

# **Report to Overview & Scrutiny Committee**

**Date of meeting: 12<sup>th</sup> November 2009**



**Subject: EERA Consultation – 2031 Scenarios for  
Housing and Economic Growth**

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**Committee Secretary: Simon Hill (01992–564249).**

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## **Recommendations/Decisions Required:**

- (1) To respond to the first six consultation (of eight) questions as follows:**
  - (a) A fifth scenario should be considered which deals with the realistic assessment of infrastructure provision in terms of the implications for deliverable housing and economic growth;**
  - (b) The information on Harlow's future growth is misleading. The consultation document should give far more detail about how the figures for the 4 scenarios are going to be split between Harlow, East Herts and this district. This authority also believes that the growth totals proposed in scenarios 3 and 4 are unrealistic and undeliverable in this district;**
  - (c) Scenario 1 of the four in the consultation is preferred, but the fifth scenario (in (a) above) is likely to be the most realistic;**
  - (d) The regional impact assessment should include Green Belt;**
  - (e) The vision and objectives of the Plan remain suitable; and**
  - (f) Policies H3 and H4 (from the Single Issue Review) should be included in the next review of the Plan as they concentrate on provision only up to 2021;**
- (2) Not to respond to the last two questions of the consultation;**
- (3) To agree to be a signatory to the proposed Essex Local Authorities' Joint Response to the consultation.**

## **Summary:**

The East of England Plan is being partially reviewed to roll it forward to 2031, and a consultation exercise has been prepared by the Regional Assembly. Four growth scenarios covering the period 2011 to 2031 are described, with three questions being directly about these and one on the regional impacts of the scenarios. The consultation also asks about the extent of the review of the Plan, notably whether its vision and objectives remain suitable, and whether other policies should be included in the review.

The results of this consultation will enable the Regional Assembly to prepare a draft plan in 2010 for full public consultation.

The document can be easily misinterpreted, because it is not made clear that much of Harlow's growth will have to be located in adjoining districts, including Epping Forest. Housing and economic growth, particularly the quantities proposed in scenarios 3 and 4, potentially affect the whole of the district, so this is a key decision.

## **Report:**

### **Context**

1. The East of England Plan (EEP) was published in May 2008. It is the strategic part of the development plan and sets growth targets for all the districts in the region up to 2021. This consultation is therefore very important as it means that the Council's views will be taken into account in the final determination of housing and jobs targets for the ten-year period beyond 2021.

2. Regional plans should set out long term strategies for at least 20 years, so the Government asked the East of England Regional Assembly (EERA) to carry out an immediate (but partial) review of the EEP to address development needs for the period 2011 to 2031. Growth in the range of 30,00 to 40,000 new homes every year in the region was to be tested. (The Government considers that this scale of growth is necessary to stabilise long-term house prices.) This compares to 26,000 in the current EEP and past delivery of 22,000. EERA believes that it is inappropriate to test the highest end of this range as this would nearly double the rate of house building in the region, and would rely on large scale immigration and jobs growth significantly greater than the most optimistic projections. Some account also needs to be taken of the immediate to medium term impacts of the current recession. Nevertheless, in the light of the Government's intention to further increase housing provision, the review is intended to contribute to the increased national target of 240,000 additional homes per year by 2016.

3. The review is intended to ensure that:

- the region's ability to deliver growth in a sustainable way has been fully investigated. EERA is therefore undertaking an "integrated sustainability appraisal" which will incorporate strategic environmental assessment, equality and health impact assessment, and a Habitats Regulation Assessment;
- overall growth is linked to adequate infrastructure. EERA and the East of England Development Agency (EEDA) are developing an "Implementation Plan" to show what actions are needed to deliver the policies in the EEP and the Regional Economic Strategy; and
- the strategy addresses the challenge of climate change.

4. The consultation period runs from 2<sup>nd</sup> September to 24<sup>th</sup> November. There are three questions on the scenarios, one on regional impacts, two on the extent of the review and two on supporting information. EERA contacted the Association of Town and Parish Councils about the consultation presumably on the understanding that that organisation would inform all its associated councils. The Director of Planning and Economic Development has written to all the parish and town councils in the district to advise them of the consultation and to stress that the period for replying will not be extended.

5. EERA intends to prepare a draft plan in early 2010 which will be subject to full public consultation. This will be followed by an Examination in Public.

