



**Final
Research
Report**

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Housing and Economic Development Evidence Base Overview Study

Liverpool City Region Partners

May 2011 - Final Research Report

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1. Key Findings

Tasks 1 to 3: Housing

- 1.1 The analysis of the housing market presented in this section has highlighted that the potential supply and demand for housing across the core area, when taken as a whole, is relatively balanced over the period to 2031, on the basis of a number of assumptions. However, the analysis has found that there are shortfalls in individual local authority areas.
- 1.2 In supply terms, this overall headline balance is predicated on the delivery of large developments in Liverpool and Wirral. In the event that these major developments either do not deliver to their maximum capacity or are constructed at a slower rate than currently envisaged, supply and demand would be out of balance. Consideration should then be given to an alternative supply of land to help meet gaps in the portfolio. The latest SHLAA data at December 2010, informed by market consultations, has been used to assess the adequacy of the land supply across the core area and associate authorities. As such, the assessment of supply is considered, in our professional judgement, to be based on the best available local intelligence at the time of the research.
- 1.3 In demand terms at the overall level, the relatively fine balance is predicated on balancing supply against the previously prescribed housing targets set through the RSS. Whilst there are limitations in using the DCLG household projections as an alternative estimate of demand, their use as a proxy, highlights that potential future housing requirements may be more limited than envisaged in RSS. This issue will need further consideration beyond this piece of research, with authorities already starting to assemble an evidence base to inform locally based housing requirements, in light of the anticipated revocation of RSS later in the year. The evidence which will emerge from these studies will, if found sound, take precedence over other nationally produced datasets, such as the DCLG Household projections.
- 1.4 At a local authority level, Sefton, Knowsley, West Lancashire and St Helens in particular are identified through the study as facing a position of potential undersupply of housing land. This position is consistent, even when set against the lower level of demand generated through the most recent DCLG household projections. The identified potential shortages in housing supply in these authorities suggest that none of these authorities are likely to be able to meet the needs of other neighbouring Districts. Liverpool, Wirral and Halton record a position of

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- capacity against both RSS and DCLG projected household growth levels, with only Wirral in the core area showing a large capacity position over the long-term.
- 1.5 Outside of the core area, CWaC demonstrates a relatively high potential capacity over the longer-term, albeit with undersupply (against RSS requirements) in the first five years – an issue compounded if Growth Point aspirations are taken into account. Additionally, Wigan also demonstrates a high potential capacity over the longer-term, with the other ‘associate members’ showing a limited undersupply.
 - 1.6 Under Task 3 consideration has been given to a number of indicators of market functionality to explore the potential for the re-distribution of components of the overall demand for new housing to respond to the identified potential availability of capacity in a number of authorities, primarily Liverpool and Wirral.
 - 1.7 Whilst the assessment of travel to work flows illustrates the strong functional relationships which exist between the authorities in the core area, with the employment offer in Liverpool in particular acting as a focus for commuting journeys, the analysis of recorded household movements demonstrates the primarily localised nature of residential areas of search. Historical movement data highlights high levels of containment within authorities, with movements across administrative boundaries often limited to areas directly adjacent. In addition, net historical flows clearly show a general trend of outward movement from Liverpool to its surrounding neighbours.
 - 1.8 Historically CWaC appears to operate in relative isolation from the core area, with migration flows to the core areas only demonstrable with Halton and Wirral and these again being in net terms into CWaC rather than out. The latest survey data analysed within Task 3, may however, suggest some change in these movements, with small flows evident from CWaC into these authorities, an important consideration when considering the potential to ease pressures over the initial five year period.
 - 1.9 The analysis of household preferences and aspirations, as revealed through HNS and SHMAs also reinforces this preference for accommodation within local authorities suggesting a significant propensity for within-district moves in the future. In part this trend, whilst suggesting a limitation to the ability to redistribute high levels of locally derived demand in neighbouring authorities where supply exists, could potentially lead to an element of rebalancing by default within the core area. As the trends above identify, one component of the pressures of demand on the authorities with an undersupply position has been the internal migration from authorities at the core, including Liverpool. A stemming of these flows will serve to elevate
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- demand in the core authorities, where the higher levels of supply exist, and potentially ease part of the high demands recorded in the more peripheral authorities of the core area.
- 1.10 However, when considering these conclusions the noted limitation with this evidence base is its tendency to reflect preferences at a point in time, and not relate to any “proposition” with regard to future improvements to existing areas of housing. While valuable in helping to establish functional relationships between local authorities, the responses to household survey questionnaires cannot be described as a definitive source of intelligence on future functional links between authorities, albeit they often represent the only source of updated information.
- 1.11 Local authorities have the ability to influence future housing market relationships through planning policy and the targeting of regeneration and other investment. However, on the basis of available evidence it is difficult to prove future distinct linkages between market areas, other than to stress the sustained commitment to regenerating the most vulnerable areas across the core area. This sustained commitment includes effort to make them more attractive, encourage the retention of households and potentially even attract new households into areas previously characterised by an outward movement of households.
- 1.12 Examining the types of households more likely to be ‘mobile’ in the market, it is clear that this will primarily include younger households whose locational choices will be largely shaped by economic drivers. The evidence collated identifies that, based on the distribution of the potential supply of different types of housing and their relative market choices, the significant proposals for city centre / waterfront developments within Liverpool and Wirral could serve to capture demand generated by other authorities, potentially easing demand pressures. However, as noted above, stemming the existing trend of outward migration of family households will also have an important role to play in re-distributing and balancing supply and demand. These flows will need to be carefully monitored, in terms of assessing the net potential for redistribution.
- 1.13 Turning to housing needs, with the exception of Knowsley, Central Lancashire and to a slightly lesser extent Sefton, the annual affordable housing ‘need’ requirement is likely to be able to be absorbed within the annual projected supply which could come forward to 2031, recognising that there are locally specific imbalances in all authorities (as explored in the text around Figure 4.30). When considering the reality of this balance, it is however important to recognise the potential delivery challenge in bringing forward affordable housing on a proportion of this potential supply, which may well affect the ability of authorities to meet need locally.
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- 1.14 In the case of a number of authorities there is a relatively small difference between the level of affordable housing need, which it is assumed should be met locally, and the potential supply available, suggesting a relatively limited scope to enable a significant additional re-distribution of wider household demand. Indeed the fine balance in a number of authorities highlights the potential need to identify a further local supply of potentially deliverable land in order to meet the identified level of need for affordable housing.
- 1.15 If the RSS housing requirements are rolled forward to 2031, the evidence suggests that the scale of undersupply in Sefton, Knowsley, West Lancashire and St Helens will only to a limited extent be able to be met by housing capacity in Liverpool or Wirral, despite a potential capacity of additional supply being identified.
- 1.16 Looking specifically at CWaC, where the undersupply position is only recorded over the first five years, the analysis suggests some potential for the significant potential capacity in Wirral to be used to ease pressure. The proposed supply profile of different stock types appears relatively complementary suggesting the potential for some scale of re-distribution of demand. Careful monitoring will be required however, given the current delivery challenges, to monitor whether potential supply is realised in actual delivery terms.
- 1.17 The analysis under Task 4 has shown how the study area operates in functional terms with households moving predominantly within and to a lesser extent between authorities. This suggests that some potential exists to continue to expect some re-distribution of demand across authorities in the future. However, the analysis also clearly highlights that, given the prevailing trends in housing market containment and household needs and preferences, significant changes in household behaviour would need to occur for authorities with capacity in the core area to accommodate some of the demand pressures arising elsewhere in the core area. This conclusion recognises the profile of supply, which currently includes a large proportion of apartments, and the aspirations, preferences and needs of households.

Key Findings: Housing

- 1.18 The analysis of Tasks 1 – 3 has highlighted that a future longer-term unmet demand or requirement for housing could exist in a number of authorities including Sefton, St Helens, Knowsley and West Lancashire.
- 1.19 Whilst the assertion is made that some quantum of redistribution of demand could occur as a result of significant supply coming forward within Liverpool and Wirral, this is unlikely to substantially contribute to the levels of undersupply calculated against RSS requirements through to 2031 in these individual authorities based on the analysis of functional relationships

and the propensity of households to move within and between market areas. It is noted that the strength of the relationship between these authorities and Liverpool and/or Wirral varies, with proximity and realistic connectivity issues identified through Task 3.

- 1.20 On the basis of the analysis undertaken in this study, where demand cannot be redistributed, further supply will need to be identified to meet own unmet needs in Sefton, St Helens, Knowsley and West Lancashire beyond 2020 through appropriate planning actions. A ten year 'cushion' appears to exist from the evidence base collected for each of the authorities with only Sefton and West Lancashire potentially having a small undersupply over this period.
- 1.21 Beyond 2020, any further identification of land in those authorities where an undersupply picture is presented beyond ten years, will need to be based on the same level of scrutiny applied to the existing potential land and will need to be based on an updated assessment of the deliverable capacity of remaining land across the core authority areas at any given time.
- 1.22 The future monitoring of the overall deliverable supply of land is therefore particularly important for the authorities going forward. The analysis within Task 1 highlighted the potential impact of the modification of timing or outputs associated with a number of large strategic Waterfront housing opportunities in Liverpool, Wirral and Ellesmere Port (CWaC).
- 1.23 The exact role that these schemes will play in easing demand pressures in other authorities demonstrating functional relationships, as identified in Tasks 2 and 3, is hard to quantify. Indeed the dynamics involved not only include the potential to accommodate some new households from those authorities identified above but also potentially a reduction in the out-migration of households from Liverpool into surrounding areas, which to date has been an important driver of additional housing demand. Significant changes to the assumed outputs associated with these schemes in the periods to 2026 and 2031 should act as one of a number of "triggers" for authorities to consider, as part of any assessment of local housing requirements, the need to identify the extent of additional land required.
- 1.24 Significant changes to market conditions, i.e. the pace at which development is proceeding, would also represent another important "trigger" for authorities in considering the need to identify an alternative land supply and a reconsideration of sites excluded through the SHLAA process. Market circumstances have a significant impact on the relative potential capacity and pace of delivery of supply, as evidenced through the impact of the credit crunch, which has served to highlight the 'risks' associated in the delivery of certain product types and within more vulnerable market areas. Assessments of 'risk' and moderating of supply therefore needs to be undertaken annually and continue to draw upon the views of respective Housing Market Partnerships.

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- 1.25 Future processes for identifying additional land, over and above the supply of sites reviewed to inform this study, could include consideration of the potential release of Green Belt sites in those authorities facing a potential picture of undersupply. However, such a course of action should only be undertaken under a specific set of special circumstances where needs cannot otherwise be met by alternative means and in accordance with prevailing national planning policy.
- 1.26 Given the prevailing commitment to regeneration and rebalancing housing markets, as set out in Section 3, it will be important that any such release is based on clear and unambiguous evidence that this land supply is not sufficient in terms of both the pace and realistic chance of delivery (i.e. whether and how quickly development can and will be delivered). As previously noted, any attempt to share housing requirements should be linked to rigorous delivery and performance indicators to ensure that household demand is met with appropriate supply within the City Region, thereby preventing further leakage of population.
- 1.27 Defining the operation of the “triggers” outlined above will require careful consideration by the Partner authorities. Appropriate references within Core Strategy documents and other Development Plan Documents will be required in order to ensure that the balance of supply is sufficient to meet and sustain demand over the plan period.
- 1.28 The research undertaken has identified the theoretical possibility of redistributing some demand for housing between authority areas within the City Region based on capacity in supply and functional housing market areas. Whilst such arrangements may make a contribution to reducing the extent of unmet housing needs in authorities with a deficit in supply relative to demand, it is unlikely to remove the need for some authorities to meet the greater part of their needs within their own local authority areas. However, an analysis of the political, physical, delivery and fiscal implications of sharing housing requirements and redistributing household demand, while important considerations, do fall outside the scope of the study. Clearly those authorities seeking to pursue such a course of action will need to carefully address these considerations to ensure that some unmet needs in one authority can be genuinely met in another authority.

Tasks 1 to 3: Employment

- 1.29 The ability to consider directly the imbalance between employment land demand and supply across the core area, and wider area, has been affected by the availability of robust data to allow the disaggregation of both by type. The nature of functional economic market areas, as noted previously, is inherently linked to the employment sector being considered, with varying drivers and sensitivities recognised by the B1, B2, and B8 markets respectively.
- 1.30 Factoring in assumptions and professional judgment, as documented under Key Task 2, a headline conclusion of long term employment land undersupply across the core area has been identified. Phasing analysis suggests that this undersupply is a long term concern with headline supply sufficient in the short term to meet demand requirements.
- 1.31 Key Task 3 allows some specific conclusions to be made in this context including:
- Undersupply at headline level across the core area reduces to marginal undersupply and potentially shifts to a balanced position if aspirations for remodelling / regeneration and key site delivery including potentially significant contributions to overall supply at Omega (Warrington) and Parkside (St Helens) are delivered.
 - The importance of potential B8 delivery at Speke (South Liverpool), Omega, and Parkside, to potentially accommodate or offset demand and growth requirements in both Halton and to a lesser extent Knowsley.
 - The potential need to identify additional land supply in the longer term across a greater number of authority areas if aspirations for remodelling / regeneration are not realised relating specifically to West Lancashire, Knowsley, Halton, and Sefton although to a lesser extent, including again an emphasis on the need to monitor delivery of potentially key large employment sites across the core area.
- 1.32 The table below summarises the key findings in terms of the ability to redistribute demand where undersupply has been noted across the City Region.

Figure 1.1: Concluding Table of Analysis – Employment

Authority	Nature of Undersupply Noted (Task 2)	Qualitative Considerations	Key Functional Linkages Identified as Having 'Headroom' within Key Task 3	Considered Position on the Ability to Address Imbalances Through a Re-Distribution of Demand
Halton	Approximately 160 hectares including a shortage of long term development land	<p>Considered to be a balanced estimation of demand</p> <p>Potential additional supply of 148 hectares of supply over the plan period through remodelling / regeneration sites. Current climate makes this a challenging aspiration but could significantly alter the undersupply position if realised</p>	<p>Key relationship with Liverpool, particularly noted in relation to South Liverpool / Speke</p> <p>Synergy also noted with Knowsley and Warrington, although it is recognised that both also have potential undersupply over the plan period</p> <p>Noted need to accommodate B8 shortfall</p>	<p>No redistribution potential identified beyond potential to accommodate some demand in Speke / South Liverpool area (noting only marginal capacity in Liverpool over the period and consideration of Liverpool demand figure as a potential minimum requirement to 2031)</p> <p>Potential need to work alongside Warrington to identify additional land in the long term, but needs to be considered alongside the monitoring of delivery at Omega as a potentially key B8 investment location</p>
Knowsley	Approximately 130 hectares including a shortage of long term development land	<p>Demand figure should be viewed as a maximum requirement</p> <p>Potential additional supply of 37 hectares of supply over the plan period</p>	<p>Localised relationships identified with Halton and St Helens. Whilst the relationship with Liverpool has decreased its base is far larger than Halton and</p>	<p>No redistribution potential identified given shortages in land supply in the local authorities where a functional relationship can be evidenced. Potential need to work alongside St Helens in the long term, but as in Halton, this needs to be considered alongside the long term monitoring of delivery of</p>

		through remodelling / regeneration sites. Current climate makes this a challenging aspiration but could alter the undersupply position if realised	St Helens and therefore Liverpool is concluded to still have a key functional relationship with Knowsley. Noted need to primarily accommodate B8 growth requirements over the period to 2031	development at Parkside as a potentially key B8 investment location, and in the context of St Helens demand figure being viewed as a potential minimum over the period to 2031 Key functional relationship with Liverpool but insufficient capacity in employment land supply within Liverpool to realistically accommodate demand emanating from Knowsley.
West Lancashire	Approximately 85 hectares including a shortage of long term development land	Demand figure should be viewed as a maximum requirement Potential additional supply of 52 hectares of supply over the plan period through remodelling / regeneration sites. Current climate makes this a challenging aspiration but could alter the undersupply position if realised	Key functional relationships identified with Central Lancashire / M6 Corridor and Knowsley Noted need to deliver a balanced supply of B-Use class land rather than a B8 focus	No redistribution potential noted given supply position in relevant authority areas. Key relationships noted with Knowsley, Central Lancashire and Wigan with the latter two focused on the M6 Corridor and associated B8 potential. In the long term there may be a need to look to identify additional land supply alongside these three areas to facilitate economic growth
CWaC	Approximately 215 hectares including a potentially significant shortage of long term	Demand figure should be viewed as a maximum requirement	Some relationship noted with Wirral (M53 Corridor, Manchester Ship Canal, etc) but	Limited redistribution potential noted in relation to the core area on the basis of noted primary links to North Wales and Cheshire East as key functional

	development land	There is a significant oversupply noted within Ellesmere Port, but an undersupply elsewhere.	noted stronger functional relationship with North Wales and Cheshire East. Primarily need to address potential shortfall in B8 supply	market areas – outside of the remit of this study. Potential synergy between CWaC and Wirral with redistribution potential identified.
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Key Findings: Employment

- 1.33 Key Task 3 pulled together all of the previous components of the analysis of the evidence base relating to employment land requirements and supply to 2031 across the core area and wider area. It concludes that, on the basis of identified functional economic areas, there is sufficient supply in the short term to accommodate growth across the core area, but with potential supply shortfalls in Halton, Knowsley, West Lancashire and CWaC in the medium / long term.
- 1.34 It must be noted that these conclusions are based on an assumption of retention and protection of current employment land supply within each of the local authorities.
- 1.35 This conclusion does not fully take into account quantitatively the potential delivery of 397 hectares of land in the longer term including remodelling / regeneration sites in Halton, Knowsley, Sefton and West Lancashire, and potential future supply at Parkside. Taking this complete picture into account suggests a much more balanced employment supply position to 2031, although the limitations of land supply at Parkside and specifically questions over whether it would address wider shortages of land in the City Region are noted.
- 1.36 Importantly, the conclusion also places heavy emphasis on the role of potential B8 opportunities within South Liverpool / Speke, the M6 Corridor, and strategic land supply at Parkside and Omega as being potentially very significant contributors to meeting long term requirements if they are realised.
- 1.37 In all cases this conclusion of undersupply is recognised to be a potential long term issue rather than a short term or immediate imbalance. The study supports the need to monitor demand (evidenced through annual take up rates), and the supply position (including the

extent to which remodelling / regeneration is being realised to the extent identified in individual ELR's where appropriate) to ensure that any imbalance in the medium term can be addressed. The study supports the need to recognise that in the medium / long term this may include the need to release land from other uses/ allocations if and when demand outstrips supply but no immediate need to do so as part of the emerging Core Strategies.

Future Monitoring and Further Research Requirements

- 1.38 This research commission has served to highlight both the wealth of information available across the authorities in the City Region but also the significance of variations in approach and timing of work.
- 1.39 The changing national policy context and in particular the proposed abolition of regional strategies presents a new set of challenges for authorities when preparing their Core Strategies and associated plan documents. Regional planning established a jointly considered robust set of policy parameters. The removal of this tier will create a vacuum for distributing policy numbers across district boundaries. Without continued partnership working this could lead to contradictory policies, which in turn could serve to stifle economic growth and the realisation of the City Region's potential.
- 1.40 This could clearly be a leading objective of the recently established Liverpool City Region Local Enterprise Partnership (LEP) and the other surrounding LEPs. The success of these partnerships will be judged on the outputs achieved as a result of private and public intervention. From the local authorities' side it is crucial that the evidence exists to establish the required future trajectory of investment, drawing together a range of strands including the City Region's housing offer. There will be a need to work on a cross boundary basis with other LEPs established, particularly in relation to the Associate members and those authorities in the Core area not included within the Liverpool City Region LEP¹.
- 1.41 The analysis and conclusions arrived at through this research represent an important stage in this process of future joint working. However, it should not be viewed as the end of the process but a position from which to continue to advance knowledge, enabling increasingly sophisticated policy development and monitoring of commercial performance. We would recommend the following core pieces of additional research should be explored by the Partners to sustain the momentum built up through this research process:

¹ West Lancashire, CWaC and Warrington are not included within the Liverpool City Region LEP

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- An updated economic development strategy across the City Region which takes into account the issues relating to the balance of commercial and employment space identified through this research. This would need to be driven by the new LEPs and be used to identify and prioritise sub-regionally significant strategic sites. This would need to be aligned with funding and investment availability. Through the strategy, appropriate long-term employment sites should be protected accordingly and the next generation of land and premises identified; and
 - A formalised approach to responding to the emerging housing evidence base to ensure that policy development is complementary between authorities in the future. The information collected within SHLAAs and AMRs is likely to be updated annually. Aligning these updates and a central report pulling together the implications of changes (i.e. updating tasks 1 and 2 of this research) will be invaluable in testing the conclusions reached above and the ‘triggers’ for the need to release additional land in authorities.

1.42 Whilst this research has taken a point in time evaluation of the available data and knowledge retained within the authorities, it has clearly highlighted inconsistency in approach relating to both the scope and depth of data. This has highlighted the importance of ensuring the development of a common research framework and a formal process for monitoring.

