

Appendix 1

Report on Population and Demographic Projections for Cherwell and Implications for the Local Development Framework

1.0 Introduction

1.1 The preparation of updated demographic projections was initiated in response to the Secretary of State's announcement on 06 July 2010 that the Regional Spatial Strategies (RSSs) had been revoked and that local planning authorities could take responsibility for assessing their own needs and aspirations for local housing development. The purpose of progressing the updated projections was to inform the Council's consideration of what a locally appropriate level of development should be. Within the south east of England, the South East Plan formed the Regional Spatial Strategy. As well as setting a housing target for Cherwell District for the period 2006 – 2026 of 13,400 homes, it also gave a broad indication as to how this development should be distributed across the district.

1.2 It should be noted that since this work commenced, the High Court ruled on 10 November 2010 that the statements and actions of the Secretary of State in attempting to revoke the Regional Spatial Strategies, in July 2010, were unlawful on several grounds. The High Court ruled that Regional Spatial Strategies therefore continue to form part of the statutory development plan. The effect of the High Court decision is that the South East Plan remains part of our development plan together with the saved policies of the Cherwell Local Plan 1996 and the Oxfordshire Structure Plan 2005 until the existing legislation is repealed and new arrangements come into effect.

1.3 Local planning authorities are required to produce a Local Development Framework (Planning & Compulsory Purchase Act 2004 s15, s19). The Local Development Framework is required to be in conformity with the Regional Spatial Strategy (Planning & Compulsory Purchase Act 2004 s24(1)).

1.4 The work on preparing updated demography projections was partly progressed by the time of the High Court decision on 10 November 2010. It was therefore decided to continue to progress this work so that it could usefully inform discussions regarding an emerging local housing target in preparation for the introduction of new plan making arrangements. Progression of this work may also help to highlight other relevant factors that may also need to be considered alongside these projections.

1.5 These projections are one of many considerations that should inform a locally determined housing target. The government has stated that any such locally determined targets, once introduced, would still need to be justified by clear evidence¹. Local planning authorities would be responsible for establishing the appropriate level of housing provision in their area and the long term supply of land needed for housing development. The Council would need to consider what else should properly influence the Council's decision on how many homes should be planned for. For example, are there aspirations that the Council wishes to pursue for the district that would have an impact on the total number of homes needed, or needs within our communities that should properly be met and that would require more homes to be provided?

1.6 Key considerations are likely to include the Council's aspirations regarding housing mix, housing choice, demographic mix and economic growth. The Council may also wish, or may be required under new plan making arrangements, to consider the extent to which it's emerging development strategy affects or is affected by the wider community and the extent to which it reflects strategic considerations about economic development, movement and housing. This could include, for example, the extent to which Cherwell's development strategy supports the sub-regional role of Oxford and the provision of sub-regional facilities and services within Oxford, such as the provision of medical facilities in the city.

When these new planning policy arrangements are put into place, the Council may also wish, or may be required, to consider other aspects of the government's wider proposals for

¹ Letter from Chief Planning Officer 06 July 2010 and attached Q&As, see Question 11.

planning policy and governance, such as the extent to which the proposed statutory duty to cooperate has been undertaken in establishing a proposed local housing target. This may require consideration as to whether account is taken of the circumstances of neighbouring authorities, and whether there are reciprocal considerations within functional areas.

2.0 Summary of Population and Demographic Projections

How have the projections been produced?

2.1 All of the nationally produced projections, including the Office of National Statistics (ONS) population projections and the Department of Local Communities and Government (CLG) household projections (which are based on the ONS population projections), are trend based ie. they assume that recent population and household trends will continue. In the case of the recent CLG household projections published in November 2010, the development rate over a 5 year period (2004 – 2008) is projected forward. Therefore, they give an indication of what the future population might be if recent trends continue but they do not take account of potential future development strategies at the local level. Therefore work has been progressed since September 2010 to generate such projections and it is hoped that these will begin to inform a decision regarding a locally appropriate level of housing for the district. The work considers a range of scenarios to illustrate the effects of different levels of development over the plan period (2006 – 2026).

2.2 Factors taken into consideration include birth and death rates, marriage and divorce rates, average household size, migration data (movement in and out of the district by age and gender) and development that is already planned for or permitted for housing development as of September 2010. Most of this development is assumed to be built by 2016 and will influence overall population growth. For the period 2016-2026, a range of illustrative scenarios have been assessed to illustrate the effects of different levels of growth within the district.

