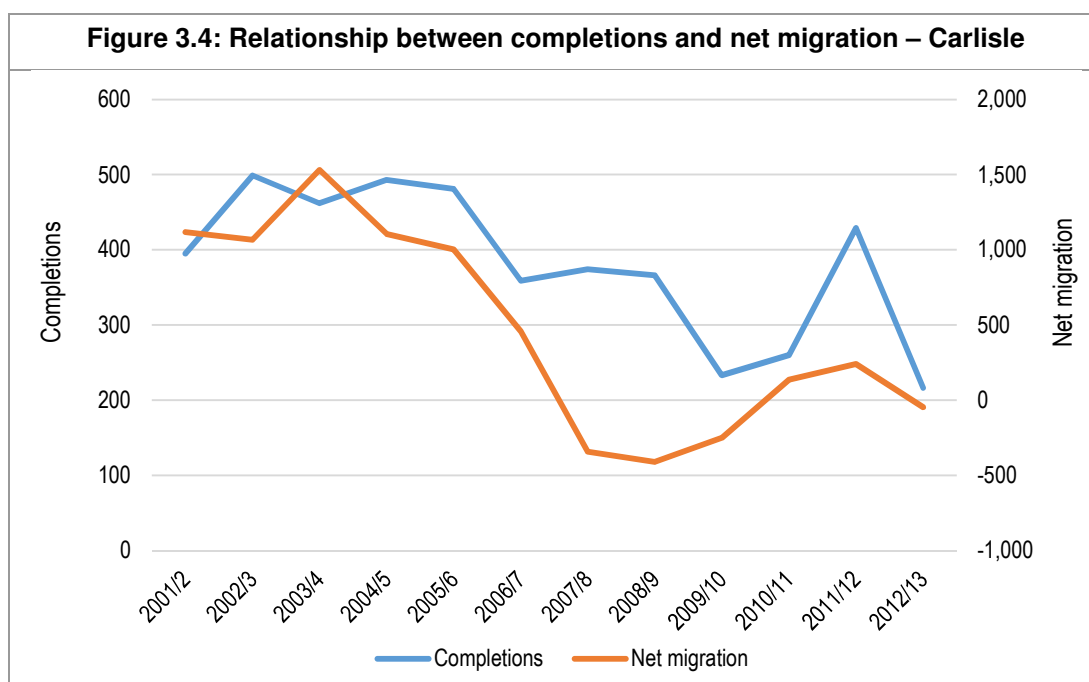
- 3.7 On the 29th May 2014 ONS published a new set of subnational population projections (SNPP). They replace the 2010- and 2011-based projections and will in due course be used to inform the next round of CLG household projections (due in Autumn 2014). It is therefore worthwhile to consider the likely implications of this new data on the need for housing.
- 3.8 An initial analysis of the 2012-based SNPP reveals a much lower expected level of population growth than was seen in the 2008-based SNPP and also below that in previous ONS population projections. Over the period from 2013 to 2030 the new SNPP shows population growth of 1,086 people (64 per annum), this compares with 630 per annum in the 2008-based projections and 348 in the 2010-based projections. The 2011-based ONS projections suggest a figure of 243 per annum.
- 3.9 The figure below shows how the projected population growth in Carlisle compares with past trends (over the past 5- and 10-years). The analysis shows that the future projection sit some way below the 5-year trend and significantly lower than the trend if the longer (10-year) period is studied.



- 3.10 The reasons for the significant difference between projections needs to be understood. It is important to consider whether the latest ONS projections are realistic or if they should be adjusted in some way. In particular we are mindful of the NPPG which says:

'The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography... The assessment will therefore need to reflect the consequences of past under-delivery of housing'.

- 3.11 The core question is whether migration and population growth has been affected by past housing provision; noting that where provision has been low there will have been a more limited opportunity for households to move to an area. We have studied this with reference to the relationship between net migration and completions. This is shown in the figure below.



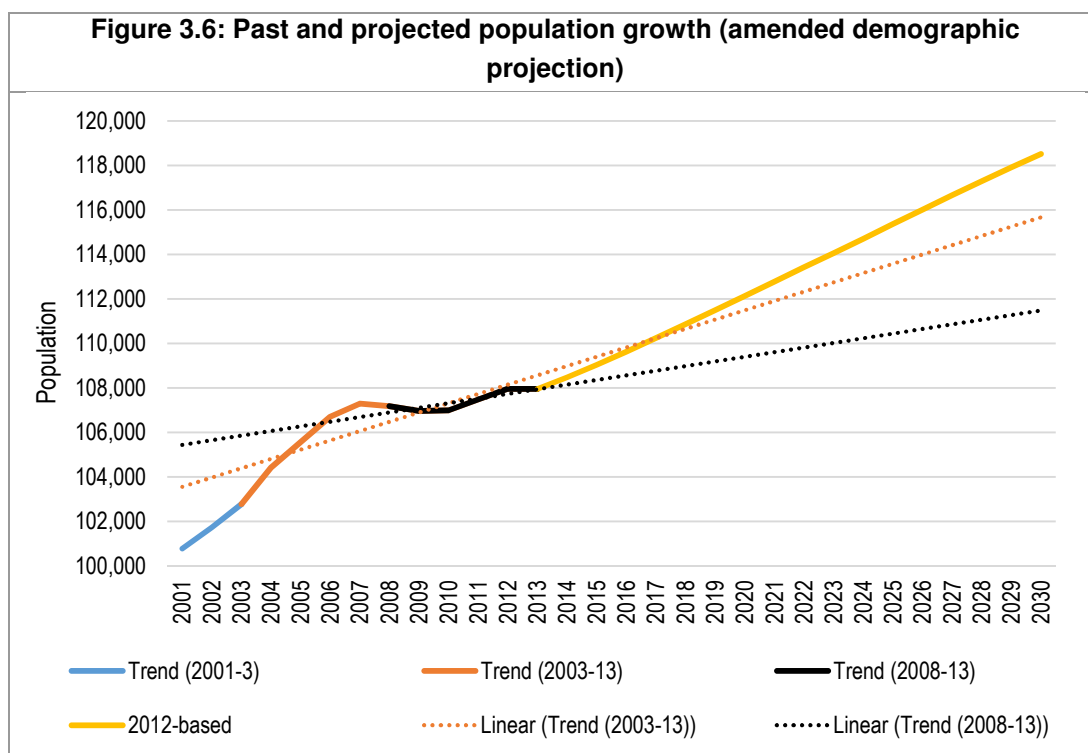
Source: CLG and ONS

- 3.12 The graph suggests that there is some relationship between completions and net migration. This would suggest that underlying levels of net migration are to some extent influenced by the delivery of housing (i.e. if homes are not built then people are not able to migrate). Given the very low level of completions since 2007/8 it is therefore hard to have any great confidence in a demographic projection linked to recent trends as a measure of housing requirements.
- 3.13 An additional consequence of the relatively low recent levels of migration and how these have been translated into a projection by ONS is the impact on overall population growth and more specifically expected changes to the local labour supply. The link between housing and economic growth is considered in more detail later in this section although it is worth noting at this stage that the analysis linked to the 2012-based SNPP suggests that between 2013 and 2030 the number of people in employment would be expected to drop by about 830. Hence planning on the basis of the 2012-based SNPP could not be described as particularly positive.
- 3.14 An alternative demographic projection has therefore been developed to provide a start point for analysis. The table below shows migration data over the past ten years with averages also provided for different periods. Over the past ten years the data shows an average net in migration of 342 people per annum. This compares with a net out migration of 125 people per annum over the 2007-12 period (which would have fed into the SNPP).
- 3.15 Hence to provide a demographic projection we have considered what level of uplift should be modelled to migration to take account of longer-term trends in the housing market. Projecting forward under this alternative projection net migration is uplifted by 468 people per annum compared with figures contained within the 2012-based SNPP. The adjustment has been applied to levels of internal in-migration (i.e. moves from other parts of the Country) with international migration being held at the levels suggested in the SNPP.

Figure 3.5: Past levels of net migration (2003/4-2012/13)	
Period	Carlisle
2003/4	1,531
2004/5	1,105
2005/6	1,002
2006/7	457
2007/8	-342
2008/9	-411
2009/10	-251
2010/11	136
2011/12	241
2012/13	-47
Average (2003-13)	342
Average (2007-12)	-125
Uplift (per annum)	468

Source: ONS

- 3.16 The amended demographic projection now shows a population growth of about 10,600 people over the 2013-30 period (around 620 per annum). As the figure below shows these revised assumptions now show quite a positive level of population growth when compared with past trends – the figures actually run above the long-term trend from 2003-13 although the level of growth is not as rapid as was seen in the earlier part of the decade (e.g. from 2001).



- 3.17 The table below shows the housing requirement arrived at by updating demographic to take account of migration in the 2003-13 period). As with earlier analysis the conversion from population to households (and through to dwellings) has been based on using the 2011-based CLG projections household formation (headship) rates.
- 3.18 This projection suggests an annual housing requirement for 370 additional homes per annum over the 17-years 2013-30 (this includes a vacancy allowance informed by the 2011 Census of 4.3%). The vacancy figures reflect what is expected to be achievable in new housing stock and include an allowance for second homes.
- 3.19 The household growth figure of 354 per annum is notably higher than derived from the 2011-based projections (234 per annum) but still some way below figures in the earlier (2008-based) projections which showed a figure of 479 each year on average. The uplift provided by this projection from 2011-based figures (of 120 per annum) is in excess of the shortfall against past targets identified in the analysis of market signals – this was 827 homes which annualised would be about 49 per annum looking over the 17-year period of 2013-30.

Figure 3.7: Projected household growth 2013-30 – amended demographic projection	
	Carlisle
Households 2013	48,684
Households 2030	54,708
Change in households	6,023
Per annum	354
Dwellings (per annum)	370

Considering Constrained Household Formation

- 3.20 Whilst the revised migration assumptions point to the updated demographic projection as being broadly reasonable we also need to consider the extent to which household formation in Carlisle may have been constrained by housing market factors such as the difficulty in obtaining mortgage finance (and more importantly how any constraint is being projected forward). This is a key part of the NPPG which says:
- ‘... formation rates may have been suppressed historically by under-supply and worsening affordability of housing [and] ... local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply’.*
- 3.21 There is some evidence in Carlisle of suppression with the average household size in 2011 being slightly above the level projected in earlier (2008-based) CLG household projections (which were developed from trends in a comparatively buoyant period in the housing market). Projecting forward the 2011-based projections show a far less rapid reduction in average household sizes than was expected in the 2008-based projections; the reduction is also below the trend seen since 2001.

- 3.22 Despite there being some evidence through analysis of average household sizes of suppression it is not entirely clear to what extent this is due to households being unable to form and how much might be due to other factors. A recent (September 2013) study produced by CCHPR on behalf of the TCPA does shed some light on this issue, stating:

“The central question for the household projection is whether what happened in 2001 – 11 was a structural break from a 40-year trend; or whether household formation was forced downwards by economic and housing market pressures that are likely to ease with time. At the time of the 2011 Census, the British economy was still in recession and the housing market was depressed. The working assumption in this study is that a considerable part but not all of the 375,000 shortfall of households relative to trend was due to the state of the economy and the housing market. 200,000 is attributed to over-projection of households due to the much larger proportion of recent immigrants in the population, whose household formation rates are lower than for the population as a whole. This effect will not be reversed. The other 175,000 is attributed to the economy and the state of the housing market and is assumed to gradually reverse.”

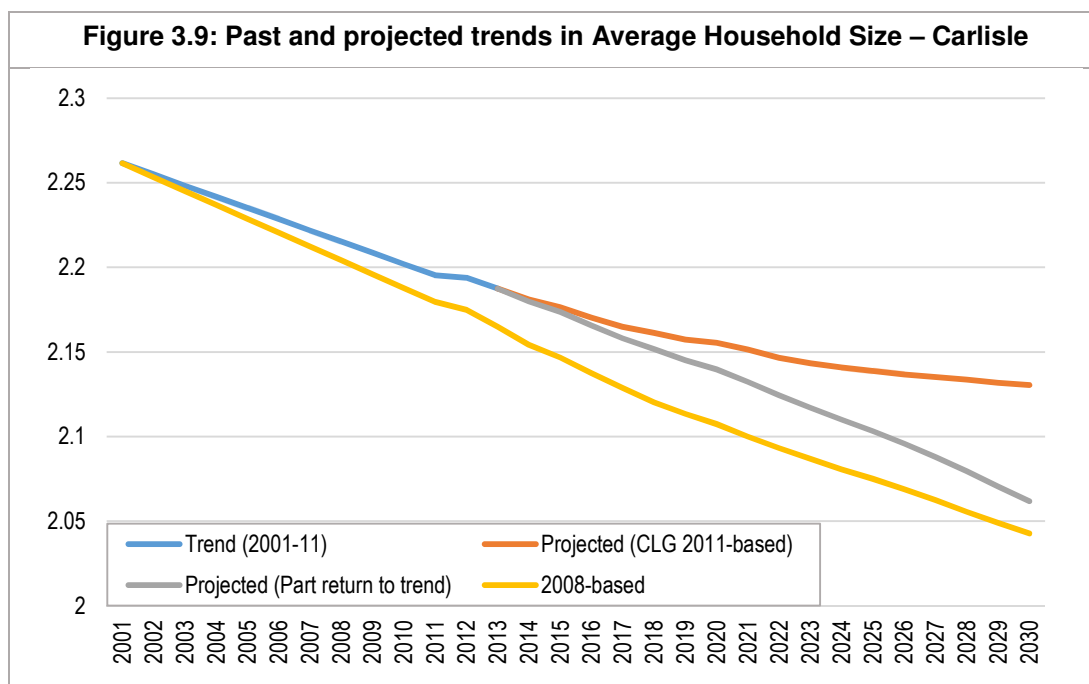
- 3.23 On the basis of this analysis it can broadly be suggested that half of the lack of expected households is due to market factors with roughly half attributable to other issues (notably international migration). To look at how this is relevant to Carlisle analysis has been carried out to look at the growth in the BME population relative to the growth seen nationally to see what the likely relative impact of housing market factors is. The table below shows the key analysis for this.
- 3.24 The data shows that growth in the BME community (taken to be the non-White (British/Irish) population) in England was 115% of all population growth. In Carlisle this figure is somewhat lower (at 48% of population growth). If it is assumed that nationally 0.53 of movement away from long-term trends is due to international migration (taken here to be BME growth) then the analysis suggests that 22% of movement away from long-term trends is due to BME growth. Put another way, around 78% is expected to be due to housing market factors.

Figure 3.8: Growth in BME population (2001-11)		
	Carlisle	England
BME population (2001)	1,669	5,767,580
BME population (2011)	4,930	10,216,219
Change (2001-11)	3,261	4,448,639
Total population growth	6,785	3,873,625
BME growth as % of total growth	48%	115%
Variance from national position	0.42	1.00
Part return adjustment factor	0.22	0.53

Source: Census 2001 and 2011

- 3.25 The method therefore assumes that after 2013 household formation rates recover towards the 2008-based rates, reaching 78% of the 2008-based rates by the end of the projection period (in 2030). This core assumption is chosen on the basis that it is unlikely that there will no move back towards the previous trend and improbable that there will be a full return to that trend in the foreseeable future.

- 3.26 A key part of this third scenario is that all modelling is done on an age specific basis and to get a simple comparison the figures below shows how these will pan out in terms of average household size estimates. The figure also shows the trend that would have been observed if the 2008-based projections had been followed back to 2001 and moving forward. The data clearly shows some degree of suppression in 2011 and that the part-return to trend method still see suppression in 2030 when compared with 2008-based data (albeit as explained above this will in part be due to changes in household structures linked to international migration and growth in BME communities).



Source: Derived from ONS and CLG data

- 3.27 Using the 2011- and 2008-based CLG household projections we have therefore developed a series of headship rates to apply to our amended demographic data. This suggests a housing requirement of 481 dwellings per annum from 2011 to 2030.

Figure 3.10: Projected household growth 2013-30 – amended migration profile and reduced household formation constraint	
	Carlisle
Households 2013	48,684
Households 2030	56,530
Change in households	7,846
Per annum	462
Dwellings (per annum)	481

Economic-led Housing Requirements

- 3.28 As well as looking at demographic trends when considering what the housing requirement should be CLG advice suggests considering economic (job growth) forecasts. As noted above, the 2012-based SNPP would be expected to see a notable decline in the resident workforce whilst the amended demographic projection shows growth of about 4,500 people in the workforce. In particular the guidance states that:

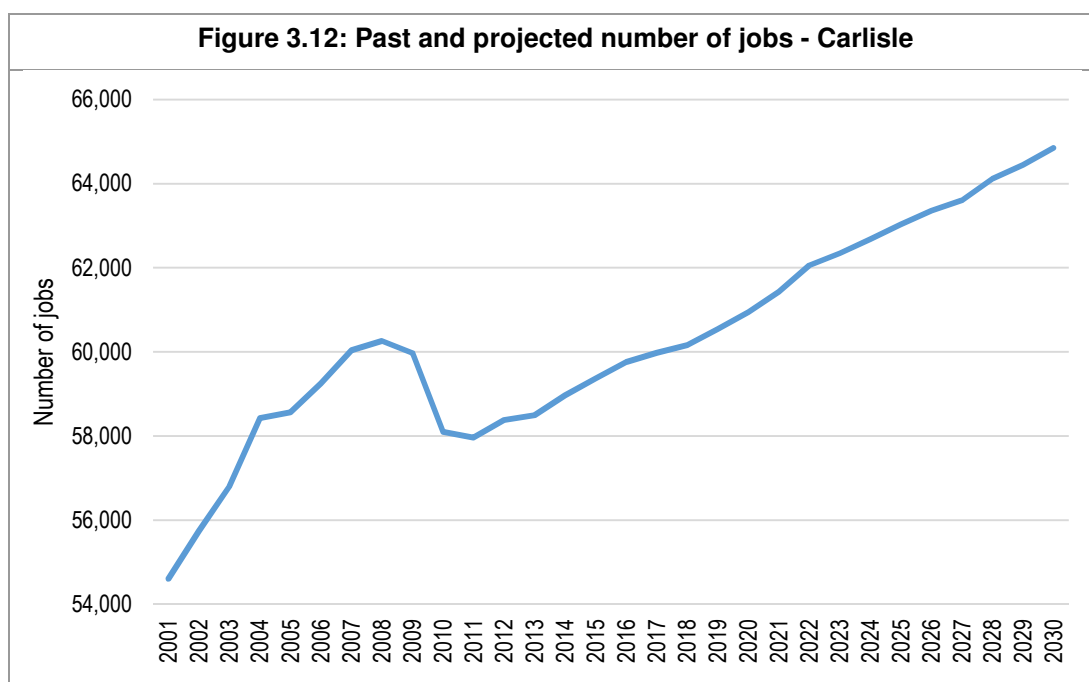
'Plan makers should make an assessment of the likely growth in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population'

- 3.29 To look at the economic future of Carlisle we have drawn on a February 2014 Experian Forecast provided by the County Council. This source provides an indication of the expected job growth at a local authority level and the table below shows the increase in the number of jobs expected in 2030 from 2013 levels. Over the 17-year period studied the Experian forecast expects an increase of around 6,350 jobs – this is an increase of about 10.9% from 2013 levels.

Figure 3.11: Employment increase (2013-30)			
Area	Jobs (2013)	Jobs (2030)	Change (2013-30)
Carlisle	58,500	64,848	6,348

Source: Experian

- 3.30 The figure below shows past trends and the expected future change in the number of jobs in Carlisle (back to 2001). The data shows a rapid increase from 2001 to about 2007/8 before the number of jobs declined through to 2011 (as a result of the recession). Moving forward from 2011 there is expected to be a notable level of job growth although the expected increase is at a lower rate than seen in the 2001-7 period.



Source: Experian

- 3.31 As well as studying job growth we can also consider commuting patterns to understand whether or not the growth in the working population might be expected to be higher (or lower) than the job growth figures. To study this we have looked at the relationship between the number of residents in employment and the number of people who work in each area. Information about this is shown in the table below and has been taken from the 2001 Census and also the 2011 Census. Attempts have been made to make the data as comparable as possible although some of the categories used (e.g. about people with no fixed place of work) do vary between the data sources.
- 3.32 The data shows that there are around 10% more people who work in the area than currently live in the area (and are working). Carlisle therefore sees a level of net in-commuting – the data does not suggest any significant change in this over the past decade.
- 3.33 In projecting forward it would be possible to adjust the job growth figures reflect these trends; however, for the purposes of the modelling in this report the job growth and growth in working residents has been assumed to be on a 1:1 basis. This means we are assuming that net commuting will remain at a constant level in numeric terms but will reduce slightly in proportionate terms. Given that across the Council area there is a level of in-commuting this assumption will show a slightly higher level of apparent housing need through the data modelling.

Figure 3.13: Commuting Patterns in Carlisle

	Residents in employment	People working in area	Commuting Ratio
2001	46,703	52,153	0.90
2011	54,049	59,433	0.91

Source: Census (2001 and 2011)

- 3.34 Projecting the linkage between job growth and housing requirements is also quite difficult as a number of additional assumptions need to be built into the modelling. Key ones to impact on the figures locally include:
- a) How economic participation rates will change in the future. Although the past few years have seen an increase in unemployment there have generally been increases in the proportion of people who are economically active (particularly for females and people aged over 50). In the future we may see a continuation of these trends – particularly in relation to people working longer (partly linked to pensionable ages) and have modelled for there to be some increase in employment rates as we move through to 2030.
 - b) Double jobbing – the analysis assumes an increase in the resident workforce of one for every additional job. In reality some people may hold down more than one job (double jobbing) and so the actual increase in working residents could be below the increase in the number of jobs. We do not have any local evidence about the number of people with more than one job. The assumptions in this report essentially assume that this number remains constant. Making an additional assumption about double jobbing would potentially reduce the outputs in terms of estimates of the number of homes required.
 - c) Understanding occupancy patterns. Whilst additional housing growth might be required to meet job growth projections it is the case that no control can be exercised as to who occupies a home. An additional home could for example be taken up by a retired household who would not aid the increase in the workforce. The modelling therefore assumes that current migration patterns (in terms of age and sex) are maintained with a different level of migration being input into the modelling to meet job targets. This means that the extent to which economically inactive people move to or from the area will be maintained (in proportionate terms) and so inherently the modelling assumes that some additional housing would be lived in by those who are not working. Generally, people/households of working age are more migrant than other households so a higher level of migration will tend to increase the working population proportionately at a higher rate than for lower assumed levels of migration.
- 3.35 The outputs from the economic based projection is as follows and shows that for the resident workforce to increase in line with the forecast number of jobs would require around 564 homes per annum to be delivered. The outputs are again based on household formation rates linked to the part-return to trend methodology described above.