### **The Growth Scenarios**

6. Four growth scenarios are described in the consultation document, and their environmental impacts and infrastructure requirements are considered. No locations within the district are suggested for the new housing – that is not the function of the EEP or its

review. When the final figures for the region and all the districts are adopted, it will be the function of the Local Development Framework (LDF) to identify suitable sites for new housing and employment. EERA advises that the scenarios should only be seen as “tools for helping us to consider the future”, and the final strategy for growth could contain elements of all four or of others identified through the consultation.

7. The detailed breakdown of the scenarios gives annual average new housing figures and 20-year targets (ie 2011-2031) for each district in the region. This presentation is, however, very misleading as the Harlow growth figures will potentially entail significant development in this district and in East Herts. The consultation document gives no indication of how Harlow’s growth would be apportioned for any of the scenarios. Appendix 2 merely states (in relation to Harlow) “tightly bound urban area, part of growth implied may need to occur in surrounding authorities.”.

8. Scenario 1 – Roll forward of existing Plan

Most councils in the region have indicated that a continuation of the current EEP rates to 2031 is the highest level of development that would be deliverable, and even so would need Government support for new infrastructure. It would also mean that growth is concentrated at the main settlements identified as “key centres for development and change” (KCDC) in the EEP. Harlow is one of 6 KCDCs in Essex, and there are concerns about its existing infrastructure deficit, as well as doubts about adequate future infrastructure provision to cope with the projected growth levels. Detailed figures for new housing for this district and Harlow are shown immediately below, although as outlined in paragraph 7, the distribution of the Harlow numbers is not discussed in the document:

	<u>Annual average</u>	<u>20 year target</u>
EFDC	160	3,200
Harlow	1,010	20,200

9. Scenario 2 – National housing advice and regional new settlements

This option uses the lower estimate of the National Housing and Planning Advisory Unit (NHPAU), and considers which parts of the region have the capacity to accommodate significantly more growth than in scenario 1. The analysis concluded that such growth should be focused on Cambridge, Norwich and Chelmsford, with smaller expansion at Ipswich, Colchester and Bury St Edmunds. In Essex, new settlements could be considered in “the Braintree area” or “south of the A120/east of Stansted Airport”. (The latter is only an option if there is likely to be significant growth at Stansted, and this seems to be increasingly unlikely.) Consequently, although the regional housing target (30,000 homes/year) is slightly larger than that for scenario 1 (26,000), the figures for this district and Harlow are unchanged.

10. EERA has decided that the major regional growth proposed at Cambridge and Norwich under this scenario is unrealistic, as current activity is already pushing the limits of the market for delivery on an annual basis. This means that Essex would take half the total regional increase and the County Council indicates that it feels that this is disproportionate.

11. Scenario 3 – National housing advice and regional economic forecasts

The same housing number as for scenario 2 is used, but the extra growth (over scenario 1) is distributed to those council areas where there is forecast to be demand for additional workers. EERA has used the East of England Forecasting Model (EEFM) to develop a set of economic and employment projections for the region up to 2031. The output of this model highlights a mismatch of jobs and homes at the local scale in a number of places in the region. This includes districts where job growth is not projected to keep pace with new housing provision (eg Harlow), and vice versa.

12. Where housing growth exceeds new job numbers, the scenario assumes that intervention will take place to enable job growth to be increased to support the new levels of housing growth. Conversely, where job growth will significantly exceed the local labour supply up to 2031, the scenario assumes that these jobs should be filled by the local workforce, so it allocates sufficient extra new housing to these local areas.

13. This results in particular concentrations of additional growth in Cambridgeshire, Hertfordshire and south Essex. This has significant implications for new housing in this district, although the figures for Harlow are again unchanged: EFDC – annual average of 390 new homes with a 20 year target of 7,760 (the document does not explain why this figure is not 7,800). This amounts to a 142% increase in the housebuilding rate compared with the current planned figure in the EEP, and requires the new rate to be achieved on an annual average basis over a 20 year period.

14. Setting aside the lack of information about the distribution of the Harlow quota, this scenario could involve significant growth in the towns and main villages of the district which in turn could require a substantial review of existing Green Belt boundaries. While there have to be limits about the amount of detail which can be included in a “high-level” strategic document, the lack of any guidance on the proportionate distribution of growth in this scenario between urban extensions to Harlow, and the expansion of other settlements in the district, is very unsatisfactory. It is also unclear from the consultation document what the economic justification is for this extra growth.