Description of the Scenarios:

2.3 Natural Change (adjusted for migration) – this scenario initially projects changes in an enclosed population (ie. no-one can move their place of residence in or out of the district) and the number of homes needed for this population. This provides an indication of the number of homes that are needed for local needs but is unrealistic as in reality the District borders are not closed. In reality, the movement of people in and out of the district affects the population profile, birth and death rates and the rate of population growth. Therefore Natural Change is then adjusted for migration. This assumes the same level of household growth as indicated by Natural Change but projects the effects of people moving in and out of the district at that level of growth ie. the same number of houses are assumed to be built but people are able to move in and out of the district which changes the population structure.

Nil Net Migration – this describes a population that has some flexibility to move in or out of the district but only insofar as the number of people moving in and out of the district are balanced ie. there is no net movement in or out of the district. The population profile still changes under this scenario as the age profile of people moving into the district may be different from those moving out. A household figure is provided that will meet the needs of this population.

Development Trend based on a 5 year period (2012 – 2016) – this describes a population that continues to grow based on the continued projection of the rate of development in Cherwell over a 5 year period.

Development Trend based on a 10 year period (2007 – 2016) – this describes a population that continues to grow based on the continued projection of the rate of development in Cherwell over a 10 year period.

Development Trend based on South East Plan Housing Target – this describes a population that continues to grow based on the continued projection of the rate of development needed in Cherwell to deliver the South East Plan housing target by 2026.

Development Trend based on South East Plan Employment Indicative Job Number – this describes the population and household development rate needed to deliver housing in proportion to the South East Plan Interim Job Number.

2.4 The following data is produced for each of the above scenarios:

- Projected households at 5 yearly intervals to 2026 and by type of household eg. married couples, lone parents, one person households, communal establishments.
- Projected population at 5 yearly intervals to 2026 and by age and gender structure.
- Projected labour force (economically active population) at 5 yearly intervals.

What do the projections indicate?

2.5 The projections suggest that in the future there will be more single-person and older households. Most of the increase in population is concentrated with the over 55 age group. There will be a significant increase in the age group aged over 65. Some people in this group will require specialist housing including housing that enables the elderly to stay in the house they already inhabit for longer.

2.6 Most of the development that has already been planned for or permitted has been taken into account in the projections for the period up to 2016. A further approximately 700 dw have also been permitted but are expected to be developed after 2016, and these are not factored into the projections. A figure of 700 can therefore be offset against the projection figures for each scenario. (A further 128 dw are subject to applications currently subject to planning appeals.)

2.7 The Council will be required to establish a target for new housing to be built during a specified time period – at least 15 years from the date that the Core Strategy is adopted. An annual pro rata figure could be applied for years after 2026 until such time as the overall target is reviewed.

2.8 What are the implications under each scenario (2006 – 2026): (summarised in Table 1)

Natural Change (adjusted for migration):

- Projected increase in population 11,839
- Projected increase in households 11,089
- The number of households created increases even under the natural change scenario. This is because births will be higher than deaths and social changes such as decreasing household size/occupancy rates will still occur.
- Significant out-migration occurs, approx. 1,500 households, and likely to include younger adults.
- Despite the population increase over this time period, the population is aging and so the labour force declines by 2026.

Nil Net Migration

- Projected increase in population 15,197
- Projected increase in households 12,751
- The effect of in and out flows of population on the age structure produces a higher total population and higher demand for households by 2026.
- The additional projected resident labour force is increasing slightly by 2026 but the rate of increase is much lower than in preceding years.

Development Trend based on a 5 year period (2012 – 2016) ie. 828 homes per year

- Projected increase in population 19,146
- Projected increase in households 14,705
- The additional projected resident labour force is increasing more positively by 2026 and more than in earlier years.

Development Trend based on a 10 year period (2007 – 2016) ie. 643 homes per year

- Projected increase in population 15,408

- Projected increase in households 12,855
- The additional projected resident labour force is increasing positively by 2026.

Development Trend based on South East Plan Housing Target

- Projected increase in population 16,509
- Projected increase in households 13,400
- The additional projected resident labour force is increasing slightly by 2026 but the rate of increase is much lower than in preceding years.

Development Trend based on South East Plan Employment Indicative Job Number

- Projected increase in population 27,260
- Projected increase in households 18,720
- Indicates a higher household figure than required by the SEP (but the South East Plan employment figures are disaggregated from a wider area).
- The additional projected resident labour force is increasing significantly by 2026.

What other factors should be considered?