Figure 3.14: Meeting job growth forecasts	
	Carlisle
Households 2013	48,684
Households 2030	57,878
Change in households	9,194
Per annum	541
Dwellings (per annum)	564

Sub-area projections

- 3.36 The projections presented in the Section above look at housing requirements for the whole of the Carlisle City Council area. It is also of interest to develop these at a smaller-area level. Providing estimates for sub-areas is also consistent with the approach currently being taken by the Council through its Local Plan which states that *'70% of housing development to be directed to the urban area of Carlisle, and 30% to the rest of the district'*. Smaller-area projections have therefore been developed for three areas, these are defined in the table below and for the purposes of analysis have been built up from groups of wards.

Figure 3.15: Wards in each Housing Market Area	
Area	Wards
Rural West	Burgh, Dalston
Rural East	Brampton, Great Corby and Geltsdale, Hayton, Irthing, Longtown & Rockcliffe, Lyne, Stanwix Rural, Wetheral
Carlisle Urban	Belah, Belle Vue, Botcherby, Castle, Currock, Denton Holme, Harraby, Morton, St. Aidans, Stanwix Urban, Upperby, Yewdale

Smaller Area Population Projection Methodology

- 3.37 To develop projections for smaller areas the start point has again been the most recent SNPP (as updated for the purposes of this report). From this data a series of birth, death and migration schedules has been developed on the basis of the different population structure in each area. Following this, a model has been set-up for each of the three areas with the ability to interrogate different assumptions to see the output housing requirements. The model structure is the same as for Council area-wide projections as already described in this report.
- 3.38 There are a number of issues with this approach which make the outputs less robust than at the Council area level. Key ones include the fact that birth and death rates are assumed to be the same in different parts of the Council area (in the absence of any robust up-to-date local information) whilst the migration patterns are developed from an understanding of the current population profile in each area rather than any specific local data about the profile of the population moving into and out of each area in the past (again this is due to a lack of up-to-date information).
- 3.39 The development of a dynamic population projection model is the key part of the local projections with specific local data about employment and headship rates being taken from 2011 Census data to ensure that the outputs about the number of people working and the number of households properly reflect any local differences.

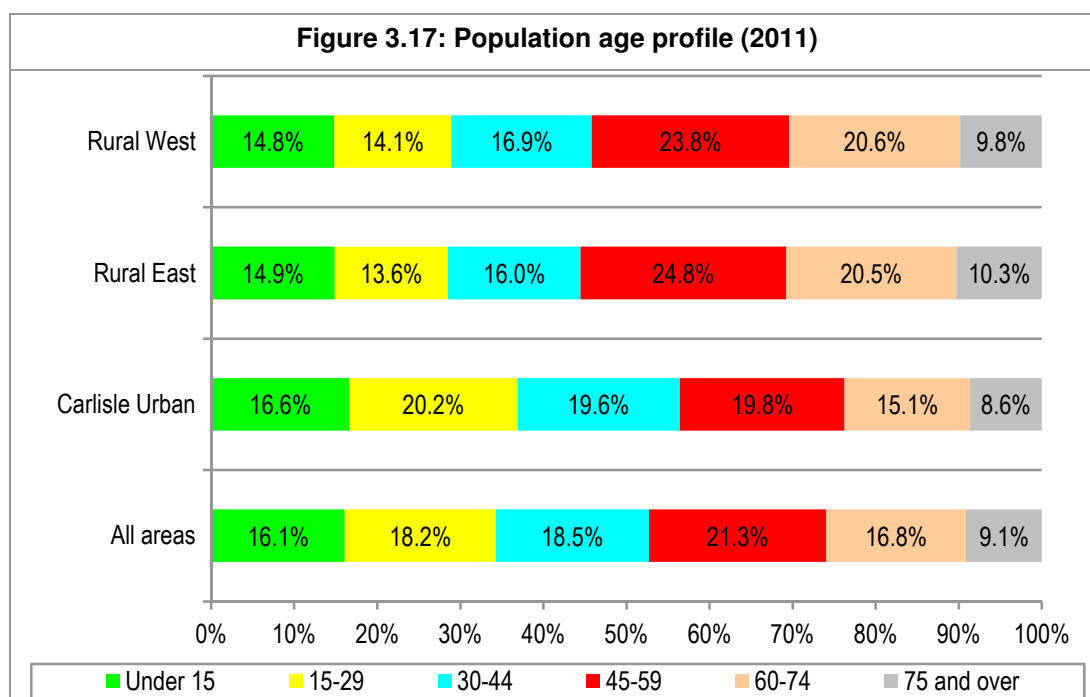
Baseline population, households and working population

3.40 The table below shows the baseline population size, the number of households and the number of working people used for the analysis. The data shows the largest area in both population and household terms is the Carlisle urban areas. Generally, the proportion of the population is broadly similar to the proportion of households although lower numbers of households in the two rural areas shows higher average household sizes. The proportion of the population who are working is also relatively high (when compared to total population) in the two rural areas – this is linked to higher employment rates and lower unemployment outside of the main urban area.

Figure 3.16: Population, households and working population by sub-area (2013)						
	Population		Households		Working	
	Number	% of total	Number	% of total	Number	% of total
Rural West	8,127	7.5%	3,517	7.2%	4,314	8.0%
Rural East	26,149	24.2%	11,441	23.5%	13,647	25.2%
Carlisle Urban	73,673	68.2%	33,726	69.3%	36,289	66.9%
TOTAL	107,949	100.0%	48,684	100.0%	54,249	100.0%

Source: Derived from 2011 Census

3.41 The figure below shows the current estimated age structure in each of the above sub-areas split into six broad age bands. The data suggests that the population profile in different parts of the District varies quite notably. In particular Carlisle Urban has a relatively young population whilst the profile in the two rural sub-areas is much older. These profiles will affect housing requirements moving forward.



Source: Derived from Census (2011) and mid-year population estimates

Projections Run

- 3.42 At the smaller area level two different projections have been run. These link to the Council area-wide projections and can be summarised as:

PROJ 1A – Demographic-based

- 3.43 This projection follows the same assumptions as the core Council-area wide projection linked to updating demographic trends (to look at a longer trend migration period). To enable consistency across areas this projection has been modelled to assume the same proportionate increase in population in each area (a 9.8% increase in the 2013-30 period). This does mean that estimates of the growth in households and the working population do not exactly match the figures when looking at the whole Council-area.

PROJ 2A – Experian-based

- 3.44 This projection links to the Council area-wide growth shown in the Experian economic forecast. Similar to the demographic based projection the growth in the working population is modelled to be the same (in proportionate terms) in each area (growth of 11.7% over the 2013-30 period). In this instance this means that population and household growth do not exactly match the figures from the main Council-wide projection.

Projection Outputs

- 3.45 The table below shows key outputs from the modelling for these projections. The outputs only show overall housing requirements (on an annual basis) with more detailed outputs being provided in Appendix 1. The data shows a need for about 7% of hoes to be in Rural West and 20%-22% in Rural East. This leaves a range of 71%-73% for the Carlisle urban area – figures which are consistent with the emerging Local Plan.
- 3.46 When looking at the overall housing need suggested by these projections it can be noted that the demographic projection shows a need for 478 dwellings per annum (slightly below the Council area-wide figure of 481). For the Experian-based projection the difference is slightly larger; with the sub-area based projections summing to 552 compared to a figure of 564 when modelling across the whole Council area.

Figure 3.18: Annual housing requirements by area (2013-2030) – per annum				
	PROJ 1A (Demographic-based)		PROJ 2A (Experian forecast)	
	Housing need	% in area	Housing need	% in area
Rural West	32	6.7%	40	7.2%
Rural East	97	20.3%	122	22.1%
Carlisle Urban	349	73.0%	390	70.7%
TOTAL	478	100.0%	552	100.0%

Summary and Conclusions

- 3.47 The conclusions are drawn on the basis of an assessment process which interrogates demographic information under a range of different scenarios and thus provides recommendations about what might be a reasonable level of future housing provision. The methodology follows the series of steps set out in CLG advice of March 2014. The projections cover the period from 2013 to 2030.
- 3.48 The analysis begins by looking at the most recent nationally published projections – these are the 2011-based ‘interim’ projections from CLG which cover the period from 2011 to 2021. This projection suggests household growth of 234 per annum across the Council area. This figure is significantly below that contained in the previous (2008-based) CLG projections which put annual household growth (in the 2013-30 period) at 479.
- 3.49 The next stage of the process was to consider the validity of the 2011-based projections, more recent 2012-based subnational population projections and the 2013 midyear population estimates. Recent information about migration suggests that this has fallen; however, further evidence suggests that the decline may at least in part due to a decrease in housebuilding. An updated demographic projection was therefore developed which considered migration linked to a longer-term period (2003-13) rather than the 2007-12 period underpinning ONS projections. This suggested a housing need for 370 homes per annum.
- 3.50 The next step was to consider the extent to which household formation rates have been suppressed in the recent past (e.g. households not forming due to housing market conditions such as difficulties obtaining mortgage finance). Across the Council area the evidence would suggest that there has not been a significant suppression in the past; however moving forward it is clear that the 2011-based projections are projecting a far less rapid decline in average household sizes than is shown by trend data (or indeed what was previously expected in the 2008-based projections).
- 3.51 An adjustment has therefore been made to the 2011-based household projections to reduce any constraints moving forward. The methodology starts with 2011-based data and projects forward by returning household formation rates back towards those in the 2008-based projections. Carrying out the adjustment to household formation rates suggests household growth of 462 per annum and a housing requirement for 481 additional homes per annum (once a vacancy allowance has been included). This figure is still below the figure in the 2008-based CLG projections.
- 3.52 Whilst the demographic projection can be considered as a start position it is also important to consider age structure changes; in particular whether the population growth will support the required increase in the workforce to meet employment growth trends/forecasts. In looking at an Experian economic forecast it was established that an increase in the number of residents in employment of around 6,350 could be expected in the 2013-30 period. Running this figure through the demographic model shows that annual housing requirement for 564 would be appropriate to ensure labour-force growth.
- 3.53 Overall, the analysis suggests that the housing requirement in Carlisle is in the range of about 480 to 565 dwellings per annum – the lower figure being based on a demographic projection which takes account of longer-term trends and the higher figure being appropriate to meet the job growth forecasts by Experian.

- 3.54 As well as providing projection outputs for the whole Council-area the analysis has looked at likely requirements for smaller areas on the basis of a number of different projection scenarios. It should be stressed that data availability means that the local level projections are less robust than those developed Council area-wide. However, the outputs largely support the Council's proposed housing distribution as between the main urban area (70% of provision) and rural areas (30%).

4. Affordable Housing Need

Introduction

- 4.1 In this section we discuss levels of affordable housing need in Carlisle and each of the three sub-areas. Housing need is defined in SHMA guidance as the quantity of housing required for households who are unable to access suitable housing without financial assistance. These households will be eligible for affordable housing. Affordable housing is defined in the National Planning Policy Framework as social rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market.
- 4.2 The analysis in this section is a fresh look at the issue of affordable housing need although comparisons have been made with the outputs of the Housing Needs and Demand Study (2011) and the 2009 SHMA undertaken by Cumbria County Council.
- 4.3 Government guidance on Strategic Housing Market Assessments sets out a model for assessing housing need (known as the Basic Needs Assessment Model). This model has been retained in the CLG advice of March 2014 and is used herein. The analysis is based on secondary data sources. It draws on a number of sources of information including 2011 Census data, demographic projections, house prices/rents and income information.
- 4.4 It should be recognised that in establishing housing requirements, evidence of both housing need and demand should both be considered. This section, addressing housing need specifically, should be considered alongside the evidence of demand presented; and the demographic-led projections of housing requirements. Land availability, infrastructure requirements, viability (as well as funding available for affordable housing), Sustainability Appraisal and the views of the local community and wider stakeholders also need to be considered in the development of planning policy. It is not a simple predict and provide issue.
- 4.5 The housing needs model is based largely on housing market conditions (and particularly the relationship of housing costs and incomes) at a particular point in time – the time of the assessment – as well as the existing supply of affordable housing (through relets of current stock) which can be used to meet housing need. On this basis, estimates of housing need are provided in this section for the seventeen year period between 2013 and 2030 – this latter date designed to tie in with the proposed end date of the Local Plan.

Key Definitions

- 4.6 We begin by setting out key definitions relating to housing need, affordability and affordable housing.

Housing Need

- 4.7 Housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.

Newly-Arising Need

- 4.8 Newly-arising (or future) need is a measure of the number of households who are expected to have an affordable housing need at some point in the future. In this assessment we have used trend data from CORE along with demographic projections about the number of new households forming (along with affordability) to estimate future needs.

Supply of Affordable Housing

- 4.9 An estimate of the likely future supply of affordable housing is also made (drawing on secondary data sources about past lettings). The future supply of affordable housing is subtracted from the newly-arising need to make an assessment of the net future need for affordable housing.

Affordability

- 4.10 Affordability is assessed by comparing household incomes, based on income data modelled using a number of sources including CACI, ASHE, the English Housing Survey (EHS) and ONS data, against the cost of suitable market housing (to either buy or rent). Separate tests are applied for home ownership and private renting (in line with the SHMA Guidance) and are summarised below:
- A. Assessing whether a household can afford home ownership: A household is considered able to afford to buy a home if it costs 3.5 times the gross household income – CLG guidance suggests using different measures for households with multiple incomes (2.9×) and those with a single income (3.5×), however (partly due to data availability) we have only used a 3.5 time multiplier for analysis. This ensures that housing need figures are not over-estimated – in practical terms it makes little difference to the analysis due to the inclusion of a rental test (below) which tends to require lower incomes for households to be able to afford access to market housing;
 - B. Assessing whether a household can afford market renting: A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than 25% of gross income. CLG guidance (of 2007) suggests that 25% of income is a reasonable start point but suggests that a higher figure could be used. In Carlisle, income levels are relatively low and it is not considered that there is justification for moving away from this standard 25% figure
- 4.11 It should be recognised that a key challenge in assessing housing need using secondary sources is the lack of information available regarding households' existing savings. This is a key factor in affecting the ability of young households to purchase housing particularly in the current market context where a deposit of at least 10% is typically required for the more attractive mortgage deals. The 'help to buy' scheme is likely to be making some improvements in access to the owner-occupied sector although at present this is likely to be limited (although the impact of recent extensions to this scheme to include the second-hand market should be monitored moving forward). In many cases households who do not have sufficient savings to purchase have sufficient income to rent housing privately without support, and thus the impact of deposit issues on the overall assessment of housing need is limited.

Affordable Housing

- 4.12 The NPPF provides the definition of affordable housing (as used in this report). The following is taken from Annex 2 of NPPF.

“Affordable housing includes social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- *Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices;*
- *Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.”*

- 4.13 Within the definition of affordable housing there is also the distinction between social rented affordable rented, and intermediate housing. Social rented housing is defined as:

“Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant.”

- 4.14 Affordable rented housing is defined as:

“Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent.”

- 4.15 The definition of intermediate housing is shown below:

“Intermediate affordable housing is ‘Housing at prices and rents above those of social rent, but below market price or rents. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent but does not include affordable rented housing.”

- 4.16 As part of our analysis in this report we have therefore studied the extent to which both social rented, intermediate housing and affordable rented housing can meet housing need in Carlisle.

Local Prices & Rents

- 4.17 An important part of the SHMA is to establish the entry-level costs of housing to buy and rent – this data is then used in the assessment of the need for affordable housing. The housing needs assessment compares prices and rents with the incomes of households within each sub-area to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having a ‘housing need.’

- 4.18 In this section we establish the entry-level costs of housing to both buy and rent across the Council area. Our approach has been to analyse Land Registry and VOA data to establish lower quartile prices and rents. For private rented housing, this analysis has then been supplemented by an internet search to provide information at a smaller area level. For the purposes of analysis (and to be consistent with CLG guidance) we have taken lower quartile prices and rents to reflect the entry-level point into the market.
- 4.19 The table below shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £57,300 for a flat and rising to £163,700 for a detached home. Looking at the lower quartile price across all dwelling types the analysis shows a figure of £89,100.
- 4.20 There are notable differences by location with the lower quartile price in Rural West (£131,300) being some 67% higher than the figure for the Carlisle Urban area (£78,800). Prices in the Rural East area are also relatively high. Part of this difference can be explained by the different profile of dwellings sold (e.g. more terraces and flats in Carlisle) although it is clear that prices in rural areas are notably higher than in the main urban area.

Figure 4.1: Lower quartile sales prices by type (2013)	
Dwelling type	Lower quartile price
Flat	£57,300
Terraced	£74,900
Semi-detached	£101,800
Detached	£163,700
All dwellings	£89,100
Rural West	£131,300
Rural East	£123,300
Carlisle Urban	£78,800

Source: Land Registry (2013)

- 4.21 A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data – this covers a 12-month period to March 2014. For the rental data information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of around £385 per month. There are again some variations between areas with costs being higher in the rural areas – difference are however less notable than when looking at purchase prices.

Figure 4.2: Lower quartile private rents by size and location (year to March 2014)	
Dwelling size	Monthly rent
Room only	£282
Studio	£298
1 bedroom	£340
2 bedrooms	£400
3 bedrooms	£475
4+ bedrooms	£620
All dwellings	£385
Rural West	£440
Rural East	£400
Carlisle Urban	£375

Source: Valuation Office Agency

- 4.22 In addition to rental costs from our internet survey we have looked at the maximum amount of Local Housing Allowance (LHA) payable on different sized properties within the area. Maximum LHA payments are based on estimates of rents at the 30th percentile and should therefore be roughly comparable with our estimates of lower quartile costs.
- 4.23 The geographical areas used to determine LHA are not however co-terminus with local authority boundaries and so any comparison is not exact. LHA levels are based on Broad Rental Market Areas (BRMA). The BRMA is an area where a person could reasonably be expected to live taking into account access to facilities and services for the purposes of health, education, recreation, personal banking and shopping (as defined by the Rent Office).
- 4.24 Virtually all of Carlisle falls into the North Cumbria (BRMA) with a very small part to the east being in the Tyneside BRMA (this area being significantly influenced by Newcastle). The North Cumbria BRMA does however extend beyond the Council boundary; extending beyond Penrith to the south. Below we have therefore provided details for the North Cumbria BRMA. The data suggests only small differences between LHA rates and our analysis based on VOA data.

Figure 4.3: Maximum LHA payments by Size and BRMA	
Size	North Cumbria BRMA
Room only	£253
1 bedroom	£350
2 bedrooms	£405
3 bedrooms	£485
4 bedrooms	£606

Source: VOA data (July 2014)

Cost of Affordable Housing

- 4.25 Traditionally the main type of affordable housing available in an area is social rented housing and the cost of social rented accommodation by dwelling size can be obtained from Continuous Recording (CORE) - a national information source on social rented lettings. The table below illustrates the rental cost of lettings of social rented properties by size in 2013/14. As can be seen the costs are below those for private rented housing indicating a gap between the social rented and market sectors. This gap increases for larger properties. The figures in the table include service charges.

Figure 4.4: Monthly social rent levels	
Size	Monthly Rent
1 bedroom – average	£314
2 bedrooms – average	£352
3+ bedrooms – average	£382
Lower quartile (all sizes)	£317

Source: CORE (2013)

- 4.26 Changes in affordable housing provision has seen the introduction of a new tenure of affordable housing (Affordable Rented). Affordable rented housing is defined in the NPPF as being *'let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)'*. In the short-term it is likely that this tenure will replace social rented housing for new delivery.
- 4.27 Affordable Rented housing can therefore be considered to be similar to social rented housing but at a potentially higher rent. The 80% (maximum) rent is to be based on the open market rental value of the individual property and so it is not possible to say what this will exactly mean in terms of cost (for example the rent for a two-bedroom flat is likely to be significantly different to a two-bedroom detached bungalow). In addition, market rents for new-build homes are likely to be higher than within the existing stock and may well be in excess of 80% of lower quartile rents. However, for the purposes of analysis we have assumed that the 80% figure can be applied to the lower quartile private rented cost data derived from VOA information.

Gaps in the Housing Market

- 4.28 The table below estimates how current prices and rents in Carlisle might equate to income levels required to afford such housing. The figures are based on the figures derived in the analysis above and include four different tenures (buying, private rent, affordable rent and social rent) and are taken as the lower quartile price/rent across the whole stock of housing available (i.e. including all property sizes).

Figure 4.5: Indicative income required to purchase/rent without additional subsidy

Area	Lower quartile purchase price	Lower quartile private rent	Affordable rent	Lower quartile social rent
Rural West	£37,500	£21,100	£16,900	£15,200
Rural East	£35,200	£19,200	£15,400	£15,200
Carlisle Urban	£22,500	£18,000	£14,400	£15,200
Carlisle Council area	£25,500	£18,500	£14,800	£15,200

Source: Land Registry, VOA and CORE

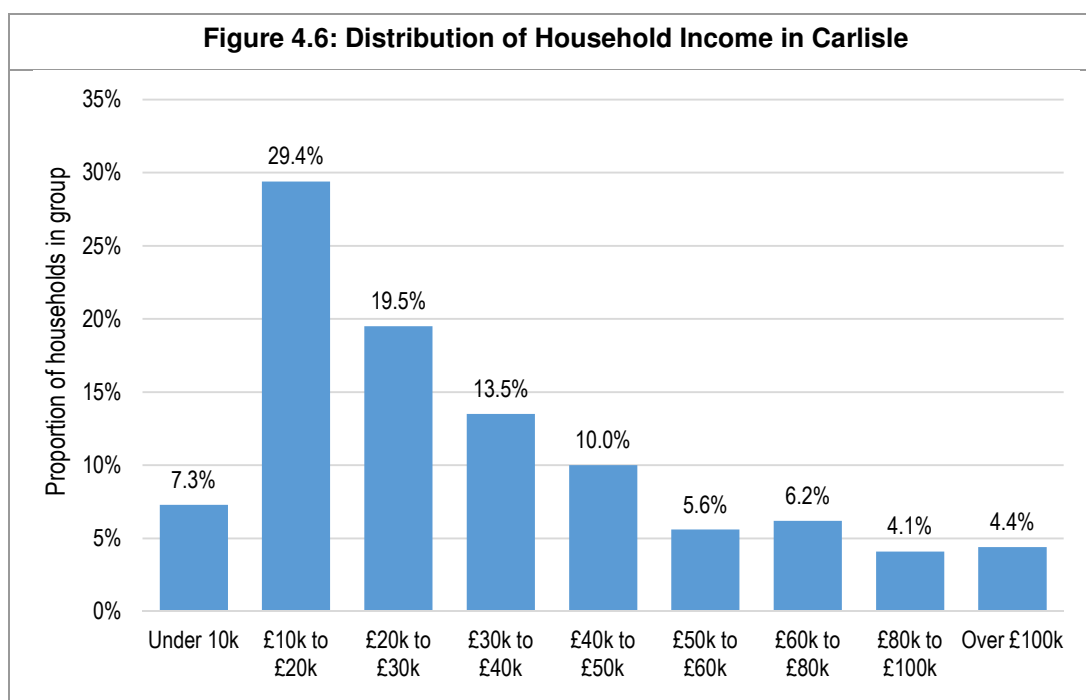
- 4.29 For illustrative purposes the calculations are based on 3.5 times household income for house purchase and 25% of income to be spent on housing for rented properties. The figures for house purchase are based on a 100% mortgage for the purposes of comparing the different types of housing.