1.43 Specific issues identified through the research include:

- Employment Take-up: Land take-up data should be recorded at site specific level including where possible the use type identified within the planning application to allow a more sophisticated disaggregation of development activity by sector (use class);
- Employment Forecasts: Obtain and consider updates to the existing City Region forecasting dataset where appropriate to monitor change since publication of ELR documents, including direct factoring in of the recession and impacts of population change over the period;
- Employment Supply: Consistency needs to be applied regarding definition of total land supply i.e. whether existing employment sites and mixed use areas, and planning permissions are included, ,monitoring of nature of supply by type, and the recognition of likely deliverability of sites including phase of availability. Both type and phase definitions should be applied consistently across the City Region in this context; and
- SHLAA assessments: Following the findings of the task 1 assessment it is evident that a range of different approaches have been taken in responding to the impact of the recession on development. All of the authorities have taken advice from their Housing

Market Partnerships and other stakeholders / outputs of consultation exercises to modify density assumptions, development rates and phasing of schemes, particularly those developments which are apartment based. However, key differences exist in the way in which the 'risk' associated with non-implementation has been factored into the assessment of potential supply. There is not necessarily a right or wrong way of considering the potential supply but there is a need to better align approaches to ensure that the supply considered deliverable in one authority can be compared and contrasted with its neighbours. Potentially two scenarios could be explored. One which applies no further market-led assumptions beyond those noted above - i.e. no further netting off of a quantum to allow for non-implementation beyond where there is evidence from the developer / housebuilder that this is the case - and the second where an agreed set of assumptions are applied and presented as a more conservative assessment of potential supply.

- In terms of demand it is clear that the majority of SHMAs have not been designed to provide a local evidence based assessment of total demand for housing. The revocation of RSS presents an opportunity and indeed a responsibility on authorities to ensure their policy targets or parameters are based on a robust assessment of demand generated by a range of drivers including demographic growth, labour force requirements and indeed available capacity. At the time of writing we are aware that Liverpool and Sefton have both commissioned work to fill this gap and it is anticipated that other authorities will develop similar responses in the future. Reflecting on the approaches taken in those authorities, undertaking this update first will be important in ensuring a level of consistency is applied between authorities to enable robust comparisons to be made..

2. Introduction and Brief

Background to Commission

- 2.1 The collective area of the Liverpool City Region core area and wider area² faces a number of challenges over the next 15 to 20 years, not least the delivery of residential development initially in the context of the opportunity and requirements embedded within the Regional Spatial Strategy (RSS) for the North West, and latterly in the context of the proposed revocation of RSS, localism and neighbourhood planning³.
- 2.2 The core area and wider area cover an area of significant scale incorporating a number of functional market areas – both economic and employment based⁴ and housing market based. These market areas do not, in every case, respect administrative boundaries but rather demonstrate cross-boundary characteristics and in some cases overlap with each other. Collectively they present a more informed and functional geography on which to base an understanding of future spatial requirements over the wider sub-region and to plan for housing and employment land requirements.
- 2.3 Of critical importance in the formulation of spatial planning policy across the core area and wider area is the need to ensure a sufficient, appropriate and deliverable supply of land to meet need, be that derived from housing or employment requirements. This importantly is set in the context of an understanding of functional market areas recognising the potential need for cross-local authority boundary decision making and policy allocations to support sub-regional need and aspirations where appropriate. This approach will ensure flexibility and ability of supply of both housing and employment land to be responsive to the market; especially significant in a post-recession recovery period.
- 2.4 The existing evidence base in place across the core area and wider area contains relevant documents relating to housing need and supply, and employment land demand and supply, undertaken individually at local authority area or collectively in joint commissions between local authorities, to underpin emerging local planning policy. In addition to this locally

² NB: Defined to include the 'core' of the City Region (Halton, Knowsley, Liverpool, Sefton, St Helens, West Lancashire, and Wirral) in addition to the 'wider area' (the Central Lancashire authorities of Preston, South Ribble, and Chorley, Wigan, Warrington, and Cheshire West and Chester).

³ The uncertainty around the current and potential future status of RSS is noted as being a key part of the context to this study. This includes legal challenges being made by Cala Homes against the Government's abolition of RSS, but also recognition that central to the Localism Bill and likely future legislation is the ultimate abolition of this tier of policy.

⁴ Including commercial market areas and travel to work areas.

understood level of need and requirements, the RSS for the North West established strategic ‘top-down’ development requirements for the core area relating both to housing targets by local authority and employment land for broad areas. These figures remain valid considerations, although the Government has announced its intention to revoke all Regional Strategies through the Localism Bill and subsequent Act⁵. RSS requirements were based on the most up-to-date data of the time and represent an assessment of future requirements from 2003 to 2021. The figures within RSS relating to both housing and employment were derived via a process which fully engaged local authorities and other parties, and, at the time, there was widespread agreement among the local authorities that both sets of figures were correct.

- 2.5 It is within this context that this study into development land across the core area and wider area is required. A robust understanding of development land requirements will help to facilitate agreement on the local and sub-regional scale and distribution of housing and employment land supply.

Research Requirements

- 2.6 The Housing and Economic Development Evidence Base Overview Study for the Wider Liverpool City Region (‘the Overview Study’) has been commissioned by the core area and wider area partners to inform the preparation and implementation of the respective local authority Local Development Framework (LDF) Core Strategies, especially in respect of cross-boundary housing and employment land development issues and linkages, over the period to 2031.
- 2.7 As stated within the brief, the Overview Study has included a review and analysis of various evidence, particularly housing and employment studies, both completed and in progress.
- 2.8 In commissioning the work the partners required an evaluation of the ability of the housing offer within the core area as a whole to accommodate housing needs. The brief states that this evaluation must take account of the potential changes over time in the way the core area operates and functions – in line with the objectives of local, national and regional policy (albeit in the context of the previously noted potential / anticipated abolition of RSS) and current action through the Housing Market Renewal Initiative (HMRI) and local housing strategies.
- 2.9 In relation to both housing and employment land, the purpose of the study is to assemble a picture of supply and requirements/demand across the City Region (taking account of the

⁵ Localism Bill 2010 – 2011 – The Localism Bill was presented to Parliament on 13th December 2010. On 17th January 2011 the House of Commons debated the main principles of the Bill. The Localism Bill Committee took written evidence and heard

operation of the market and travel to work areas). Additionally, this required an assessment of the extent to which any excess supply in one or more local authority area(s) could meet the requirements/demand of neighbouring or other local authorities.

2.10 The Brief identified **four Key Tasks** to be undertaken as part of the Overview Study, as stated below.

(i) Briefly appraise each local authority's key housing and employment evidence, to assemble a composite picture across the City Region;

(ii) Review existing supply and assess the extent to which existing supply can meet needs / demand in the same local authority area, having regard to RSS requirements⁶, and whether there is within each district either an excess or a shortage of supply (quantitative and /or qualitative) in relation to need / demand. Including the integration of best professional judgement, and other published data / evidence, to estimate each authority's land requirements for the period after that set out in RSS;

(iii) Thirdly, in the event that there are any unmet needs / demands existing in any local authority area after undertaking (ii) above, evaluate whether there is any notional excess supply in one or more neighbouring local authorities which could realistically meet any of those needs. Any conclusions at this stage should be based on evidence that clear cross boundary links, especially in market terms, between the authorities exist, or could potentially exist; and

(iv) In the event that an unmet need / demand remains in any local authority area after undertaking the above, recommend what further action is necessary to address it.

2.11 **This report is structured to answer each of these questions in turn, first looking at housing provision and then employment.** Importantly in considering the relative capacity of authorities to accommodate demand for both these development uses the analysis has not looked to rebalance supply within each of the individual authorities. It has been assumed that in terms of residential land potential the Strategic Housing Land Availability Assessment (SHLAA) processes undertaken by each authority has taken account of employment land considered to be surplus based upon the findings of individual authorities Employment Land

oral evidence, before considering the Bill clause by clause. The Committee's consideration of the Bill finished on 10 March. It is anticipated that the Bill will be enacted in late 2011.

⁶ NB: The Overview Study was commissioned and commenced in advance of the planned revocation of the RSS by the Government. NW RSS was constituted a Regional Strategy (RS) under the Local Democracy, Economic Development and Construction Act 2009; it was the suite of documents that together formed the RS that have been identified as being intended to be revoked through the passing of the Localism Bill. In undertaking the analysis within the Overview Study we have continued to

Reviews (ELRs). Clearly any undersupply or capacity position within an authority should initially consider the balance between housing and employment land in the first instance, with this being a key consideration for authorities through their LDF processes. This should be given consideration in advance of any potential Green Belt release.

2.12 Data is presented for the authorities falling within the core area and Cheshire West and Chester (CWaC), as a key contributor to the study. Relevant findings for the other associate member authorities have been noted. All tables included within this report present findings across all authorities within the core area and wider area, subject to the availability of data.

2.13 In addition to the provision of answers to these four core questions the Brief required the following specific outputs from the study:

- An assessment of the extent to which the Liverpool City Region and CWaC are capable of meeting their housing and employment land requirements for housing and employment uses to 2031, taking account of operational housing market areas and travel to work areas;
- Whether there are implications for the sub-regional land supply position as a result of any differences in approach to study methodology;
- The number of years capacity which each of the seven local authorities has to meet its own housing and employment needs and estimation of any shortfall;
- The extent to which any authority has the realistic ability to meet any or all of the specific unmet housing or employment needs of an adjoining authority looking forward to 2031; and
- The amount of land required to meet each local authority's development need compared with existing RSS requirements and past trends⁷.

2.14 In recognition of the overall aims of the study and these wider objectives, Section 3 presents an overview of the functional relationships between the authorities, which collectively make up the core area. An overview is also provided of the regeneration context and rationale for investment activities which have represented a significant factor in market dynamics and operation over the last ten years. Collectively this context has an important bearing for the research and understanding of the current and future supply and demand balance of individual authorities and the core area.

use the RSS figures as both a baseline requirement and to compare the individual requirement figures going forward. This is explored in more detail within Section 3 of this report.

Supporting Documents

- 2.15 The Overview Study has included a significant level of interrogation of existing evidence base across the core area and wider area. This has included a series of steps summarised in the bullet points below:
- The production of a collective core area and wider area evidence base matrix, identifying all key pieces of evidence base available to us relating to housing, employment land, economic development, and viability studies, including the recording of: local authority, name of document, status, availability (e.g. online, or obtained direct from relevant local authority contact, including availability of appendices and workings), other supporting information, and contact name for lead officer;
 - The design and population of evidence base proforma documenting the key findings within each piece of evidence base considered, including assumptions applied. These proformas were completed in Summer / Autumn 2010 and reflect the latest position of the evidence at that time;
 - Synthesis and analysis of the findings of the audit of the evidence base including comparison of assumptions applied and implications for the application of the evidence within the Overview Study; and
 - The GIS mapping of available site supply, including overall housing and employment site supply, and site supply by type, phase of availability, etc.
- 2.16 The key data not presented in full within this main report and the methodology and associated assumptions relating to the calculations undertaken, are documented within the Technical Reference Report Appendix accompanying this main report⁸.

⁸ Housing and Economic Development Evidence Base Overview Study Technical Reference Report, GVA on behalf of the Liverpool City Region partners, 2010

3. Setting the Context: Market Areas and Regeneration Priorities

- 3.1 There is a clear recognition in the Brief for this study to consider the ability of the City Region partners to work together to meet employment and housing requirements over the period to 2031. This includes the extent to which functional market areas and synergies exist, and through this understanding the extent to which a genuine shared approach to supply relative to drivers of demand between authorities is necessary and can be achieved.
- 3.2 The remainder of this section sets out policy and theoretical understanding of functional market areas, and the relevance of this within the City Region context. It also considers recent and current regeneration priorities and initiatives. This adds a further layer of understanding regarding the manner in which housing markets have changed over the last ten years as a result of significant private and public investment and how this is likely to evolve in the future impacting on the changing dynamics of the City Region over the period to 2031.

Functional Market Areas

Guidance Regarding Functional Market Areas

- 3.3 The construction of a set of boundaries around housing market areas aims to provide a clear spatial structure. This facilitates planning for housing by providing a base to assess the likely outcomes for housing preferences and affordability due to the strategic choices available for the location of new housing supply.
- 3.4 The advantages of identifying sub-regional housing market areas are highlighted in the Communities and Local Government (CLG) Report '*Identifying Sub-Regional Housing Market Areas*⁹, and are outlined as follows:
- The ability to better understand how housing markets work. Local Authorities and regions need to understand the spatial pattern of the demand for housing, both within and across sub-regional housing market areas;
 - The ability to develop a more strategic approach to housing. The Government wants Local Authorities to become strategic enablers for their areas, responsive to the demands

⁹ CLG (2007) Identifying sub-regional housing market areas. CLG available at www.communities.gov.uk/documents/planningandbuilding/pdf/323693.pdf.

of the whole community, as outlined in the Conservative Party's Open Source Planning Green Paper¹⁰. Local Authorities will be required to facilitate collaborative democracy, with the local plan to be the centrepiece of the local planning system.

- To facilitate better integrated planning and housing policy. Local Authorities and regions working on the basis of sub-regional housing market areas can develop coordinated, informed and flexible approaches to planning and housing policies.
- The ability to pool resources and develop best practice.

The Application of Functional Market Areas – Liverpool City Region

3.5 The need to define functional markets, relating to both housing and economic activity is embedded within current Government guidance including both *Planning Policy Statement 3: Housing*, and *Planning Policy Statement 4: Planning for Sustainable Economic Development*.

3.6 The '*Identifying sub-regional housing market areas*' Advice Note (2007)¹¹ that sits alongside PPS3 defines sub-regional housing market areas as being geographical areas defined by household demand and preferences for housing. According to the note they reflect the key functional linkages between places where people live and work, and draw on information including:

- House prices and rates of change in house prices, which reflect household demand and preferences for different sizes and types of housing in different locations;
- Household migration and search patterns, reflecting preferences and the trade-offs made when choosing housing with different characteristics; and
- Contextual data, such as travel to work areas, which reflect the functional relationships between places where people work and live.

3.7 It is recognised within the guidance that there is likely to be overlap between the sub-regional functional housing market areas identified. This reflects their dynamic nature and the fact that their spatial extent will vary, reflecting changing economic, environmental and social circumstances.

3.8 *Functional Economic Market Areas: an economic note* was produced by CLG in February 2010¹² to provide a further update to the debates around spatial geography formulation in

¹⁰ The Conservative Party (2010) Open Source Planning Green Paper. Conservative Party available at www.conservatives.com/~media/Files/Green%20Papers/planning-green-paper.ashx

¹¹ Identifying Sub-Regional Housing Market Areas: Advice Note, CLG, March 2007

¹² Functional Economic Market Areas: an economic note, CLG, February 2010

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- policy. As with the current published guidance the note recognises that economic analysis is best undertaken at the spatial level at which the relevant economic market operates, and that this geography, defined locally, may not respect or adhere to administrative boundaries.
- 3.9 The note identifies that there is no defined way of establishing the geography of functional economic market areas. The 'standard' analysis includes the consideration of Census commuting and migration data (as the most reliable flow data), supplementing this with data from other key markets including housing markets, supply chains in industry and commerce, and service markets for consumers.
- 3.10 It is clear in stating that where strong economic links can be identified between local authority areas that collaboration should be considered both when developing an evidence base and implementing policy.
- 3.11 The note also recognises that an understanding of functional economic areas will minimise the risk of local policies that are against the wider sub-regional or national interest, and will enable local partners to make better informed more strategic decisions on economic development.

Academic research on drivers of household migration

- 3.12 Previous academic research has estimated that each Briton will make between seven and eleven moves during their lifetime, with only one or two likely to be between regions (Rees, 1979)¹³. It is difficult to evidence the impact of changing market circumstances on long term trends but the changing house price trends are likely to have an impact on the propensity of households to move, at least in the short-term. Affordability issues, which in turn impact on the ability of households to enter the owner-occupier tenure, are likely to result in a greater number of moves within other tenures, particularly the private rented sector, early in an individual's housing experience. However, the current stagnation of the market if sustained will equally reduce mobility for those households already in the tenure, indeed recent needs surveys in the city-region have shown a marked reduction in household mobility over the last two years¹⁴.
- 3.13 A report by Dixon S (2003), 'Migration within Britain for job reasons', explored the drivers behind individuals movements identifying and explaining that one of the most important

¹³ Rees (1979) in Böheim, R and Taylor, M (1999) Residential Mobility housing tenure and the labour market in Britain. Institute for Economic and Social Research. Available at <http://www.iser.essex.ac.uk/publications/working-papers/iser/1999-16.pdf>

¹⁴ GVA (2011) Draft Liverpool SHMA. Liverpool City Council. Available at [www.liverpool.gov.uk/Images/DraftSHMAReport\(Final\)\(240111\)Jan2011.pdf](http://www.liverpool.gov.uk/Images/DraftSHMAReport(Final)(240111)Jan2011.pdf)

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- reasons for migration is changes in employment circumstances. Again this link between employment and housing is likely to be increasingly at the forefront of households decision making, particularly those made up of individuals aged between 20 and 35, as a result of the economic difficulties which have been faced by the UK since 2007.
- 3.14 Evidence collected through the research by Dixon suggested that around 10-11% of working-age individuals move house each year within the UK. Most of these moves were within the same Local Authority area, with only 2% of migrants moving between different local authority areas within their region, and around 2% migrating between regions¹⁵. Although only a small minority of these moves are directly due to labour market factors, longer distance and inter-regional moves are more likely to be motivated by a job change than short-distance moves.
- 3.15 The study found that people within managerial and professional occupations, with normally higher levels of education and higher household incomes, are more likely to migrate between regions for employment¹⁶.
- 3.16 Economic theory suggests that individual and household migration decisions are motivated by the expectation that they will be better off if they move. There are two theories that imply that wage levels and/or employment opportunities will influence migration decisions:
- The human capital approach theory – people consider the benefits of moving, such as income gain, and compare these benefits with the costs of the move (financial and non-financial). If the anticipated net benefits of moving exceed the net benefits of staying in the current location, then people will move.
 - Spatial job search theory – migration is viewed as the result of a job search process, whereby job seekers look for work across a range of locations and will migrate to the place offering the best wage¹⁷.
- 3.17 Empirical studies of the determinants of job-related migration in the UK (Owen, 1992; Flowerdew, 1992; Gardner et al, 2001) show that age is an important predictor of job-related migration. Migration for job reasons is more likely early on in working life because movement between jobs is an important way of gathering experience and developing skills¹⁸. Migration due to employment reasons has the potential to reduce imbalances in the labour market, as it

¹⁵ Available at www.statistics.gov.uk/articles/labour_market_trends/migrationinbritain_nov03.pdf

¹⁶ Ibid (as before)

¹⁷ Ibid

¹⁸ Owen, David (1992) 'Migration and employment', in Stillwell, J, Rees P. and Boden P. (1992) Migration processes and patterns. Volume 2. London. Belhaven Press. pp205-224

may result in the migration of workers from areas of labour oversupply to areas of demand¹⁹. Migrants are therefore typically younger, consisting of young families, couples without children or unmarried adults, have higher levels of education, and are more often than not employed in non-manual occupations (Coleman and Salt, 1992; Ermisch, 1996; Cameron and Muellbauer, 1998)²⁰

- 3.18 Research on '*Residential mobility, housing tenure and the labour market in Britain*' (Boheim & Taylor, 1999) supports the findings from the '*Migration within Britain for job reasons*' report, explaining that the unemployed are more likely to move than those with jobs. In addition to this, a desire to move motivated by employment reasons has the single largest effect on the probability of moving between regions²¹.
- 3.19 Mortgage holders are found to have low levels of residential mobility relative to those in other housing tenures, with private renters having the highest residential mobility²². This shows that policies promoting home ownership might not be the most effective mechanism for promoting residential and labour market mobility. This was most tangibly evidenced in the 1990s with low mobility and low income purchasers becoming stuck within a negative equity gap.