2.9 Other factors will need to be considered alongside the population and demographic projections to arrive at a strategy that is robust, credible and supported by clear evidence. These will include considering a range of economic, social and environmental factors and it may also be important to take account of the wider reforms being proposed by government. Examples include social housing provision as these changes may lead to an increase in housing need.

3.0 How could the development strategy be revised to reflect the demographic projections?

3.1 The Council may wish to consider whether this has any implications upon the district's development strategy, both in terms of overall growth and how this may be distributed spatially.

3.2 It is important to note that these examples do not take account of consultation comments on the Draft Core Strategy, other potential sites or a range of other economic, social or environmental factors. It is also important to note that any new plan making are still expected to require the Council to demonstrate that it's proposed development strategy is the most appropriate strategy, based on an approach that has enabled effective engagement with interested parties and a clear evidence base.

3.3 2,172 homes have been completed in the District between 2006 – 2010, and an additional 4,997 homes have already been permitted between 2006 and 2010. A total of 7,169 homes are therefore already completed or approved for this period. On the basis of these figures the following table shows what the remaining housing requirement would be at this point in time and for each scenario. There are various potential spatial distribution options under each of the scenarios that have been considered. For illustrative purposes, the table below outlines a potential spatial distribution under each scenario, based on the sites that are proposed in the Draft Core Strategy.

Eg. Based on the sites proposed in Draft Core Strategy, spatial options could include:

Scenario & projected household demand	Approx. Residual Requirement	Potential spatial distribution options incl. proposed strategic sites & rural areas.
Natural Change 11,089	3,920	Canalside 1,200 dw Bankside Phase 2 400 dw NW Bicester 3,000 dw Rural / Other sites 0 dw Total 4,600
Nil Net Migration 12,751	5,582	Canalside 1,200 dw Bankside Phase 2 400 dw Bretch Hill 400 dw

		NW Bicester 3,000 Rural/other sites 582 dw Total 5,582
Development based on 5 yrs 14,705	7,536	Canalside 1,200 dw Bankside Phase 2 400 dw Bretch Hill 400 dw NW Bicester 3,000 Rural/other sites 2,536 Total 7,536
Development based on 10 yrs 12,855	5,686	Canalside 1,200 dw Bankside Phase 2 400 dw Bretch Hill 400 dw NW Bicester 3,000 Rural/other sites 686 dw Total 5,686
Development Trend based on South East Plan Housing Target 13,400	6,231	Canalside 1,200 dw Bankside Phase 2 400 dw Bretch Hill 400 dw NW Bicester 3,000 Rural/other sites 1,231 dw Total 6,231
Development Trend based on South East Plan Employment Indicative Job Number 18,720	11,551	Canalside 1,200 dw Bankside Phase 2 400 dw Bretch Hill 400 dw NW Bicester 3,000 Rural/other sites 6,551 Total 11,551

3.4 It is suggested that the Council obtain more detailed projections for Banbury, Bicester, Kidlington and the rural areas to inform further consideration of the development strategy.

What other objectives may the Council wish to achieve through its development strategy?

3.5 Broader aspects of the Councils vision which impact upon the development strategy include the following:

- a) We want to offer our communities a good choice of affordable and market housing in order to make housing more affordable and meet the needs of all sections of the population.
- b) We want to focus development into sustainable locations, particularly where this supports regeneration of our urban areas; and thereby make efficient and effective use of land wherever possible.
- c) We want to see growth taking place in an environmentally responsible manner exploiting Bicester's opportunities as an eco-town.
- d) We want to support our economy and ensure that it is vibrant and diverse.
- e) We want to support a rural economy that is not entirely reliant on agriculture.

4.0 Progressing the Core Strategy under the Current Statutory Procedures

4.1 Public consultation on the Draft Core Strategy was undertaken between February-April 2010. In taking forward the work on the Core Strategy before new procedural arrangements are put into place, there are broadly two options available:

- Progress the Draft Core Strategy to adoption, taking advantage of the window of stability that is now established in terms of procedural arrangements; or
- Pause and wait for new procedural arrangements to be put into place.

4.2 There are several variations on these options which are set out below:

- Progress the Core Strategy to Proposed Submission consultation and then pause to wait for new procedural arrangements to be put into place before progressing the EiP; however this approach raises the risks that the evidence base supporting the soundness of the Core Strategy will become outdated and that in the meantime the district will not have an adopted Core Strategy to guide development decisions.
- Progress the Core Strategy through the EiP and to adoption reflecting the RSS policies, with the option of a focused review as and when new procedural arrangements are introduced; this approach offers the advantage of being most likely to secure an adopted Core Strategy, however this approach raises the risk that resources will be focused on the costs of the EiP and the Council may wish to progress a subsequent focused review of the Core Strategy fairly soon after adoption.
- Progress the Core Strategy through the EiP and to adoption reflecting a locally determined approach which is not in conformity with the RSS; this approach raises the risks that resources will be invested in the EiP and that the Core Strategy may be rendered unsound and will not be able to be adopted, leaving the district without an adopted Core Strategy to guide development decisions.