15. The Interim Integrated Sustainability Appraisal (IISA) accompanying the consultation document is somewhat ambiguous about the implications of this level of growth on the Forest itself (the main part of which is designated as a Special Area of Conservation - a recognition of its importance for nature conservation at a European level). There is some concern that growth “could increase pressure on the internationally important ancient woodland complex”, the main threat coming from increased traffic through the Forest which results in increased nitrogen deposition. The Habitats Regulation Assessment section of the IISA, however, comes to a different conclusion – “ ....the allocation ....for Epping Forest .... is unlikely to introduce major conflicts with internationally designated sites.” This brings into question the issue raised in paragraph 7, ie has this analysis understood that potentially significant development credited to Harlow could actually be built in this district.

16. New job totals for scenarios 1 to 3 are only discussed at regional level, so there is no indication of the implications for this district or how the employment growth at Harlow will be accommodated. The relevant figures are: Scenario 1 - 25,400 jobs annually (508,000 overall); Scenarios 2 and 3 – 28,000 jobs annually (560,000 as a 20 year target). The IISA does suggest that scenario 3 “appears to perform better from a stand-point of addressing deprivation” and notes that this district, in the context of the London Arc East sub-area, does show “some relative deprivation”.

17. Scenario 4 – National household projections

The scale and distribution of growth are taken from Government projections of the number of new households, involving demographic trends (eg births, deaths, household formation and migration). This approach results in the largest number of new houses being required (33,650 per year in the region) and focuses the majority of the additional growth in Essex, Hertfordshire, Norfolk and Suffolk, although there is no explanation for this distribution. Confusingly, the numbers for this district increase significantly while those for Harlow are even more significantly reduced. If this is a “statistical adjustment”, this would be inconsistent with the other three scenarios, but the consultation document again simply does not explain how the figures have been arrived at:

	<u>Annual average</u>	<u>20 year target</u>
EFDC	550	11,000
Harlow	200	4,000

18. The scenario 4 projections make no allowance for the impact of future government, regional or local planning policies, changing economic circumstances, or other factors which may influence demographic trends and behaviour. A large proportion of the population and household growth arises from major net in-migration to the region from other parts of the UK. EERA has considerable discretion in policy terms whether or not to provide for such growth, particularly if it considers that the impacts on the region are unsustainable and incompatible

with infrastructure delivery programmes. EERA has prepared a series of “Sub-Area Profiles” to provide more information about the scenarios and the “London Arc East Sub-area” includes this district and Harlow. That document suggests that the figures for Harlow drop significantly in this scenario because the planned expansion of Harlow (in the EEP) has not yet started and so is not reflected in past migration trends. There must be questions about whether this scale of growth would be sufficient to encourage the regeneration of the town.

19. Scenario 4 is inconsistent with a decision taken by EERA in July 2008. The Assembly meeting decided that the lower end of the NHPAU projections (ie 30,000 new homes annually in the region as in scenarios 2 and 3) was the maximum that should be considered in the review of the EEP. This scenario proposes 33,650 new homes annually.

20. Simply by virtue of their greater housing numbers, scenarios 3 and 4 offer better opportunities for addressing the need for increased affordable housing provision in the district, but doubts must remain about the likelihood of being able to sustain such building rates over a 20 year period, and this in turn would affect the provision of new affordable units.

21. Officers conclude that the growth scenarios (particularly 3 and 4) are a significant risk for the district in terms of (a) pressure and demands on infrastructure; (b) adverse impacts on the general character of the settlements and countryside; (c) loss of Green Belt; (d) possible imposition of an Urban Regeneration Company to deal with the extensions to Harlow; and (e) boundary changes in the longer term. An appropriate entry should therefore be made to the Planning Directorate Risk Register.

### **The Growth Scenarios Questions**

22. The first 3 questions of the consultation concern the growth scenarios themselves and are:

- Have the right growth scenarios been chosen for consideration, and if not, what other scenarios should be considered and why?;
- Does the Council have any comments on the four growth scenarios?; and
- What is the Council’s preferred growth scenario and why?