Income levels and affordability

- 4.30 Following on from our assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability and also provide an indication of the potential for intermediate housing to meet needs. Data about total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of incomes in each area. The key sources of data include:

- CACI from *Wealth of the Nation 2012* – to provide an overall national average income figure for benchmarking
- English Housing Survey (EHS) – to provide information about the distribution of incomes (taking account of variation by tenure in particular)
- Annual Survey of Hours and Earnings (ASHE) – to assist in looking at how incomes have changed from 2012 to 2013 (2.4% for the North West region)
- ONS modelled income estimates – to assist in providing more localised income estimates (e.g. for sub-areas)

- 4.31 Drawing all of this data together we have therefore been able to construct an income distribution for the whole of Carlisle area and individual sub-areas for 2013. The figure below shows the distribution of household incomes for the whole of the Borough. The data shows that over a third (37%) of households have an income below £20,000 with a further third in the range of £20,000 to £40,000. The overall average (median) income of all households in the Borough was estimated to be around £30,600 with a mean income of £23,100.



Source: Derived from ASHE, EHS, CACI and ONS data

- 4.32 The table below shows how the distribution of income varies for each of the three sub-areas. Incomes were found to be highest in the rural areas with the lowest incomes estimated to be in the Carlisle Urban area.

Figure 4.7: Income levels by sub-area				
Income band	Rural West	Rural East	Carlisle Urban	Carlisle Council area
Under £10k	5.8%	7.3%	15.0%	7.3%
£10k to £20k	28.7%	29.4%	31.0%	29.4%
£20k to £30k	19.2%	19.5%	19.7%	19.5%
£30k to £40k	13.5%	13.5%	13.3%	13.5%
£40k to £50k	10.6%	10.0%	7.0%	10.0%
£50k to £60k	6.1%	5.6%	3.9%	5.6%
£60k to £80k	6.6%	6.2%	5.4%	6.2%
£80k to £100k	4.2%	4.1%	3.8%	4.1%
Over £100k	5.3%	4.5%	1.0%	4.4%
Total	100.0%	100.0%	100.0%	100.0%
Mean	£36,727	£35,007	£28,507	£30,628
Median	£27,934	£26,626	£21,682	£23,099

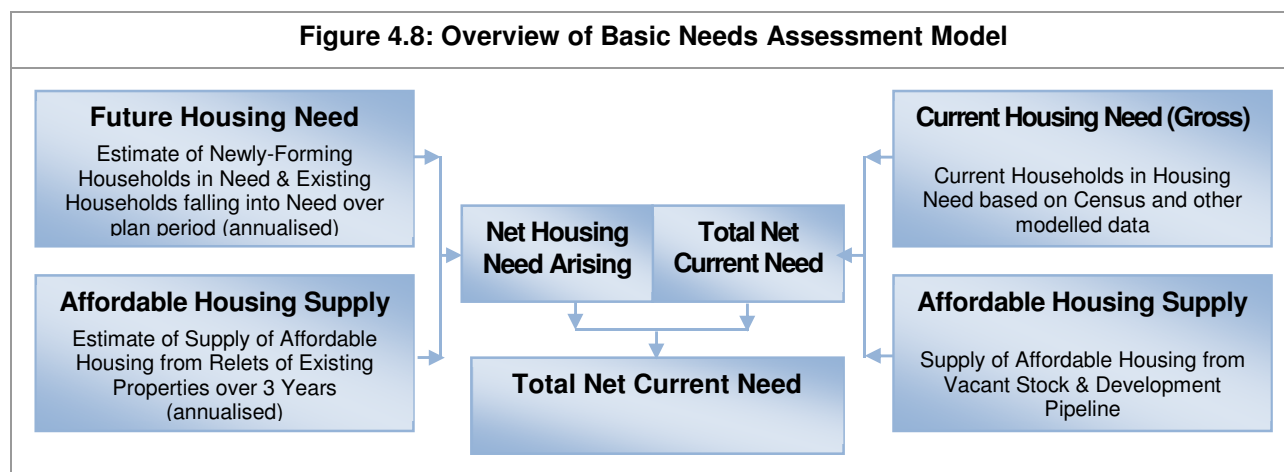
Source: Derived from ASHE, EHS, CACI and ONS data

- 4.33 To assess affordability we have looked at households ability to afford either home ownership or private rented housing (whichever is the cheapest), without financial support. The distribution of household incomes, within each area, is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.

- 4.34 Different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households). Assumptions about income levels are discussed for relevant analyses where relevant in the analysis that follows.

Housing Needs Assessment

- 4.35 Affordable housing need has been assessed using the Basic Needs Assessment Model, in accordance with the CLG Practice Guidance. This model is summarised in the chart below.



- 4.36 The figures presented in this report for affordable housing needs have been based on secondary data sources including analysis of 2011 Census data. The housing needs modelling undertaken provides an assessment of housing need for a five year period (which is then annualised). Each of the stages of the housing needs model calculation are discussed in more detail below.

Current Housing Need (Backlog)

- 4.37 In line with CLG guidance, the backlog of affordable housing need has been based on estimating the number of households living in unsuitable housing along with consideration of their current tenure and affordability. Unsuitability is based on the number of households shown to be overcrowded in the 2011 Census along with an estimate of other needs which have been modelled by comparing the tenure profile in each area with information from previous surveys about households in need. Much of these additional needs are found in the private rented sector and relate to issues around security of tenure and housing costs.

- 4.38 The data modelling estimates housing unsuitability by tenure and from these figures households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes all outright owners under the assumption (which is supported by analysis of survey data) that they will have sufficient equity to move and 90% of owners with a mortgage. Again analysis of a range of recent surveys indicates that the vast majority of owners with a mortgage are able to afford housing once savings and equity are taken into account. A final adjustment (which only really impacts on the Carlisle Urban area) is to slightly reduce the unsuitability figures to take account of student-only households – such households could technically be overcrowded but would be unlikely to be considered as being in housing need
- 4.39 At the time of the assessment there were an estimated 943 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers) – this represents 1.9% of all households in the Council area. The figure below shows the current locations of these households by sub-area – the data suggests a similar (and lower) level of unsuitability in the two rural areas with a higher figure seen in the Carlisle Urban sub-area.

Figure 4.9: Estimated number of households in unsuitable housing			
Area	In unsuitable housing	Total number of households	% in unsuitable housing
Rural West	52	3,517	1.5%
Rural East	179	11,441	1.6%
Carlisle Urban	712	33,726	2.1%
Carlisle Council area	943	48,684	1.9%

Source: Census (2011) and data modelling

- 4.40 Our estimated level of backlog need is therefore 943. We can however additionally consider that a number of these households might be able to afford market housing without the need for subsidy. For an affordability test we have used the income data and adjusted the distribution to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income estimate of 69% of the figure for all households in each area has been used. Overall, around 58% of households with a current need are estimated to be likely to have insufficient income to afford market housing and so our estimate of the total backlog need is reduced to 543 households.

Figure 4.10: Estimated Backlog Need by Sub-Area			
Area	In unsuitable housing	% Unable to Afford	Revised Gross Need (including Affordability)
Rural West	52	54.7%	28
Rural East	179	52.4%	94
Carlisle Urban	712	59.2%	421
Carlisle Council area	943	57.6%	543

Source: Census (2011), data modelling and income analysis

- 4.41 CLG guidance also suggests that the housing register can be used to estimate levels of housing need. Our experience working across the Country is that housing registers can be highly variable in the way allocation policies and pointing systems work. This means that in many areas it is difficult to have confidence that the register is able to define an underlying need. Many housing registers include households who might not have a need whilst there will be households in need who do not register (possibly due to being aware that they have little chance of being housed). For these reasons, the method linked to Census and other modelled data is preferred.
- 4.42 That said, data from the Council's Housing Register in July 2014 does suggest a figure that is of broadly the same order of magnitude – in total there were 439 households in need (defined as in bands A to C) with the majority of these identify the need to be arising in the Carlisle Urban area.

Newly-Arising Need

- 4.43 To estimate newly-arising (projected future) need we have looked at two key groups of households based on the CLGs SHMA Guidance. These are:
- Newly forming households; and
 - Existing households falling into need.

Newly-Forming Households

- 4.44 For newly-forming households we have estimated (through our demographic modelling) the number of new households likely to form per annum over the 2013-30 period and then applied an affordability test. This has been undertaken by considering the changes in households in specific 10-year age bands relative to numbers in the age band below 10 years previously to provide an estimate of *gross* household formation. This differs from numbers presented in the demographic projections which are for net household growth. The number of newly-forming households are limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates 'plateau'. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.
- 4.45 The estimates of gross new household formation have been based on outputs from our core demographic projection. In looking at the likely affordability of newly-forming households we have drawn on data from previous surveys. This establishes that the average income of newly-forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).

- 4.46 We have therefore adjusted the overall household income data to reflect the lower average income for newly-forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all household average. In doing this we are able to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). Our assessment suggests that overall around 48% of newly-forming households will be unable to afford market housing – there are some differences in assessed affordability in the different sub-areas with a higher proportion unable to afford in Carlisle Urban and a lower figure in Rural East.

Figure 4.11: Estimated Level of Housing Need from Newly Forming Households (per annum)			
Area	Number of new households	% unable to afford	Total in need
Rural West	65	44.7%	29
Rural East	206	42.6%	88
Carlisle Urban	660	49.4%	326
Carlisle Council area	931	47.5%	443

Source: Projection Modelling/Income analysis

Existing Households falling into Housing Need

- 4.47 The second element of newly arising need is existing households falling into need. To assess this we have used information from CoRe. We have looked at households who have been housed over the past five years - this group will represent the flow of households onto the Housing Register over a five year period. From this we have discounted any newly forming households (e.g. those currently living with family) as well as households who have transferred from another social rented property. An affordability test has also been applied, although relatively few households are estimated to have sufficient income to afford market housing.
- 4.48 This method for assessing existing households falling into need is consistent with the SHMA guide which says on page 46 that '*Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless households applicants)*'.
- 4.49 The figure below therefore shows our estimate of likely new need from existing households per year moving forward. The data shows an additional need arising from 216 households, with a notably high proportion of these being in the Carlisle Urban area.

Figure 4.12: Estimated level of Housing Need from Existing Households falling onto need (per annum)

Area	Number of Existing Households falling into Need	% of Need
Rural West	5	2.3%
Rural East	27	12.6%
Carlisle Urban	184	85.0%
Carlisle Council area	216	100.0%

Source: CORE/affordability analysis

Supply of Affordable Housing

- 4.50 The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social/affordable rent relets and the annual supply of relets/sales within the intermediate sector.
- 4.51 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. We have used information from the Continuous Recording system (CORE) to establish past patterns of social housing turnover. Our figures include general needs and supported lettings but exclude lettings of new properties plus an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock. Additionally an estimate of the number of 'temporary' supported lettings have been removed from the figures (the proportion shown in CoRe as being lettings in direct access hostels or foyer schemes).
- 4.52 On the basis of past trend data it has been estimated that 379 units of social/affordable rented housing are likely to become available each year moving forward.

Figure 4.13: Analysis of past social/affordable rented housing supply (per annum - past 3 years)

Total lettings	729
% as non-newbuild	90.0%
Lettings in existing stock	657
% non-transfers	60.8%
Sub-total	399
% non-temporary housing	94.9%
Total lettings to new tenants	379

Source: CoRe

- 4.53 The supply figure is for social/affordable rented housing only and whilst the stock of intermediate housing in Carlisle is not significant compared to the social/affordable rented stock it is likely that some housing does become available each year (e.g. resales of shared ownership). For the purposes of this assessment we have estimated the likely size and turnover in the intermediate stock on the basis of 2011 Census data (and assuming a turnover half of the rate seen in the social/affordable rented stock). From this it is estimated that around 17 additional properties might become available per annum.

- 4.54 The total supply of affordable housing is therefore estimated to be 396 per annum. The table below shows the locations where supply is expected to arise. The sub-area estimates have been calculated on the basis of the current stock of affordable housing within each location – the distribution does not vary much from administrative data provided by the Council covering the past three years.

Figure 4.14: Supply of affordable housing by sub-area			
Area	Social/affordable rented relets	Intermediate housing 'relets'	Total supply (per annum)
Rural West	9	1	10
Rural East	51	1	52
Carlisle Urban	319	15	334
Carlisle Council area	379	17	396

Source: Derived from CoRe and Census (2011) analysis

Net Housing Need

- 4.55 The table below shows our overall calculation of housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The analysis has been based on meeting housing need over the 17-year period from 2013 to 2030. Whilst most of the data in the model are annual figures the backlog has been divided by 17 to make an equivalent annual figure.
- 4.56 The data shows an overall need for affordable housing of 5,011 units over the next 17-years (295 per annum). The net need is calculated as follows:

Net Need = Backlog Need + Need from Newly-Forming Households + Existing Households falling into Need – Supply of Affordable Housing

Figure 4.15: Estimated level of Housing Need (2013-30)		
	Per annum	17-years
Backlog need	32	543
Newly forming households	443	7,526
Existing households falling into need	216	3,670
Total Gross Need	691	11,739
Supply	396	6,728
Net Need	295	5,011

Source: Census (2011)/CORE/Projection Modelling and affordability analysis

- 4.57 The table below shows the annualised information for individual sub-areas. The analysis shows a need for additional affordable housing in all areas with Carlisle seeing the highest need (about 68% of the total).

Figure 4.16: Estimated level of Housing Need (per annum)

Area	Backlog need	Newly forming households	Existing households falling into need	Total Need	Supply	Net Need (per annum)
Rural West	2	29	5	36	10	26
Rural East	6	88	27	120	52	68
Carlisle Urban	25	326	184	534	334	201
Carlisle Council area	32	443	216	691	396	295

Source: Census (2011)/CoRe/Projection Modelling and affordability analysis

Role of the Private Rented Sector in Meeting Housing Need

- 4.58 As well as considering the supply of social/affordable rented and intermediate housing it is important to examine the extent to which the private rented sector (through the Local Housing Allowance (LHA) system) is meeting the needs of households in the area. We have therefore used data from the Department of Work and Pensions (DWP) to look at the number of LHA supported private rented homes. As of February 2014 it is estimated that there were 2,259 benefit claimants in the private rented sector; this is 66% higher than the number observed five years earlier (in February 2009).
- 4.59 What this information does not tell us is how many lettings are made each year to tenants claiming benefit as this will depend on the turnover of stock. From English Housing Survey we estimate that the proportion of households within the private sector who are “new lettings” each year (i.e. stripping out the effect of households moving from one private rented property to another) is around 13%. Applying this to the number of LHA claimants in the private rented sector gives us an estimate of 294 private sector lettings per annum to new LHA claimants in the Council area. This figure is derived from claimants rather than households and it is possible that there are a number of multiple LHA claimant households (i.e. in the HMO sector).
- 4.60 The overall estimated number of lettings in the LHA part of the PRS can be seen to be almost exactly the same as the total net need derived through housing needs analysis. It is not however appropriate to treat this sector as a form of affordable housing and net it from the overall annual housing needs estimate of 295 affordable homes per annum. Neither the SHMA Guidance (CLG, 2007) nor the NPPF (CLG, 2012) recognise this sector as affordable housing.
- 4.61 However, it should be recognised that, in practice, the private rented sector does make a significant contribution to filling the gap in relation to meeting housing need and given the levels of affordable housing need shown in this study, the private rented sector is likely to continue to be used to some degree to make up for the shortfall of genuine affordable housing for the foreseeable future.
- 4.62 The extent to which the Council wishes to see the private rented sector being used to make up for shortages of affordable housing is a matter for policy intervention and is outside the scope of this report. However it should be recognised that the Private Rented Sector does not provide secure tenancies and that standards within the sector are likely to be lower than for social rented properties. Furthermore there are households with specific housing needs who may not be able to find suitable accommodation within the Private Rented Sector.

Understanding the Context to the Housing Needs Assessment

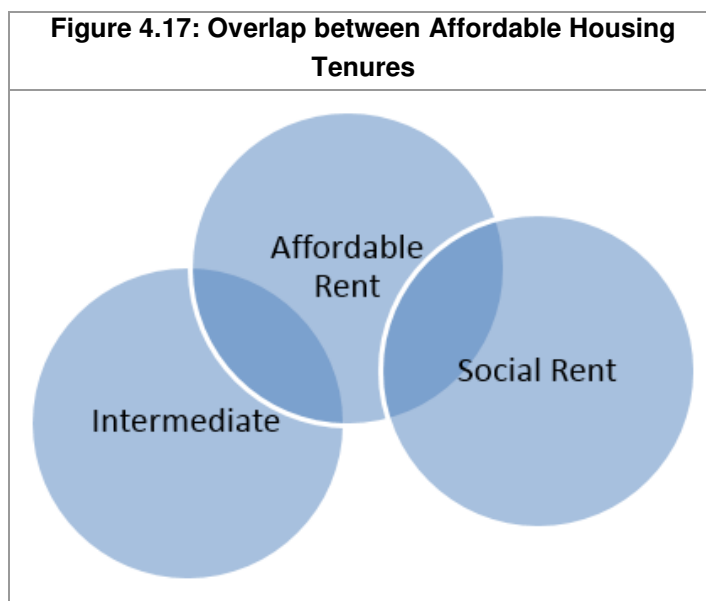
- 4.63 The housing needs analysis concludes that there is a shortfall of 5,011 affordable homes over the period from 2013 to 2030 (295 per annum). However there are a number of things that need to be remembered in interpreting the housing needs analysis.
- 4.64 The Basic Needs Assessment Model which has been used was designed specifically to identify whether there is a shortfall or surplus of affordable housing. It is a statutory requirement to underpin affordable housing policies.
- 4.65 The needs assessment therefore does not look at all housing needs, but specifically the needs of those who can't afford market housing (assuming no more than 25% of households' gross income is spent on housing costs). It assumes that all households are adequately housed in a home that they can afford.
- 4.66 The needs assessment is a 'snapshot' assessment at a point in time, which is affected by the differential between housing costs and incomes at that point; as well as the existing supply of affordable housing. In the case of Carlisle, the stock of affordable housing (social rented) has decreased by about 8% over the last decade. This has affected the level of affordable housing need. The shortfall of affordable housing identified is therefore to some extent affected by past investment decisions.
- 4.67 Moreover, as the Basic Needs Assessment Model is designed to identify a shortfall of genuine affordable housing, it assumes that all households in 'housing need' are housed in affordable homes (which includes provision that the home remains at an affordable price for future eligible households).
- 4.68 In reality, there are two key factors which need to be considered:
- Some households defined as in housing need may choose to spend more than 25% of their gross income on housing costs or may not actively seek an affordable home; and
 - Some households defined as in housing need are accommodated in the Private Rented Sector, supported by Local Housing Allowance.
- 4.69 It is estimated that there are currently around 2,300 Local Housing Allowance claimants housed in the Private Rented Sector with many more expected to be in this sector and paying more than 25% of their income on housing but not claiming Housing Benefit (for example a single person might need to see their housing costs get up to around 45%-50% of rent before getting Housing Benefit (although other benefits such as working tax credits will kick in below this level))
- 4.70 As the level of housing need is very sensitive to differences between housing costs and incomes, changes in the difference between incomes and housing costs over time will affect the level of housing need identified.

- 4.71 Due to the role of the private rented sector in meeting housing need there is no evidence of a significant shortfall in overall housing provision to meet local housing requirements over and above that shown by the demographic modelling and so no additional uplift is required to take account of affordability issues.
- 4.72 Given the current stock of affordable housing in the area, the funding mechanisms for delivery of new affordable housing and policies affecting sales of existing properties, it is unrealistic to assume that all households in housing need will be provided with an affordable home. It is realistic to assume that the Private Rented Sector will continue to play an important role in meeting housing need in the short-to-medium term.

Need for Different Types of Affordable Housing

- 4.73 Having studied housing costs, incomes and housing need the next step is to make an estimate of the proportion of affordable housing need that should be met through provision of different housing products. We therefore use the income information presented earlier in this section to estimate the proportion of households who are likely to be able to afford intermediate housing and the number for whom only social or affordable rented housing will be affordable. There are three main types of affordable housing that can be studied in this analysis:
- Intermediate
 - Affordable rent
 - Social rent
- 4.74 Whilst the process of separating households into different income bands for analytical purposes is quite straightforward, this does not necessarily tell us what sort of affordable housing they might be able to afford or occupy.
- 4.75 For example a household with an income close to being able to afford market housing might be able to afford intermediate or affordable rent but may be prevented from accessing certain intermediate products (such as shared ownership) as they have an insufficient savings to cover a deposit. Such a household might therefore be allocated to affordable rented or intermediate rented housing as the most suitable solution. However we would expect that few Registered Providers would build intermediate rented homes, given that the level of potential occupants for affordable rented homes is greater (as it includes households who could claim housing benefit to supplement their incomes).
- 4.76 The distinction between social and affordable rented housing is also complex. Whilst rents for affordable rented housing would be expected to be higher than social rents, this does not necessarily mean that such a product would be reserved for households with a higher income. In reality, as long as the rent to be paid falls at or below LHA limits then it will be accessible to a range of households (many of whom will need to claim housing benefit). Local authorities' tenancy strategies might set policies regarding the types of households which might be allocated affordable rented homes; and many authorities will seek to avoid where possible households having to claim higher levels of housing benefit. This however needs to be set against other factors, including viability and the availability of grant funding. Over the current spending period to 2015 grant funding is primarily available to support delivery of affordable rented homes. A significant level of affordable housing delivery is however through developer contributions (Section 106 Agreements).

- 4.77 For these reasons it is difficult to exactly pin down what proportion of additional affordable homes should be provided through different affordable tenure categories. In effect there is a degree of overlap between different affordable housing tenures, as the figure below shows.



- 4.78 Given this overlap, for analytical purposes we have defined the following categories:

- Households who can afford 80% or more of market rent levels;
- Households who afford no more than existing social rent levels (or would require housing benefit, or an increased level of housing benefit to do so);
- Households which fall in between these parameters, who would potentially be able to afford more than existing social rent levels but could not afford 80% of market rents.

- 4.79 The first of these categories would include equity-based intermediate products such as shared ownership and shared equity homes but could also include intermediate rented housing. The latter two categories are both rented housing and in reality can be considered together (both likely to be provided by Registered Providers (or the Council) with some degree of subsidy). Additionally, both affordable rented and social rented housing is likely to be targeted at the same group of households; many of whom will be claiming Housing Benefit. For this reason the last two categories are considered together for the purposes of drawing conclusions.

- 4.80 Taking the gross numbers for housing need and comparing this against the supply from relets of existing stock, the following net need arises within the different categories. Overall the analysis suggests around 30% of housing could be intermediate with the remaining 70% being either social or affordable rented. There are not significant differences between the different sub-areas.