What are the risks in the Council progressing a locally determined approach in advance of the introduction of new procedural arrangements?

4.3 The High Court has confirmed that the Regional Spatial Strategy (RSS) remains as part of the statutory development plan. The Local Development Framework (LDF) is required to be in conformity with the RSS (Planning & Compulsory Purchase Act 2004 (24)1). If a housing target that differs from that in the RSS is incorporated into the emerging LDF, the local planning authority will have to justify why the LDF is not in conformity with the RSS. If, in making that argument, the local planning authority seeks to rely on the statements and actions of the Secretary of State in attempting to revoke the status of the Regional Spatial Strategies, which have since been found to be unlawful in the High Court, the local planning authority would have to justify the weight that it gives to those statements and actions. The Localism bill has no weight at this early stage but by the time the Core Strategy is placed before an Inspector the Localism Bill may have progressed to a stage where it can be given some weight by the Inspector.

4.4 If the LDF is progressed toward adoption but is not in conformity with the RSS this could have the following implications:

- If the LDF is not in conformity with the RSS, the LDF could be rendered unsound and would be unable to be adopted.
- If the LDF is adopted but is not in conformity with the RSS, we may see an increase in planning by appeal and/or legal challenge.

4.5 If the adoption of the LDF is delayed until new procedures are put into place, this could have the following implications:

- Without an adopted Core Strategy in place the Council will not have an up to date vision by which to guide major decisions on planning applications, to coordinate the delivery of infrastructure or to seek funding to support growth and infrastructure. It may be difficult if not impossible to prepare and adopt other DPD's or a Community Infrastructure Levy. This may harm the Council's ability to deliver on its strategic objectives, by delaying the delivery of homes for people and by holding back economic growth.
- Without an adopted Core Strategy in place we may see neighbourhood plans starting to be prepared in advance of an adopted Core Strategy.

- Without an adopted Core Strategy in place there is likely to be further uncertainty and delay for housing and economic recovery and this may delay development on some sites. This will make it more likely that sites will come forward in an uncoordinated way and not necessarily on sites that the Council and local communities would favour, but which may nonetheless obtain permission due to wider delays in delivering development across the district. If the Council sought to resist such schemes without good reason then there would be a risk that planning decisions will be taken through planning appeals, with the possibility of the imposition of costs against the Council. This situation is particularly pertinent to this Council as the Cherwell Local Plan is out of time and there is therefore no up-to-date adopted Local Plan covering the district. The time and costs associated with appeals is greater than it would be if we had an adopted Local Plan.
- Without an adopted Core Strategy in place to guide and encourage investment decisions about where new housing should be built, the delivery of housing in the district may decline and the Council may fail to take proper advantage of the proposed New Homes Bonus. Receipt of this grant would help to off-set proposed reductions to the local government formula grant. Limited access to the proposed New Homes Bonus may leave the District Council with limited resources with which to achieve its strategic objectives and both the District Council and the County Council may have reduced access to funds for facilities for local communities and strategic infrastructure.

4.6 The government intends to bring forward proposals from 2012 onwards to change the planning system in England as set out in the recent Localism Bill. These changes are expected to give local authorities and local communities greater responsibilities for determining the pattern and manner of development in their areas. Full details are not yet available and may change as the Localism Bill progresses through Parliament.

4.7 The Council's Core Strategy may be one of the last to complete its progress through to adoption under the existing Planning Act before new procedures are introduced. A subsequent and focused review of the Core Strategy could be undertaken to update the Core Strategy to reflect the new procedures as and when they are introduced. Currently there is no indication that the proposed procedures would exclude a mini-review from being carried out which could focus on an immediate review of the local housing target and respective development distribution strategy. However the adoption of a Core Strategy in conformity with the RSS may result in some communities, or some elements within our communities, being dissatisfied initially that the scope of future decisions over which they may be given control may be, or may be perceived as being, curtailed by the Core Strategy. It may also result in a Core Strategy being adopted which is quickly outdated as the Bill progresses.