The operation of functional market areas across the City Region – Context setting for considering the potential to share supply / demand across authorities

- 3.20 Drawing on the above overview it is clear that commuting patterns, or travel to work flows, are useful in defining the functional areas for both economic and housing markets.
- 3.21 The remainder of this section explores the market areas defined through this approach. This will facilitate the examination of other defining drivers of functional market areas which will enable conclusions to be drawn around the potential to distribute housing and employment requirements across neighbouring authorities based on genuine relationships and interdependencies in Sections 4 and 5.
- 3.22 The spatial distribution of urban areas and settlements across the core area is an important factor in understanding the relationships between authorities, with flows primarily driven by

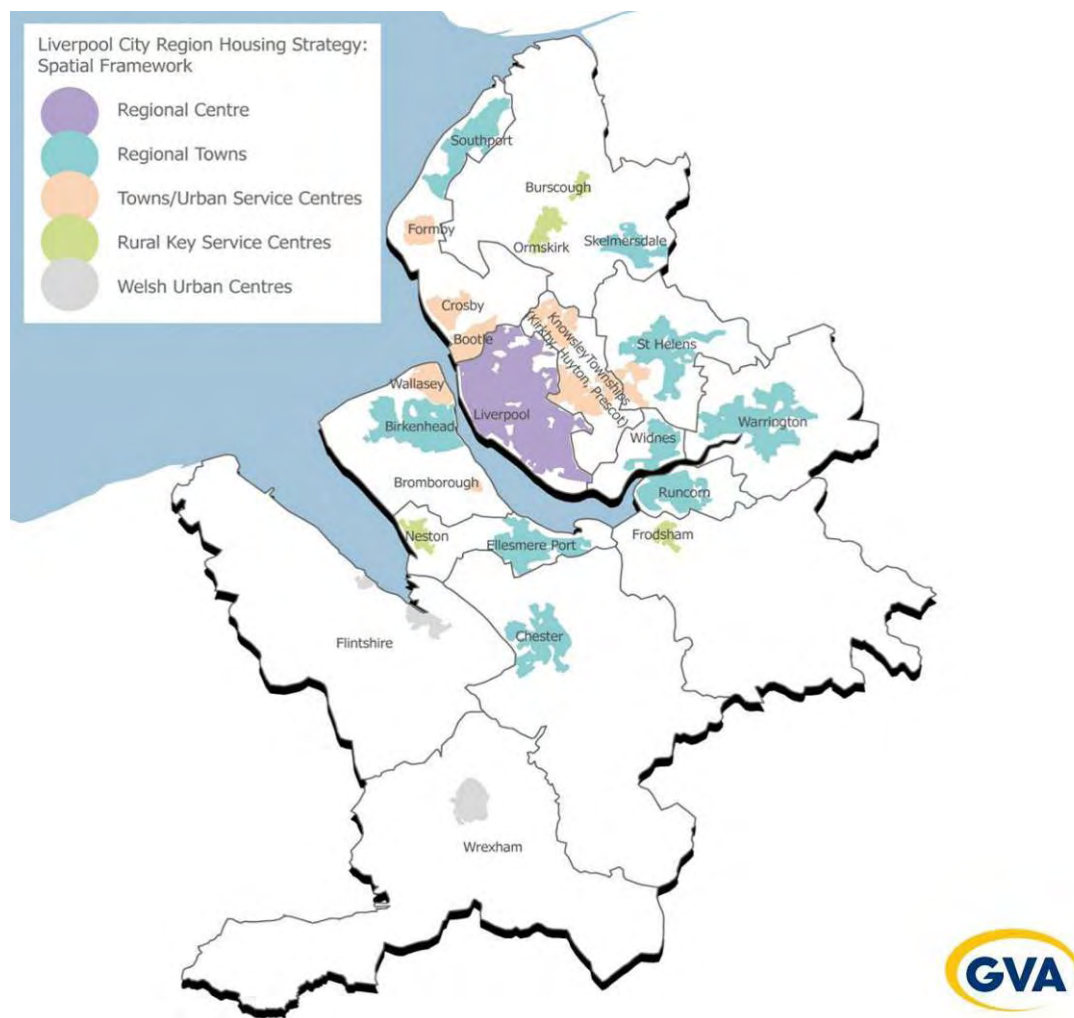
¹⁹ ONS. Available at www.statistics.gov.uk/articles/labour_market_trends/migrationinbritain_nov03.pdf

²⁰ Colman and Salt (1992); Ermisch (1990); Cameron and Muelbauer (1998) in Böheim and Taylor M (1999) Residential Mobility, housing and the labour market in Britain. Institute for Economic and Social Research. Available at <http://www.iser.essex.ac.uk/publications/working-papers/iser/1999-16.pdf>

²¹ Böheim, R. & Taylor, M. (1999) '*Residential mobility, housing tenure and the labour market in Britain*', Institute for Economic and Social Research. Available at <http://www.iser.essex.ac.uk/publications/working-papers/iser/1999-16.pdf>

household members moving between the urban areas. The analysis of the supply of housing and employment sites under Task 1 clearly highlights the clustering of future opportunities for development around the settlements, reflecting national policy directives. The following plan is taken from the Liverpool City Region Housing Strategy (2007) (LCRHS) and illustrates the spatial make-up of the area as defined by the main urban settlements.

Figure 3.1: Main settlements and Urban framework



Source: Liverpool City Region Housing Strategy, 2007

NB: This plan shows CWaC as three separate authorities (Ellesmere Port and Neston, Chester, and Vale Royal) as its publication pre-dates the formation of the CWaC authority area following Local Government Reorganisation.

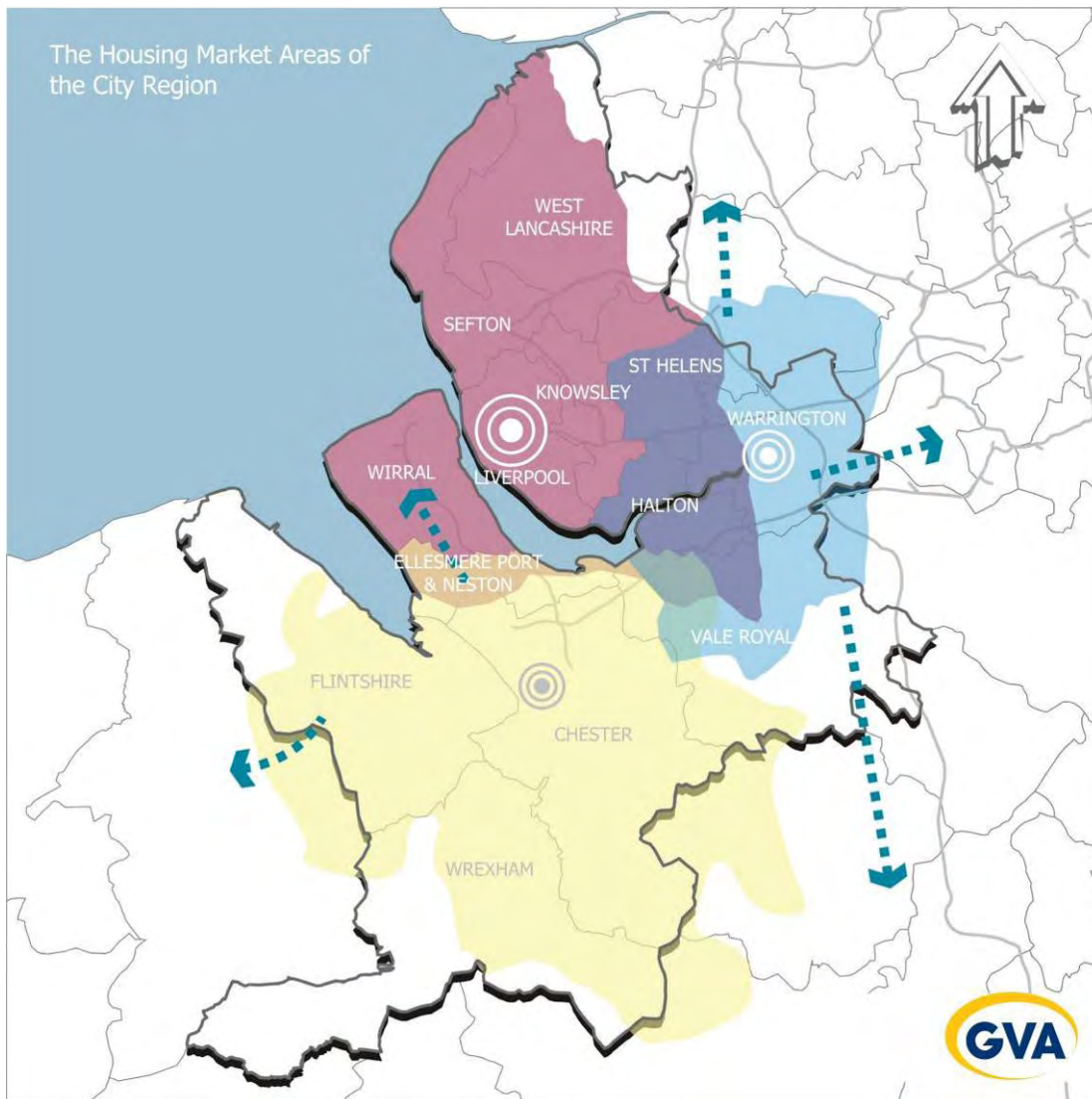
²² Ibid

Defining Functional Areas using Travel to Work Flows

- 3.23 A significant amount of analysis has already been undertaken in relation to functional relationships across the City Region. The LCRHS, drawing its evidence from three strategic Housing Market Assessments (HMA), reported on these functional market areas in some detail. This analysis has not been directly updated as part of the Overview study as presented in this section.
- 3.24 The HMAs applied a series of five thematic tests in order to define the geography of functional market areas and their interdependencies including an analysis of: patterns of movement (travel to work and migration over time), role and function of areas in relation to shopping, employment and educational catchments, and socio-economic and neighbourhood characteristics. These were analysed and mapped and differences in house prices examined.
- 3.25 This process identified three functional housing market areas which demonstrated high levels of “functional integrity” or shared characteristics (North, South and East). Within these three defined areas there were however observed “zones of flexibility” which exhibit connections with one or more of the major housing market areas.
- 3.26 The LCRHS articulated these three functional market areas spatially, these being:
- The Northern Housing Market Area is defined to be centred upon Liverpool (the Regional Centre) and comprises the Merseyside authorities of Wirral, Sefton, Halton and Knowsley, plus West Lancashire;
 - The Southern market area is centred upon Chester and includes Ellesmere Port and Neston, Vale Royal, and the Welsh authorities of Wrexham and Flintshire²³; and
 - The Eastern housing market area is defined to include Warrington, St Helens and Halton.
- 3.27 These functional market areas as illustrated on the plan overleaf. As figure 3.2 illustrates, the functional market areas are not distinct and there is a degree of crossover between the three broad areas.

²³ NB: The LCRHS notes that the legislative and planning policy context in Wales is distinct from that operating in England. The dynamics of this market area should be considered in this context. It is also important to note that CWaC has a relatively contained housing market area.

Figure 3.2: Liverpool City Region Functional Housing Market Areas



Source: Liverpool City Region Housing Strategy, 2007

NB: This plan shows CWaC as three separate authorities as its publication pre-dates the formation of the CWaC authority area.

- 3.28 The conclusions reached within the HMAs and the LCRHS relating to functional market areas were based on the most reliable and up-to-date data at the time. These data sources remain the most appropriate basis on which to consider the importance of Census data within the analysis, and the absence of an update in the interim²⁴.
- 3.29 The LCRHS summarises the linkages between authorities within these three functional market areas. Within the Northern housing market area the following observations are made:

²⁴ The next Census of the UK population is due in 2011 with data not available until 2012/13.

- Halton demonstrates high levels of containment (travel to work) totalling 59% of total workplace of head of households located within Widnes or Runcorn. The largest flow of people outside of Halton is to Liverpool (10.5%). However significant flows are noted to Warrington, supporting the treatment of this area as being aligned also with the Eastern housing market area;
- Sefton also demonstrates the highest level of containment including in excess of 70%, with important flows to Liverpool, Knowsley, Wirral, West Lancashire and St Helens, in line with the assumed geography of the Northern housing market area;
- Travel to work patterns for Knowsley residents are less contained within the local authority boundary, with rates of 46% falling into this category, but with major flows to Liverpool (36%), and more minor alignment with Halton, Sefton, St Helens, and West Lancashire;
- Liverpool and Wirral demonstrate significant travel to work alignment, including 16% of Wirral's working population commuting to Liverpool, being the main external flow from Wirral authority area for work daily. The containment rate within Wirral is 58%; and
- West Lancashire demonstrates key travel to work synergy with Sefton and Liverpool to the west including the out-commuting of some 11% of total resident working age population to these locations daily. In addition, there are clear travel to work patterns linking West Lancashire and Knowsley (1.6% total resident working age population) and St Helens (1.4% total resident working age population). However, interestingly the data also supports the linkages between the West Lancashire economy and that of Preston, Chorley, South Ribble, and Wigan, along the M6 Corridor. Flows to Wigan are the third highest from West Lancashire, with flows to the Central Lancashire authorities third only behind Sefton and Liverpool if they are combined²⁵.

3.30 Within the Southern housing market area the following observations are made:

- CWaC records a containment rate of 51%, with major commuting flows of the remaining 49% including linkages with Wirral, but more significantly with outflows to North Wales. This finding has been further supported in the CWaC 2009 SHMA which identifies that this figure has risen to 64% with only 36% living in CWaC and working outside the district. The SHMA also identifies that 70% of moves take place within the district and it can therefore be classed as a self contained market area. It is however noted that different parts of the borough demonstrate different patterns – with the former Vale Royal borough showing

²⁵ NB: Data on commuting patterns relating to Central Lancashire demonstrate high levels of self-containment and relationships with a number of Greater Manchester authorities including Wigan (albeit Wigan is considered herein as an associate member to the core area) and Bolton. There is very limited evidence to suggest significant outflows of workers from Central Lancashire to the core area and as such this is seen to be a more peripheral associate member.

strong links to Manchester, Ellesmere Port to Wirral and Liverpool, and Chester to North Wales.

3.31 Within the Eastern housing market area the following observations are made:

- As previously noted, Halton could be seen to sit within two market areas, including strong alignment with the Northern housing market areas, but also including high levels of self-containment and links with Warrington within the Eastern housing market area; and
- St Helens self containment level is 51%. Flows outside of the borough similarly to Halton demonstrate alignment with the Eastern and the Northern market areas including 9.3% head of household movement to Warrington, 5.5% to Wigan, and 5.4% to Knowsley. Its alignment with the core area is further noted through 11.7% of heads of household working 'elsewhere in Merseyside'.

3.32 These travel to work areas are not challenged within the Overview Study and provide an important context for both the assessment of the potential to redistribute and rebalance supply and demand within functional geographies in relation to both housing and employment elements.

3.33 Whilst containment rates are noted in some cases to be good, the flows clearly demonstrate strong linkages between different clusters of authorities within the core area, with strong linkages also identified at the fringes of these areas in terms of travel to work relationships.

3.34 Clearly, as recognised in the review of guidance and academic study, the definition of functional areas is more complex than just evidence based on commuting flows. A number of other factors to assess linkages within and between authorities are therefore considered separately in the following two chapters.

3.35 In housing terms these include:

- Migration trends – The actual flow of people between authorities based upon General Practitioner (GP) registrations data;
- Housing need and house price geographies – Distinctions between functional market areas at a lower geographical level to understand areas of similarity and difference and therefore their relative appeal to households looking to move within a market; and
- The identification of links based upon potential future availability of different types of housing and the propensity of households to seek these property types to explore where supply may lead and influence the movement of households in order to meet demand.

3.36 In economic terms commercial drivers clearly represent an important consideration in terms of investment decisions and relocation plans. As with housing market areas, economic geographies do not function within administrative boundaries but rather focus on broad locations of opportunity, recognised to be sector specific. Consideration of this geography allows an understanding of which locations will be viewed as ‘prime’ locations by the office, industrial and warehousing markets over the period to 2031, and where clustering and growth would be expected to emerge spatially. This is most relevant in the short and medium terms, recognising that the commercial employment markets are changing with difficulties associated with predicting patterns too far into the future.

3.37 In recognition of this geography a number of ‘triggers’ or drivers for sector growth potential are noted, summarised in the bullet points below in no particular order:

- Major towns and cities and large towns: presenting a hierarchy of urban centre investment locations recognised by the market to be supported by sustainable transport and amenity provision, including the importance of Liverpool and the surrounding inner areas as a ‘Core City’²⁶;
- Mainline rail links, including the prominence of locations with a direct rail link to London, is recognised to be a key market driver relating specifically to high value service based employment and ability to attract footloose occupiers, aligned with major towns and cities;
- The strategic motorway network: as key investment corridors including, critically, access to markets and access to labour force as key determinants of investment potential;
- Land values and rental levels – effectively commercial ‘affordability’ – are also key market considerations, particularly within the B8 (storage and distribution) market context;
- Higher education, and/or science hubs, and/or airports, and/or ports: as potential clustering opportunities within related high value sub sectors²⁷²⁸; and
- Existing clusters of knowledge-driven employment and business base: as further locations of potential clustering and recognised (by the market) quality employment locations²⁹.

3.38 The mapping of ‘broad locations’ for likely future commercial development and investment suggests the following general patterns and relative strengths across the core area:

²⁶ Core Cities (2006) *A Century for Cities: The Priorities for Future Success in England*. Core Cities.

²⁷ Particular reference is made to the importance of local ‘anchor’ institutions to support sustainable economic strategies aligning with the Core Cities priorities.

²⁸ Core Cities (2009) *Enabling Sustainable Economic Growth: Interim Report*. Core Cities

²⁹ The importance of retaining and growing the advanced manufacturing sector as a key value added component of the economy is noted within *The Mersey Partnership 2009 Economic Review*, amongst other documents

- A general hierarchy of urban centres across the core area and wider area including recognition of those that benefit from existing critical mass of B1a (offices, research and development, laboratories, light industry) high value service activity, have good and/or improving amenity provision, and those with mainline rail links³⁰. This includes the continued dominance of Liverpool City Centre in the core area and Preston in the wider associated area, with Warrington and Wigan further noted in this context. This is noted in addition to the other large towns across the core area including Birkenhead and St Helens;
 - A recognition of existing local concentrations of high value employment and business clusters generally around the M6 Corridor, Warrington, North Liverpool, South Liverpool – Knowsley – Halton, Chester and Ellesmere Port, Wirral, and the Southport coast. This includes evidence to suggest localised incidences of ‘bucking the national trend’ in high value production (manufacturing) sub-sectors, with clusters noted around Liverpool, Wirral, Knowsley, Warrington, and the M6 Corridor including through Wigan to Preston; and
 - The clear potential associated with the motorway network across the core area and wider area including the critical north-south M6 motorway, and key east-west intersections at Warrington West Lancashire, St Helens, Wigan, Knowsley, Ellesmere Port, Chester, and Chorley / South Ribble as key opportunities for growth within the B8 logistics and distribution market.
- 3.39 Whilst these broad locations and drivers of demand are noted and useful as general indicators it is also recognised that commercial location criteria are specific to the nature of commercial activity down to business level (i.e. below sector level) in many instances. Decisions on locating businesses can be personal to the businesses, labour force and the individual making the decision. There is a clear interface between residential and business decision making processes. This is noted in the consideration of commuting patterns within the definition of housing market areas.
- 3.40 Overall this assessment of housing and economic geographies has highlighted the importance of planning with a clear recognition of functional rather than administrative boundaries. There is a clear recognition in the guidance that has been published and academic research that commercial and individual household decisions around movement are shaped by a range of drivers which require a consideration of these geographies.

³⁰ In recognition of the significant body of research and guidance around the key role of Core Cities in delivering economic growth aspirations nationally, regionally and locally.

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- 3.41 Looking principally at travel to work or commuter flows within this contextual section it is clear that **relationships exist between authorities in the City Region, with large numbers of people travelling on a daily basis across and between authorities** in the wider geography. This is important when considering the analysis presented through the rest of this research paper, revisited within the concluding section. It is these existing functional relationships between the authorities that may form the basis of potential joint working / planning approaches to meet local need.
- 3.42 It is, however, also important to recognise how the public sector has looked to shape and form these functional relationships through both policy and investment over recent years. A sustained commitment to improving neighbourhoods and the economic and social wellbeing of residents will continue to have a bearing on how markets function. Stepping beyond simple travel to work dynamics, personal choice and preferences can have a significant influence on decisions around where to live. People's perceptions of areas are influenced not only by connections to employment opportunities but also the type of housing stock available, the labour market and demographic structure, family ties and the wider infrastructure which influences an area's quality of place. The following sub-section provides an overview of recent regeneration activity and the commitment to continued change has been a priority at a national level for the City Region.

The influence of regeneration on functional markets and future planning

- 3.43 The regeneration of the Liverpool City Region has been prioritised within regional planning and economic policy and has been the focus of significant investment and activity over the last ten years.
- 3.44 The NW RSS recognises the need to build on the strengths of the region and address noted challenges. It emphasises the importance of cities across the region as drivers of economic growth. Even within the context of future intended revocation of RSS, its prioritisation of the City Region is a relevant consideration for this study.
- 3.45 RSS states that the focus for increased prosperity will be within the 'Regional Centre' within the Liverpool City Region, but also recognises the need for a balanced approach to spatial development matching accessible jobs and other facilities to local needs. It is recognised that this is unlikely to be achieved without significant levels of economic development and allied regeneration in other parts of the core area, building on the opportunities provided not just by the Regional Centre, but also by the Mersey Ports and the Airport.