Figure 4.18: Estimated level of Housing Need (per annum) by type of affordable housing

Area	Intermediate			Social/affordable rented		
	Total need	Supply	Net need	Total need	Supply	Net need
Rural West	8	1	7	28	9	19
Rural East	25	1	24	95	51	45
Carlisle Urban	72	15	57	462	319	143
Carlisle Council area	105	17	88	586	379	207
% of total		30%			70%	

Source: Housing Needs Analysis

- 4.81 In determining policies for affordable housing provision on individual sites, the analysis in the table above should be brought together with other local evidence such as from the Housing Register or parish surveys where available. Consideration could also be given to areas with high concentrations of social rented housing where additional intermediate housing might be desirable to improve the housing mix and to create 'housing pathways'.

Previous affordable housing needs assessments

- 4.82 This section has provided estimates of the overall need for affordable housing by following CLG guidance. It is of interest to compare the outputs of this analysis with those in previous housing needs modelling exercises. The last affordable needs modelling was undertaken as part of the Housing Needs and Demand Study (HNDS) in 2011. The table below compares the outputs of that modelling with the outputs in this report. To ensure consistency some figures from the HNDS have been adjusted to ensure comparability with this report – notably the current need has been looked at over a 17-year period whilst the committed supply of affordable housing has been excluded.
- 4.83 The data shows that the level of need suggested in this report is much lower than in the 2011 HNDS. However, it needs to be noted that the methodologies are not directly comparable. In particular the 2011 report used a survey based method and not just secondary data sources as in this report.
- 4.84 The key difference between the studies can be seen when looking at estimates of existing households falling into need. The 2011 HNDS put this figure at 913 per annum compared with just 216 in this report. When considering the methodologies it seems that this difference is largely explained by the HNDS picking up a number of households as in need who are moving to (or within) the private rented sector and paying more than 25% of their income on housing – such households are not analysed using the secondary data approach.
- 4.85 Whilst it is arguable that such households have a need based on the affordability methodology (of not more than 25% being spent on housing) it is also quite probable that these households are choosing to pay a higher proportion on housing and in reality would not be seeking an affordable housing solution. Hence, whilst the 2011 analysis is technically correct it is likely to over-estimate the actual need for additional affordable homes which is considered to be more in line with the figures emanating from this assessment.

Figure 4.19: Comparing housing needs estimates in 2011 and 2014 – per annum over 17-year period		
	2011 assessment	2014 assessment
Backlog need	34	32
Newly forming households	350	443
Existing households falling into need	913	216
Total Gross Need	1,297	691
Supply	556	396
Net Need	741	295

Source: HNDS 2011 and update

- 4.86 The annual need in this assessment (for 295 affordable homes) can also be compared with an analysis by Cumbria County Council in the 2009 SHMA. This source suggested an annual need for 222 affordable homes per annum.

Housing Need – Summary of the Evidence

- 4.87 An assessment of housing need has been undertaken which is compliant with Government guidance to identify whether there is a shortfall or surplus of affordable housing in Carlisle. This has estimated current housing need in 2013 of 543 households, excluding existing social housing tenants where they would release a home for another household in need.
- 4.88 The housing needs model then looked at the balance between needs arising and the supply of affordable housing. Each year an estimated 659 households are expected to fall into housing need and 396 properties are expected to come up for relet.
- 4.89 Overall, in the period from 2013 to 2030 a net deficit of 5,011 affordable homes is identified (295 per annum). There is thus a requirement for new affordable housing in the Council area and the Council is justified in seeking to secure additional affordable housing.
- 4.90 While a deficiency in affordable housing is identified, in practice some households who are unable to secure affordable housing are able to live within the Private Rented Sector supported by housing benefit. It seems likely that the Private Rented Sector will continue to be used to make up for any shortfall of affordable housing.
- 4.91 When looking at the Council's affordable housing policies this information strongly supports a target of between 25% and 30% depending on location. The analysis would also support a tenure split of 30% intermediate housing and 70% social/affordable rented.

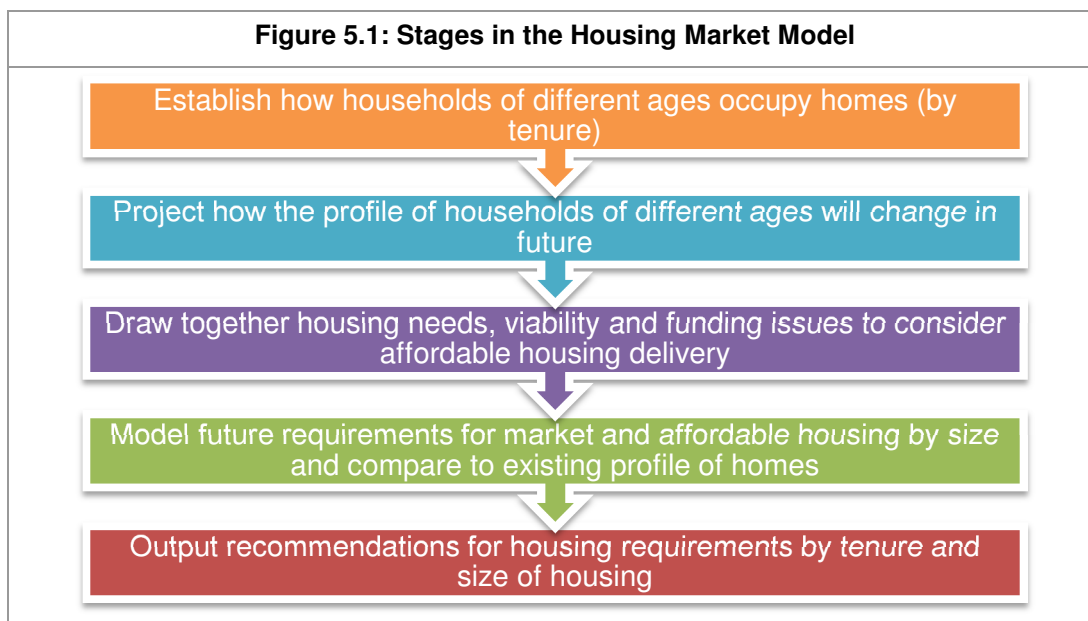
5. Requirements for Different Sizes of Homes

Introduction

- 5.1 As noted in Section 2, there are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes. It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level.
- 5.2 In this section we consider in some detail the implications of demographic drivers on demand for different housing products. The assessment is intended to provide an understanding of the implications of demographic dynamics on need and demand for different sizes of homes. This however needs to be brought together with an understanding of wider factors including:
- The need and opportunity to develop the housing offer;
 - The findings of the housing needs analysis which provide a short-term view of requirements;
 - Economic factors, such as trends in employment, overall and by occupation; and
 - Local policy objectives.
- 5.3 The analysis in this section seeks to use the information available about the size and structure of the population and household structures; and consider what impact this may have on the sizes of housing required in the future. For the purposes of this analysis we have looked at the demographic change as indicated in our core demographic projection – delivery of 8,122 additional homes from 2013 to 2030 (based on the sub-area projections).
- 5.4 It should be noted that this projection will not necessarily be translated into policy but has been used to indicate the likely size requirements of homes moving forward. Were a projection with a different housing figure used then the outputs would be expected to be broadly similar.

Methodology

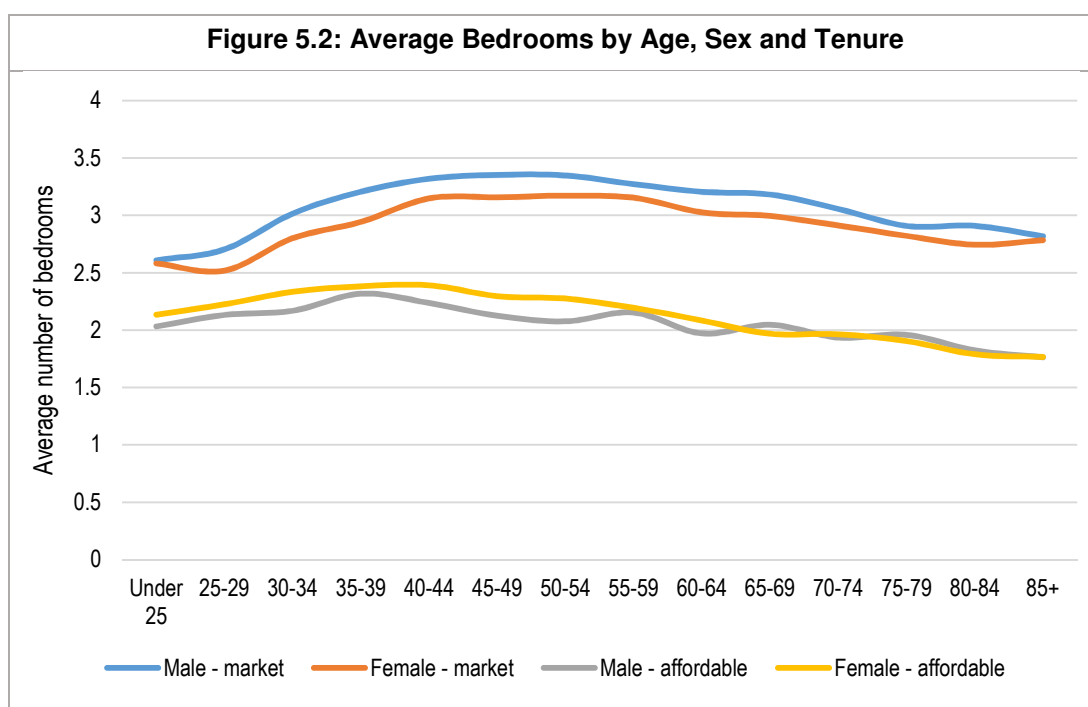
- 5.5 The figure below describes the broad methodology employed in the housing market modelling. Data is drawn from a range of sources including the 2011 Census and our demographic projections and below we briefly discuss key information sources.



Understanding how Households Occupy Homes

- 5.6 Whilst the demographic projections provide a good indication of how the population and household structure will develop it is not a simple task to convert the net increase in the number of households in to a suggested profile for additional housing to be provided. The main reason for this is that in the market sector households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided. The size of housing which households occupy relates more to their wealth and age than the number of people which they contain.
- 5.7 For example, there is no reason why a single person cannot buy (or choose to live in) a four bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate in to a need for smaller units. This issue is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to continue to under-occupy their current homes.
- 5.8 The general methodology is to use the information derived in the projections about the number of household reference persons (HRPs) in each age and sex group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table C1213 which provides relevant data for all local authorities in England) with data then calibrated to be consistent with 2011 Census data (e.g. about house sizes in different tenure groups and locations).

- 5.9 The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and different sexes by broad tenure group. In the market sector the average size of accommodation rises over time to typically reach a peak around the 45-49 age groups. In the affordable sector this peak appears earlier. After this peak the average dwelling size decreases – possibly due to a number of people down-sizing as they get older. It is also notable that the average size for affordable housing dwellings are lower than those for market housing whilst in market housing male HRPs live in larger accommodation for all age groups (with no particular trend being seen in the affordable sector).



Source: Derived from ONS Commissioned Table C1213 and 2011 Census

Establishing a Baseline Position

- 5.10 As of 2013 it is estimated that there were 48,684 households living in Carlisle. Analysis of Census data linked to the demographic baseline provides us with an estimate of the profile of the housing stock in 2013, as shown in the table below. The table shows that an estimated 16% of households live in affordable housing with 84% being in the market sector (the size of the affordable sector has been fixed by reference to an estimate of the number of occupied social rented and shared ownership homes in the 2011 Census). The data also suggests that homes in the market sector are generally bigger than in the affordable sector with 65% having three or more bedrooms compared to 31% for affordable housing.
- 5.11 These figures are for households rather than dwellings due to information about the sizes of vacant homes across the whole stock (i.e. market and affordable) not being readily available. For the purposes of analysis this will not make any notable difference to the outcome. We have however translated the household projections into dwelling figures by including a 4.3% vacancy allowance when studying the final outputs of the market modelling.

Figure 5.3: Estimated Profile of Dwellings in 2011 by Size						
Size of housing	Market		Affordable		Total	
	Number	%	Number	%	Number	%
1 bedroom	1,694	4.1%	2,094	27.1%	3,789	7.8%
2 bedrooms	12,655	30.9%	3,230	41.8%	15,886	32.6%
3 bedrooms	18,509	45.2%	2,162	28.0%	20,671	42.5%
4+ bedrooms	8,100	19.8%	239	3.1%	8,339	17.1%
Total	40,958	100.0%	7,726	100.0%	48,684	100.0%
% in tenure	84.1%		15.9%		100.0%	

Source: Derived from 2011 Census

Tenure Assumptions

- 5.12 The housing market model has been used to estimate future requirements for different sizes of property over the 17-year period from 2013 to 2030. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes. However the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier). Thus it is necessary to consider what the mix of future housing will be in the market and affordable sectors.
- 5.13 The key assumption here is not a policy target but possible delivery. Our assumption is influenced by a range of factors. The Housing Needs analysis in this report provides evidence of notable housing need although the viability of providing affordable housing will limit the amount that can be delivered. On the basis of information in the Council's emerging Local Plan we believe that 30% is probably an achievable level of affordable housing delivery in rural areas with a figure of 25% applied to the urban area. It should be stressed that this is not a policy position and has been applied simply for the purposes of providing outputs from the modelling process.

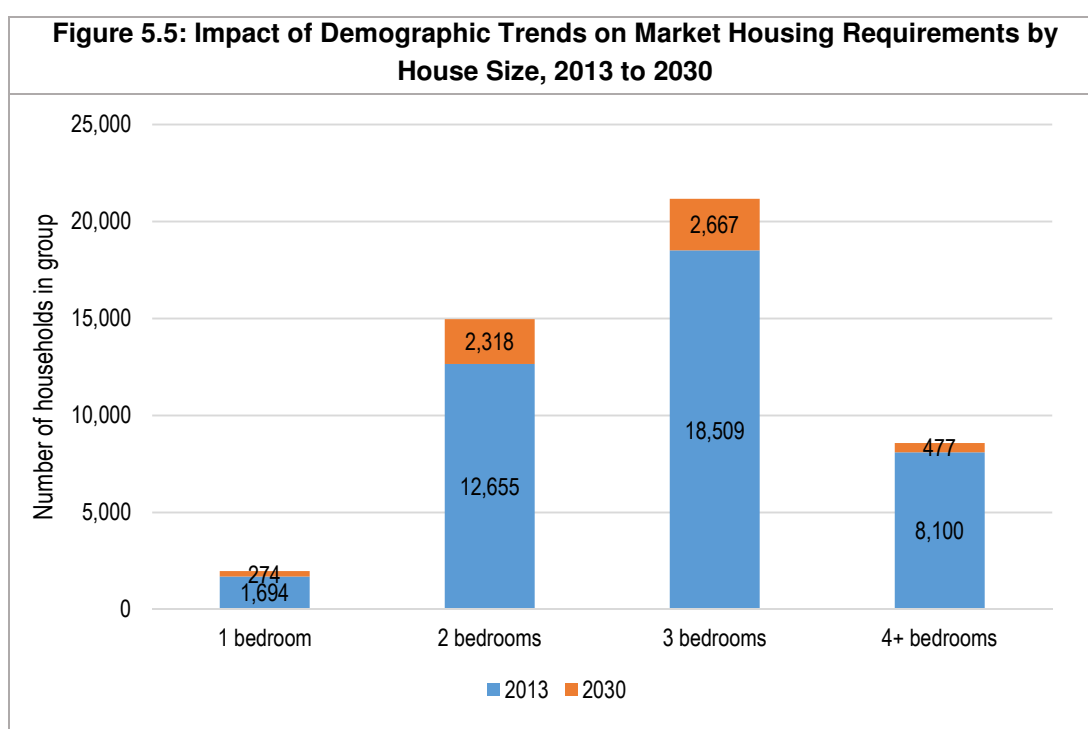
Key Findings: Market Housing

- 5.14 As we have previously identified there are a range of factors which can be expected to influence demand for housing. This analysis specifically looks at the implications of demographic drivers. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 17-year period from 2013 to 2030.
- 5.15 The table and figure below shows estimates of the sizes of market housing required from 2013 to 2030 based on demographic trends for the whole of the Council area. The data suggests a requirement for homes for 5,735 additional households with the majority of these being two- and three-bedroom homes.

Figure 5.4: Estimated Size of Dwellings Required 2013 to 2030 – Market Housing				
Size	2013	2030	Additional households 2013-2030	% of additional households
1 bedroom	1,694	1,968	274	4.8%
2 bedrooms	12,655	14,973	2,318	40.4%
3 bedrooms	18,509	21,176	2,667	46.5%
4+ bedrooms	8,100	8,577	477	8.3%
Total	40,958	46,694	5,735	100.0%

Source: Housing Market Model

- 5.16 The figure below shows how our estimated market requirement compares with the current stock of housing (based on households (i.e. excluding the 4.3% vacancy allowance)). The data suggests that housing requirements reinforce around the existing profile of stock, but with a slight shift towards a requirement for smaller dwellings relative to the distribution of existing housing. This is understandable given the fact that household sizes are expected to fall slightly in the future (which itself is partly due to the ageing of the population).



Source: Housing Market Model

- 5.17 The graphs and statistics are based upon our modelling of demographic trends. As we have identified, it should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand; this may include an increased demand in the private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for housing mix, policy aspirations are also relevant.

- 5.18 In the short-term we would expect stronger demand in relative terms for larger family homes as the market for smaller properties is restricted by mortgage finance constraints. Over the 17-year projection period it is anticipated that there will be a continuing market for larger family homes, but the existing stock is expected to make a significant contribution to meeting this demand, as older households downsize (releasing equity from existing homes).
- 5.19 As the last few years have shown, there are a range of inter-dependencies which affect housing demand, with effective demand for entry-level market housing currently curtailed by the availability of mortgage finance for first-time buyers and those on lower earnings. This is likely to affect market demand for smaller properties typically purchased by first-time buyers in the short-term.
- 5.20 We are of the view that it is appropriate through the planning system to seek to influence the balance of types and sizes of market housing through considering the mix of sites allocated for development rather than specific policies relating to the proportion of homes of different sizes which are then applied to specific sites. This approach is implicit within NPPF which requires local planning authorities to *'identify the size, type, tenure and range of housing that is required'*.
- 5.21 At the strategic level, a local authority in considering which sites to allocate, can consider what type of development would likely be delivered on these sites. It can also provide guidance on housing mix implicitly through policies on development densities.

Key Findings: Affordable Housing

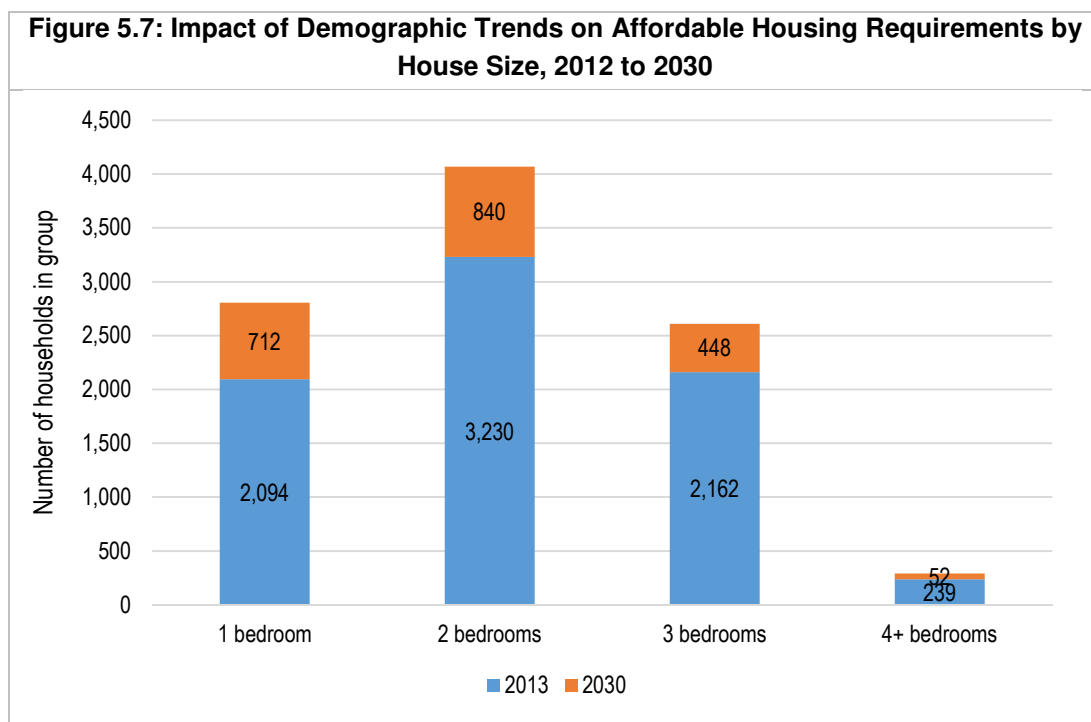
- 5.22 The table and figure below show estimates of the sizes of affordable housing required based on our understanding of demographic trends. The data suggests in the period between 2013 and 2030 that around 76% of the requirement is for homes with one- or two-bedrooms with around 24% of the requirement being for larger homes with three or more bedrooms.
- 5.23 This analysis provides a longer-term view of requirements for affordable housing and does not reflect any specific priorities such as for family households in need rather than single people. In addition we would note that smaller properties (i.e. one bedroom homes) typically offer limited flexibility in accommodating the changing requirements of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties. That said, there may in the short-term be an increased requirement for smaller homes as a result of welfare reforms limiting the amount of housing benefit being paid to some working-age households.

Figure 5.6: Estimated Size of Dwellings Required 2013 to 2030 – Affordable Housing

Size	2013	2030	Additional households 2013-2030	% of additional households
1 bedroom	2,094	2,806	712	34.7%
2 bedrooms	3,230	4,071	840	40.9%
3 bedrooms	2,162	2,610	448	21.8%
4+ bedrooms	239	291	52	2.5%
Total	7,726	9,778	2,052	100.0%

Source: Housing Market Model

- 5.24 The figure below shows how our estimated affordable requirement compares with the stock of affordable housing in 2013 – the figures are based on households (i.e. before adding in a vacancy allowance). Again, the data shows that relative to the current stock there is a slight move towards a greater proportion of smaller homes being required – this makes sense given that in the future household sizes are expected to drop whilst the population of older people will increase – older person households (as shown earlier) are more likely to occupy smaller dwellings.