4.8 Given the degree of uncertainty regarding the Government's emerging procedures and the risks involved in any of these courses of action at this stage, the Council could agree to take forward work including consultation on both the Council's preferred local housing strategy and the development strategy that is in conformity with the RSS. This would enable the Council to take a more informed decision at a later stage in the year regarding which strategy it will seek to adopt.

Conclusions

4.9 Having regard to the current statutory requirements there is a clear legal requirement for the LDF to be in conformity with the Regional Spatial Strategy.

4.10 However as the new procedures become clearer and on the basis of the updated population and household projections, it is considered that a case may be able to be made for having a lower housing figure in the Core Strategy if the Council consider that is the appropriate approach to take. Whatever figure is used will still need to be supported by robust evidence on a wide range of considerations.

4.11 On the basis of the most recent household projections, a figure of approximately 12,750 may be able to be justified in terms of meeting potential need within the district. Any figure less than this would mean that the likely future needs will not be met and the Council will in

effect be recognising that not all identified needs would be met. This level of development may achieve a reasonable balance between meeting the identified need indicated in the projections and reducing the impact of development upon local communities to a more satisfactory level. As such this level of growth may reflect the best way of meeting future needs whilst also seeking to protect local communities.

Next Steps

4.12 Members are asked to consider how they would wish to progress the Core Strategy. Members are also asked, without prejudice to further work to be undertaken, to agree the broad population and household figures for Cherwell for the period up to 2026 as set out in paragraph 4.11 as the basis for further work.

4.13 It is suggested that further work be undertaken and more information regarding the development strategy be presented to Executive at a later date. This work would include an assessment of more detailed projections for Banbury, Bicester, Kidlington and the rural areas based on the Council's preferred level of housing development, further consideration of the outcome of the public consultation on the Draft Core Strategy and further technical work.

Table 1 - Summary of Population Trends

Homes

	New Homes				
	2006-11	2011-16	2016-21	2021-26	2006-26
Natural Change (with migration) 2016-26	2,284	4,141	2,544	2,121	11,089
Nil Net Migration 2016-26	2,284	4,141	3,163	3,163	12,751
828 pa 2016-26	2,284	4,141	4,140	4,140	14,705
643 pa 2016-26	2,284	4,141	3,215	3,215	12,855
SE Plan Homes 2016-26	2,284	4,141	3,487	3,487	13,400
SE Plan Jobs 2016-26	2,284	5,479	5,479	5,479	18,720

	New Homes per year				
	2006-11	2011-16	2016-21	2021-26	2006-26
Natural Change (with migration) 2016-26	457	828	509	424	554
Nil Net Migration 2016-26	457	828	633	633	638
828 pa 2016-26	457	828	828	828	735
643 pa 2016-26	457	828	643	643	643
SE Plan Homes 2016-26	457	828	697	697	670
SE Plan Jobs 2016-26	457	1096	1096	1096	936

Population

	Population					
	2006	2011	2016	2021	2026	2006-26
Natural Change (with migration) 2016-26	132,320	134,171	139,865	142,331	144,160	11,839
Nil Net Migration 2016-26	132,320	134,171	139,865	143,605	147,517	15,197
828 pa 2016-26	132,320	134,171	139,865	145,616	151,466	19,146
643 pa 2016-26	132,320	134,171	139,865	143,712	147,728	15,408
SE Plan Homes 2016-26	132,320	134,171	139,865	144,273	148,829	16,509
SE Plan Jobs 2016-26	132,320	134,171	142,695	151,125	159,580	27,260

Labour Force

	Resident Labour Force					
	2006	2011	2016	2021	2026	2006-26
Natural Change (with migration) 2016-26	72,111	72,473	75,042	75,091	74,328	2,217
Nil Net Migration 2016-26	72,111	72,473	75,042	75,839	76,215	4,104
828 pa 2016-26	72,111	72,473	75,041	77,021	78,435	6,324
643 pa 2016-26	72,111	72,473	75,042	75,902	76,333	4,223
SE Plan Homes 2016-26	72,111	72,473	75,042	76,232	76,952	4,842
SE Plan Jobs 2016-26	72,111	72,473	76,755	80,258	82,995	10,884

	Additional Labour Force				
	2006-11	2011-16	2016-21	2021-26	2006-26
Natural Change (with migration) 2016-26	362	2,569	49	-762	2,217
Nil Net Migration 2016-26	362	2,569	798	376	4,104
828 pa 2016-26	362	2,569	1,979	1,414	6,324
643 pa 2016-26	362	2,569	860	431	4,223
SE Plan Homes 2016-26	362	2,569	1,190	721	4,842
SE Plan Jobs 2016-26	362	4,282	3,502	2,737	10,884