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- 3.46 The vision for the Liverpool City Region within RSS is to “retain our status as a premier European City Region by 2025. We will secure an internationally competitive economy and cultural offer; and outstanding quality of life; and vibrant communities contributing to and sharing in sustainable wealth creation.”
- 3.47 RSS has a number of priorities for the core area including the need to recognise and promote the role of Liverpool as the core city and major economic driver for its City Region, whilst also recognising and utilising the assets and potential of other locations throughout the core area, including those in rural areas. In addition it is important to consider the need to connect areas of economic opportunity to areas of greatest need, with a particular focus on those areas in need of economic, social and physical restructuring and regeneration.
- 3.48 RSS further emphasises the importance of focus on sustained and co-ordinated programmes to maximise economic potential, promote urban renaissance and drive social inclusion within the Regional Centre and its surrounding Inner Area (the New Heartlands Housing Market Renewal Area). This approach is considered appropriate in order to ensure a sufficient proportion of new housing development and renewal within the inner areas, to meet the objectives of the HMRI and to make provision for an increase in the supply of affordable and market housing. RSS recognises the requirement to address demographic needs and to support economic growth and regeneration.
- 3.49 In the outer part of the core area there is a recognised need within RSS to promote economic development, address worklessness, urban renaissance and social inclusion, in a complementary manner relative to the Liverpool Regional Centre and the Inner Areas³¹. RSS states that development in West Cheshire will be focused on harnessing opportunities for sustainable economic growth and local regeneration, complementary to the City Region’s spatial development priorities.
- 3.50 The **Liverpool City Region Development Programme (CRDP)** (2006) set out the local response and priorities within the wider Northern Way initiative. The CRDP stated the vision for the City Region to be “*to regain our status as a premier European city by 2025. We will secure an internationally competitive economy and cultural offer, an outstanding quality of life and vibrant communities contributing to and sharing in sustainable wealth creation.*”
- 3.51 The document identified a number of strategic priorities including delivering: a creative and competitive City Region; a premier destination; a well connected City Region; a talented and able City Region; and sustainable communities. Key areas of investment (spatial and
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- thematic) identified under these priorities include: Daresbury Science and Innovation Centre; Liverpool SuperPort; and linked rail freight improvements at Parkside; Liverpool Science Park and Edge Lane; Liverpool City Centre and waterfront; Wirral Docklands and Northshore (North Liverpool / South Sefton); sector targeted activity; delivery of the City Region Housing Strategy (LCRHS); and continued delivery within the New Heartlands Pathfinder area and associated programme of investment.
- 3.52 The LCRHS was developed to deliver against the shared vision established within the CRDP. The LCRHS is particularly targeted at delivering against the sustainable neighbourhoods and communities priority within the CRDP. The LCRHS identifies a number of key sustainable growth locations across the City Region, amongst other key priorities for investment.
- 3.53 These key sustainable growth locations include: linking the NewHeartlands neighbourhoods into the growth and development of the revitalised Regional Centre, ensuring that they play an integral role in capturing housing demand; to link economic growth generators in South Liverpool (for example the Airport expansion) to the regeneration of vulnerable neighbourhoods such as Speke; to harness the Mersey Gateway crossing as a catalyst for area based regeneration in Halton Borough (for example South Widnes/ Castlefield, Runcorn) to link Knowsley Innovation Park (now known as Knowsley Industrial Park and Knowsley Business Park) and Rail Freight terminal to neighbourhood regeneration in Kirkby and North Huyton; regeneration of the Rock Estate to the benefit of regeneration areas in North Liverpool and South Sefton; and Parkside, to benefit communities in St Helens borough.
- 3.54 The commitment to regeneration and harnessing of opportunity within the Regional Centre is a key theme that runs throughout the strategic policy documentation relating to the City Region. There are a number of programmes that will continue to target the established priorities, including the ongoing activity within North Liverpool / South Sefton and throughout the New Heartlands HMRI area, including the emerging Regional Growth Funds and for the latter, an announcement of a further £47 million for 10/11 bringing the total Pathfinder funding to £342.26m between 2003 and 2011. This is in addition to significant potential private sector development activity within, for example, Wirral Waters, Liverpool Waters, etc.
- 3.55 The need for continued and sustained investment against established regeneration priorities across the core area is further noted within the Liverpool City Region Local Enterprise Partnership (LEP) submission to Central Government. The submission cites a commitment to addressing critical infrastructure challenges to growth potential; and the importance of tackling
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³¹ The Regional Centre, Inner Areas, and Outer Areas cover most of the Merseyside authorities and include the town of Skelmersdale.

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- the region's below average employment rate and high levels of social exclusion, through job creation and addressing worklessness. Importantly the LEP will include the remit of delivering regeneration across the core area alongside growth.
- 3.56 This continued need does, however, come at a time when the availability of regeneration funding is significantly challenged and with ongoing constraints to access funds within the private sector. The availability of funds across the core area will almost certainly affect the ability of partners to meet and exceed established strategy aspirations in a number of cases.
- 3.57 However, it is also apparent that the regeneration of Liverpool remains a regional and national priority. The establishment of a Liverpool Embassy in London and the designation of the Mersey Waters Enterprise Zone will also help to ensure the continued profile and prominence of the Regional Centre. This alongside the progression of activity by the private sector including within North Liverpool / South Sefton, Liverpool and Wirral Waters, Mersey Gateway, Liverpool City Centre, etc, will be key to delivering aspirations within the core area.
- 3.58 The market within the core area is clearly changing, and will change further, following the recession and the squeeze on regeneration funding (both public and private sector). The markets will continue to evolve into the future, but it is clear that Liverpool remains high on the agenda at all spatial levels. In this context it is not appropriate within this study to rely solely on historical data and trends, which would, by virtue, assume a status quo. Rather, the changing face and resilience of the core area markets, both commercial and housing, should be recognised. Opportunities to support and grow existing markets should be viewed alongside ensuring an evidence base that allows the core area to plan flexibly to facilitate future market growth.

4. Housing Evidence Base

- 4.1 Planning for housing has represented an important challenge under successive planning frameworks. Fundamentally, in setting policy to ensure that the market delivers a 'balanced housing offer', it is important to understand the balance between supply, in terms of the existing stock and land to accommodate development, and demand, is principally, although not exclusively, driven by a growth in households.
- 4.2 Understanding these two drivers requires a careful consideration of their fundamental elements and a recognition that core assumptions are susceptible to changes, often brought about by different market contexts and influences.
- 4.3 This section sets out to answer the core questions presented in Section 2 with regard to the housing offer across the City Region, now and in the future, prior to examining the quantifiable outputs of demand and supply in the wider market context.

National Housing Market Context

- 4.4 The housing market is intrinsically linked to wider drivers of change, in particular the economic and financial markets which in turn have a bearing on demographic trajectories. The analysis within paragraphs 4.5 to 4.22 draw on research undertaken by the GVA research team.
- 4.5 Following the boom and bust of the late 1980's / early 1990's, the UK housing market saw almost a decade of sustained very strong house price growth from late 1996 (when house prices were below trend and house price to earnings ratios were low) to early 2005. This mirrored the economic health of the UK, which saw the longest period of uninterrupted economic growth in a lifetime. Indeed the impact of this pace of growth, from the end of 1996 to the end of 2004, was, according to Nationwide, a rise in house prices of 178% (or 13.6% per annum).
- 4.6 The market then cooled in 2005, as a reaction to the modest interest rate rises in 2004 and a lack of affordability, notably for first time buyers, with growth bottoming out in September 2005 at 2.2% per annum. Following the slowdown in activity during 2005, the housing market saw price growth accelerate again during 2006, as interest rates decreased and economic growth accelerated.

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- 4.7 Nationwide figures suggest that prices peaked in October 2007, as the 'credit crunch' began to have an impact on the market. Initially, there was a reduction in the supply of mortgages and the cost of obtaining mortgage finance increased (through higher interest rates and an increase in required deposits). This was followed by a sharp fall in the demand for mortgages, as falling house prices, coupled with rising consumer prices and lack of consumer confidence fed through to buyer sentiment. As the economy went into recession, sentiment weakened further, and 'real' effects began to feed through as unemployment started to increase.
- 4.8 By February 2009 prices had fallen by nearly -20% from their October 2007 peak, but then started to increase again. This took most analysts by surprise, given the severity of the recession and lack of mortgage finance. Between February 2009 and June 2010, prices increased by 12%, driven by a shortage of homes on the market and those buyers able to get mortgages taking advantage of the fall in prices and low interest rates.
- 4.9 However, the latest data suggests that in the majority of housing markets across the UK this rebound was short-lived, with a return to stagnation and in some cases falls in prices. Prices have fallen by 2.4% since mid-2010, and are now back to the same level as at the start of 2010. Regionally it is noted that house prices in the northern regions of England and Scotland are falling much faster than those in the Midlands and the South West / Wales. This contrasts with the south eastern part of the UK where prices are still rising (although the rate of growth slowed markedly in Quarter 3 (Q3)).
- 4.10 The national volume of housing transactions has been extremely low over the last two years, averaging just 45,400 per month compared with the long-term average (since 1987) of 93,500 per month. There has been some recovery since the low point of 27,000 recorded in November 2008, but the last six months to December 2010 have still seen an average of only 48,000 per month.
- 4.11 An understanding of the balance of supply and demand in the operation of the market can be undertaken through a comparison of unsold stock and the quarterly level of sales. GVA have utilised the Royal Institution of Chartered Surveyors (RICS) Housing Market Survey (involving around 250 surveyors) to assess these indicators to produce a supply / demand ratio i.e. average stock of homes and average sales per surveyor. This ratio shows a sharp fall during 2009 from 7.7 homes per sale to just 3.2 homes per sale by the year end, due to a combination of rising sales and falling stock. However, 2010 has seen a modest rise in the supply / demand ratio to 4.5 homes per sale (October), as sales levels have reduced somewhat and further reductions in supply have not occurred.
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- 4.12 During the recession, the supply of housing on the market did not see the significant increase that might have been expected, given the severity of the economic crash. During the 1990's housing crash, there were a large number of repossessions which considerably increased the supply of housing on the market. This proved an important factor in the extent of house price falls. However, this time around the rise in repossessions was relatively modest and levels are now falling. Consequently there has been a relatively low number of 'forced sellers'.
- 4.13 A further factor in limiting supply has been the rapid fall in the level of housebuilding over the last two years, as housebuilders have responded to adverse market conditions. In the five years from 2003 to 2007, housing starts in England averaged 172,000 per annum. This plummeted to 99,500 in 2008 and just 88,000 in 2009. However, the market appears to have turned the corner, partly as a result of national programmes such as Kickstart, with annual starts bottoming out in Quarter 2 (Q2) 2009 at 68,500, a figure which has risen steadily to 102,670 as at Quarter 3 (Q3) 2010³².

Future Outlook for Housing Demand

- 4.14 The UK economy and the UK housing market are both cyclical, and there is a close relationship between the two. Employment in early 2011 showed some evidence of rising (although this is being driven by a rise in part time workers more than offsetting a fall in full-time workers) with unemployment falling (although partly offset by an increase in people claiming other benefits). However, it is likely that challenges remain over the short-term, which could lead to increases in those out of work. The ability of the private sector to counter-balance public sector job losses through new job generation is not certain, with business confidence still fragile linked in part to the availability of finance and investor activity. Therefore whilst economic output is now rising it will not feel like the end of the recession for many households as further unemployment increases occur, household income decreases and credit remains restricted. It is also important that the fear of redundancy has a very significant effect on buyer confidence and low levels of sales.
- 4.15 As a result it is unlikely that there will be a sustained increase in underlying housing demand in the short term although the low level of transactions over the last two years (prior to 2011) has created a significant degree of pent up demand³³. The extent to which this demand is realised could be heavily contingent on how long interest rates remain so low, as future increases will act as a break on demand being realised in the market.

³² CLG. CLG Live Tables. CLG. Available at www.communities.gov.uk/housing/housingresearch/housingstatistics/livatables/

³³ GVA (2011) UK Housing Market Outlook GVA.

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- 4.16 With falls in prices between 2007 and 2010, the market is now broadly in line with its long term trend. However, prices have not reduced significantly enough to make a real difference to first-time buyers wanting to enter the market.
- 4.17 At the same time, prices are 10.9% below their previous peak in October 2007, meaning that many existing home owners who bought near the top of the market at high LTV (Loan To Value) ratios³⁴ have little or no equity in their houses, or are in negative equity.
- 4.18 Significant changes in house prices are not envisaged during 2011, with a modest fall in prices appearing the most likely outcome. However, the continued very low level of transactions underpinning the market means that the demand / supply balance could alter rapidly.
- 4.19 Over the medium term, as the economic backdrop improves, any pent up buyer demand that has built up will be released. This could contrast with a supply shortage, particularly for new homes, as developers have scaled back their building programmes, which will take several years to ramp up.
- 4.20 This points to a potential period of above trend growth, or a housing market 'bounce back', in the medium term, although the timing is very uncertain. However, a combination of rising prices and rising interest rates will eventually mean a deterioration in affordability, which will limit the extent to which prices can increase. The combination of these dynamics suggests that whilst the current market is relatively static in the coming years there are likely to be periods of market peaks and troughs (i.e. cyclical market trends) over the longer term.
- 4.21 In the longer term there are clear threats to a growth in supply, including the continued issues faced by housebuilders, including access to debt finance, scaled down capacity which will take time to re-gear, and additional cost pressures including Code for Sustainable Homes. Housebuilders will also face further changes in the planning environment from the Coalition Government, which have already included the commitment to the revocation of regional housing targets and a move to a more locally accountable planning system under the banner of 'Localism'. A review of headlines in the national media as well as the professional planning and property press suggests that these changes could result in a reduction in policy-based housing requirements and, as a consequence of this, a reduction in housing supply in many parts of the country.

³⁴ LTV ratio is loan to value ratio and is defined as the amount of mortgage debt divided by the value of the property, expressed as a percentage.

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- 4.22 It is considered likely that nationally, housing demand could continue to exceed supply over the long term, unless there is a step-change in construction activity which appears highly unlikely.
- 4.23 The evidence presented in the remainder of this section therefore needs to be considered in the context of these trends, with the short-term picture in particular presenting a challenging environment for development but long-term demand from households increasingly pent-up.

Key Task 1 – Composite Picture of the Housing Evidence Base

“Briefly appraise each local authority’s key housing and employment evidence, to assemble a composite picture across the City Region.”

- 4.24 The approach to Key Task 1 has been underpinned by the need to source the most reliable and consistently available / relevant data relating to housing need and site supply. Professional understanding and interpretation have been used to interrogate the datasets available and the assumptions which have been used to generate the final conclusions and recommended outputs. The triangulation³⁵ of datasets has facilitated the benchmarking of figures against appropriate baseline measures / standards including the identification of ‘outliers’³⁶. The analysis within Key Task 1 has also involved a process of continued engagement with partners to promote joint ownership and understanding of strategy and policy implications emerging from the study.
- 4.25 Given the wealth of information available to consider within the study a range of approaches has been utilised in order to ensure transparent, robust and clear recommendations. This has included the benchmarking of individual authority evidence base outputs against national and regional data where appropriate, including the use of nationally recognised data from the Office of National Statistics. A consideration of spatial trends and dynamics has also been undertaken through the application of sophisticated Geographical Information Systems (GIS) analysis and a layering of spatial datasets. Finally, the analysis has involved, alongside this assessment of data, the application of qualitative correcting drawing on our professional experience.

³⁵ Triangulation is defined as the use of more than one dataset to ensure robustness and the validation of results

³⁶ Outliers is defined as an event/behaviour/observation that breaks the norm by a certain threshold

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- 4.26 At every stage in the process we have ensured a close liaison with the City Region partners. This has included signing off our understanding and application of their evidence base, relating to both supply and demand, articulated within existing and emerging documents.
- 4.27 A full technical assessment of supply and demand in relation to Key Task 1 is appended to this main report as a Technical Report.

Composite Supply and Demand Figures - Housing

- 4.28 The principal supply and demand tables are set out below. The figures presented in these tables are then taken forward to answer Key Tasks 2 – 4 in the following sections of this report.

Demand for Housing

- 4.29 The brief for the commission assumed that demand for housing would be established through the use of published RSS housing requirements. Part way through the study period the intention to revoke RSS was announced by the Coalition Government creating a potential information vacuum in the future. Whilst the RSS remains in place, as noted in Section 2, it is clear that once the Localism Bill has been enacted (scheduled for late 2011), this tier of planning policy will no longer exist. This presents an important consideration for policies in Core Strategies, including housing targets, which rely on its content.
- 4.30 In light of the above changes to the planning policy framework individual authorities are in the process of considering the requirement to develop further evidence around future housing requirements to inform policy. This process will involve a detailed examination of available national datasets, including the Department of Communities and Local Government (DCLG) and ONS Household and Population projection datasets, alongside local information and evidence such as the availability of land, policy aspirations and economic projections.
- 4.31 At the point at which this research was undertaken however, no final updated estimates were available and published by the authorities. In order to assemble a composite picture of demand for housing across the Study Area it was agreed that RSS figures should be compared with the latest DCLG Sub-National Household Projection data. This is important in terms of considering the likely long term requirements for housing with RSS figures originally generated to be utilised up to 2021.
- 4.32 However it is important to note that the DCLG datasets whilst providing an important update to consider in terms of household projections of growth and change are not directly comparable

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- with the older figures presented by RSS. The DCLG datasets represent trend based projections which are built from the application of assumptions derived from recent years' change. These assumptions can lead to errors at a local level as they are built from top-down rather than the bottom-up, with small errors compounded through the projection process. In addition, they are based primarily on the extrapolation of past trends, do not take account of current need, nor are they constrained to any extent by supply capacity or economic potential or discussion in relation to policy objectives.
- 4.33 Recognising these limitations, the updated DCLG projections do, however, provide an updated picture, based on a series of more recent revisions to mid-year population and household estimates. They therefore represent an important source to consider in terms of the latest understanding of demographic driven change, compared with the RSS figures driven by the then latest projections which had a base date of 2003. In addition they provide a trajectory of change through to 2031 therefore providing a longer-term trend based projection of likely future demand.
- 4.34 A number of the authorities in the study area were identified as Growth Point areas through a nationally held bidding process in 2008. This includes Liverpool, Wirral, Halton, St Helens, Warrington, CWaC and Central Lancashire. The Growth Point programme was originally conceived to deliver an uplift, around 20%, on RSS housing figures up to 2016/17 from a base of 2008/09. The approach to integrating Growth Point targets within policy, following the recessionary period in 2007 and the change of political administration has varied between individual authorities. It is understood, for example, that the Mid Mersey Growth Point will end on the 31st March 2011, with the associated uplift in delivery no longer applicable going forward.
- 4.35 Consequently the requirement figures associated with RSS examined through this study do not include these additional targets. However, there is recognition within the conclusion of Task 2 of the impact that the additional level of planned growth would have had on the future housing supply.
- 4.36 The following table sets out the potential levels of growth drawn from RSS annual requirements and the levels of growth projected through the most up-to-date DCLG household projections. In considering the longer-term timescales, the RSS level of growth has been projected forward without alteration, with the original end date of RSS being 2021. The figures included are shown from a 2010 start. In generating the growth estimates no account has been made of the backlog position of authorities against the former RSS requirements. Authorities will need to consider the approach taken to assess backlog as they develop their
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own local housing requirement figures. This will need to recognise that household projections at any point in time reflect an estimate of the current number of households based on the latest data and consideration needs to be given to the accuracy of this figure and therefore pent-up-demand at a local level.

4.37 Four timescales are presented throughout the analysis. These best fit the information available and represent important policy periods currently being considered through LDF development and monitoring activities:

- 2010 – 2015: Five year period important in the evidencing of a five-year supply position;
- 2010 – 2020: Ten year period demonstrating longer-term supply position, in line with DCLG Guidance around the production of the Strategic Housing Land Availability Assessment evidence base;
- 2010 – 2026: Sixteen year period representing the current timescales for most planning policy development, with authorities required to plan for a 15 year period from Core Strategy adoption³⁷; and
- 2010 – 2031: The brief requires a longer term consideration of demand and supply recognising the need to also consider the longer term land supply.

³⁷ NB: It is recognised that not all of the local authorities across the City Region will have Core Strategy plan periods to 2026 due to adoption later than 2011.