Source: Housing Market Model

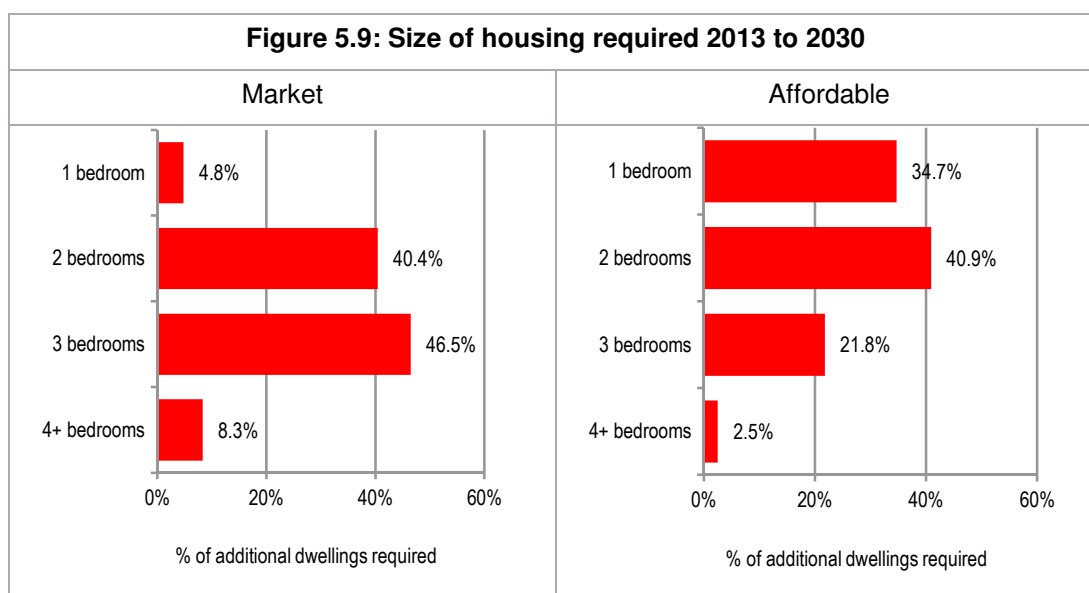
Indicative Targets by Dwelling Size

- 5.25 The table and figure below summarises the above data in both the market and affordable sectors under the modelling exercise. We have also factored in a 4.3% vacancy allowance in moving from household figures to estimates of housing requirements.

Figure 5.8: Estimated dwelling requirement by number of bedrooms (2013 to 2030)

Number of bedrooms	Market			Affordable		
	Households	Dwellings	% of dwellings	Households	Dwellings	% of dwellings
1 bedroom	274	285	4.8%	712	742	34.7%
2 bedrooms	2,318	2,418	40.4%	840	876	40.9%
3 bedrooms	2,667	2,781	46.5%	448	467	21.8%
4+ bedrooms	477	498	8.3%	52	55	2.5%
Total	5,735	5,982	100.0%	2,052	2,140	100.0%

Source: Housing Market Model



- 5.26 Whilst the outputs of the modelling provide estimates of the proportion of homes of different sizes that should be provided there are a range of factors which should be taken into account in setting policies for provision. This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one bedroom homes. We also need to consider that the stock of four bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more bedroom homes is typically quite small the ability for these needs to be met is even more limited.
- 5.27 It should also be recognised that local authorities have statutory homeless responsibilities towards families with children and would therefore prioritise the needs of families over single person households and couples. On this basis the profile of affordable housing to be provided would be further weighted to two or more bedroom housing. In the short-term however there may be a need to increase the supply of one-bedroom homes due to the social sector size criteria.
- 5.28 For these reasons we would suggest in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of one bedroom homes required is reduced slightly from these outputs with a commensurate increase in four or more bedroom homes also being appropriate.
- 5.29 There are thus a range of factors which are relevant in considering policies for the mix of affordable housing sought through development schemes. At a Council area-wide level, the analysis would support policies for the mix of affordable housing of:
- 1-bed properties: 30%-35%
 - 2-bed properties: 35%-40%
 - 3-bed properties: 20%-25%
 - 4-bed properties: 5%-10%

- 5.30 Our strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.
- 5.31 The need for affordable housing of different sizes will vary by area across the Council area and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.
- 5.32 In the market sector we would suggest a profile of housing that more closely matches the outputs of the modelling. The recommendations take some account of the time period used for the modelling and the fact that the full impact of the ageing population will not be experienced in the short-term. In addition, as noted earlier, current constraints on mortgage finance is likely to suppress demand for smaller units in the short-term (particularly those which would normally have high demand from first-time buyers).
- 5.33 On the basis of these factors we consider that the provision of market housing should be more explicitly focused on delivering smaller family housing for younger households. On this basis we would recommend the following mix of market housing be sought:
- 1-bed properties: 5%
 - 2-bed properties: 40%
 - 3-bed properties: 45%
 - 4-bed properties: 10%
- 5.34 Although we have quantified this on the basis of the market modelling and our understanding of the current housing market we do not strongly believe that such prescriptive figures should be included in the plan making process and that the ‘market’ is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time. The figures can however be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area.

Smaller-area Housing Market Modelling Outputs

- 5.42 Whilst the analysis above has focused on outputs for the whole Council area the data itself has been built up from analysis at a smaller area level. The tables below provide the outputs of this analysis in terms of the sizes of accommodation estimated to be required in each of the affordable and market sectors for the three different areas.

- 5.43 The analysis shows a greater need for family sized (3+ bedroom) accommodation in the Carlisle Urban area when compared with the rural areas (where there is a greater focus on two-bedroom homes). This finding is due to the different demographic profile in each area and how this is expected to develop over time. Specifically in the Carlisle Urban area the population is generally younger and has more people who are likely to be part of a family household – hence the greater need for family homes. In the rural areas there is still a strong need for family sized accommodation shown in the analysis but the need for more two bedroom homes is driven by an ageing population and the evidence that there will be some degree of downsizing as people get older.

Figure 5.10: Estimated dwelling requirement by number of bedrooms (2013 to 2030)					
– Market Sector					
Sub-area		1 bedroom	2 bedrooms	3+ bedrooms	Total
Rural West	No.	21	165	195	380
	%	5.4%	43.2%	51.3%	100.0%
Rural East	No.	76	555	521	1,152
	%	6.6%	48.2%	45.3%	100.0%
Carlisle Urban	No.	189	1,698	2,562	4,449
	%	4.2%	38.2%	57.6%	100.0%
TOTAL	No.	285	2,418	3,279	5,982
	%	4.8%	40.4%	54.8%	100.0%

Source: Housing Market Model

- 5.44 In the affordable sector, there is relatively little difference between areas in terms of the estimated sizes of accommodation required – all areas show about a third of homes being required as 1 bedroom properties and about a quarter for family sized homes with three or more bedrooms. Two bedroom homes are the main size of dwelling required in the affordable sector in all areas.

Figure 5.11: Estimated dwelling requirement by number of bedrooms (2013 to 2030)					
– Affordable Sector					
Sub-area		1 bedroom	2 bedrooms	3+ bedrooms	Total
Rural West	No.	53	68	43	163
	%	32.4%	41.5%	26.1%	100.0%
Rural East	No.	175	193	125	494
	%	35.5%	39.1%	25.4%	100.0%
Carlisle Urban	No.	514	615	354	1,483
	%	34.7%	41.5%	23.8%	100.0%
TOTAL	No.	742	876	522	2,140
	%	34.7%	40.9%	24.4%	100.0%

Source: Housing Market Model

Comparison with previous research

- 5.45 The housing need and demand study (HNDS) of 2011 also contained an analysis of the need for different sizes of accommodation (albeit based on a household survey methodology). The table below compares the outputs of this modelling with those in this report. Generally, the findings are quite similar. In the market sector the analysis in the HNDS did not identify any need for one bedroom homes although this report suggest a very moderate need (about 5%). In the affordable sector this report tends to show a slightly higher need for smaller homes with 35% of the need being in the one-bedroom sector compared with 27% in the HNDS. The need for three or more bedroom homes shows a trend in the opposite direction. Both analyses do however confirm that the main requirement in the affordable sector is for homes with two bedrooms.

Figure 5.12: Comparison of size requirements by tenure (HNDS and SHMA review)				
Dwelling size	Market housing		Affordable housing	
	HNDS (2011)	SHMA review (2014)	HNDS (2011)	SHMA review (2014)
1 bedroom	0%	5%	27%	35%
2 bedrooms	44%	40%	42%	41%
3+ bedrooms	56%	55%	31%	24%
TOTAL	100%	100%	100%	100%

Source: HNDS and SHMA review

Summary

- 5.46 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. Our analysis linked to long-term (17-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes:

	1-bed	2-bed	3-bed	4+ bed
Market	5%	40%	45%	10%
Affordable	30-35%	35-40%	20-25%	5-10%
All dwellings	10-15%	40%	40%	5-10%

- 5.47 Our strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.
- 5.48 The mix identified above should inform strategic Council area-wide policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

- 5.49 Based on the evidence, we would expect the focus of new market housing provision to be on two and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.
- 5.50 The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the Local Plan process, including: Site Allocations, Neighbourhood Plans and other planning documents. Equally it will be of relevance to affordable housing negotiations.
- 5.51 The Council should also consider whether it is appropriate to set out specific space standards for new development, particularly to encourage provision of decent sized family housing (e.g. 3 bed properties). It should also consider whether it is appropriate to limit the sub-division of existing larger properties which can help to attract and retain family households in certain parts of the Borough.

6. Conclusions – Overall Housing Requirements

- 6.1 The NPPF (and guidance) sets out that plans should be prepared on the basis of meeting full needs for market and affordable housing. The guidance sets out that the latest national projections should be seen as a starting point but that authorities may consider sensitivity testing projections in response to local circumstances and the latest demographic evidence.
- 6.2 In accordance with the planning guidance, the latest CLG household projections have formed the starting point for our assessment. These projections indicate a requirement for around 240 homes per annum. There are two particular limitations with this projection: it only covers the period to 2021 and our analysis suggests that there is robust justification to deviate from some of the assumptions underpinning the ONS/CLG work (particularly to reflect recent migration trends being significantly below longer-term trends).
- 6.3 This leads us to consider updating the trend-based projection. This projection is linked to the most recent (2012-based SNPP) but, in line with guidance, incorporates migration inputs which have been amended to reflect a more 'normal' trend period. This indicates a requirement for 6,300 dwellings over the 2013 to 2030 period, equivalent to 370 per annum, which in our view is a robust starting point for housing requirements in Carlisle.
- 6.4 The guidance then effectively sets out a number of tests which should be applied in order to consider whether there is a case to adjust the level of housing provision (particularly upwards relative to the demographic evidence). Paraphrasing the guidance, these tests can be broadly described as follows:
- Is there evidence that household formation rates in the projections have been constrained? Do market signals point to a need to increase housing supply?
 - How do the demographic projections 'sit' with the affordable housing needs evidence, and should housing supply be increased to meet affordable needs?
 - What do economic forecasts say about jobs growth? Is there evidence that an increase in housing numbers would be needed to support this?

Test 1: Has household formation been constrained? Is there a market rationale to increase supply?

- 6.5 The first of the above tests relates to whether there is evidence that household formation rates in the projections have been constrained. The headship rates in the 2011-based projections are based on trends between 2001 and 11 – a period during which house prices rose substantially and affordability worsened. When we compare this to the 2008 based headship rates for Carlisle we see some divergence which suggests that there has been some household suppression in Carlisle over the recent past. This suppression is also projected forward in the 2011-based CLG household projections.

- 6.6 Market analysis also suggests that there has been some suppression of household formation in the Council area. Particularly focussing on the early part of the last decade there is evidence of a demand supply imbalance and worsening affordability. As a result of this the analysis has moderated household formation (headship) rates in the modelling to return towards the rates published in the 2008-based CLG household projections.
- 6.7 This adjustment to headship rates takes the estimated annual housing need up to 481 homes per annum (from 370).

Test 2: Is overall housing supply capable of meeting affordable housing needs?

- 6.8 The second test is to consider the ability of overall housing numbers to ensure affordable housing needs can be satisfied. Following the approach advocated by the guidance, the net affordable housing need identified in Carlisle from 2013 to 2030 is 5,011, equivalent to 295 households each year. This is the level of need which would need to be accommodated over the remainder of the plan period.
- 6.9 This level of need represents around 61% of a housing requirement of 481 homes per annum; however further analysis suggests that the private rented sector is providing roughly the same number of benefit supported lettings as the need – hence the affordable ‘market’ looks to be roughly in balance. Provision of additional affordable housing will assist in reducing the reliance on the private rented sector moving forward.
- 6.10 Overall, the level of affordable need does not appear to be putting any additional (and upward) pressures on overall housing requirements.

Test 3: Will overall housing provision support forecast economic growth

- 6.11 In line with guidance, we have also considered the implications of future economic and employment trends on housing requirements by modelling the housing which would be required to meet the level of employment growth forecast by the Council’s commissioned forecasts (from Experian).
- 6.12 The Experian forecasts suggests an additional 6,350 jobs can be expected in the Council area in the 2013-30 period. For the workforce to grow at the same level would require some 564 homes per annum to be provided. This estimate includes consideration of how employment rates might change but does not take account of commuting patterns or ‘double jobbing’.
- 6.13 Overall, the evidence would suggest that to support economic growth a higher housing requirement is likely to be needed than is shown in the core demographic based analysis.

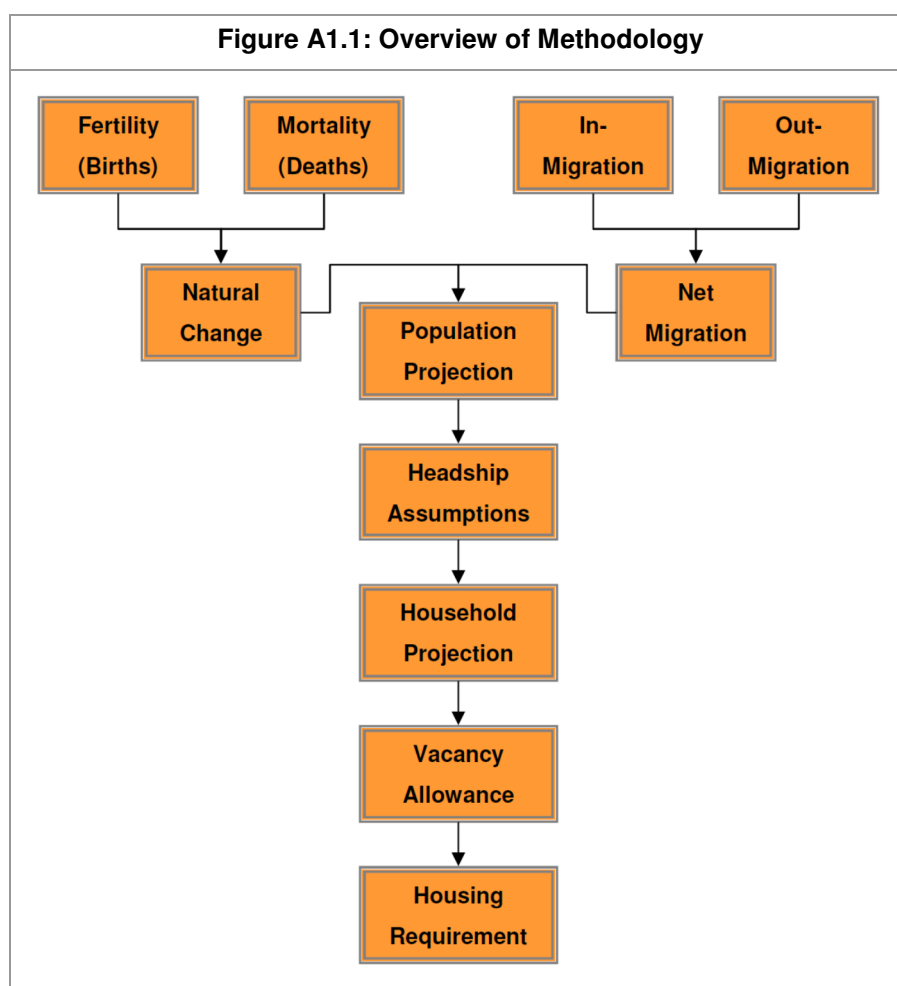
Overall Conclusion on Housing Requirements

- 6.14 Drawing the range of evidence together, we conclude that a requirement of 480-565 homes per annum would be a reasonable objective assessment of need. It should be recognised that this is an objective, policy-off analysis and takes no account of land supply or development constraints within the Council area. The NPPF and practice guidance dictates that assessments are undertaken in this way.

Appendix 1: Projection Methodology and Key Data

Introduction

- A1.1 Our methodology used to determine population growth and hence housing requirements is based on fairly standard population projection methodology consistent with the methodology used by ONS and CLG in their population and household projections. Essentially the method establishes the current population and how will this change in the period from 2013 to 2030. This requires us to work out how likely it is that women will give birth (the fertility rate); how likely it is that people will die (the death rate) and how likely it is that people will move into or out of the local authority area. These are the principal components of population change and are used to construct our population projections.
- A1.2 The figure below shows the key stages of the projection analysis through to the assessment of housing requirements.



Projections Run

A1.3 As part of this assessment we have run a number of projections to assess how the population and local economy (number of people in employment) might change under different assumptions. The projections were developed to follow the logical set of steps set out in CLG advice of March 2014. Two core projections were developed (one based on demographic trends and one on meeting job growth forecasts). Core outputs from these projections are provided in this section with a summary of the projections being listed below:

- PROJ 1 (Demographic-based – linked to the latest (2012-based) SNPP with an uplift to migration assumptions to take account of the possible impact of restricted housing supply and longer-term migration trends)
- PROJ 2 (Jobs-led – linked to employment growth of about 6,350 jobs – this being the level of job growth expected in a 2014 Experian economic forecast)

A1.4 An initial projection was also developed on the basis of the 2012-based interim SNPP and CLG household projections. This scenario is not detailed below due to it being rejected as containing a notable level of household formation constraint moving forward as well as a constraint linked to recent housing delivery rates/lower than long-term trend migration.

Past Population Dynamics

A1.5 Before describing the projection process and key inputs it is of interest to study past population growth and the components of change. The table below summarises key data from ONS mid-year population estimates (MYE) going back to 2001. The data for 2001-11 is from the revised MYE which uses Census data to adjust past estimates to ensure consistency between data for 2001 and 2011.

A1.6 The information shows a number of interesting trends in relation to Carlisle and these are summarised below:

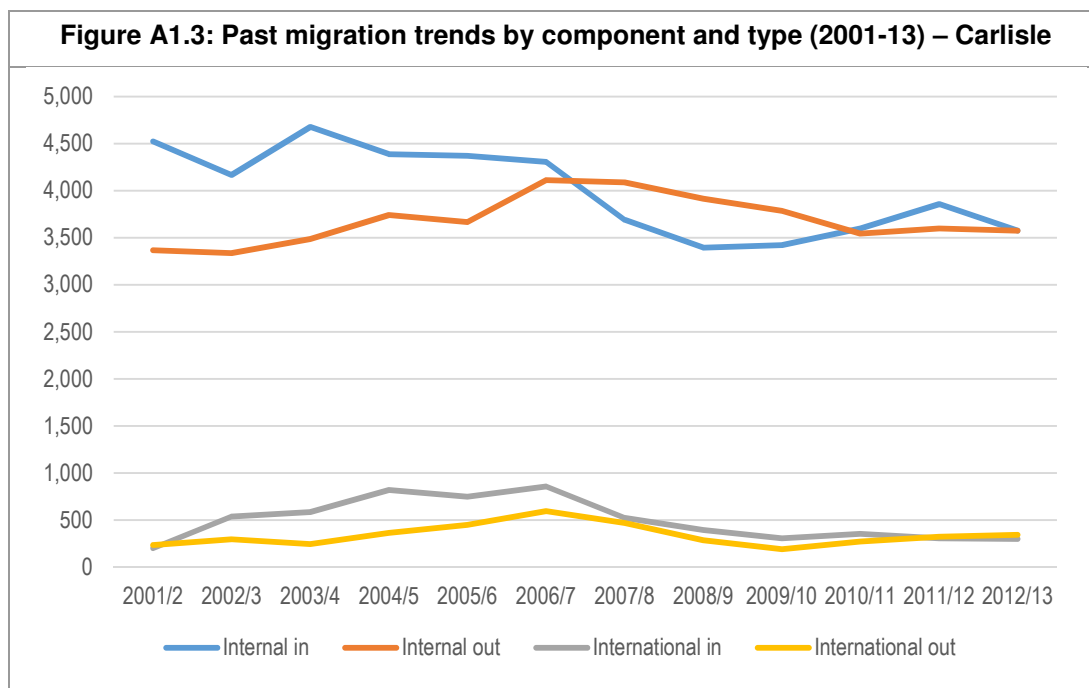
- Natural change (the number of births minus the number of deaths) has been increasing over time from a negative position up until 2004/5 to a level of net growth over the past eight years for which data is available. This trend is consistent with that seen in many areas where relatively high birth rates have driven a greater level of population growth than was observed earlier in the past decade.
- Net internal migration (people moving from one part of the Country to/from Carlisle) has gone from being strongly positive to the complete opposite. In 2001/2, ONS data shows a net in-migration of around 1,200 people with more recent data showing net internal migration to be more in balance (many years in fact showed net out-migration).
- With a reduction in net internal migration we have also seen a general decrease in the level of net international migration, particularly in the years from 2007/8 where international migration averaged around 50 people per annum (compared with 320 from 2002 to 2007). The two most recent years (2011-13) show international net out-migration – something which hadn't been observed since 2001/2.
- The other changes are fairly minor in number compared to the migration figures – other changes are largely linked to estimated changes in the prison and armed forces populations.

- The other (unattributable) column of data reflects an adjustment made by ONS to ensure consistency between Census based mid-year population estimates and the mid-year estimates prior to Census data being available. In Carlisle the positive figures imply that the various components of population change (once added together) are about 1,100 people lower than the overall level of population growth (in the decade to 2011). Whilst it is unknown as to what components of change this difference is linked to it is most probable that this will be due to the under-recording of in-migration or over-recording of out-migration – this in turn may be linked to international migration data which has historically been the most difficult component of population change to accurately measure. The ONS data does not provide a figure for other (unattributable) in 2011/13 as there is no Census data against which to measure whether or not population change has been over- or under-estimated.