23. Although there is a recognition in both the London Arc East Sub-area profile and in the Interim Integrated Sustainability Report that Harlow has a significant existing infrastructure deficit, none of the four growth scenarios appears to address this in a meaningful sense. Officers therefore believe that a fifth scenario should be tested and examined, which could be titled along the lines of “Realistic Assessment of Infrastructure Provision.” Beyond 2011, the scenario would therefore assess the deliverability of housing and economic growth based on the likely timing of provision of major infrastructure – notably but not exclusively a new Junction 7A on the M11 north-east of Harlow with a direct link to the town, a northern bypass to Harlow from the A414 to the new motorway junction, capacity improvements to the West Anglia Main Line and the Central Line, and addressing the commuter parking problems at the London Underground stations in the district. Feedback from earlier consultations suggests that, unless Harlow’s transport communications are significantly improved, the regeneration (a key aim of the EEP) and expansion of the town will at best be significantly delayed, if not put in jeopardy. This fifth scenario would recognise this and could identify limits to growth until or unless adequate provision of infrastructure is made – in essence it would be a far more realistic option than the four outlined in the consultation document.

24. In answer to the second question, officers are disappointed at the lack of detail in the consultation document – key aspects of this being (a) the lack of information about how the proposed growth in Harlow (which is significant in scenarios 1 to 3) is to be distributed; and (b) no assessment of a housing/jobs balance. The EEP recognises that there are significant environmental constraints to the south and west of Harlow, so growth up to 2021 results from redevelopment, and expansion to the east and north. The EEP also indicates that longer-term growth should be concentrated to the north, but the growth scenarios do not address this. This leaves the question of further eastern expansion open, particularly whether the M11

itself could be breached.

25. Officers also believe that the totals in scenarios 3 and 4 are unrealistic and undeliverable as they represent growth rates (to be sustained over a 20 year period) which have never been achieved in this district. It is also impossible to comment meaningfully on the jobs figures because they have not been broken down to district level.

26. Officers assume that the third question is intended to cover the four growth scenarios in the consultation document, in which case scenario 1 has to be the preferred option (ie the least disliked) because it has a more realistic growth rate than either scenario 3 or 4, even although the distribution of Harlow's growth is unclear. This would mean that the issues of affordable housing and economic deprivation have to be addressed separately. If the third question is also intended to include the response to the first question, then the preferred scenario should be the one based on infrastructure provision, as outlined in paragraph 23 above, with affordable housing provision and deprivation being again treated as "special issues".

### **Regional Impacts of the Scenarios**

27. The consultation document and the Integrated Sustainability Appraisal assess a wide range of issues at a regional scale. These are:

- Air quality;
- Biodiversity;
- Climate change (including energy and flood risk);
- Community and well-being (including deprivation, health, "sense of place and community", access to services and other cross-cutting issues);
- Economy, employment and regeneration;
- Historic environment;
- Housing (including affordable housing);
- Land availability;
- Landscape character;
- Rural areas;
- Transport;
- Waste; and
- Water resources and quality.

28. Analysis of these issues at this scale is inevitably very broad-brush and even cursory, particularly so when specific locations for growth have not been identified. Officers therefore find it difficult to make practical comments on these sections of the documents. The consultation question asks whether all the regional impacts of the four scenarios have been covered, and if not, what else should have been addressed.

29. There is very little, if any, mention of the Metropolitan Green Belt in the consultation document. This is a valid regional issue and, while it affects only those authorities closer to the boundary with London, the protection of the Green Belt is a key consideration for this Council. Officers therefore believe that an assessment of the regional impact on the Green Belt by the four scenarios should have been carried out by EERA and be included in the consultation. The review should acknowledge that any significant new development in this district will have to be in the Green Belt. This will eventually lead to a net loss of Green Belt land which cannot be compensated for, or replaced, within the district. It is very unlikely that local residents will be satisfied with a strategic review of Green Belt boundaries elsewhere in the region.

### **Focus of Review of Plan**

30. EERA believes that the vision and objectives, and many of the policies of the EEP remain "fit for purpose" and so do not need to be reviewed. Those that will need updating obviously relate closely to the growth scenarios and their implications, eg spatial strategy,

jobs and housing numbers, and implementation. Other policies need to be reviewed in the light of further developments in national policy, or because of other changes, eg climate change and energy.

31. The fifth and sixth questions of the consultation deal with the vision and objectives of the Plan and the selection of policies to be reviewed:

- Do the vision and objectives of the Plan remain suitable, and if not, what changes should be made?
- Do other policies need to be updated or created?