Figure 4.1 – RSS Housing Requirements / 2008 DCLG Household Growth Projections

Authority	2010 – 2015		2010 – 2020		2010 – 2026		2010 - 2031	
	Projected Household Growth (2008 DCLG Projections)	RSS Requirement	Projected Household Growth (2008 DCLG Projections)	RSS Requirement	Projected Household Growth (2008 DCLG Projections)	RSS Requirement	Projected Household Growth (2008 DCLG Projections)	RSS Requirement
Halton	1,550	2,500	3,180	5,000	4,740	8,000	5,850	10,500
Knowsley	1,900	2,250	3,830	4,500	5,820	7,200	7,260	9,450
Liverpool	7,190	9,750	14,030	19,500	21,010	31,200	26,840	40,950
Sefton	1,720	2,500	3,780	5,000	5,900	8,000	7,270	10,500
St. Helens	2,200	2,850	4,570	5,700	6,890	9,120	8,320	11,970
West Lancashire	1,520	1,500	2,960	3,000	4,420	4,800	5,430	6,300
Wirral	2,020	2,500	4,400	5,000	6,870	8,000	8,500	10,500
Total Core Area	18,090	23,850	36,740	47,700	55,670	76,320	69,470	100,170
Central Lancashire	6,780	6,705	13,370	13,410	20,320	21,456	25,520	28,161
Wigan	5,050	4,890	10,140	9,780	15,300	15,648	18,840	20,538
Warrington	4,500	1,900	9,090	3,800	13,870	6,080	17,330	7,980
CWaC	4,150	6,585	8,470	13,170	13,030	21,072	16,150	27,657

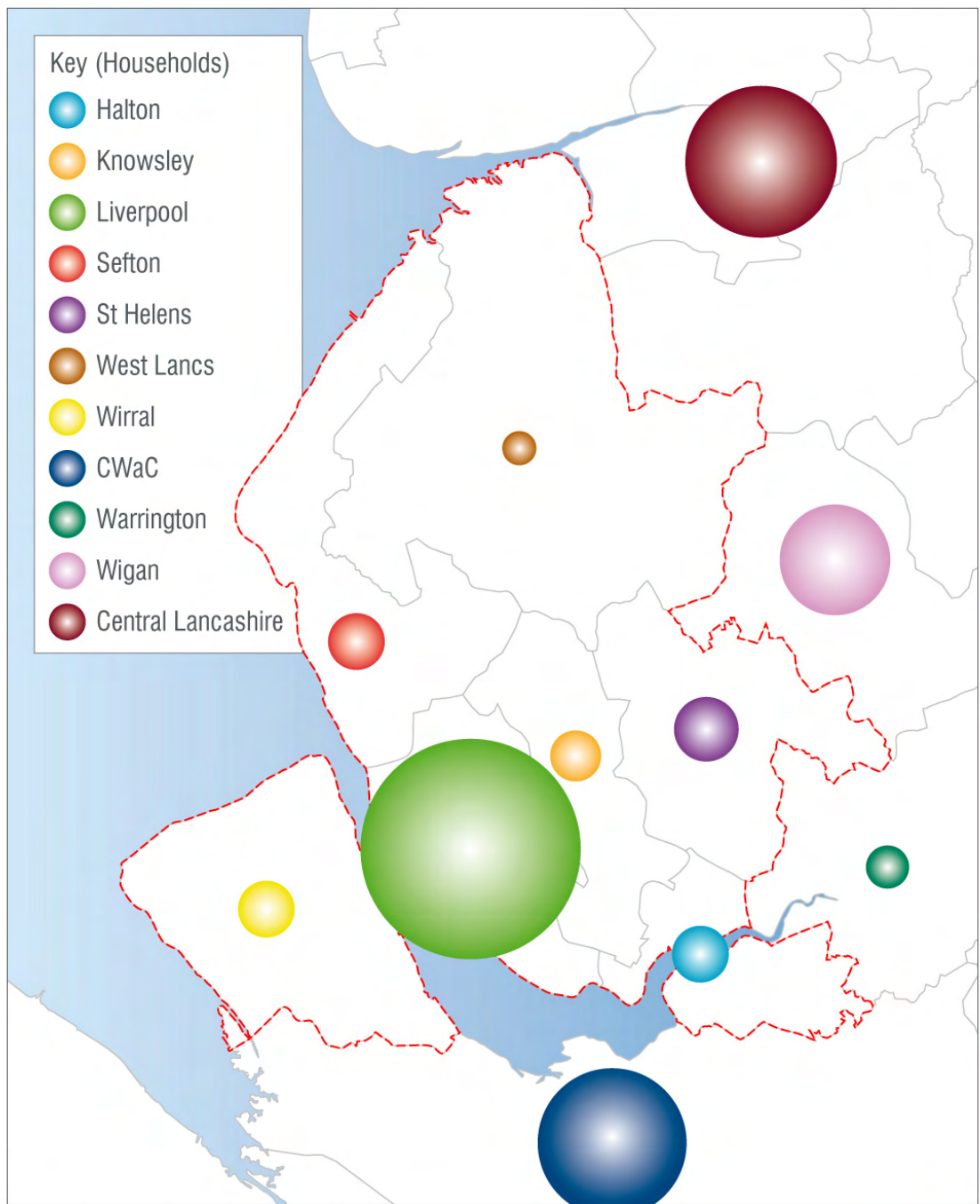
Source: RSS, 2008. CLG 2010 - CLG 2008 base Sub-national household projections. Available at

<http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/householdestimates/detaileddatadownloads>

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- 4.38 Looking at each of the three time periods it is evident that that the DCLG Projections generally show a lower level of demand than that presented through the RSS requirements. Under the DCLG projections, the figure for the core area is 30% lower at just under 70,000 as opposed to just over 100,000 using the RSS figures.
- 4.39 There are some exceptions to this trend when comparing the different time period. For example, in the first five year period household growth projections are higher than RSS requirements in Central Lancashire, Wigan, and to a marginal extent West Lancashire. It is important to recognise that RSS requirements were also generally higher because the DCLG projections relate to household growth alone and the RSS policy targets relate to wider policy aspirations.
- 4.40 It is also important to recognise, when contrasting the two, that the updated DCLG projections assume a lower level of growth than the 2003-based household projections previously published and used in the RSS requirement calculations.
- 4.41 The following two maps illustrate this spatial distribution of household growth over the longest time period 2010 – 2031 under both the RSS requirement figures and DCLG household growth projections.
- 4.42 In contrasting the two, the role of policy in shaping RSS requirements is clear with a number of authorities adopting high allocations when set against the household growth projections. This is particularly notable in Liverpool where regional policy looked to direct future development to support sub-regional regeneration priorities. Importantly, all of the authorities, with the exception of Warrington, demonstrate RSS requirements which are higher than those projected through the DCLG growth projections alone.
- 4.43 Looking at both maps it is clear however, that the concentration of growth is still centred around the heart of the core area, in Liverpool, and in the wider area. This is an important spatial context for considering the dynamics of the city region as a whole with the ‘demand’ pressures concentrated both on the centre and at the periphery, with the ‘middle-belt’ showing a generally suppressed pattern of demand.
- 4.44 A range of drivers sit behind these trends but clearly the distribution of employment opportunities is an important contributor. Liverpool represents a significant concentration of jobs within the city region. Manchester, located to the east, also has strong labour force links with the authorities on the Eastern fringe of the city region.
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Figure 4.2 – Spatial distribution of RSS Requirements 2010 - 2031

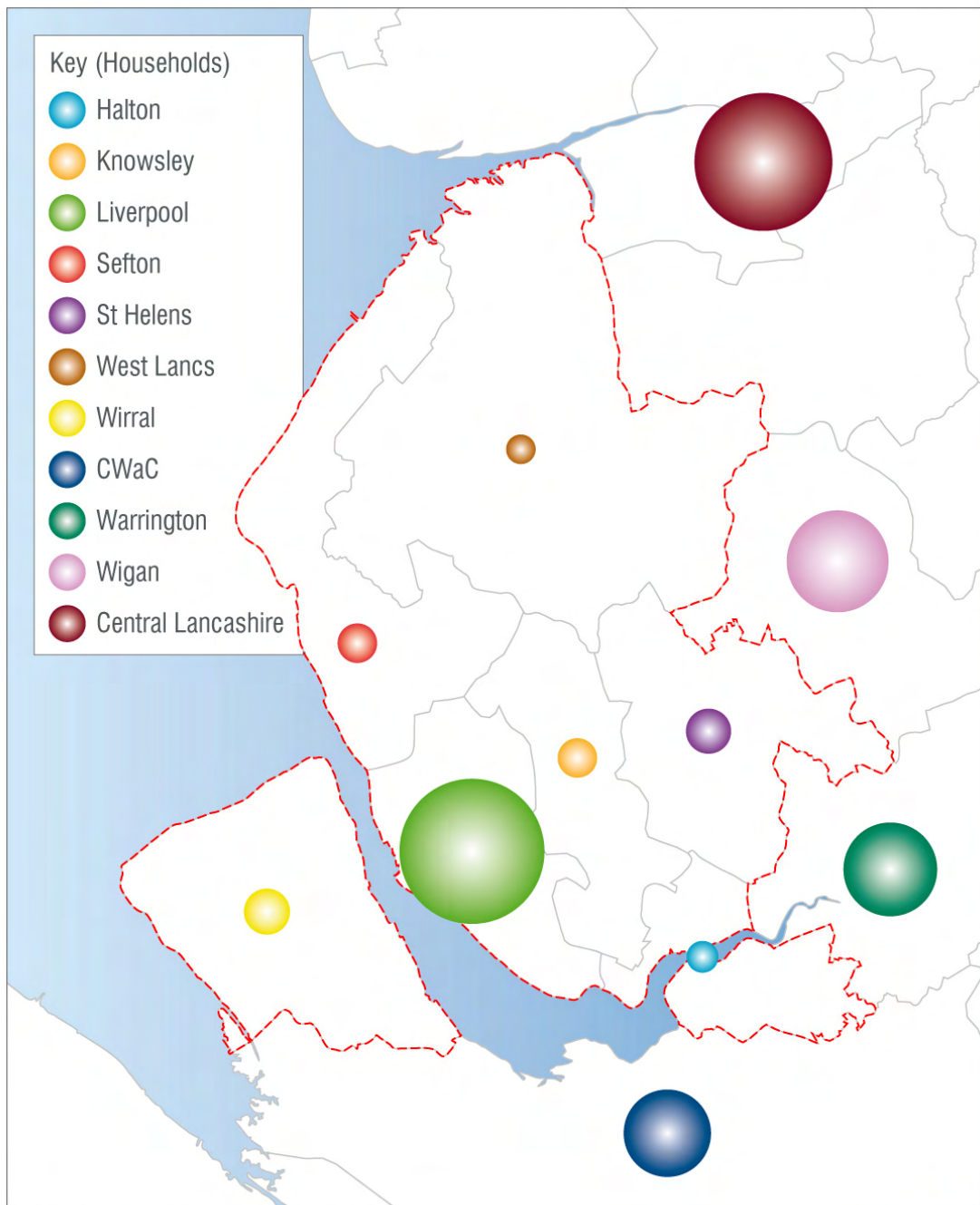


Development Land Overview Study
Total Housing Demand by Local Authority
RSS 2010-2031



Source: RSS adapted by GVA, 2010

Figure 4.3 – Spatial distribution of DCLG Household Growth Projections 2010 - 2031



Development Land Overview Study
Total Housing Demand by Local Authority
 ONS 2008 Household Projections



Source: DCLG adapted by GVA, 2010

Potential Housing Supply

- 4.45 The SHLAA data held by each authority has been used to establish the composite housing supply picture. In line with PPS 3 and the CLG Guidance each authority is required to identify at least a ten year supply of land, broken down to include the supply of land considered deliverable in the next five years.
- 4.46 The authorities have also identified a supply of sites considered deliverable beyond the next ten years. This includes sites within the fifteen year supply of land and those considered to be delivered beyond this timeframe. It is important to note that not all of the authorities have looked to define a supply of land beyond the fifteen year period or assign sites into this longer term timeframe.
- 4.47 A number of steps have been undertaken to update where necessary the SHLAA supply position to a consistent 2010 base date to align the analysis³⁸. Primarily this has drawn from the latest updated position supplied by authorities, following monitoring or the re-publication of their SHLAA in 2010. In a number of cases this update has not been conducted and in these cases housing development figures (supplied by the authorities) have been deducted from the supply over the relevant number of years from the base date of the assessment. Where the SHLAA figures represent gross estimates (i.e. not factoring in future potential demolitions) gross completions have been deducted. However, for those authorities where net supply figures are available through the SHLAA the base date has been updated, where necessary, using net completions. It is important to note that this simple procedure for bringing earlier SHLAA estimates 'up to date' has not factored in any additional supply from new permissions on sites not included within the previous iteration of the SHLAA (i.e. windfalls).
- 4.48 The following table sets out these key supply capacities for each of the authorities, showing a total for the core area.

³⁸ Note: This applies to: Knowsley, Liverpool and Wirral only.

Figure 4.4 – Potential Housing Supply Capacity – Respective SHLAA evidence reports

Authority	SHLAA base date	Identified Potential 10 Year SHLAA Housing Supply (Dwellings)	Dwellings completed from SHLAA base date (where applicable i.e. SHLAA base date pre 2010)	Total Potential 10 year supply estimated as of 2010 (a)	Potential Supply identified beyond 10 year supply (b)	Total Potential Supply (a + b)
Core Authorities						
Halton	2010	8,393	/	8,393	2,875	11,268
Knowsley*	2008 (update to SHLAA sites in 2010)	5,696	475	5,221	171	5,392
Liverpool**	2008	29,436	3,202	26,234	17,686	43,920
Sefton	2010	4,639	/	4,639	203	4,842
St Helens	2010	7,588	/	7,588	1,372	8,960
West Lancs***	2010	2,612	/	2,612	2,608	5,220
Wirral	2008	11,153	939	10,214	11,003	21,217
Total Core Area	n/a			64,900	35,919	100,819
Associate Authorities						
Central Lancashire	2010	17,351	/	17,351	7,785	25,136
Wigan	2009	33,891	n/a	33,891	1,773	35,664
Warrington	2010	3,650	/	3,650	3,028	6,678
Cheshire West and Chester****	2010	15,786	/	15,786	28,170	43,956

Source: Various authority SHLAAs, 2010 –

* Note: Knowsley supply data is based on early draft information derived from an update to the SHLAA in 2010/11. The final published figures in the SHLAA 2011 update are likely to differ from those listed in this document.

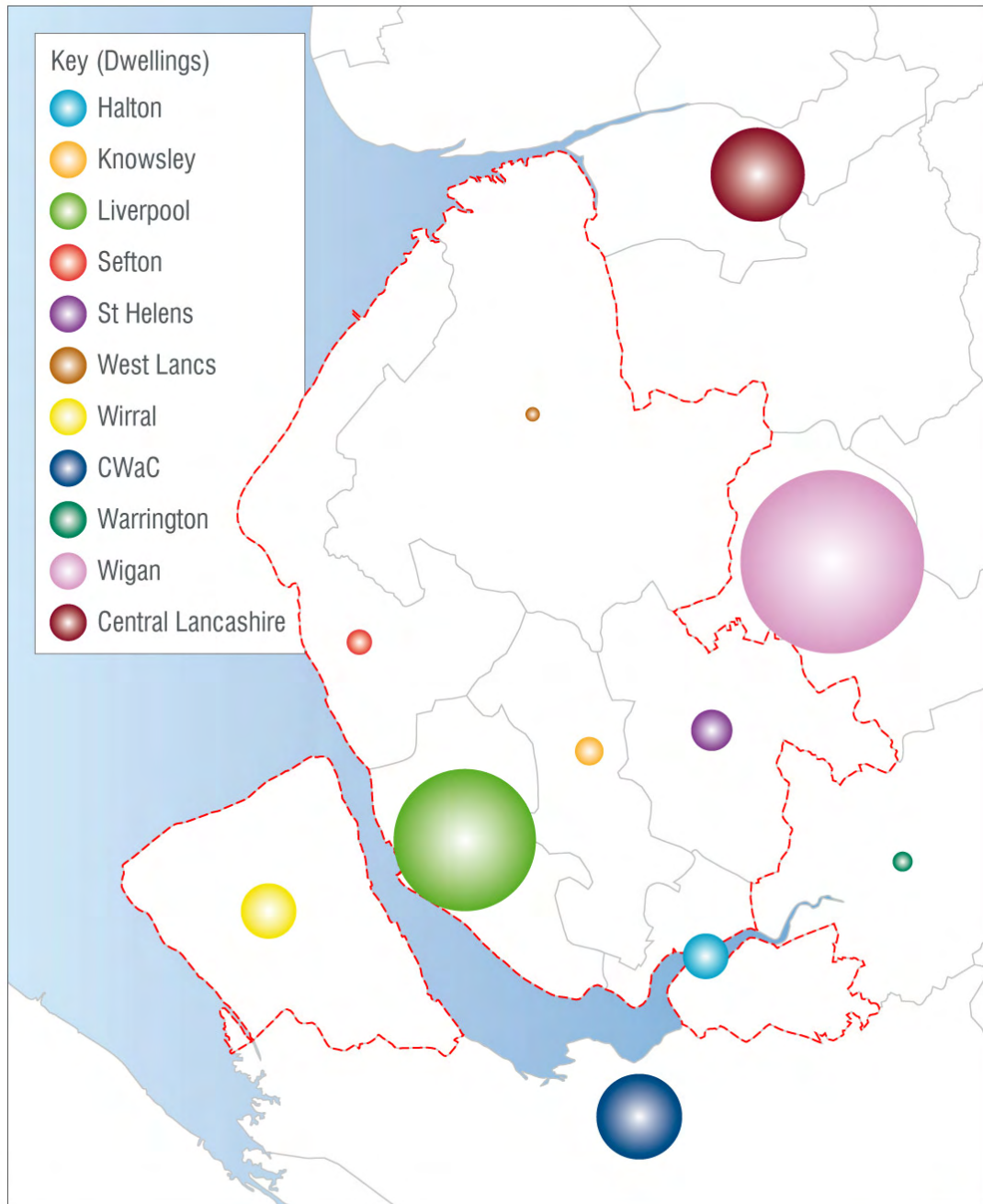
**Note: Liverpool's SHLAA supply figure is net and so a net completions figure is used to update. In addition it does not take account of 6,392 dwellings in the current stock which are vacant over and above the 3% vacancy level targeted by RSS and 2,095 above the shorter term (to 2014) 5% target of the City's housing strategy.

***Note: West Lancashire data based on an early draft SHLAA (autumn 2010). Subsequent analysis (March 2011) has shown the 10-15 year supply figure to be overestimated by up to 500 dwellings.

**** Note: CWaC SHLAA remains in draft form

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- 4.49 At a headline level the review of the SHLAA data presents a number of key conclusions regarding the potential supply of land suitable for housing across the core authorities.
- A potential supply of just under 65,000 units over the next ten years;
 - Including sites identified as being deliverable beyond this ten year period the potential total supply rises to just over 100,000 units;
 - The geographical distribution of this supply is skewed towards Liverpool and Wirral with the supply in these two authorities constituting over 60% of the total supply (including land deliverable beyond the next ten years); and
 - A number of authorities are identified as containing a limited supply of land considered suitable for residential use beyond the next ten years. In particular this includes Knowsley and Sefton. By contrast, of the core authorities, only Liverpool and Wirral have a large longer-term supply, with CWaC and Central Lancashire, of the associate member authorities, also having a large pipeline supply.
- 4.50 Outside of the core area, with the exception of Warrington, the authorities all demonstrate a substantial supply of potential land suitable for residential uses. Indeed the total potential land supply of the four associate areas closely matches that demonstrated across the core area. Wigan in particular shows the highest total potential supply of any authority in the study area over the next ten years; although its longer term supply is considerably more limited.
- 4.51 CWaC has the largest amount of potential land considered deliverable beyond the initial ten year period of any of the authorities, with a potential longer-term supply of over 18,500 units.
- 4.52 The following two plans illustrate the spatial distribution of supply, in terms of the supply over the next ten years and ten years and beyond, which, reinforces the analysis noted above.