Figure A1.2: Components of population change (2001-13) – Carlisle						
Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	-221	1,155	-37	-36	96	957
2002/3	-88	827	240	-11	88	1,056
2003/4	-5	1,193	338	3	106	1,635
2004/5	-55	647	458	-2	102	1,150
2005/6	37	704	298	-5	111	1,145
2006/7	22	195	262	-8	115	586
2007/8	119	-397	55	-16	124	-115
2008/9	72	-520	109	-2	129	-212
2009/10	153	-365	114	-10	127	19
2010/11	190	54	82	23	141	490
2011/12	235	258	-17	1	-	477
2012/13	41	-2	-45	3	-	-3

Source: ONS Components of Change

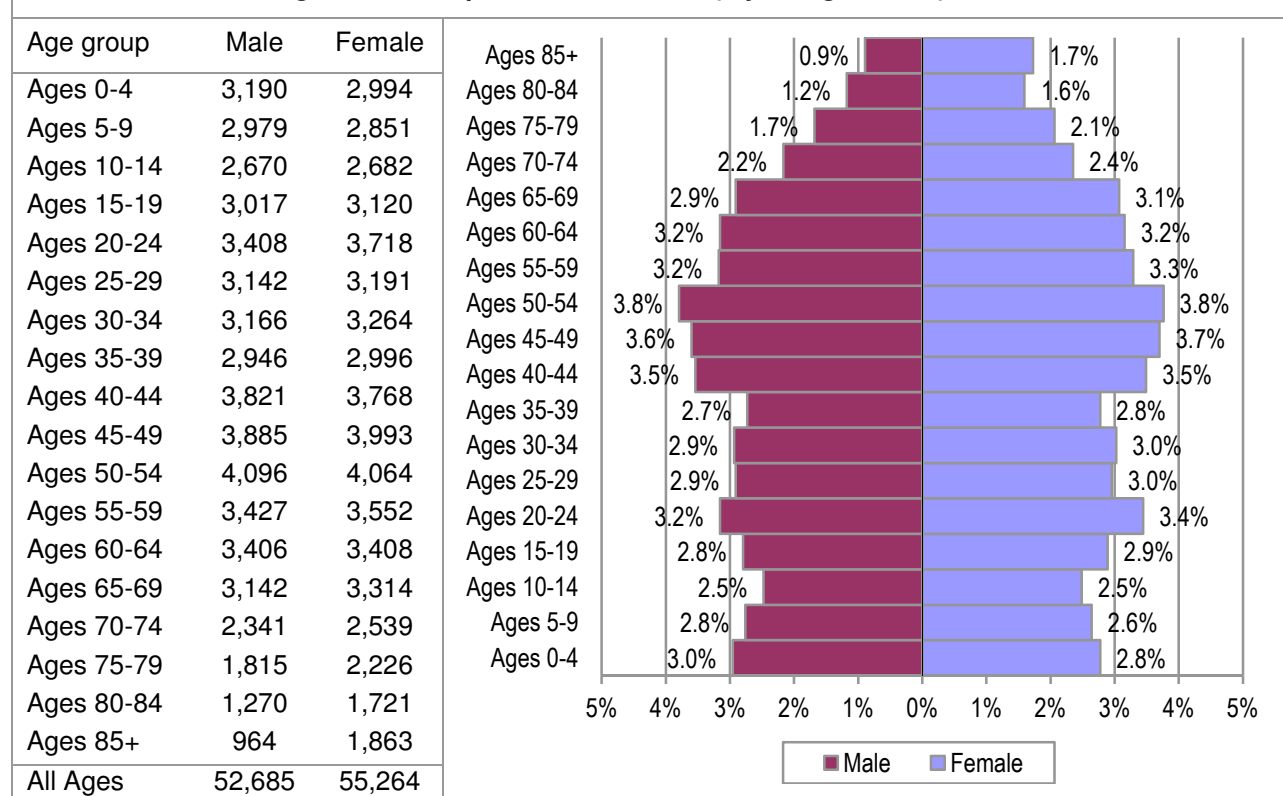
A1.7 Overall the key finding from this analysis is of highly fluctuating levels of migration over time which in itself makes it difficult to confidently develop a demographic trend based projection. The fluctuations in migration can be more clearly emphasized in the figure below which separates out in- and out-migration (rather than just showing the net figures as in the table above). This shows that the key change over time has been a reduction in the number of people moving to the area from other parts of the country (internal in-migration) although there has also been a reduction in international in-migration.



Source: ONS Components of Change

Baseline Population

A1.8 The baseline for our projections is taken to be 2013 with the projection run for each year over the period up to 2030. The estimated population profile as of 2013 has been taken from ONS mid-year population estimates. The overall population in 2013 is estimated to be 107,949 with slightly more females than males.

Figure A1.4: Population of Carlisle (5 year age bands) – 2013

Source: ONS midyear population estimates

Fertility and Mortality Rate Assumptions

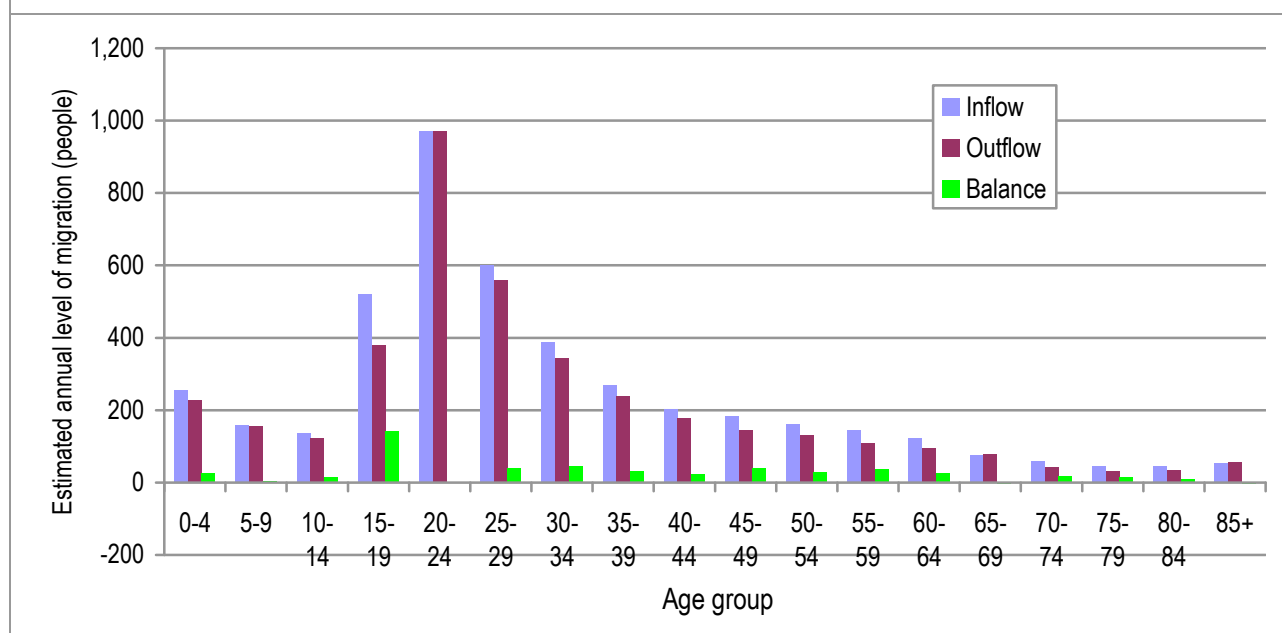
- A1.9 For modelling of fertility and mortality we have used the rates contained within the ONS 2012-based subnational population projections (SNPP).
- A1.10 For the period from 2013 to 2030 the total fertility rate (the expected average number of live births per woman throughout their childbearing lifespan) has been calculated to average about 1.89. Whilst there are some small year-by-year variations these figures are broadly constant throughout the projection period.
- A1.11 With regard to death rates the data suggests that life expectancy is expected to increase over time for both males and females. It is not possible to provide exact life expectancy figures from the 2012-based SNPP as this to some degree will depend on the assumptions made about the death rates for age groups beyond 90 (the ONS data stops at a figure for 90+). However in modelling life expectancy for Carlisle we suggest that the figures will see an improvement from 79.0 to 82.8 for males from 2013 to 2030 with figures of 82.4 to 85.2 expected for females.
- A1.12 We have no evidence to suggest that either the fertility or mortality estimates used by ONS are unreasonable and note that the expected figures and changes are consistent with past trend data and future expected patterns as published by ONS on a national basis.

Migration Assumptions

A1.13 For the purposes of understanding the profile of migrants we have again drawn on the ONS 2012 based sub-national population projections. The figures below shows the profile on in- and out-migrants by age in each area linked to our updated demographic projection. This projection sees an average level of net in-migration of 497 people per annum (made up of 4,400 in-migrants and 3,903 people moving out). The data shows that the key age groups are people aged 15-29. Virtually all age groups are expected to see a level of net in-migration.

A1.14 When projecting migration patterns for the various projection scenarios we have used the migration data and adjusted levels of in-migration to match the requirements of our scenario (e.g. when testing what level of migration is required to support a workforce of a particular size). This approach has consistently been adopted across all analysis.

Figure A1.5: Estimated annual level of migration by five-year age band (2013-2030) – Carlisle



Source: Derived from ONS 2012-based subnational population projections

Economic (Employment) Assumptions

A1.15 With the change in demographic structure will come changes in the number of people who are working (as the population of people of working age changes). The next stage of the projection process was therefore to make estimates about how employment levels would change under each of our projections and also to consider the demographic implications of different levels of employment growth. The process is set out in the figure below.

Figure A1.6: Overview of Economic-Driven projection methodology



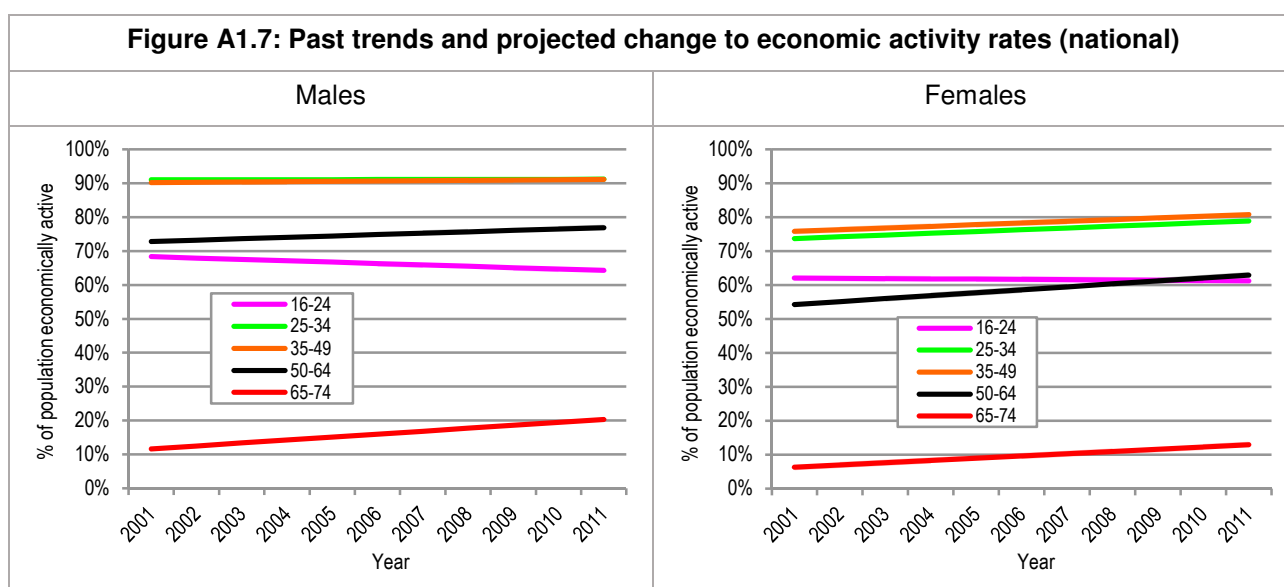
A1.16 It is not however a simple task to convert population data into estimates of the number of people who will be working as employment rates are likely to change in the future for three main reasons:

- Changes to pensionable age will potentially see people working for longer and increase the proportion of older age groups who are in employment
- Moving out of recession there is likely to be a reduction in unemployment which would increase employment rates
- The general trend over the past decade has been for increased economic activity for many age groups (notably older people (both sexes) and females aged 25 and over). This trend may be expected to continue into the future

A1.17 To study how employment rates might change in the future the analysis starts by looking at past trends in economic activity over the 2001-11 period from Census data. This analysis has been carried out at a national level (for England). The data shows the following key trends:

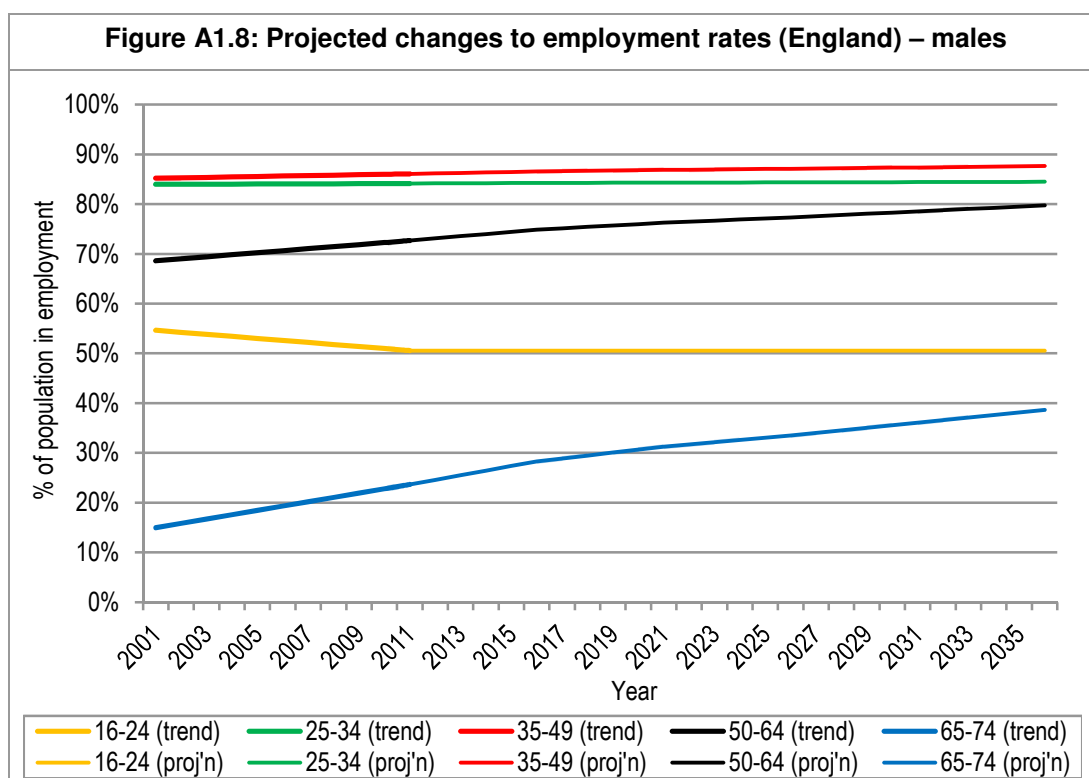
- Reducing economic activity rates for those aged 16-24 (particularly for males)
- No particular change in rates for males aged 25-49
- Increasing economic participation for males aged 50 and over
- Increasing participation rates for all female age groups from age 25 and upwards

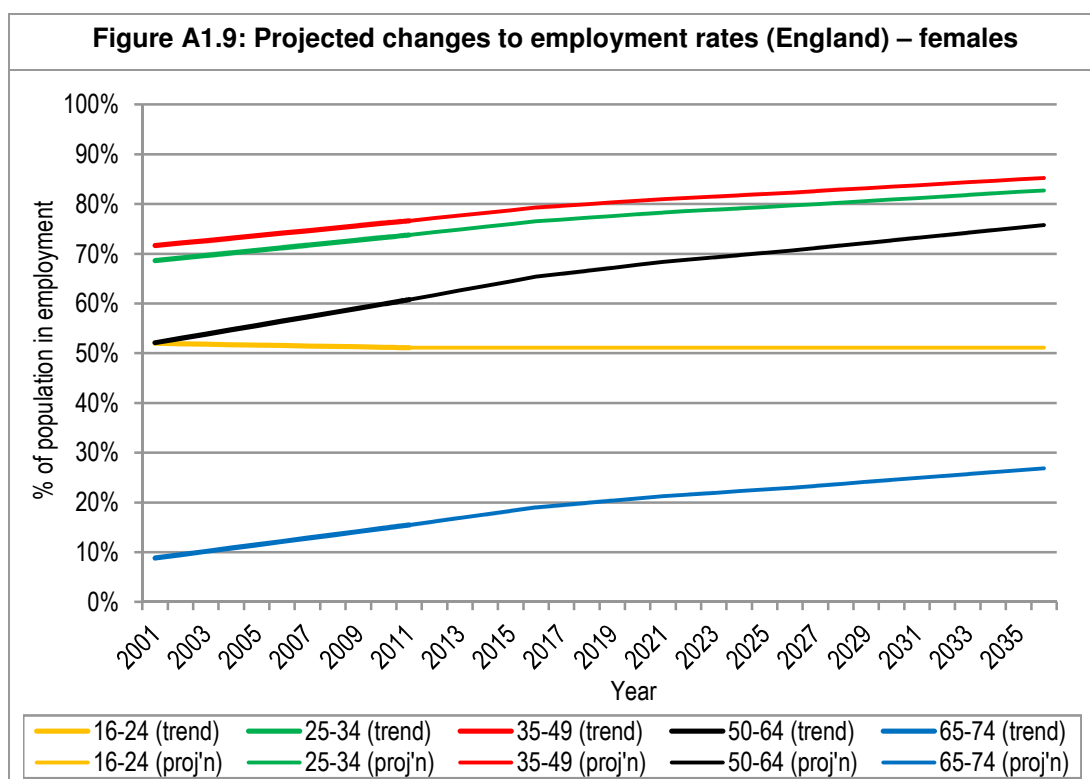
A1.18 The trends studied below are for economic activity rates although in this report the analysis is based on employment rates (which is the economically active population minus those who are unemployed). Ideally trends in employment rates would have been studied but this has proved difficult due to different definitions used in the 2001 and 2011 Census (relating to how students are recorded). For the purposes of analysis it is assumed that employment rate trends follow a similar pattern to economic activity rate trends.



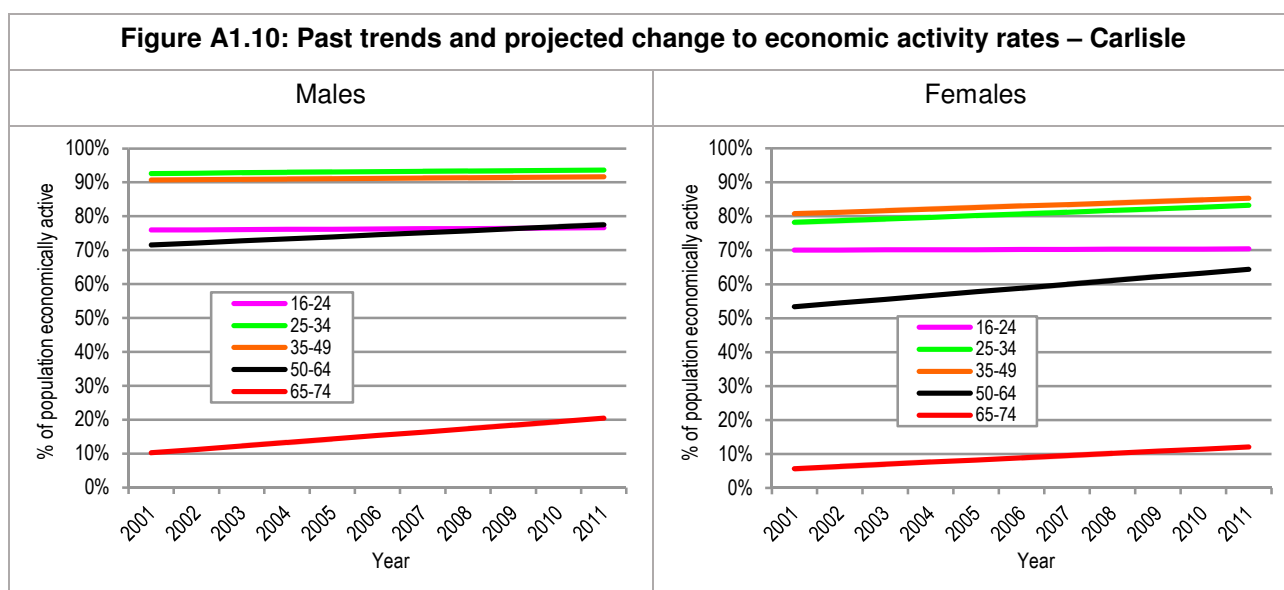
Source: Census (2001 and 2011)

- A1.19 To project these rates forward some of the reasons for these trends need to be considered. In particular the reduction in economic activity rates for people aged 16-24 is likely to some degree to be linked to an increase in students (which may not continue into the future) whilst some of the rapid increases for females are arguably unlikely to continue at the same rate as in the past.
- A1.20 To try to get a realistic view about how employment rates might change in the future an analysis of a national economic forecast (from Experian) and also the national (2012-based) population projections has been undertaken. Essentially the method used works on the basis that both the Experian forecasts and the population projections are correct and then models what level of change to employment rates would be required for both the population and the number of jobs to pan-out.
- A1.21 The figures below show the projected changes to employment rates for males and females through this modelling. It can be seen that for many age groups there are expected to continue to be increases in the future but that these improvements reduce over time. The figures in the charts are for employment rates (rather than economic activity as shown above) with the past trends being plotted in line with economic activity trends but to a different baseline in 2011 (which is informed by Census data).





A1.22 At the local area level the derived national data has been applied – using the incremental changes year-on-year and applied to a baseline 2011 position. The figure below shows (for Carlisle) that although actual employment rates in 2011 are different for some age/sex groups when compared with the national position the general trends seen over the past decade are quite similar. Hence it appears sound to use the national calculation for employment rates changes and apply this at the local level.



A1.23 The table below shows the employment rates used for modelling from 2013 to 2030. From the population modelling exercise it was estimated in mid-2013 that there were 54,249 people in employment with an employment rate for those aged 16-64 of 76.0% - due to the modelled improvement in rates this figure rises to 80.1% by 2030. Looking at the employment rate based on the population aged 16-74 sees a change from 68.1% to 71.1% whilst the rate calculated as a proportion of the total population aged 16 or over would actually be expected to fall slightly.