32. The vision and objectives of the current Plan address economic development, housing shortages, impact on and exposure to climate change, quality of life, and improving and conserving the region's environment. Officers agree with EERA that these remain fit for purpose and so do not need to be reviewed.

33. The consultation document does not indicate that the policies for sub-areas and KCDCs are to be updated. The County Council has been asked to review policy HA1 (Harlow KCDC), and officers assume that (a) a similar review is being carried out on relevant policies elsewhere in Essex and (b) the other counties in the region are also reviewing policies for sub-areas and KCDCs.

34. Officers believe that the new policies H3 (Provision for Gypsies and Travellers) and H4 (Provision for Travelling Showpeople), which resulted from the Single Issue Review of the EEP, should be included in the next review, as both only look forward to 2021. This would help to link future housing provision with that for the travelling community, which is now a requirement of Government policy.

### **Supporting Information**

35. The final two questions of the consultation concern the supplementary documents – the Sub-area Profile and the Interim Integrated Sustainability Appraisal. These have been assessed by officers but their very broad-brush nature means it is difficult to make specific comments on their content or coverage. Officers have therefore not attempted to answer both questions.

### **Essex Local Authorities' Joint Policy Response**

36. The County Council has proposed that, in addition to the individual responses from Essex authorities to the EERA consultation, a joint response from the Greater Essex authorities should also be sent. An Essex Members' meeting was held on 15<sup>th</sup> October to discuss county-wide and strategic concerns about the consultation. Issues discussed included (a) lack of infrastructure; (b) impact of the recession on housing completions, and the time-lag before the industry recovers, with consequent implications for meeting existing EEP targets, let alone the projections to 2031; (c) whether the consultation document and process are "fit for purpose". An "Explanatory Background Briefing" prepared by the County Council was circulated before the meeting, and this examined these issues in some more detail. The main conclusion of the meeting was that "the prospect of delivering the higher housing targets in scenarios 2, 3 and 4 is not realistic or sustainable". While a final "Joint Policy Response" has not yet been prepared, officers believe that this Council should sign up to such a statement as it will simply reinforce the recommendations of this report.

### **Reason for decision:**

The four growth scenarios appear to ignore the existing infrastructure deficit in Harlow, and the severe problems that will occur if new housing and employment growth goes ahead without adequate provision of new infrastructure. Scenarios 3 and 4 propose building rates to be sustained over a 20 year period which have never been achieved in the district. They are therefore considered to be undeliverable, although they perhaps offer the best solution (of the four scenarios) for the current deficit of affordable housing. The lack of clarity about the

location of much of Harlow's growth is a significant concern.

Protection of the Green Belt is a key planning aim for this authority, and this should be reflected in the review.

The list of policies to be reviewed does not include those dealing with the sub-areas and Key Centres for Development and Change. These areas and centres, however, will be directly affected by the review, so the policies should be added to the list.

Although provision for Gypsies and Travellers, and Travelling Showpeople, has been recently addressed by the Single Issue Review, the newly adopted policies H3 and H4 of the East of England Plan only deal with provision up to 2021. These policies should also be rolled forward to 2031, and should therefore be included in this review.

**Options considered and rejected:**

Not to respond to the consultation which would mean that the Council's opinion would not be heard or considered at this stage of the review of the East of England Plan.

**Consultation undertaken:**

Director of Housing

**Resource implications:**

The review of the East of England Plan will be dealt with from existing staff resources.

**Community Plan/BVPP reference:** GU1, GU4, HN1, EP3, EP5

**Relevant statutory powers:** Planning and Compulsory Purchase Act 2004; PPS12: Local Spatial Planning

**Background papers:**

East of England Plan 2031: Scenarios for housing and economic growth (Consultation September 2009)

London Arc East Sub-area Profile

East of England RSS Review: Integrated Sustainability Report: Interim ISA Report (September 2009)

Explanatory Background Briefing for proposed Essex Local Authorities' Joint Policy Response (ECC October 2009)

**Environmental/Human Rights Act/Crime and Disorder Act Implications:** The higher growth scenarios could have a significant impact on the character of the main settlements and of significant parts of the countryside. There could be other adverse environmental effects if infrastructure provision is not adequately addressed.

**Key Decision reference: (if required)**