Figure 4.5 – Spatial distribution of the potential supply of land suitable for housing over the next ten years

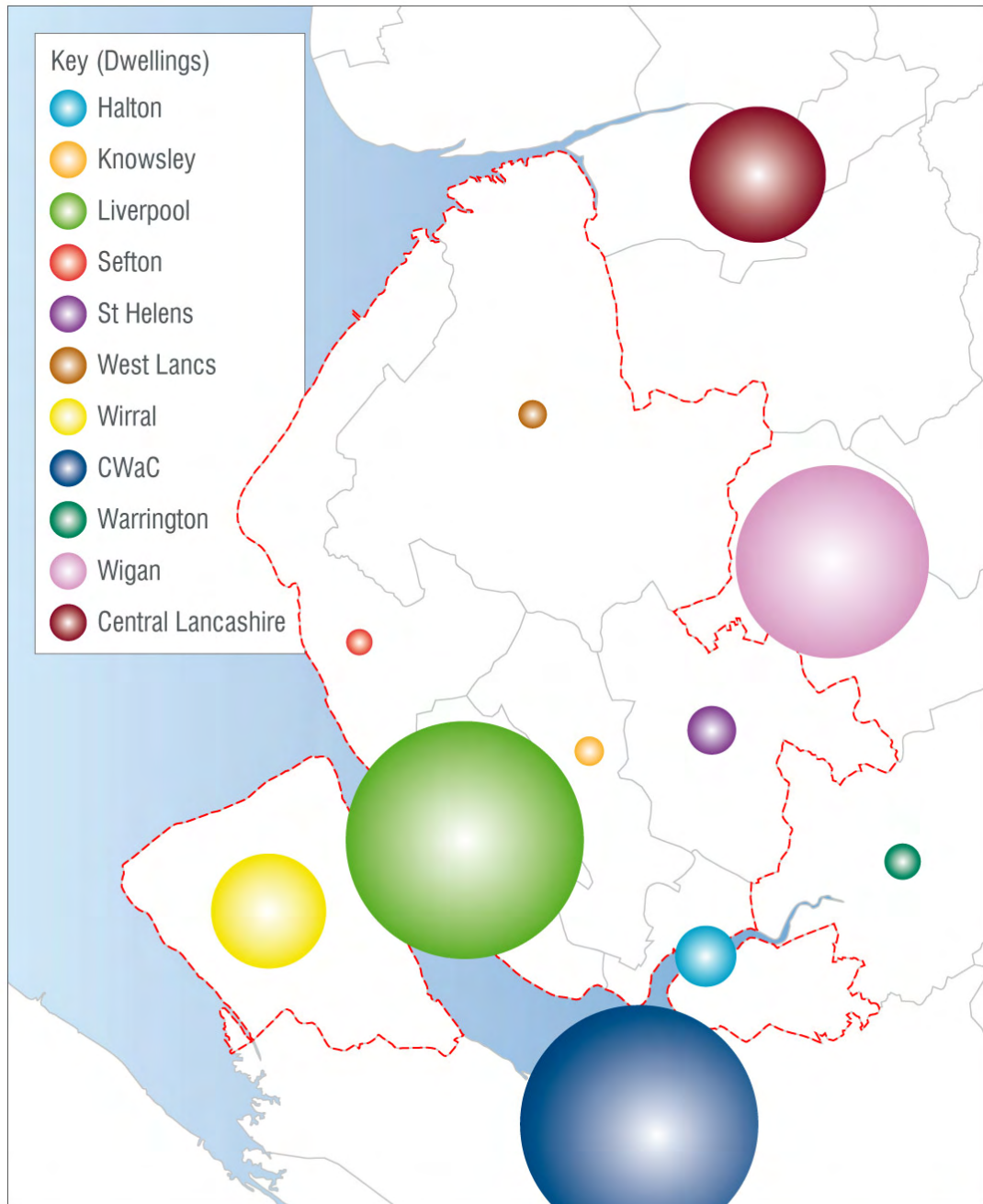


Development Land Overview Study
Total Housing Supply by Local Authority
 Identified 10 year potential SHLAA Housing Supply



Source: Local Authorities' SHLAAs Adapted by GVA, 2010

Figure 4.6 – Spatial distribution of the total potential supply of land suitable for housing, the next ten years and beyond



Development Land Overview Study
Total Housing Supply by Local Authority
 Total Potential Supply



Source: Local Authorities' SHLAAs Adapted by GVA, 2010

- 4.53 The assessment of supply has also included a more detailed disaggregation of the potential land reserves by time period. In particular this has included breaking the initial ten year period into two five year blocks, with the identification of a deliverable five year supply being a requirement of PPS 3. In addition, where data is available the longer-term supply has been split to show land available in years 10 -15 and land available beyond the next fifteen years and this is shown in Figure 4.8.

Figure 4.7 – Potential Housing Supply Capacity – 0 – 5 years and 6 – 10 years

Authority	Potential Supply of Dwellings per Phase	
	Years 0 – 5	Years 6 – 10
Core Authorities		
Halton	3,439	4,954
Knowsley	2,454	2,767
Liverpool	15,876	10,358
Sefton	2,925	1,714
St Helens	4,138	3,450
West Lancs	1,154	1,457
Wirral	5,098	5,117
Total Core Area	35,084	29,817
Associate Authorities		
Central Lancashire	6,884	10,467
Wigan	9,775	24,116
Warrington	2,073	1,577
CWaC*	4,446	11,340

Source: Various authority SHLAA reports adapted by GVA, 2010, *CWaC SHLAA remains in draft form

- 4.54 Across the core area authorities in total, there is a relatively even split between these two five year periods. However, this masks a number of differences at a local authority level. For example, Sefton records a much higher potential supply in the first five years than the second five year period, with the same true to a lesser extent in Liverpool. By contrast a number of authorities, including CWaC, Wigan and Central Lancashire show a much greater potential supply in years 6 – 10, suggesting a significant proportion of the ten year supply is constrained in some manner, be it policy, physical constraints or deliverability factors.

Figure 4.8 – Potential Housing Supply Capacity – Longer-term supply, 11 – 15 years and 15+ years

Authority	Long-term SHLAA Potential Supply	
	Years 11 – 15	15+
Core Authorities		
Halton	2,111	764
Knowsley	171	0
Liverpool	14,545	3,141
Sefton	203	0
St Helens	812	560
West Lancs ³⁹	2,608	0
Wirral	11,003	0
Total Core Area	31,453	4,465
Associate Authorities		
Central Lancashire	7,785	0
Wigan	1,735	38
Warrington	2,199	829
CWaC	10,900	17,270

Source: Various authority SHLAA reports adapted by GVA, 2010 *CWaC SHLAA remains in draft form

- 4.55 Reviewing the SHLAAs identifies that in most cases the majority of potential land identified is considered deliverable within the next fifteen years.
- 4.56 Across the core authorities approximately 4,500 units of the total potential supply are considered deliverable and achievable post 2025/26 (15+ years). A significant proportion of this capacity is contained within Liverpool and directly relates to the Liverpool Waters scheme (the 3,141 units for Liverpool all relate to the Liverpool Waters scheme which is examined in more detail later in this sub-section).
- 4.57 The only authority with a substantial supply identified beyond this date is CWaC where almost an additional 8,000 units are identified which, whilst recognised as having potential, are not considered deliverable before 2026 but are considered deliverable by 2031.

Appraising the Evidence Base Methodologies - Housing

- 4.58 The preceding section has presented an overview of the potential supply of housing land identified by each authority. Guidance published by DCLG is in place relating to the undertaking of SHLAA's and SHMA's and sets out the key requirements for local authorities when preparing their respective evidence bases. However, within this guidance there are opportunities to factor in local circumstances and to apply individual interpretation which can result in a variety of assumptions being introduced that can affect their final conclusions.

³⁹ Please refer to footnote on Figure 4.4

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- 4.59 In recognition of this, a key undertaking at the outset of the research was focusing on amassing and then understanding the scope of the evidence base across the core area and wider area. This included gaining an understanding of the methodologies followed and the assumptions applied in the assessment of potential supply through individual authorities SHLAAs. In addition this assessment includes a review of emerging alternative demand scenarios, separate from both RSS requirements and the DCLG projections being formulated by authorities in response to the anticipated revocation of RSS.
- 4.60 The purpose of this initial consideration of the methodologies within each of the key documents across the core area and wider area evidence base was to identify where the evidence is directly comparable or vice-versa across the area, in preparation for the exercise of balancing supply and demand in the next sub-section.
- 4.61 The approach taken, including individual summary proforma of key evidence documents are included within an accompanying Technical Reference Report.
- 4.62 Key in this context is the consideration of the extent to which the final figures should be seen as definitive and fixed, and those where professional judgement has had to be applied to reach a conclusion.

Examining the evidence base - identifying potential supply

- 4.63 The assessment of the key inputs into the SHLAA approach for each authority has particularly focused on the following elements:
- Quantum of land removed through the SHLAA process – Consideration of the total potential supply originally identified through the process of site sifting and the resultant supply which is identified as having the potential to be developed in the SHLAA period;
 - The approach taken to moderate for the ‘risk’ presented by current market conditions (Stage 7c of the SHLAA methodology), including the moderating of development densities (Stage 6 of the SHLAA methodology);
 - The contribution of large ‘strategic’ development sites, in particular the Peel proposals in Wirral and Liverpool and Ellesmere Port Waterfront which will form an important part of the future supply figures. Careful consideration is given to the estimated phasing of this and in particular the proportion considered deliverable up to 2026 and between 2026 and 2031; and
 - Rates of development – Comparison has been made of the recent annual rates of development brought forward in authorities against the rate of development which would

be needed if the potential supply identified through the SHLAA was to be delivered in full. This does not involve looking at individual sites' rates of development but the authority as a whole.

- 4.64 This process has not highlighted any significant "outliers" in the existing evidence base and the overall SHLAA figures have been used to inform the quantitative assessment of the balance between supply and demand in the next section. However, there are a number of conclusions from the appraisal process which suggest that caution needs to be applied when considering these final supply figures as a number of authorities have taken a more cautious approach in assessing deliverability and capacity than others.

Considering the Exclusion of Sites early in the SHLAA Process

- 4.65 Consideration was given to the quantum of land removed at the early stages of the SHLAA process. This assessment highlighted that on the whole a consistent approach was adopted across the study area with exclusions largely relating to sites in the Green Belt or those sites associated with highest risk constraints which affect even their long-term delivery potential.
- 4.66 A calculation of the total amount "netted off" the potential supply was estimated, although this highlighted the impact of different geographical contexts rather than necessarily a different base approach to the methodology for excluding sites. For example, the more rural authorities attracted a greater amount of land which is located in the Green Belt and in most cases more sites were removed than the urban areas.

Recognising the impact of the current economic / financial context – Factoring in risk

- 4.67 All of the authorities have taken into account to some extent the risk posed by the current financial market context to the potential pace of delivery of individual sites and their potential timing of delivery. A relatively consistent approach has been taken to moderating delivery rates on sites, impacting on the timing of their development, with build-out rates considered in partnership with private sector partners.
- 4.68 Looking in more detail at the approaches taken clearly demonstrates a variety of approaches in considering how to take into account the wider impact of the market context on the amount of housing likely to be brought forward, some of which are directly related to the base date for the SHLAA assessment:
- The SHLAAs for Liverpool and Wirral recognised the threat posed by the market to the realistic delivery of sites already in the planning system. The development intentions of applicants and/or owners were sought in both authorities through an extensive

consultation exercise. On the basis of this exercise in Liverpool, where confirmation of intent to develop in the short-term was not identified, a 20% reduction factor was applied to the potential capacity identified in planning permissions. In Wirral the level of response received through consultation was more limited and a flat 20% non-implementation rate was applied to the total number of outstanding commitments at the study base date. It is important to recognise that a substantial proportion of the supply identified in the respective SHLAAs were flatted developments, many of which were located in the city centre and waterfront areas and that schemes without planning permission have not been moderated through a non implementation rate. However, unless site- specific evidence suggested otherwise, the delivery of flatted developments was attributed to later phases in the plan period, especially years 10 to 15 in recognition of the current market challenges.

- Sefton, Knowsley and West Lancashire's SHLAAs were all undertaken following a similar methodology. This included a process of accounting for risk and non-implementation.
 - In Sefton a 20% reduction rate was applied to all SHLAA sites identified through the site search process but not those with planning permission. Sites with planning permission were discounted based on a process of consultation with developers and the discounting methodology applied through the Annual Monitoring Review (AMR) (includes discount of 28.8% on flatted development schemes under construction, 53% for flatted schemes not started and 5% on housing schemes not started).
 - In Knowsley the 20% reduction for non-implementation has been deducted from the total supply numbers. This includes all sites with planning permission and those identified through the SHLAA process, including smaller sites.
 - In West Lancashire the 20% reduction has been applied uniformly to sites with permissions, unallocated sites and other sites identified through the SHLAA process. This reduction has not been applied to small sites or those allocated in the local plan although the timing of their delivery has been estimated taking into account current market conditions.
- The Halton SHLAA included a less prescriptive application of a non-implementation rate. As with the other SHLAAs, completion rates were capped, over the next few years, on the basis of consultation with housebuilders and developers and the phasing of sites in the planning process was confirmed with relevant representatives. In specific cases phasing was altered where evidence suggested delays were likely. A number of apartment schemes were also moderated down in terms of development density and therefore total

capacity based on the advice of the stakeholder group (densities reduced to 50 dph on specific identified schemes).

- The St Helens SHLAA applied a similar cap in terms of completion rates over the short-term to that applied through the Halton SHLAA. Again, individual sites' likely start dates were considered on the basis of responses from landowners/representative parties and further amended by the stakeholder group as considered appropriate. The latest iteration of the St Helens SHLAA has involved the further reduction of build out rates per annum to take account of lower delivery, impacting on the total supply considered deliverable over the component time periods.
- The CWaC SHLAA is still in its draft form. No specific non-implementation reduction factor has been applied to the capacity identified through the process. The phasing and deliverability of sites has taken into account information collated through the call for sites exercise. Site densities have been built based on a process of consultation with the HMP and are considered to be representative of market factors.

4.69 In reviewing the approaches above to factor in 'risk' or threats to non-implementation it is clear that fundamentally different approaches have been taken. This indicates an important variance in the processes taken to arrive at a potential supply of land. Those authorities which have applied a greater assessment of risk (i.e. Sefton, Knowsley and West Lancashire) have, in a manner, sought to 'predict' future output and development trends based on current market conditions. This is clearly important as it serves to establish a moderated deliverable position. However, it may potentially cap the capacity which could be achieved in the future, and particularly in relation to those sites in the longer term where higher densities may be able to be achieved. Notwithstanding this the extent to which any uplift in supply could be achieved is very difficult to quantify. Having reviewed each of the studies and spoken to the relevant local planning authorities it is clear that the variance in approaches is grounded in the process of consultation with stakeholders (including private sector house builders and developers) and the interpretation of the responses received through this engagement.

The contribution of large 'strategic development' opportunities – Primarily the Peel proposals in Liverpool, Wirral and Ellesmere Port

4.70 As noted in the overall supply position Wirral and Liverpool collectively represent a significant proportion of the total supply potential across the core authorities. When considering these numbers, particularly over the longer-term, it is important to understand the contribution that a number of large residential proposals make in contributing to this supply.

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- 4.71 Looking first at Wirral, the SHLAA identified that a substantial proportion of the overall supply is made-up from a number of large sites. Fourteen 'large' sites included within the assessment make up almost half of the Borough's potential supply (just under 11,000 dwellings). A significant proportion of these sites are part of the Wirral Waters scheme, which has recently gained planning permission. In total 9,000 dwellings are included within this development proposal and anticipated to contribute towards the SHLAA supply to 2031. The East Float site alone was forecast to contribute 6,700 dwellings over the period to 2026, approximately half of the total capacity of the site going forward. It is important to recognise that the majority of these units are anticipated to be apartment dwellings, which may have a significant impact on the profile of types of housing projected to be developed in the authority. The SHLAA acknowledges that the delivery rates incorporated in the potential supply and put forward by Turley Associates were ambitious and notes the importance of ongoing monitoring.
- 4.72 The Liverpool Waters proposal contributes a total of 6,000 units to the overall potential supply for Liverpool up to 2026. An additional 3,141 dwellings associated with the development are considered deliverable post 2026 with the entire scheme therefore representing a total of 9,141 units within the total supply identified. Again, these are predominantly anticipated to be apartment dwellings impacting on the type profile of new development going forward in the authority.
- 4.73 A further large waterfront development scheme is planned in Ellesmere Port, falling within the supply capacity identified within CWaC. The SHLAA assumes a conservative level of development associated within this scheme, with only 800 units included up to 2026. The total capacity of the scheme is anticipated by the promoters to be considerably larger and therefore over the longer time frame has the potential to further elevate the potential supply in the area.
- 4.74 Alongside the major waterfront schemes noted above both Liverpool and Wirral include a large amount of other sites within their respective SHLAAs that are comprised primarily of apartments, although those units with planning permission have been moderated to reflect the current development context, as highlighted in paragraph 4.68. Understanding the long-term impact of challenges to developing these schemes as a result of lending and development constraints will be important. On this basis, careful monitoring will be required as to the pace at which these schemes come forward and the impact this makes on the potential supply over the longer-term.
- 4.75 The delivery of regeneration schemes represents another important consideration. For example, within Liverpool a notable amount of the supply from existing commitments relates to regeneration programmes and developments, many of which are significant in size. Almost
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all of the large sites in the authority which contribute to the early phases of supply are located within the inner area of Liverpool. The pace of development on these sites needs to be carefully monitored given the potential vulnerability in the current and anticipated development climate and the planned reductions in regeneration funding being applied nationally.

- 4.76 The inclusion of larger regeneration or brownfield sites is not limited to Liverpool and Wirral. Careful monitoring will also be required of these types of sites in other authorities across the study area in order to ensure that supply is forthcoming.

Rates of Development

- 4.77 As noted above, many authorities have looked to cap or reduce the rate at which development is delivered over the short-term. Given the recent significant fall in the numbers of units being constructed, this capping of development rates represents an important moderating factor in considering a realistic and deliverable supply. Whilst this approach has suppressed delivery rates and therefore the overall deliverable supply, an assessment has also been made to compare the annual delivery rates assumed within the potential ten year supply against recent trends.
- 4.78 The following table calculates the potential level of development which could be absorbed by the respective capacities set out within the SHLAAs, benchmarking this against the average development rates achieved since the base date for the RSS housing requirement, i.e. the period 2003 – 2010 (seven years).
- 4.79 In considering the outputs of this comparison of development rates it is important to qualify this analysis with the fact that some Local Authorities' future supply contains sites with a higher capacity than those that have been built out in the past, therefore suggesting a potential elevated pace of delivery. Additionally, 'housing restraint' policies were active in a number of authorities during the historical period being considered, which will have served to suppress the pace of development in some areas, while accelerating it in others in line with policy priorities. Finally, the implementation of demolition and clearance programmes across a number of the Authorities over the last ten years (such as HMRI) will also have served to depress 'net' completions artificially.

Figure 4.9 – Contrasting SHLAA potential delivery rates with historic rates of delivery

Authority	Identified Potential Ten Year Supply	Annual Assumed Supply Rate Over the next ten years – SHLAA	2003 - 2010 (seven years) Average Annual Delivery (net figures)	Difference between SHLAA assumed rate and 03 - 10 average
Core Authorities				
Halton	8,393	839	388	451
Knowsley	5,221	522	267	255
Liverpool	26,234	2,623	1,583	1,040
Sefton	4,639	464	429	35
St Helens	7,588	759	517	242
West Lancs	2,612	261	243	18
Wirral	10,214	1,021	338	683
Total Core Area	64,900	6,490	3,765	2,725
Associate Authorities				
CWaC	15,786	1,579	925	653

Source: Various authority AMRs and SHLAAs, GVA, 2010

- 4.80 The potential capacity identified in the SHLAAs for all of the authorities in the core area when taken together would exceed the average rate of development calculated between 2003 and 2010⁴⁰. At an authority level, with the exception of Sefton and West Lancashire, the difference between the two figures is notable. Whilst this suggests a capacity to deliver housing units even under a strong market context it also highlights the significant pace of development required to realise the potential supply identified for the other authorities.
- 4.81 CWaC's assumed delivery rate through the SHLAA also exceeds the development levels which have been witnessed over recent years. A significant uplift in delivery rates would be required to achieve the delivery of the potential supply identified over this time period.
- 4.82 Even taking account of the restrictive housing policies in place over recent years for a number of authorities the current market downturn suggests that surpassing the rate of development seen over recent years (taken over a relatively buoyant period) will be challenging. Therefore whilst the total core area supply identified represents a potential supply it is possible to question, over the short term at least, whether it cumulatively represents a realistically 'deliverable' supply within the time periods examined, because of market conditions rather than supply constraints. It is therefore likely that in reality the supply identified will be delivered over a longer time period.

⁴⁰ Note: net figures are used in terms of historical development. In a number of cases the SHLAA potential supply is gross rather than net and therefore the difference will be higher on an annual basis for a number of authorities.

The implications for considering the supply picture

- 4.83 Whilst these appraisal findings cannot be used to generate a homogenous approach to land supply across the City Region, it is clear that the composite supply picture for the Core area as a whole represents an 'optimistic' picture in delivery terms, based on historical rates of development and prevailing economic conditions. This is particularly true of those authorities where the total potential supply identified is large when compared with the development rates over recent years e.g. Liverpool, Wirral and Halton (to a lesser extent).
- 4.84 Current economic and financial circumstances have been factored into the latest SHLAA reports, although the different approaches adopted have led to some authorities adopting a more stringent or risk adverse position than others. For example, the application of a non-implementation assumption to all sites identified through the SHLAA process, as applied in Sefton, Knowsley and West Lancashire, has a considerable impact in moderating the overall capacity available when compared with for example, Liverpool, Wirral and CWaC. In Liverpool and Wirral's case a non-implementation factor has been applied but only to those sites already in the planning system with this therefore primarily impacting on the short-term supply position. In each case, local stakeholder consultation and market sounding have informed the approaches taken.
- 4.85 Careful monitoring will be required regarding the phasing of large sites within all of the authorities, especially those associated with regeneration programmes which are dependent on funding and large brownfield reclamation projects. If these large sites are not delivered at the pace currently envisaged within the SHLAA's this will have a notable potential effect on the overall 'composite' supply across the core authorities with implications for the balance of supply and demand across the whole area.
- 4.86 The Wirral and Liverpool Waters schemes in particular represent a substantial contribution to the total potential supply of the core authorities, contributing over 18,000 units from the Wirral and Liverpool SHLAA's. The proposed waterfront developments in Ellesmere Port also represent a significant potential component of future supply in CWaC. The phasing of these schemes therefore exerts a considerable influence on the deliverable supply across the core area as a whole.
- 4.87 Finally, it is also important to recognise that the SHLAA's do not make any allowance for using vacant properties in the existing stock to augment future capacity. In many authorities the levels of vacancy within stock are relatively low and reflect 'churn' within the market. However, in a number of authorities, including Liverpool existing vacant stock represents a potential long-term supply capacity. The ability of this potential to be realised, however, is often

dependent upon the success of regeneration schemes and/or investment from the public or private sector. The use of vacant dwellings may not result in a net increase in dwellings and could involve refurbishment and no more than one-for-one demolition replacement. It is further recognised that bringing vacant properties back into use, while qualifying for payment under the New Homes bonus, may have little impact in net terms and cannot count directly against any housing requirement.