Figure A1.11: Employment Rates by Age and Sex – Carlisle						
Sex	Year	Aged 16 to 24	Aged 25 to 34	Aged 35 to 49	Aged 50 to 64	Aged 65 to 74
Male	2011	63.4%	87.1%	88.3%	75.4%	25.6%
	2036	63.4%	87.3%	89.4%	80.2%	35.7%
Female	2011	60.7%	79.8%	83.2%	64.6%	16.0%
	2036	60.7%	85.9%	89.0%	74.7%	23.7%

Source: Derived from a range of data sources (including Census, Experian and ONS national population projections)

Household (and Housing) Growth Projections

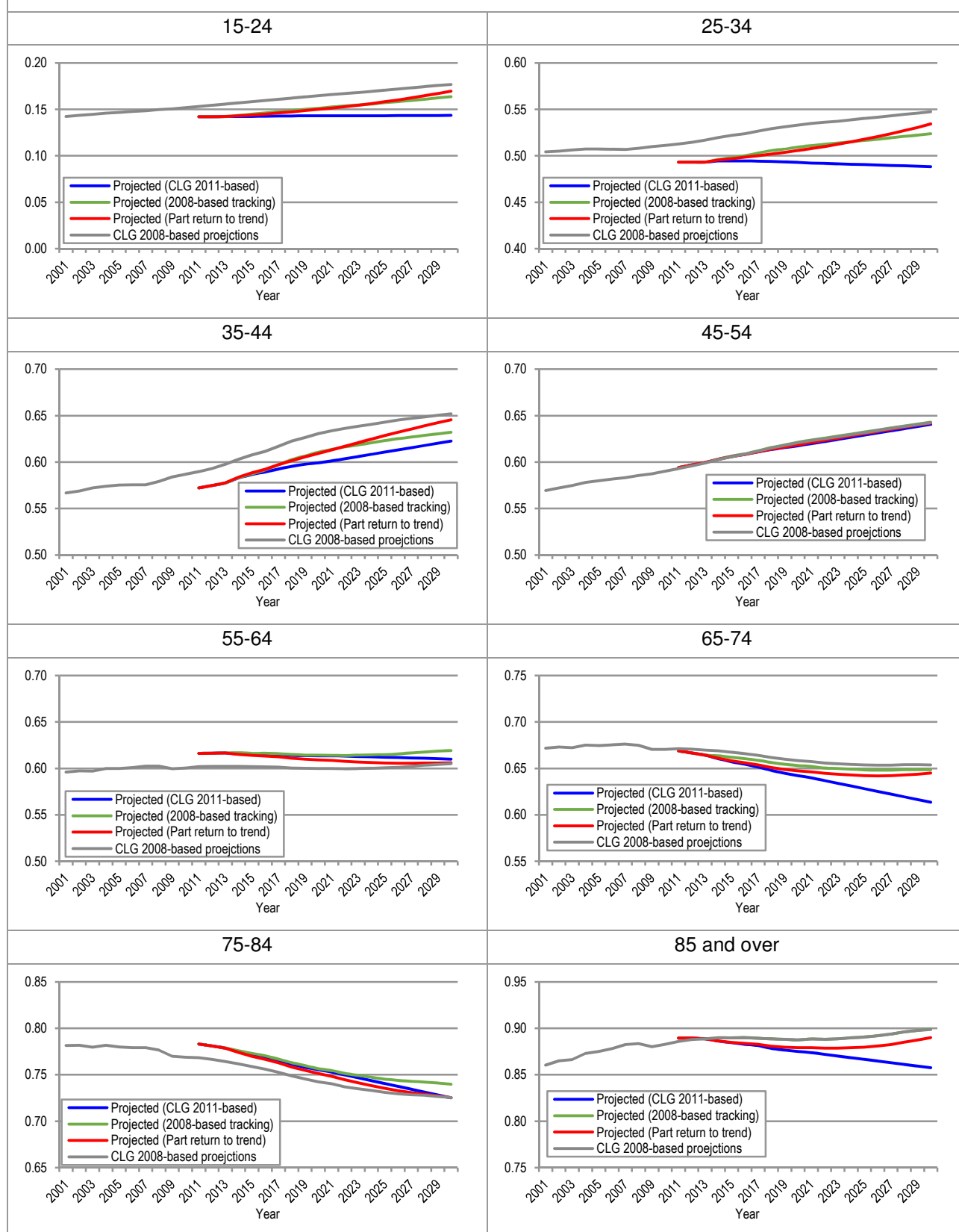
- A1.24 Having estimated the population size and the age/sex profile of the population the next step in the process is to convert this information into estimates of the number of households in the area. As noted in the main text our analysis of household sizes has identified a level of constraint being projected forward by CLG in their 2011-based household projections.
- A1.25 So as to not project forward this constraint we have considered the headship rates contained within the 2008-based CLG household projections which arguably cover a trend period where there were relatively few constraints on household formation. The methodology starts with rates as in the 2011-based projections but then projects forward using a methodology which gradually returns rates back towards the figures in the 2008-based release.
- A1.26 The table below shows headship rates derived from the analysis for each of the key periods of 2013 and 2030. The data shows that whilst most headship rates remain at a fairly constant level over time there are a number of groups where notable changes are projected to occur (both in an upward and downward direction).

Figure A1.12: Estimated Headship Rates by Age (2013 and 2030)		
Age group	2013	2030
Ages 15-24	14.2%	16.9%
Ages 25-34	49.3%	53.4%
Ages 35-44	57.8%	64.5%
Ages 45-54	60.0%	64.2%
Ages 55-64	61.7%	60.6%
Ages 65-74	66.4%	64.5%
Ages 75-84	77.9%	72.5%
Ages 85+	88.9%	89.0%

Source: Derived from CLG 2011- and 2008-based household projections

- A1.27 One of the key features of the methodology used is that household formation rates are considered for each individual age group. The figure below shows how the rates change under our core methodology. The data also shows how the rates might have been expected to change if the 2011-based CLG projections had been used and also if future trends had tracked the incremental changes in the 2008-based projections. The methodology shows that particularly strong improvements are expected for some of the younger age groups (up to age 44) which is consistent with recognising that it is these age groups likely to have been most constrained through the housing market downturn.

Figure A1.13: Projected household formation rates by age of head of household – Carlisle



Source: Derived from CLG data

- A1.28 When applying these headship rates to the population an estimated number of households in 2013 of 48,684 is derived.
- A1.29 In converting an estimated number of households into requirements for additional dwellings we have also factored in a small vacancy allowance which is normal to allow for movement of households between properties. In Carlisle, the 2011 Census recorded 2,087 unoccupied household spaces and 48,342 households (the number of vacant homes therefore being 4.3% above the number of households). A figure of 4.3% has therefore been used to convert households into dwellings – it is assumed that this figure will be reflective of what can be achieved in new housing stock and includes an allowance for second homes.

Detailed Projection Outputs

- A1.22 This section provides detailed outputs of the modelling under each of the scenarios run to look at population growth, employment change and housing requirements. All the projections look at the period from 2013 to 2030 with outputs available for each year of the projection (although these have generally been summarised for 5 year periods post 2015). The projections run are summarised in the table below.

Figure A1.14: Description of Projections used for Demographic Modelling	
Projection	Description
PROJ 1	Demographic-based – linked to the latest (2012-based) SNPP with an uplift to migration assumptions to take account of the impact of restricted housing supply and longer-term migration trends
PROJ 2	Jobs-led – linked to employment growth of about 6,350 jobs – this being the level of job growth expected in a 2014 Experian economic forecast

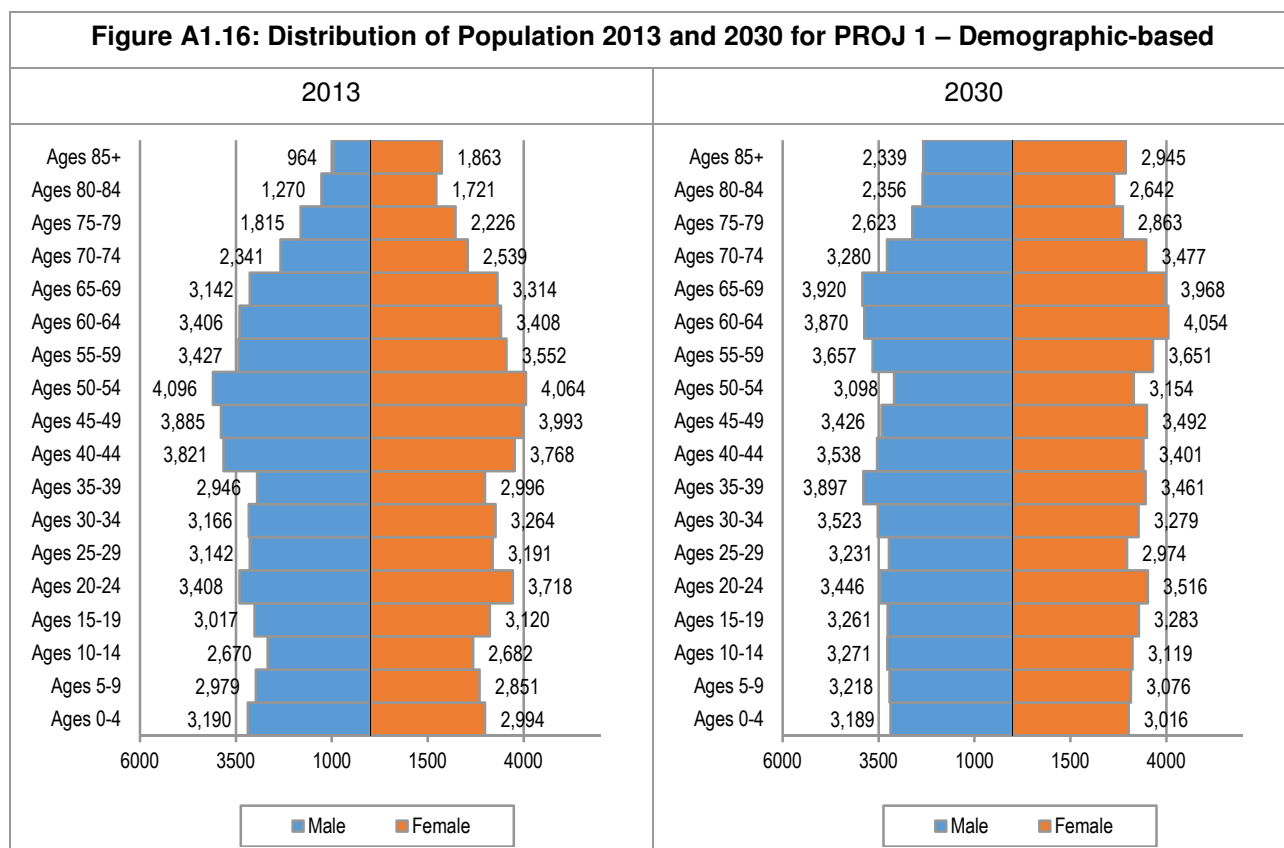
Population Projections

- A1.23 The table below shows the expected growth in population under each of the scenarios. Under demographic-based assumptions (PROJ 1) the population is expected to increase by around 10,600 people over the 17-year period – this represents population growth of 9.8% or about 0.6% per annum. With housing delivery in line with projected job growth we see a higher level of population growth of 13,800 (12.8%).

Figure A1.15: Population Estimates 2013 to 2030					
	2013	2015	2020	2025	2030
PROJ 1	107,949	109,026	112,129	115,363	118,515
(Demographic-based)	0.0%	1.0%	3.9%	6.9%	9.8%
PROJ 2 (Job-led)	107,949	109,472	112,734	117,709	121,796
	0.0%	1.4%	4.4%	9.0%	12.8%

Population Change Dynamics

A1.24 The figure below shows population pyramids for 2013 and 2030 under the demographic-based projection (PROJ 1). The 'pyramids' clearly show the growth in population overall and highlight the ageing of the population with a greater proportion of the population expected to be in age groups aged 60 and over (and even more so for older age groups) – in particular the oldest age group (85+) shows an increase from 2,800 people to 5,300.



A1.25 The table below summarises the findings for key (5 year) age groups under PROJ 1 (Demographic-based). The largest growth will be in people aged 65 and over. In 2030 it is estimated that there will be 30,400 people aged 65 and over. This is an increase of 9,200 from 2013, representing growth of 43%. The population aged 85 and over is projected to increase by an even greater proportion, 87%. Looking at the other end of the age spectrum the data shows that there are projected to be around 9% more people aged under 15 with both increases and decreases shown for other age groups.

Figure A1.17: PROJ 1 (demographic-based) population change 2013 to 2030 by five year age bands				
Age group	Population 2013	Population 2030	Change in population	% change from 2013
Under 5	6,184	6,205	21	0.3%
5-9	5,830	6,294	464	8.0%
10-14	5,352	6,390	1,038	19.4%
15-19	6,137	6,544	407	6.6%
20-24	7,126	6,962	-164	-2.3%
25-29	6,333	6,206	-127	-2.0%
30-34	6,430	6,802	372	5.8%
35-39	5,942	7,359	1,417	23.8%
40-44	7,589	6,939	-650	-8.6%
45-49	7,878	6,918	-960	-12.2%
50-54	8,160	6,252	-1,908	-23.4%
55-59	6,979	7,308	329	4.7%
60-64	6,814	7,924	1,110	16.3%
65-69	6,456	7,888	1,432	22.2%
70-74	4,880	6,757	1,877	38.5%
75-79	4,041	5,486	1,445	35.8%
80-84	2,991	4,998	2,007	67.1%
85+	2,827	5,284	2,457	86.9%
Total	107,949	118,515	10,566	9.8%

Economic (Employment) Changes

A1.26 The table below shows the estimated number of people living in Carlisle who are working under each of the projections. The data shows under the demographic-based assumptions (PROJ 1) that the number of people working is projected to increase by 4,500 from 2011 to 2030 (an 8% increase). The projection linked to job growth trends shows a higher workforce increase (of 6,350 over the 17-year period).

Figure A1.18: Employment Estimates 2013 to 2030					
	2013	2015	2020	2025	2030
PROJ 1	54,249	54,850	56,339	57,414	58,731
(Demographic-based)	0.0%	1.1%	3.9%	5.8%	8.3%
PROJ 2 (Job-led)	54,249	55,117	56,695	58,782	60,597
	0.0%	1.6%	4.5%	8.4%	11.7%

Household (and Housing) Growth

A1.27 The table below shows the projected growth in the number of households under each of the scenarios. The demographic-based projection (PROJ 1) shows household growth of about 16% over the 17-year period (7,850 additional households). The employment based projection shows a higher level of increase (of 19%) - this is 9,200 additional households.

Figure A1.19: Household Estimates 2013 to 2030

	2013	2015	2020	2025	2030
PROJ 1	48,684	49,469	51,649	54,002	56,530
(Demographic-based)	0.0%	1.6%	6.1%	10.9%	16.1%
PROJ 2 (Job-led)	48,684	49,628	51,886	54,923	57,878
	0.0%	1.9%	6.6%	12.8%	18.9%

A1.28 The analysis above concentrated on the number of additional households. In reality there are always likely to be some vacant homes in the area and so the number of properties required to house all of these households will be slightly greater than the projected household numbers. A vacancy allowance of 4.3% has therefore been applied to all of the above figures to make estimated housing requirements; the resulting figures are shown in the table below.

Figure A1.20: Estimated housing numbers with vacancy allowance (to 2030)

Projection variant	Annual household growth	Annual requirement with vacancy allowance	Requirement over 17-years
PROJ 1 (Demographic-based)	462	481	8,183
PROJ 2 (Job-led)	541	564	9,589

Summary of Projections by sub-area

A1.29 The series of tables below show summary outputs for each sub-area under each of the projection scenarios. In each case the first table shows annual figures with the second one showing data for the full 17-year period. Additional information has been provided about the changing population age structure (based on the demographic trend-based projection) to show the extent of population ageing in each area. It should be noted that figures for population, households/housing and employment do not exactly sum to the Council area-wide projections due to the assumptions applied to the analysis.

Rural West

Figure A1.21: Summary of projections 2013 to 2030 – annual – Rural West

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (Demographic trend-based)	47	0.6%	32	0.9%	17	0.4%
PROJ 2 (Jobs-led)	66	0.8%	40	1.1%	30	0.7%

Figure A1.22: Summary of projections 2013 to 2030 – total – Rural West

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (Demographic trend-based)	795	9.8%	543	14.8%	294	6.8%
PROJ 2 (Jobs-led)	1,130	13.9%	677	18.5%	504	11.7%

Figure A1.23: PROJ 1 (trend-based) population change 2013 to 2030 by five year age bands – Rural West

Age group	Population 2013	Population 2030	Change in population	% change from 2013
Under 15	1,206	1,256	50	4.2%
15-29	1,143	1,381	238	20.8%
30-44	1,376	1,487	111	8.1%
45-59	1,931	1,400	-531	-27.5%
60-74	1,674	1,917	243	14.5%
75+	798	1,481	683	85.7%
Total	8,127	8,922	795	9.8%

*Rural East***Figure A1.24: Summary of projections 2013 to 2030 – annual – Rural East**

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (Demographic trend-based)	151	0.6%	97	0.8%	55	0.4%
PROJ 2 (Jobs-led)	213	0.8%	122	1.0%	94	0.7%

Figure A1.25: Summary of projections 2013 to 2030 – total – Rural East

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (Demographic trend-based)	2,560	9.8%	1,646	13.8%	935	6.9%
PROJ 2 (Jobs-led)	3,621	13.8%	2,075	17.4%	1,597	11.7%

Figure A1.26: PROJ 1 (trend-based) population change 2013 to 2030 by five year age bands – Rural East

Age group	Population 2013	Population 2030	Change in population	% change from 2013
Under 15	3,894	4,036	142	3.7%
15-29	3,562	4,499	937	26.3%
30-44	4,171	4,620	449	10.8%
45-59	6,479	4,380	-2,099	-32.4%
60-74	5,352	6,466	1,114	20.8%
75+	2,691	4,708	2,017	74.9%
Total	26,149	28,709	2,560	9.8%

Carlisle Urban

Figure A1.27: Summary of projections 2013 to 2030 – annual – Carlisle Urban

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
PROJ 1 (Demographic trend-based)	424	0.6%	349	1.0%	200	0.6%
PROJ 2 (Jobs-led)	517	0.7%	390	1.1%	250	0.7%

Figure A1.28: Summary of projections 2013 to 2030 – total – Carlisle Urban

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
PROJ 1 (Demographic trend-based)	7,211	9.8%	5,932	16.9%	3,400	9.4%
PROJ 2 (Jobs-led)	8,794	11.9%	6,630	18.8%	4,246	11.7%

Figure A1.29: PROJ 1 (trend-based) population change 2013 to 2030 by five year age bands – Carlisle Urban

Age group	Population 2013	Population 2030	Change in population	% change from 2013
Under 15	12,266	13,463	1,197	9.8%
15-29	14,891	13,853	-1,038	-7.0%
30-44	14,414	14,840	426	3.0%
45-59	14,607	14,778	171	1.2%
60-74	11,124	14,314	3,190	28.7%
75+	6,370	9,635	3,265	51.3%
Total	73,673	80,884	7,211	9.8%

Appendix 2: Detailed projection outputs

PROJECTION: Demographic based (PROJ 1)

Components of change

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Births	1,243	1,250	1,247	1,247	1,238	1,236	1,234	1,231	1,228	1,224	1,223	1,225	1,224	1,223	1,221	1,221	1,222
Deaths	1,074	1,066	1,062	1,070	1,072	1,074	1,077	1,080	1,089	1,101	1,110	1,120	1,131	1,144	1,159	1,173	1,186
Natural Change	170	184	184	178	166	163	157	150	139	123	113	105	94	79	62	48	36
In-migration	4,445	4,441	4,452	4,433	4,425	4,404	4,387	4,369	4,359	4,357	4,357	4,366	4,376	4,390	4,400	4,412	4,426
Out-migration	4,088	4,071	4,043	3,990	3,963	3,937	3,906	3,870	3,853	3,838	3,817	3,816	3,815	3,824	3,830	3,839	3,851
Net migration	357	369	409	443	462	467	481	500	506	518	540	551	561	567	570	573	575

Population (broad age groups)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Age 0-14	17,366	17,538	17,745	17,927	18,182	18,345	18,453	18,580	18,637	18,744	18,777	18,826	18,850	18,857	18,798	18,883	18,889	18,889
Age 15-29	19,596	19,431	19,298	19,219	19,158	19,118	19,090	19,063	18,984	18,882	18,899	18,936	19,054	19,154	19,286	19,350	19,512	19,712
Age 30-44	19,961	19,774	19,617	19,361	19,137	19,088	19,185	19,362	19,741	20,106	20,416	20,687	20,744	20,874	21,031	21,048	21,084	21,100
Age 45-59	23,017	23,300	23,508	23,804	23,894	23,859	23,576	23,289	22,896	22,462	21,974	21,549	21,341	21,141	20,927	20,808	20,609	20,477
Age 60-74	18,150	18,434	18,638	18,880	19,164	19,446	19,842	20,198	20,506	20,521	20,805	21,072	21,310	21,566	21,856	22,042	22,345	22,569
Age 75+	9,859	9,998	10,220	10,428	10,702	11,009	11,348	11,637	12,013	12,704	13,188	13,640	14,063	14,423	14,762	15,159	15,469	15,767
Total population	107,949	108,474	109,026	109,618	110,238	110,864	111,493	112,129	112,777	113,420	114,059	114,710	115,363	116,016	116,659	117,289	117,908	118,515
Change from previous year	525	552	592	620	626	629	636	648	643	639	651	653	653	653	643	630	619	607
Households	48,684	49,085	49,469	49,921	50,369	50,798	51,238	51,649	52,120	52,601	53,065	53,535	54,002	54,491	54,984	55,491	56,012	56,530
Change from previous year	401	384	452	448	429	440	411	471	480	464	470	467	489	493	507	520	519	
Employment rate (16+)	60.6%	60.7%	60.8%	61.0%	61.0%	61.0%	61.0%	61.0%	60.9%	60.7%	60.6%	60.4%	60.3%	60.1%	60.0%	59.9%	59.8%	59.7%
Labour force	54,249	54,548	54,850	55,239	55,523	55,723	56,005	56,339	56,636	56,808	56,992	57,182	57,414	57,676	57,950	58,223	58,452	58,731
Change from previous year	298	302	389	284	200	282	333	297	172	184	190	232	262	274	273	229	279	

PROJECTION: Job growth (PROJ 2)

Components of change

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Births	1,243	1,257	1,258	1,260	1,248	1,246	1,248	1,247	1,252	1,266	1,271	1,279	1,284	1,284	1,281	1,289	1,293
Deaths	1,074	1,067	1,064	1,071	1,073	1,075	1,079	1,083	1,092	1,107	1,117	1,127	1,139	1,152	1,168	1,183	1,197
Natural Change	170	190	194	188	174	171	168	164	159	159	154	152	144	132	114	107	96
In-migration	4,721	4,605	4,446	4,327	4,390	4,554	4,493	4,664	5,103	4,514	4,580	4,530	4,449	4,307	4,764	4,544	4,602
Out-migration	4,088	4,071	4,043	3,990	3,963	3,937	3,906	3,870	3,853	3,838	3,817	3,816	3,815	3,824	3,830	3,839	3,851
Net migration	633	534	403	336	427	618	587	794	1,250	676	763	715	633	484	934	705	751

Population (broad age groups)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Age 0-14	17,366	17,573	17,806	17,996	18,248	18,415	18,549	18,701	18,809	19,032	19,118	19,231	19,317	19,376	19,350	19,525	19,596	19,665
Age 15-29	19,596	19,562	19,502	19,412	19,293	19,228	19,262	19,272	19,310	19,518	19,568	19,663	19,802	19,884	19,934	20,122	20,287	20,501
Age 30-44	19,961	19,827	19,705	19,453	19,216	19,166	19,300	19,507	19,960	20,497	20,871	21,223	21,359	21,547	21,723	21,845	21,954	22,062
Age 45-59	23,017	23,334	23,563	23,860	23,938	23,899	23,635	23,362	23,006	22,661	22,195	21,799	21,615	21,428	21,211	21,138	20,963	20,863
Age 60-74	18,150	18,450	18,664	18,906	19,186	19,467	19,873	20,238	20,566	20,630	20,928	21,216	21,473	21,742	22,035	22,254	22,575	22,821
Age 75+	9,859	10,005	10,233	10,440	10,711	11,017	11,361	11,654	12,040	12,760	13,251	13,712	14,143	14,508	14,845	15,259	15,577	15,884
Total population	107,949	108,750	109,472	110,068	110,593	111,193	111,980	112,734	113,691	115,098	115,931	116,845	117,709	118,484	119,098	120,143	120,952	121,796
Change from previous year	801	722	596	524	600	788	754	957	1,407	833	915	863	776	613	1,046	809	844	
Households	48,684	49,182	49,628	50,084	50,503	50,925	51,425	51,886	52,475	53,241	53,782	54,361	54,923	55,473	55,973	56,657	57,260	57,878
Change from previous year	498	446	457	418	422	500	461	589	765	541	579	562	550	501	684	603	618	
Employment rate (16+)	60.6%	60.7%	60.8%	61.0%	61.0%	61.0%	61.0%	61.0%	61.0%	60.9%	60.8%	60.6%	60.5%	60.4%	60.3%	60.2%	60.2%	60.1%
Labour force	54,249	54,714	55,117	55,507	55,731	55,914	56,291	56,695	57,176	57,805	58,093	58,432	58,782	59,106	59,353	59,869	60,196	60,597
Change from previous year	465	404	390	225	183	377	404	481	629	288	339	350	324	246	517	326	401	

Report to:
**Economy & Environment
Overview & Scrutiny Panel**

Agenda
Item:
A.5

Meeting Date: 25 September 2014
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and Budget Framework: Yes
Public / Private: Public

Title: Quarter One Performance Report 2014/15
Report of: Policy and Communications Manager
Report Number: PC 13/14

Purpose / Summary:

This Performance Report updates the Panel on the Council's service standards that help measure performance and customer satisfaction. It also includes updates on key actions contained within the Carlisle Plan.