Understanding the assessment of demand – Alternative estimates

- 4.88 The assessment of potential future demand has compared the RSS requirements with the latest DCLG household projections⁴¹. As noted earlier, the two are not directly comparable but the latter provides a useful 'check' regarding trend based demand over more recent years based on projected future household growth.
- 4.89 Indeed the lower level of growth identified through the 2008 based DCLG projections against the RSS requirements raises a number of questions regarding the appropriateness of the RSS requirements over the longer-term. Originally the RSS figures were only programmed to last until 2021 and therefore the rolling forward of them to 2031 requires careful monitoring. The household growth projections suggest that across the core authorities the total demand is likely to be less than that stipulated through RSS. This is a factor which is considered in the proceeding two tasks which look to balance and redistribute supply and demand. However it should be noted that the DCLG projections do not take into account different local policy aspirations (for example for population stabilisation or growth), future government policies or housing need backlog. The RSS, in comparison was 'policy on'.
- 4.90 A number of authorities have, as a result of the planned revocation of RSS, started to look at generating their own local housing requirements. This process needs to go beyond simply assessing the demand identified through the DCLG household projections to consider these 'policy-on' issues in greater detail. In a number of cases these approaches have been published within their Core Strategy consultation documents, although none of these Development Plan Documents have been adopted and at the point at which this research is being undertaken there was insufficient representation of this work across the study area to draw conclusions. Going forward future monitoring of the research included within this study will need to take account of these locally generated housing requirements. Consideration will also need to be given to the consistency of approach taken to ensure a similar assessment is incorporated across the study area.

⁴¹ Important to note that the DCLG household projections are trend based and 'policy off'. Therefore they should not be treated as forecasts.

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- 4.91 One such example of the emerging identification of local housing requirements is included within the Liverpool SHMA. This evidence document includes a number of scenarios drawing on local datasets and factoring in the potential impact of economic and policy change. These demonstrate a level of future demand which falls short of the RSS requirement at approximately 1,450 but above that projected through the DCLG projections.
- 4.92 Sefton have also completed a report to review the RSS housing requirement figure, replicating the RSS base date of 2003 looking forward to 2027 and 2031. The final conclusions from this study indicate that a figure of 480 dwellings per annum for the period 2003 to 2027 is likely to represent an updated position, based upon a rigorous review of demographic, housing and employment evidence, to the RSS figure of 500 per annum.
- 4.93 The West Lancashire SHMA and Wigan SHMA (Greater Manchester SHMA) incorporate a number of household and dwelling demand scenarios. These identify a level of growth which is broadly consistent with the levels set through RSS.
- 4.94 Overall, however, in the absence of a more detailed modelling of local housing requirements consistently across the authorities, the assessment of future growth trajectories continues to draw on the RSS requirements. Until it is revoked, RSS effectively still represents the last fully tested assessment of housing requirements that is consistent and comparable across the core area. With the addition of benchmarking against the DCLG projections, this is considered to represent a robust picture for the Study Area that enables comparisons to be made across the City Region.
- 4.95 Going forward, it will be important that as authorities start to generate their own locally derived requirements a consistent approach is recognised across the city-region. The opportunity exists through this process to establish a more locally sensitive approach, building in a range of sensitivity testing to enable greater flexibility in the application of policy, taking account of flows of household movements within and between authorities, an issue considered in more detail under Task 3. This will be important if authorities across the City Region wish to continue working at a sub-regional level on housing supply issues.

Key Task 2 – Balancing Supply and Demand at a Local Authority Level

“Review existing supply and assess the extent to which existing supply can meet needs / demand in the same local authority area, having regard to RSS requirements⁴², and where there is within each district either an excess or a shortage of supply (quantitative and /or qualitative) in relation to need / demand. Including the integration of best professional judgement, and other published data / evidence, to estimate each authority’s land requirements for the period after that set out in RSS”

- 4.96 The analysis undertaken relating to Key Task 2 follows on directly from the headline conclusions drawn within Task 1. Specifically this task is concerned with the extent to which there is a sufficient and an appropriate supply of housing land to meet identified requirements.
- 4.97 Following the approach to Task 1 the analysis is broken down into a number of timeframes, to build up an assessment of the match between supply and demand over different policy periods. For each time period the overall balance is shown in tabular form with supply compared against demand based on RSS requirements and the DCLG Household Growth Projections. For each period the tables are then linked to a plan showing the spatial differences across the study area in terms of authorities within an over or under supply of capacity against RSS requirements.

Balancing Supply and Demand Years 2010 – 2015 (five year position)

- 4.98 The headline figures introduced under Task 1 are contrasted in the following table to identify the relative balance between supply and demand over the next five years. Those authorities coloured red show a potential undersupply whereas those shaded green have headroom capacity.

⁴² NB: The Overview Study was commissioned and commenced in advance of the abolition of the Regional Spatial Strategy by the Government. In undertaking the analysis within the Overview Study we have continued to use the RSS housing figures as both a baseline requirement across the City Region, and a benchmark against which to test potential alternative housing requirement figures going forward. This is explored in more detail within Section 3 of this report.

Figure 4.10: City Region Supply and Requirement / Demand Balance – 2010 - 2015

Authority	Total Potential Supply - 5 year supply SHLAA	RSS Dwellings Required 5 Year Period (2010 - 2015)		2008 Household Projections (2010 - 2015)	
		RSS Dwellings required	Over / Under supply	Projected Household Growth	Over / Under supply
Core Authorities					
Halton	3,439	2,500	939	1,550	1,889
Knowsley	2,454	2,250	204	1,900	554
Liverpool	15,876	9,750	6,126	7,190	8,686
Sefton	2,925	2,500	425	1,720	1,205
St Helens	4,138	2,850	1,288	2,200	1,938
West Lancs	1,154	1,500	-346	1,520	-366
Wirral	5,098	2,500	2,598	2,020	3,078
Total Core Area	35,084	23,850	11,234	18,090	16,994
Associate Authorities					
Central Lancashire	6,884	6,705	179	6,780	104
Wigan	9,775	4,890	4,885	5,050	4,725
Warrington	2,073	1,900	173	4,500	-2,427
CWaC	4,446	6,585	-2,139	4,150	296

Source: RSS, 2008, CLG Household Projections, 2010, Local Authority SHLAA studies (various dates), adapted by GVA, 2010

- 4.99 Across the core area there is identified headroom capacity to deliver a five year supply against both RSS requirements and projected household growth levels. In the core area only West Lancashire records a position of undersupply over this time period.
- 4.100 Wirral and Liverpool both show a significant capacity, particularly in Liverpool's case against the levels of projected household growth.
- 4.101 Looking at the associate authorities a similar picture is identified with headroom identified in all of the authorities with the exception of CWaC, where a shortfall is identified against RSS requirements. Importantly however, this shortfall is not registered against the household projections figures which show a considerably lower level of projected growth. The reverse is true in Warrington where household growth is projected to far exceed RSS requirements generating a substantial shortfall against this indicator of growth.

Balancing Supply and Demand Years 2010 -2020 (ten year position)

Figure 4.11: City Region Supply and Requirement / Demand Balance – 2010 – 2020

Authority	Total Potential Supply - 10 year supply SHLAA	RSS Dwellings Required ten Year Period (2010 - 2020)		2008 Household Projections (2010 - 2020)	
		RSS Dwellings required	Over / Under supply	Projected Household Growth	Over / Under supply
Core Authorities					
Halton	8,393	5,000	3,393	3,180	5,213
Knowsley	5,221	4,500	721	3,830	1,391
Liverpool	26,234	19,500	6,734	14,030	12,204
Sefton	4,639	5,000	-361	3,780	859
St Helens	7,588	5,700	1,888	4,570	3,018
West Lancs	2,612	3,000	-388	2,960	-348
Wirral	10,214	5,000	5,214	4,400	5,814
Total Core Area	64,900	47,700	17,200	36,740	28,160
Associate Authorities					
Central Lancashire	17,351	13,410	3,941	13,370	3,981
Wigan	33,891	9,780	24,111	10,140	23,751
Warrington	3,650	3,800	-150	9,090	-5,440
CWaC	15,786	13,170	2,616	8,470	7,316

Source: RSS, 2008, CLG Household Projections, 2010, Local Authority SHLAA studies (various dates), adapted by GVA, 2010

- 4.102 A similar picture is presented when contrasting supply and demand over ten years (2010 – 2020). The core authority area as a whole shows significant headroom against both RSS requirements and household growth projections. Key contributors to this capacity are Halton, Wirral and Liverpool in the core area.
- 4.103 In addition to West Lancashire within this time period Sefton also shows a small undersupply position against RSS requirements, although this is not replicated when benchmarking against the level of growth projected under the DCLG data.
- 4.104 CWaC no longer shows an undersupply position, highlighting the quantum of housing land considered deliverable in years 5 – 10. Indeed, where a deficit was recorded previously, a healthy position of oversupply is now shown. In contrast over this longer-time period, Warrington shows an undersupply position against both indicators of future growth.
- 4.105 Wigan shows a substantial capacity with a surplus of over 24,000 potential houses identified as potentially able to be delivered against the RSS requirement over the ten years.

4.106 The following plan presents the spatial distribution of the balance of supply using the RSS requirements. Authorities coloured in light green show a limited headroom, dark green substantial headroom and red an undersupply position.

Figure 4.12: City Region Supply Balance (RSS Requirements) – 2010 - 2020



Development Land Overview Study
Overall Supply/Demand Balance (Housing)
RSS Requirements 2010 - 2020



Source: GVA, 2010, RSS 2008

Balancing Supply and Demand Years 2010 - 2026

4.107 The period 2010 – 2026 is driven by policy timelines. Within Task 1 it was noted that the majority of authorities broke their potential supply down to include a period which ran between 10 years and 15 years. Without adding further assumptions this fifteen year capacity has been contrasted against projected requirements / growth over this period which runs for sixteen years. In many cases authorities have not identified a post fifteen year supply or have simply labelled it post 2026, so this approach represents the most robust assessment with the data available.

Figure 4.13: City Region Supply and Requirement / Demand Balance – 2010 - 2026

Authority	Total Potential Supply 2010 – 2025/26 (fifteen year supply)	RSS Dwellings Required to end of Plan Period (2010 - 2026)		2008 Household Projections (2010 - 2026)	
		RSS Dwellings required	Over / Under supply	Projected Household Growth	Over / Under supply
Core Authorities					
Halton	10,504	8,000	2,504	4,740	5,764
Knowsley	5,392	7,200	-1,808	5,820	-428
Liverpool	40,779	31,200	9,579	21,010	19,769
Sefton	4,842	8,000	-3,158	5,900	-1,058
St Helens	8,400	9,120	-720	6,890	1,510
West Lancs ⁴³	5,220	4,800	420	4,420	800
Wirral	21,218	8,000	13,218	6,870	14,348
Total Core Area	96,354	76,320	20,034	55,670	40,684
Associate Authorities					
Central Lancashire	25,136	21,456	3,680	20,320	4,816
Wigan	35,626	15,648	19,978	15,300	20,326
Warrington	5,849	6,080	-231	13,870	-8,021
CWaC	26,686	21,072	5,614	13,030	13,656

Source: RSS, 2008, CLG Household Projections, 2010, Local Authority SHLAA studies (various dates), adapted by GVA, 2010

4.108 Over this longer timescale, whilst the core authorities collectively register a position of oversupply at individual authority level a notable undersupply is recorded for three authorities.

4.109 Sefton shows the most significant undersupply, with a deficit of over 3,100 units identified against RSS requirements. This is followed by Knowsley with 1,800 units and St Helens with 720 units.

4.110 The most recent data from West Lancashire⁴⁴ suggests a marginal shortfall to 2026, rather than a surplus.

⁴³ See footnote from Figure 4.4

- 4.111 In the case of St Helens the household projections show a considerably lower level of future growth in households than the requirements set by RSS, meaning that a shortfall is not replicated under the DCLG projections.
- 4.112 Against RSS requirements, the position of capacity across the core area as a whole is mostly provided by capacity in Wirral, over 13,000 and Liverpool, just under 8,000.
- 4.113 Across the Associate authorities a similar trend is observed as under the previous time period with Warrington showing an undersupply, particularly under the levels of household growth forecast through the DCLG data, with the other authorities registering a substantial capacity.
- 4.114 This is displayed spatially over the page.

⁴⁴ Ibid.

Figure 4.14: City Region Balance (RSS Requirements) – 2010 - 2026



Development Land Overview Study
Overall Supply/Demand Balance (Housing)
RSS Requirements 2010 - 2026



Source: GVA, 2010, RSS 2008

Balancing Supply and Demand Years 2010 – 2031

- 4.115 As noted under Task 1 a number of the authorities' supply positions did not look beyond 15 years. However, understanding the balance between supply and requirement over this longer-term is also important in understanding any potential gaps in provision which may need to be planned for in the future, as well as opportunities for joint working between authorities to meet identified pressures resulting from household growth.
- 4.116 The original RSS requirement figures have been extended in this analysis significantly beyond their original 2021 anticipated end-date to 2031. As noted at the end of Task 1 the rolling forward of these projections needs to be compared with the updated position of potential growth as set out through the DCLG projections. This will also be an important area of focus for authorities in considering the development of future local housing requirement calculations.

Figure 4.15: City Region Supply and Requirement / Demand Balance – 2010 - 2031

Authority	Total Potential Supply	RSS Dwellings Required 2010 - 2031		2008 Household Projections 2010 - 2031	
		RSS Dwellings required	Over / Under supply	Projected Household Growth	Over / Under supply
Core Authorities					
Halton	11,268	10,500	768	5,850	5,418
Knowsley	5,392	9,450	-4,058	7,260	-1,868
Liverpool	43,920	40,950	2,970	26,840	17,080
Sefton	4,842	10,500	-5,658	7,270	-2,428
St Helens	8,960	11,970	-3,010	8,320	640
West Lancs ⁴⁵	5,220	6,300	-1,080	5,430	-210
Wirral	21,217	10,500	10,717	8,500	12,717
Total Core Area	100,819	100,170	649	69,470	31,349
Associate Authorities					
Central Lancashire	25,136	28,161	-3,025	25,520	-384
Wigan	35,664	20,538	15,126	18,840	16,824
Warrington	6,678	7,980	-1,302	17,330	-10,652
CWaC	43,956	27,657	16,299	16,150	27,806

Source: RSS, 2008, CLG Household Projections, 2010, Local Authority SHLAA studies (various dates), GVA, 2010

- 4.117 By 2031 the current identified potential supply of land across the core authorities will not be sufficient to meet the ongoing requirements of RSS. The only authorities which record a position of positive capacity are Halton, Liverpool and Wirral. Wirral in particular shows a large potential surplus of almost 10,000 units, which serves to minimise the overall shortfall across the core authority areas.

- 4.118 In contrast, positions of undersupply are recorded within Knowsley, Sefton, St Helens and West Lancashire when compared against RSS requirements.
- 4.119 Looking at the associate authorities Central Lancashire and Warrington record a position of undersupply. However, as noted in Task 1 the SHLAA for Central Lancashire has only looked to identify a deliverable supply up to 2026. Wigan and CWaC both continue to record a healthy capacity, even over this extended time period.
- 4.120 The following plan demonstrates this distribution spatially.

⁴⁵ See footnote from Figure 4.4

Figure 4.16: City Region Balance (RSS Requirements) – 2010 - 2031



Development Land Overview Study
Overall Supply/Demand Balance (Housing)
 RSS Requirements 2010 - 2031



Source: GVA, 2010

- 4.121 When the household growth projections are used the picture of undersupply across the core areas is reversed. The substantially lower levels of growth indicated by this dataset demonstrate a healthy capacity to meet demand. This is driven by a reduction in the undersupply position for authorities such as Sefton, Knowsley and St Helens and the generation of a significant capacity in Liverpool. The wider implications of these findings are considered in greater detail within the conclusions relating to Task 2.

Quantifying the number of years of supply

- 4.122 The stepped 5 year timeframes examined under Task 2 have clearly demonstrated where demand / supply imbalances are generated through the forthcoming policy periods).
- 4.123 The following table takes a different approach and explores how many years supply in total the current potential SHLAA dwelling capacity would represent compared to both RSS and the Household Growth projections. When considering these figures it is important to recognise that the SHLAA exercises have been focused, as per PPS 3 requirements, on identifying land deliverable for development over the next 10 to 15 years and not necessarily beyond.

Figure 4.17: Calculating the number of years supply by authority (Supply taken from 2010)

Authority	Number of Years Supply using Annual Average 2008-based DCLG Household Growth Projections (annual taken between 2010 and 2026) ⁴⁶	Number of Years Supply using RSS Annual Requirements
Halton	38	23
Knowsley	15	12
Liverpool	34	23
Sefton	13	10
St Helens	21	16
West Lancs ⁴⁷	19	17
Wirral	49	42
Total Core Area	29	21
Central Lancashire	20	19
Wigan	37	36
Warrington	8	18
CWaC ⁴⁸	54	33

Source: GVA, 2010, RSS, 2008, 2008 Based CLG Household Projections, 2010

- 4.124 This analysis clearly highlights the authorities with significant additional capacity, namely Liverpool, Halton and Wirral in the core area. All of these authorities have in excess of 20 years supply based on RSS requirements, with Wirral having a potential supply capable of meeting this requirement for over 40 years.
- 4.125 The lower levels of change indicated through the Household Projections further extend the length of time this supply can be used. However, it is important to recognise that the household projections do not take account of other policy requirements, an issue considered further in Task 3.

Bringing the Evidence Together – Balancing Supply and Demand

- 4.126 The quantitative assessment of the imbalance between supply and demand allows a number of headline findings to be presented:

⁴⁶ The Household Projections represent baseline projected growth and are therefore different from RSS figures which are policy targets.

⁴⁷ Please refer to footnote to Figure 4.4

⁴⁸ The very high number of years supply for CWaC is partly due to the fact that the SHLAA does not include a risk factor, as noted under Task 1, and also because Growth Point figures are not included.

- Looking at the initial five year period only West Lancashire and CWaC show a potential undersupply against RSS requirements, a situation mirrored under the CLG Household Growth Projections in the case of West Lancashire but not CWaC. All the other authorities identify sufficient capacity to meet both the RSS requirements and household projections over this period.
 - Over the period 2010 – 2020 all of the authorities demonstrate additional capacity to meet demand, based on RSS requirements, with the exception of Sefton and West Lancashire in the core area and Warrington in the wider study area. The levels of undersupply in these authorities are relatively low over this period and across the core area as a whole there is a notable level of headroom.
 - Across the core area as a whole there is also headroom of supply against both RSS requirements and the projected levels of household growth to 2026. This headroom is approximately 18,000 against RSS requirements despite an undersupply in Sefton, Knowsley, St Helens and Warrington, which is particularly acute in Sefton and Knowsley. Liverpool and Wirral in contrast stand out as having a significant additional capacity, consistent with their position at the core of the conurbation and the pattern of previous development. Cumulatively this capacity has a significant impact on the overall headroom identified within the Core area.
 - If requirements are extended to 2031 a marginal shortfall in supply is recorded against RSS requirements across the core area as a whole. Liverpool, Wirral and Halton in the core area record potential capacity, with only Wirral showing a significant level of headroom. Outside the core area, Wigan and CWaC also record relatively high levels of potential headroom. Significantly, over this longer time frame if household growth projections are used to indicate demand the shortfall across the core area is turned into a surplus although the same authorities as before record a (smaller) undersupply.
- 4.127 Prior to taking forward these conclusions through the analysis required for Task 3 it is important to factor in the conclusions of Task 1 which highlighted a number of considerations to be applied when assessing the figures.

Supply and Demand – Sensitivities and Considerations

- 4.128 The analysis in Task 2 has taken forward the final figures arrived at through the various authorities' datasets presented in Task 1. However, a number of important considerations need to be recognised which impact on the overall assessment. This analysis focuses primarily on the longer-term time periods, 2010 – 2026 and 2010 – 2031, where the more pronounced positions of imbalance between supply and demand are identified.