Details of each service standard are in the table at Appendix 1. The table illustrates the cumulative year to date figure, a month-by-month breakdown of performance and, where possible, an actual service standard baseline that has been established either locally or nationally. The updates against the actions in the Carlisle Plan follow on from the service standard information in Appendix 2.

1. Consider the performance of the City Council presented in the report with a view to seeking continuous improvement in how the Council delivers its priorities.

Tracking

Executive:	13 October 2014
Overview and Scrutiny:	Community – 11 September 2014 Resources – 18 September 2014 Economy and Environment – 25 September 2014

1. BACKGROUND

Service standards were introduced at the beginning of 2012/13. They provide a standard in service that our customers can expect from the City Council and a standard by which we can be held to account. The measures of the standard of services are based on timeliness, accuracy and quality of the service we provide in areas that have a high impact on our customers.

Regarding the information on the Carlisle Plan, the intention is to give the Panel a brief overview of the current position without duplicating the more detailed reporting that takes place within the Overview and Scrutiny agendas and Portfolio Holder reports.

2. CONSULTATION

The report was reviewed by the Senior Management Team at their meeting on 12 August 2014 and will be considered by the Overview and Scrutiny Panels on the following dates:

Community – 11 September 2014

Resources – 18 September 2014

Economy and Environment – 25 September 2014

3. CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Panel are asked to comment on the First Quarter Performance Report prior to it being submitted to Executive.

Contact Officer:	Steven O’Keeffe	Ext: 7258
Appendices	Appendix 1 – 2014/15 Quarter 1 Service Standards	
attached to report:	Appendix 2 – Carlisle Plan Update	

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following:

CORPORATE IMPLICATIONS/RISKS

Chief Executive's – Responsible for monitoring and reporting on service standards, customer satisfaction and progress in delivering the Carlisle Plan whilst looking at new ways of gathering and reviewing customer information.

Economic Development – Responsible for managing high level projects and team level service standards on a day-to-day basis.

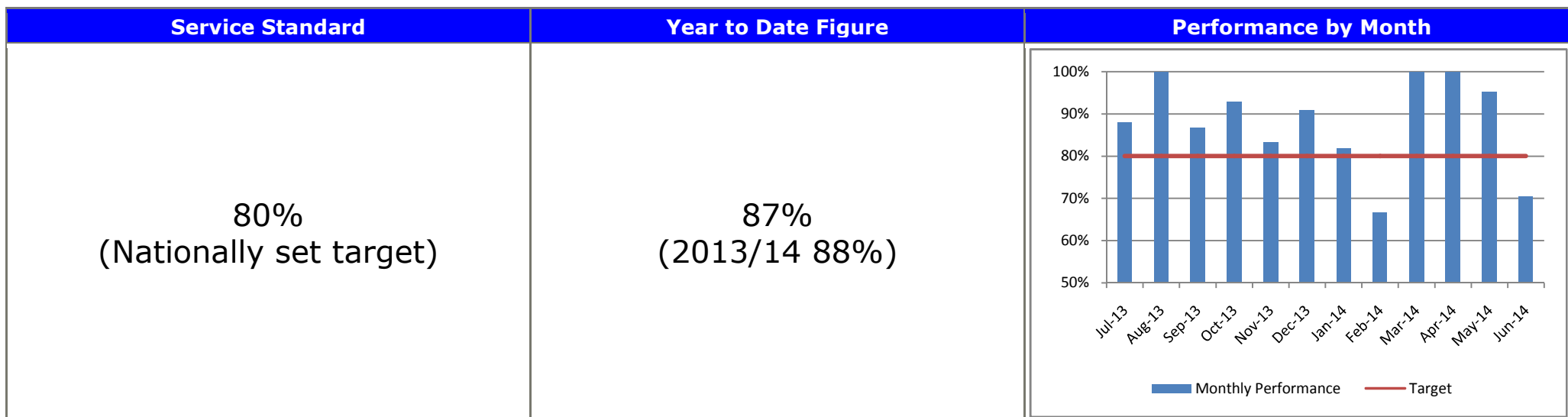
Governance – Responsible for corporate governance and managing team level service standards on a day-to-day basis.

Local Environment – Responsible for managing high level projects and team level service standards on a day-to-day basis.

Resources – Responsible for managing high level projects team level service standards on a day-to-day basis.

APPENDIX 1: 2014/15 SERVICE STANDARDS

Service Standard: Percentage of Household Planning Applications processed within eight weeks



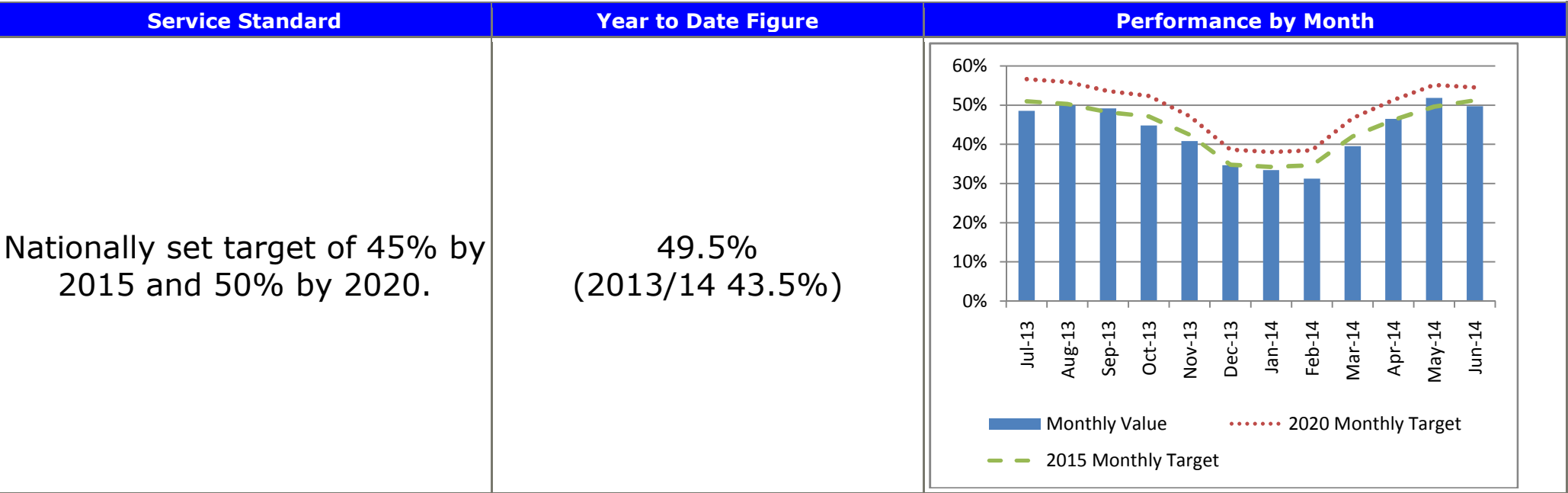
It is noted that the performance in June dropped to just above 70%. This is due to a number of applications requiring amendments to deal with objections from neighbouring properties and therefore the need to re-consult which took them beyond the 8 week period.

Service Standard: Number of missed waste or recycling collections

Service Standard	Year to Date Figure	Performance by Month																										
40 missed collections per 100,000 (Industry standard)	Average of 40 missed per 100,000 collections per month (2013/14 36)	<table><thead><tr><th>Month</th><th>Missed Collections per 100,000</th></tr></thead><tbody><tr><td>Jul-13</td><td>35</td></tr><tr><td>Aug-13</td><td>33</td></tr><tr><td>Sep-13</td><td>35</td></tr><tr><td>Oct-13</td><td>24</td></tr><tr><td>Nov-13</td><td>37</td></tr><tr><td>Dec-13</td><td>34</td></tr><tr><td>Jan-14</td><td>48</td></tr><tr><td>Feb-14</td><td>45</td></tr><tr><td>Mar-14</td><td>46</td></tr><tr><td>Apr-14</td><td>37</td></tr><tr><td>May-14</td><td>43</td></tr><tr><td>Jun-14</td><td>41</td></tr></tbody></table>	Month	Missed Collections per 100,000	Jul-13	35	Aug-13	33	Sep-13	35	Oct-13	24	Nov-13	37	Dec-13	34	Jan-14	48	Feb-14	45	Mar-14	46	Apr-14	37	May-14	43	Jun-14	41
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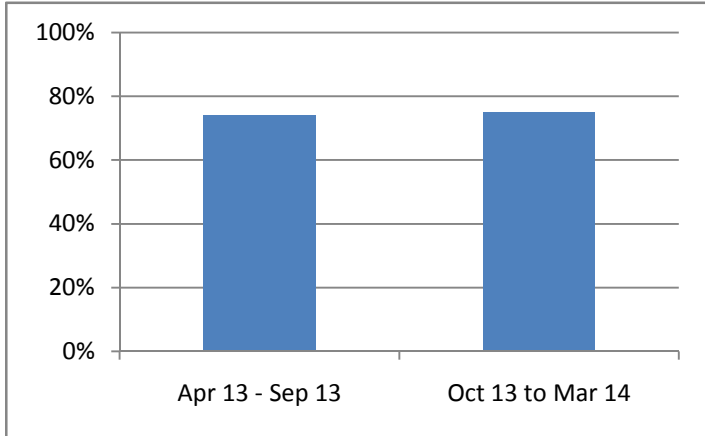
This service standard was previously measured as a percentage of all collections made whereas the industry standard is measured per 100,000 collections. To allow an easier comparison to be made with the industry standard and for benchmarking purposes the standard is now measured in the same format as the target. On an average summer month there are approximately 400,000 collections made.

Service Standard: Percentage of household waste sent for recycling



The graph above shows what the monthly target would be in order to achieve the national 2015 target of 45% and the 2020 target of 50%.

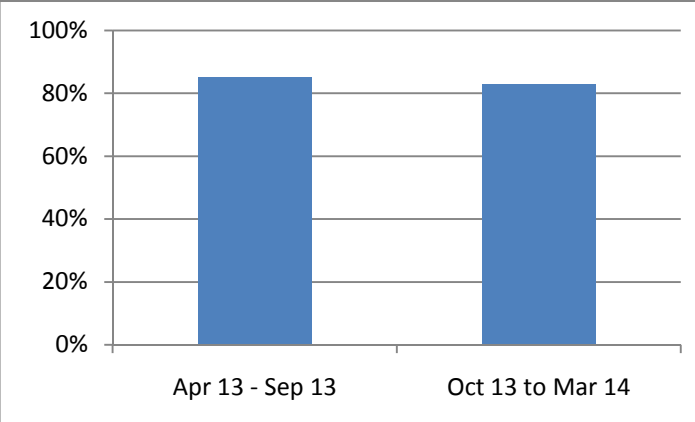
Service Standard: Customer satisfaction with street cleanliness

Service Standard	Year to Date Figure	Performance by half-year						
The locally set service standard for satisfaction with street cleanliness is 75%.	75%	 <table><tr><th>Period</th><th>Performance</th></tr><tr><td>Apr 13 - Sep 13</td><td>75%</td></tr><tr><td>Oct 13 to Mar 14</td><td>75%</td></tr></table>	Period	Performance	Apr 13 - Sep 13	75%	Oct 13 to Mar 14	75%
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There are currently no changes to the satisfaction figure of 2013/14. As further submissions are made via the website, the satisfaction figure will be altered accordingly.

Carlisle’s satisfaction levels are on par with the most recent Local Government Association (LGA) national survey.

Service Standard: Customer satisfaction with waste services

Service Standard	Year to Date Figure	Performance by half-year						
The locally set service standard for satisfaction with waste services is 75%.	84%	 <table><caption>Performance by half-year data</caption><thead><tr><th>Period</th><th>Performance (%)</th></tr></thead><tbody><tr><td>Apr 13 - Sep 13</td><td>84%</td></tr><tr><td>Oct 13 to Mar 14</td><td>84%</td></tr></tbody></table>	Period	Performance (%)	Apr 13 - Sep 13	84%	Oct 13 to Mar 14	84%
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Appendix 2: Carlisle Plan Update

PRIORITY – We will support the growth of more high quality and sustainable business and employment opportunities

The Council's Key Decisions will support business growth, with its services being viewed as 'business friendly' through working more closely with them to meet business' needs.

Carlisle Local Plan 2015 - 2030

The emerging Carlisle Local Plan sets out a planning framework for guiding the location and level of development in the District up to 2030, as well as a number of principles that will shape the way that Carlisle will develop between now and then. The Plan targets the delivery of approximately 9,000 new homes across the 2015-2030 period, and identifies the land available to accommodate this growth. This target represents the most ambitious level of housing growth pursued within Carlisle to date, in response to evidenced demographic and economic needs. The Plan also requires the delivery of a mix of dwelling types and tenures including affordable homes. From a housing perspective the Local Plan will therefore be amongst the most influential strategies at play across the next fifteen years.

Following the close of the most recent consultation exercise, efforts are now being focussed on further refining the Local Plan towards a 'publication draft' which will be subject to public consultation in January 2015.

Following elections in May the Local Plan Working Group membership has been reviewed and confirmed. This forum will once again be used to steer the emerging policies and proposals within the Plan, having added significant value to this process with regards to previous drafts.

The accompanying Infrastructure Delivery Plan, the purpose of which is to demonstrate that the necessary infrastructure can be delivered to support the realisation of the plans objectives, is also continuing to evolve with a number of meetings having been held and information exchanged with key infrastructure service providers.

Promoting Carlisle including Prospectus for Carlisle

Carlisle Ambassadors' meeting was held on 21 May 2014 (theme: Destination for Entertainment, fun and freedom) at Carlisle Racecourse.

The first hoarding design is in place at Durranhill advertising site availability.

The Carlisle Prospectus is now in print along with folders designed to hold the branded suite of literature to promote Carlisle.

Employment sites- Durranhill

The Council have received funding from the Growth Fund to improve the Industrial Estate at Durranhill. The project will reinvigorate the estate through a package of measures including site infrastructure which will unlock development land, promoting economic growth and deliver jobs.

PRIORITY - We will develop vibrant sports, arts and cultural facilities, showcasing the City of Carlisle

This priority supports tourism, the arts and creative industries. It is recognised that arts and leisure are important in making Carlisle a great place to work, live and visit. Developing public realm improvements is a key piece of work under this priority. This involves the city and county councils working together.

Old Town Hall Phase 2 / TIC

Johnston and Wright (Lead Consultant) are continuing to develop the approved Stage 1 Project Plan to detailed design stage.

Pre-application meetings held with Planning, Building Control and Access Officers prior to formal submissions in July 2014, in parallel with issue of Pre-Qualification Questionnaire(s) on 23rd June 2014 via the City Council's CHEST system for short listing of building contractors. Four expressions of interest were received with three organisations short listed for the main tender, which was issued on 20th August 2014. The programme is on track to formalise an appointment in November 2014 in line with the proposed start in early January 2015 and completion by July 2015.

Property Services have issued 'Notice of Proposed Building Works' letters to ground floor tenants on 24th June 2014 and a Section 25 Notice on a unit that needs to be vacated. Property Services are also assisting the Tourist Information Manager on the sourcing of temporary alternative accommodation for the six month period of site works.

Public Realm The procurement process to appoint a manufacturer to deliver a fully costed signage suite is in progress.

Arts Centre

Asbestos removal commenced 26 June 2014.

We are awaiting cost analysis from the contractor for a finally amended scheme to ensure we remain within budget.

Harraby Campus Development

Planning approval has been granted. The final business case is now being developed for consideration by Cumbria County Council's cabinet.

PRIORITY - We will work more effectively with partners to achieve the City Council's priorities

The City Council wants to establish Carlisle as a nationally recognised sub-regional capital by becoming an effective partner in the key areas of housing and economic growth.

Home Improvement Agency (HIA)

Homelife Carlisle was highly commended at the National HIA Awards presented at the House of Lords on 10 June. This is in the Integration Champion category for the work they are doing with Social Care and the Clinical Commissioning. 55 volunteers have now been recruited to the Community Neighbour Programme; of which 36 are actively working with older people in the urban and rural wards. We will shortly be offering a paid for service for handy people, gardeners and cleaners.

Homelessness Strategy

Consultation with key stakeholders on the four key priority areas identified locally has begun with two sessions having taken place so far including an interactive workshop to identify local challenges and solutions. The key priority areas are:

- Appropriate accommodation and support pathways
- Multiple Excluded Homelessness and Rough Sleeping
- Increase and improve positive outcomes for young people experiencing homelessness
- Prevention of Homelessness

The information gained from these sessions along with local research findings will be utilised to form the basis of a draft local strategy which will be out for consultation in October / November and implementation in December.

PRIORITY - We will work with partners to develop a skilled and prosperous workforce, fit for the future

The City Council continues to work closely with partners through the Carlisle Economic Partnership (CEP). Part of the CEP action plan of key priorities sets out actions to address skills gaps by identifying skills needs for growth and encouraging provision which meets those needs.

The City Council is supporting the Knowledge Transfer Project which will help maximise the potential of 'e'-commerce by supporting local retailers (SMEs) and especially independents to make use of the internet to promote and grow their business. This two year project will support businesses to develop specific products together with experts from the University of Cumbria with the aim of maximising the use of proposed City Centre WiFi, using apps, for example, to support the local economy.

The appointment of the KTP Associate took place in January 2014. A background report, including social economic analysis, has been produced, the findings of which will influence the development of the on-line web portal for City centre businesses which is scheduled for launch in November 2014.

The City Council also continues to lead by example as one of Carlisle's large employers by investing in the development of its staff. This includes working with the University of Cumbria, Carlisle College and local training providers to deliver a wide range of technical and professional learning and development opportunities to staff. The City Council works closely with the National Apprenticeship Service and local training providers on its apprenticeship programme and all three of the staff who have recently completed apprenticeships have continued to be employed by the Council.

The City Council has taken on a further three apprentices through the Apprenticeship Growth Bid approved as part of the 2014-15 budget. An apprentice mechanic started in the garage at the Bousteads Grassing depot in July and two ICT apprentices will be joining the Digital and Information Services team in September. A new graduate has also been recruited to a temporary graphic design post through the project as there was no local provision for apprenticeship graphic design training.

PRIORITY - Together we will make Carlisle clean and tidy

The City Council recognises the shared responsibility between it and the community and is committed to a pro-active approach to making Carlisle a place that its residents can be proud of.

Rethink Waste Project

The inaugural board meeting has taken place. The new technical team is now in place and will be key to the implementation of the revised service. They are currently looking at issues and options.

Gull Sack Project

The Love Where You Live campaign identified that the source of litter on the streets was partly attributed to refuse sacks being attacked by seagulls. The gull sack project was rolled out across Carlisle over six months from autumn 2013. When used correctly this has reduced the levels of litter caused by the waste collections. Problems have arisen when residents put loose waste into the gull sacks or don't use them. The Technical Team are continuing with a 2014 summer campaign supporting households to ensure that gull sacks are used correctly.

Litter Bin Project

An audit of litter bins has been carried out and the data is currently being collated. The review will look at the litter bin design and determine their optimum location.

Recycling Bring Site Project

A review was completed in March 2014 and the service was brought back 'in-house' in April 2014. Collections rounds are being assessed to ensure maximum tonnage and efficiencies.

Enforcement and Education

An update on the Enforcement and Education Team activities is below including latest performance figures.

Enforcement:

- Prosecutions – total fine £300 for bin issues; two fines for dog fouling (£190 and £160); a fine of £165 for littering. One “Simple Caution” for fly tipping.
- 3 Dog Fouling FPN (all paid); 9 Litter FPN served (6 paid); 1 dog of Lead FPN paid; 1 waste receptacle (bin) FPN served.

There has also been an increase in seagull signage around the City.

Education:

- Trinity Year 10 litter campaign
- Trinity year 7 antisocial behaviour campaign – littering and dog fouling joint initiative with Police PCSOs.

The vacant Team Leader post has delayed the progress on some initiatives. It is hoped this post will be filled in the next few months. An interim Manager has been brought in for three months to help with project delivery in the both the Enforcement and Education Team and the Food Safety Team.

PRIORITY - We will address Carlisle's current and future housing needs

The key to this priority is the delivery of the City Council's housing strategy.

Delivery of the Affordable Housing Programme:

There are currently four affordable schemes funded through the Affordable Homes Programme (2011-15) either recently completed or currently on site and due to complete by early 2015, totalling 79 new homes. No issues are currently anticipated with delivery. The Homes and Communities Agency (HCA) announced in July 2014 that all four bids in Carlisle under the 2015-18 Programme have been successful in receiving funding, totalling £1.87m. This will deliver a further 79 affordable homes for rent across four sites: three in the City and a scheme in Longtown.

The Brampton Extra Care scheme (38 affordable properties for people aged 55 and over as well as some younger disabled people) was approved at the June 2014 Development Control Committee. The scheme will be delivered by Impact Housing Association (IHA) who received funding through the HCA's Care and Supported Specialised Housing Fund. The development is a result of partnership working between Carlisle City Council, Cumbria County Council, IHA and Brampton and Beyond Community Trust.

Empty Homes:

The Register of Empty Properties is currently being updated. Intelligence is being shared with Council Tax department on empty homes. Early indications are that every £5,000 of grant generates into the local economy approximately £24,000 in business.

Owners of long term problematic empty properties are being profiled & targeted. There are increased interventions on empty homes outside grant area.

To July 2014:

45 units have been allocated £213,442 - 100% progress.

25 units are paid/complete £126,742 - 50% progress.

There is a potential surplus of £42,282 for an additional 8 units.

Gypsy and Traveller Transit site:

The City Council's contracted provider has confirmed that it is not viable to build a transit site at Low Harker Dene to address unauthorised encampments. Records show these have reduced from an average of 13 per annum during the period 2010 to 2012 to four in 2013 and six so far in 2014. Going forward the, City Council is considering options for addressing unauthorised encampments.

YMCA Empty Home Project:

The YMCA has confirmed that they expect to return 10 empty properties back to use by December 2015. This is considered a realistic estimate based on five properties let; four properties under repair and negotiations underway with one owner.