- 4.129 As noted in Task 1 a significant amount of the potential supply within Liverpool and Wirral is linked to the Peel 'Waters' proposals. In total this accounts for almost 15,000 units of the supply identified up to 2026 and 18,000 units to 2031. In terms of the balance position up to 2026 this is closely aligned with the total headroom identified for the core area, demonstrating the important contribution made by the schemes in the balancing exercise. The supply/demand balance at the core area level up to 2031 is also largely predicated on the delivery of these schemes. If these schemes were not to deliver to their full capacity, the overall supply/ demand balance for the core area could be negatively impacted. Outside the core area, the proposals for the large scale waterfront development in Ellesmere Port also affects the potential capacity in CWaC in a similar manner.
- 4.130 In addition, for the majority of authorities, while the potential supply identified could enable future development to exceed the gross levels of development achieved since the start of the RSS period, this would require a significant uplift in development rates in order to be delivered within the timeframes examined. Development levels have fallen since 2007 and current market forecasts suggest that these lower levels of development are likely to be sustained over the short-term. The realisation of any additional capacity identified in a number of the authorities over the period 2010 – 2031 is therefore predicated on a significant uplift in the trend annual rates of delivery. This certainly represents a challenge in the short-term as a result of development viability issues, and is even more uncertain over the longer term.
- 4.131 At a core area level the capacity of just over 100,000 dwellings identified up to 2031 could deliver up to 4,800 dwellings annually. This exceeds the average current delivery rate, estimated at just over 3,700 dwellings⁴⁹, which is considered to represent an achievable amount given the market period over which the average is calculated.
- 4.132 It is also important to acknowledge, in supply terms, the more stringent approach taken to factor in the 'risk' posed by current market conditions to delivery of sites in the authorities of Sefton, Knowsley and West Lancashire. If the SHLAAs in these authorities had adopted a methodology more similar to the other authorities, with non-implementation rates being applied to a proportion of the supply (primarily sites with planning permission) then the overall potential capacity position could be increased⁵⁰. Whilst this may not off-set the identified shortfall to 2026, particularly in Sefton, it could serve to reduce it.
- 4.133 Looking at demand it is clear that the lower level of household growth estimated under the DCLG projections has a notable impact on the overall balance position. RSS has been used

⁴⁹ Note: This development rate is based on net completions between 2003/04 – 2009/10

⁵⁰ Note: The SHLAAs were independently reviewed by consultants, and subject to a full public and stakeholder consultation, which strongly endorsed the approach to discounting.

as the key demand benchmark for this study but if the level of growth is more in line with that identified through the household projections data, only Knowsley and Sefton would record an undersupply position between 2010 and 2026, at just over 1,400 units collectively. A significant surplus capacity would also be identified, under this scenario, in a number of other authorities, including Halton, Liverpool, Wirral and CWaC.

- 4.134 The consideration of future requirements and demand generated by household growth has not taken account of the backlog in delivery against RSS since 2003 (as noted in Task 1). The future treatment of this backlog will need to be considered in greater detail by each of the authorities in the light of the new household projections and the future revocation of RSS as part of the process of setting local housing targets, for example within Core Strategy documents.
- 4.135 The DCLG Household projections presented within this section are taken from a 2008 base point. They therefore represent from that point on an estimation of the number of households in an authority based upon assumptions around household size (headship rates). Assessing the level of supply from that date is an important consideration as the projections are not supply constrained. This will therefore provide an indication of potential undersupply or backlog against the number of households that would have formed under an unconstrained position. This is an important point and CLG guidance suggests that consideration should be given to unmet need/demand⁵¹ recognising that households, particularly in the current market context, may have been prevented from forming serving to elevate rather than reduce household size.
- 4.136 An alternative methodology could be applied which brings the estimate of the number of households up to a more recent base date. For example the number of occupied properties can be used as a proxy for the number of households. When contrasted with the ONS population estimates / projections this provides a modified household size. The correction can be applied to future projections, with concealed households therefore forming in the future from within the corrected household population based on the usual assumptions linked to age and sex.
- 4.137 This is a complex issue and one which requires careful consideration in the development of local evidence bases to underpin future housing requirements. It is important to recognise that when translated into policy the evidence of housing requirements is translated into dwelling targets. Therefore any potential unmet need should be able to be catered for through the exceeding of targets. The table below provides a headline picture of the levels of backlog for

⁵¹ <http://www.communities.gov.uk/documents/507390/pdf/1299593.pdf>

each authority based upon the net housing development data recorded in AMRs. This does not therefore look to highlight any evidenced backlog based on household projection data.

Figure 4.18: Calculating the backlog against RSS since 2003

Authorities	Total Net dwellings 03 - 10	RSS requirements 03 - 10 (net)	Potential Backlog	Potential Backlog as a proportion of RSS requirements
Core Authorities				
Halton	2,717	3,500	783	22%
Knowsley	1,870	3,150	1,280	41%
Liverpool	11,082	13,650	2,568	19%
Sefton	3,001	3,500	499	14%
St. Helens	3,619	3,990	371	9%
West Lancashire	1,699	2,100	401	19%
Wirral	2,369	3,500	1,131	32%
Total Core Area	26,357	33,390	7,033	21%
Associate Authorities				
Central Lancashire	8,685	9,387	702	7%
Wigan (03 – 09 development)	5,854	6,846	992	14%
Warrington	6,754	2,660	-4,094	-154%
CWaC	6,478	9,219	2,741	30%

Source: GVA, 2010 (note: Wigan's backlog is calculated over the six years to 2009 rather than the seven years to 2010 shown for the other authorities).

- 4.138 The figure shows that under these assumptions, a backlog against RSS exists for all of the authorities in the study area, with the exception of Warrington. Across the core area the cumulative backlog is over 7,000 units, with Knowsley, Liverpool and Wirral all contributing over 1,000 units. If this backlog was 'netted' off the capacity identified over the period 2010 – 2026 the level of headroom would be notably reduced to just over 10,000. If applied to the longer term time frame, which stretches to 2031, a more notable shortfall would be apparent, of over 7,000 units across the core area as a whole.
- 4.139 Additional requirements set through Growth Point commitments, which would have required an uplift of 20% on RSS targets between 2008/09 and 2016/17, has also not been taken into account. The proposed revocation of the RSS and the cancellation of Growth Point funding from March 2011, presents a significant challenge to assessing the likely realisation of these

growth aspirations, not least by removing the fixed baseline target upon which the uplift was calculated⁵².

- 4.140 Whilst the anticipated removal of RSS also presents a challenge to monitoring growth point additionality, the table below sets out the additional housing ‘commitments’ made by each of the former Growth Point areas as published in 2008 by DCLG. It is difficult to accurately disaggregate these numbers, with for example Blackpool (as part of the Central Lancashire and Blackpool Growth Point) falling outside of the study area and Warrington not forming part of the core area but the scale of the former additional potential requirement is clear.

Figure 4.19: Former Growth Point supply commitments above RSS 2008/09 – 2016/17

Second Round Growth Point Area	Proposed Additional Dwellings (2008/09 - 2016/17)
Mersey Heartlands (Liverpool / Wirral)	4,410
Mid-Mersey (Halton / St Helens / Warrington)	5,706
Central Lancashire (Preston, South Ribble, Chorley) and Blackpool	4,014
West Cheshire (Cheshire West and Chester)	2,700

Source: CLG, (2008)⁵³ *Note: In a number of cases these figures were modified through the first Programmes of Development produced by Growth Locations in 2009. The Mid-Mersey figure was reduced to 2,160 additional dwellings*

- 4.141 If these targets were to be achieved, in addition to RSS requirements, the surplus capacity identified up to 2026 in Liverpool, Wirral and Halton would clearly be reduced by a notable amount (by over 6,000 assuming some distribution of the Mid-Mersey figures). The undersupply identified in St Helens and Warrington would also be further compounded by these larger requirements.
- 4.142 Outside of the core authorities, CWaC’s additional capacity would also be reduced through a realisation of growth point targets. Over the short term, i.e. the next five years this would have a further impact on the undersupply position in the first five years, although given the scale of the potential supply identified in Task 1 substantial capacity would remain over the longer-term.

⁵² Advice from DCLG (via GONW) to the Mid Mersey Growth Point stated that: “It is for growth locations to determine the level of growth they wish to pursue based on the local communities needs and aspirations – the RSS figures and associated 20% uplift for growth points are no longer a requirement”. It is also worth noting that as of October 2010 the funding programme supporting Housing Growth was announced as ending.

⁵³ CLG (2008) Second Round Growth Points: Partnerships for Growth CLG Available at www.communities.gov.uk/documents/housing/doc/partnershipsforgrowth.doc

4.143 The assessment undertaken under Task 1 has not taken direct account of the need for affordable housing, calculated through SHMAs or HNSs⁵⁴. The following table presents the levels of local need arrived at through these studies.

Figure 4.20: Annual levels of affordable housing need

Local Authority	Identified Housing Need per annum (SHMA's / Housing Needs Surveys)
Halton	176
Knowsley	568
Liverpool	876
Sefton ⁵⁵	246
St Helens	306
West Lancs	214
Wirral	302
Total Core Area	2,688
Central Lancashire	1,727
Wigan	792
Warrington	171
CWaC	1,177

Source: Individual Authority SHMAs, HNSs (various dates)

4.144 These annual levels cannot reliably be projected forward over the long-term accurately as they are based on short-term assessments at one point in time and the views of households questioned at a variety of different base dates. However, if these rates are taken forward to create a demand over a fifteen year period, the figures for all of the authorities (with the exception of Knowsley) could be absorbed within the overall requirement set through RSS. This does not take account of delivery 'realities' with the provision of 100% affordable housing not sought by any authority, nor will all sites be able to deliver affordable housing because of prior planning permissions, small site size, and/or economic viability issues. It is also important to recognise that in a number of authorities the difference between the two figures is relatively small highlighting significant potential pressures on the ability of areas to meet local need for affordable housing using their existing supply of land.

⁵⁴ Please note that different districts have used slightly different methodologies in their SHMAs.

⁵⁵ It should be noted that the figure of 246 dwellings per annum (1,230 units over 5 years) is not necessarily the total affordable housing need in Sefton. In addition to this figure, other households purchasing homes or on Housing Benefit in rented accommodation may be in genuine affordable housing need. In this regard, Fordham Research* estimated that allowance for these factors could take the affordable housing need to 'a figure of 350 dwellings per year' (equivalent to a five year figure of 1,750). However, it is not statistically possible to disaggregate these additional needs by settlement.

*Fordham Research (2008) Sefton SHMA. Sefton Council. Available at www.sefton.gov.uk/shma

Taking the findings through to Task 3

- 4.145 The above sensitivities present a number of questions around the total levels of both potential supply and indeed the level of demand used to calculate the overall balance between the two factors, particularly over the longer-term.
- 4.146 Significantly, in terms of the review of the supply positions presented through the SHLAAs the assessment of the underpinning assumptions, taken collectively; suggest that the actual delivery of the available supply is likely to be more limited than that presented through the headline outputs of the analysed SHLAA evidence bases.
- 4.147 Whilst it is difficult to foresee how the development industry will respond over the long-term to meeting the demand for new housing, examining the rates of delivery over 2003 – 2010 and in particular recent years there is a considerable chance that future delivery will be constrained by market realities. This would support a relatively conservative approach to the future pace and quantum of delivery of the SHLAA potential, especially in those authorities where the potential available supply is already substantial.
- 4.148 In headline terms considering both the 2010 – 2026 and 2010 – 2031 time periods it is clear that the following authorities, within the core area, are likely to have future capacity issues:
- Sefton (modest undersupply position to 2020, significant undersupply to 2026);
 - Knowsley (significant undersupply position to 2026);
 - St Helens (moderate undersupply position to 2026 and significant to 2031); and
 - West Lancashire (undersupply position over first five years; marginal balance of supply to 2026 translating into undersupply when the period is extended to 2031).
- 4.149 Throughout the two longer-term timescales, of the core authorities Liverpool, Wirral and Halton show surplus capacity, although relatively limited by 2031 in the case of Liverpool and Halton. CWaC and Wigan also show surplus capacity over these time frames. Fundamentally, therefore the question for Task 3 is the potential extent to which these surplus and under supply positions can be offset between authorities through a redistribution of demand based on the supply available.
- 4.150 The analysis of the phasing and the relative balances also identifies another key point with regard to the timing of the imbalance between supply and demand. West Lancashire is the only authority in the core area identified as having a potential undersupply of land in the initial five year period. Outside of the core area, CWaC also registers a position of undersupply

against the RSS requirement over this first five years. This suggests that any need for authorities with “functionally linked capacity” to absorb demand will come later in the plan period. This is an important consideration for the following stages of analysis.

Key Task 3 – Balancing Supply and Demand within Functional Market Areas

“Thirdly, in the event that there are any unmet needs / demands existing in any local authority area after undertaking (ii) above, evaluate whether there is any notional excess supply in one or more neighbouring local authorities which could realistically meet any of those needs. Any conclusions at this stage should be based on evidence that clear cross boundary links, especially in market terms, between the authorities exist, or could potentially exist”

- 4.151 The analysis under Key Tasks 1 and 2 has highlighted an imbalance in demand and supply across the core area and at an individual authority level. Strategic planning at a sub-regional scale presents a unique opportunity to at least partially address individual authority imbalances taking account of functional market relationships.
- 4.152 In order to assess the potential to distribute demand across authority boundaries it is important to consider the functional relationships between individual areas. The nature of the operation of these functional markets also requires careful consideration.
- 4.153 Whilst the analysis under Key Tasks 1 and 2 has focused on quantifying the scale of the imbalance between supply and demand in terms of the exact number of dwellings when considering the capacity to redistribute demand, it is important to consider the scale of imbalance in a broader sense.
- 4.154 It is important to note, particularly by 2031, that there is no headroom across the core area, against RSS requirements. On this basis, given the scale of the undersupply in Sefton, Knowsley, St Helens, and to a lesser extent West Lancashire, an additional land supply will need to be identified in these authorities to meet the requirements set through the RSS.
- 4.155 If the lower levels of growth anticipated through the DCLG Household Projections are realised, at the core authority level, sufficient capacity exists. However, at an individual authority level, those authorities noted above will still show an undersupply, which will need to be considered carefully in terms of the identification of land to meet requirements.
- 4.156 This section does not therefore seek to directly address the exact quantum of under or oversupply but starts on the basis of the headline scales outlined at the end of Task 2. The

intention is to arrive at a recommendation as to whether in broad terms elements of demand could be rebalanced between authorities and whether this could therefore be considered as a realistic component of policies to address shortfalls over the plan period.

4.157 In addressing the challenges faced across the core area and the wider area this section therefore draws upon the functional geographies set out in Section 3. This is then built upon through a series of steps to consider the relative relationships between those authorities where an undersupply position was identified against those where there was capacity.

4.158 At a headline level, it is important to consider the imbalances of supply and demand in the context of the distribution of site supply. Sites have been mapped using polygon data and considered in relation to the findings of Task 2. Fundamentally, when considering adjacent authorities where one has capacity and the other a shortfall the following key trends are identified. The geographical significance of these site locations are then tested further through the rest of this section:

- A significant number of potential housing sites running in close proximity to the authority boundary between Sefton and Liverpool reflecting the continuous nature of the urban area between the authorities. This area covers South Sefton (Bootle and Netherton) and North Liverpool. This is an important sub-market area which includes a number of housing markets demonstrating vulnerabilities and therefore challenges to delivery. A significant amount of regeneration investment has been focused on the area and is still required in order to bring forward development opportunities. It is also important to note, as identified later in Task 3, that this market area largely operates independently of other market areas including the central band of Sefton, including Crosby and Maghull and the north of Sefton, including Formby and Southport;
- A smaller number of sites are also identifiable along the borders between Knowsley and Liverpool, in particular relating to the settlements of Kirkby and Huyton. Again, these market areas have been a significant focus of regeneration investment, sharing common issues around development viability and market perception;
- Sites in CWaC are largely focused in the former Ellesmere Port area, with other concentrations around Northwich and Winsford. The sites around Northwich and Winsford are geographically separate from many other parts of the study area;
- Sites in Wirral are largely concentrated towards the east of the Borough, with strong transport connections into Liverpool's commercial centre and in close proximity to sites in Ellesmere Port (CWaC);

- Sites in St Helens are largely clustered around existing settlements, with a substantial share out to the east, more closely relating to adjacent authorities outside of the core area; and
- The majority of sites in West Lancashire fall within the primary settlements of Skelmersdale and Ormskirk, which fall within the Liverpool functional market area (Northern Housing Market Area, LCRHS, as identified in Section 3) and demonstrate functional links with Sefton and Knowsley.

Rebalancing Supply and Demand – Housing

4.159 A number of steps have been undertaken to enable recommendations to be made around the potential for redistributing household demand to balance with available supply. These steps are set out below, with the remainder of this section structured around this process:

- **Step 1 – Consideration of Travel to Work linkages.** Assessment of the functional linkages demonstrated by those authorities with a potential position of undersupply with other authorities across the core area. The outcome of this step is to identify specific relationships for further testing through the other subsequent steps;
- **Step 2 – Understanding Household Moves** – Using the analysis and findings of SHMAs and HNSs, the recorded migration of households who have moved in recent years is examined to identify recent flows between authorities and potential sub-area geographies. Consideration is also given to the more detailed findings of the respective SHMA's and the outputs of the LCRHS 'Movers Survey' to better understand sub-market and district market operations;
- **Step 3 – Consideration of Supply and Demand by Housing Type** – Whilst the overall analysis highlights the potential for a redistribution of demand, it is important to understand how both demand and supply are constructed in terms of different property types. SHMA and HNS evidence around the expectations of households looking to move, in terms of the property type they require, is contrasted with the potential supply by type identified through the SHLAAs (note this does not take account of the current stock profile). In assessing this balance, consideration is given to the demographic groupings normally associated with different property types and their general propensity to move drawing on the Quality of Place research undertaken by the Northern Way Sustainable Communities Research stream;
- **Step 4 – Housing Need and House Price Geographies** – Consideration is given to the implications of the local need for affordable housing, alongside a review of the house price

geographies across the wider area, as a final component in considering the potential ability to share housing demand across authorities.

Step 1 – Consideration of Travel to Work Linkages

4.160 Taking forward the conclusions from the assessment of travel to work connections highlights the following key relationships for each of the authorities identified as having an undersupply over the longer time frame. Travel to work flows are primarily considered in terms of ‘*Where do residents work?*’ in order to understand current commuting patterns and understand the relationship between home and work (as explored in Section 3). These summaries are reinforced by the plans of travel to work flows included in the appraisal of the supply and demand balance for employment land. The outcome of each summary highlights the key relationship to be tested through the further steps of the analysis.

Sefton

- Strongest travel to work link with Liverpool – 32% of residents in 2008, a proportion which has risen slightly since 2001. Liverpool is identified as having significant potential capacity under Task 2.
- Next strongest links with West Lancashire (8.6% down from 2001 proportion) and Knowsley (3.4%) both of which also have a position of potential undersupply and are unlikely to therefore present an opportunity for absorbing additional demand over the fifteen years

The capacity for Liverpool to absorb demand over the fifteen years needs to be considered

Knowsley

- Strongest travel to work link with Liverpool – 38% of residents in 2008, a proportion which has fallen since 2001. Liverpool is identified as having potential capacity under Task 2.
- The next strongest link is with St Helens, although at only 4% this is comparatively weak. St Helens also records a position of undersupply

The capacity for Liverpool to absorb demand needs to be considered

St Helens

- Strongest travel to work link with Warrington – 11% of residents in 2008, a proportion which has risen slightly since 2001. Warrington is identified as having a significant undersupply position under Task 2 and is therefore unlikely to be able to absorb additional demand over the fifteen year period.
- Next strongest links are with Liverpool (9.6% a significant uplift from 2001 proportion suggesting strengthening links), Knowsley (5.8%) and Wigan (4.8%). Liverpool and Wigan are both identified as having significant headroom in supply terms, whereas Knowsley has a potential undersupply.

The capacity for Liverpool and Wigan to absorb demand needs to be considered

West Lancashire

- The authority as a whole demonstrates a relatively high level of self-containment with no one authority demonstrating a significant relationship. Liverpool has the strongest travel to work link – 9.4% of residents in 2008, a proportion which has risen slightly since 2001. Liverpool is identified as having significant potential capacity under Task 2.
- Preston (part of Central Lancashire) shows a relatively strong linkage (5.4%) although this proportion has fallen since 2001. Central Lancashire is identified as having a limited headroom up to 2026 but an undersupply position up to 2031.
- Links are also identifiable with Knowsley (3.8%), Wigan (3.5%) and Sefton (3.5%) although all of these have fallen since 2001. Indeed in the case of Sefton this proportion has fallen from 10.1% suggesting a significant weakening of the links. Importantly both Sefton and Knowsley also show a position of potential undersupply.

The capacity for Liverpool to absorb demand needs to be considered. Whilst relatively strong links exist with Central Lancashire, the position of undersupply in this area over the longer-term does not balance with the undersupply position in West Lancashire over this longer period.

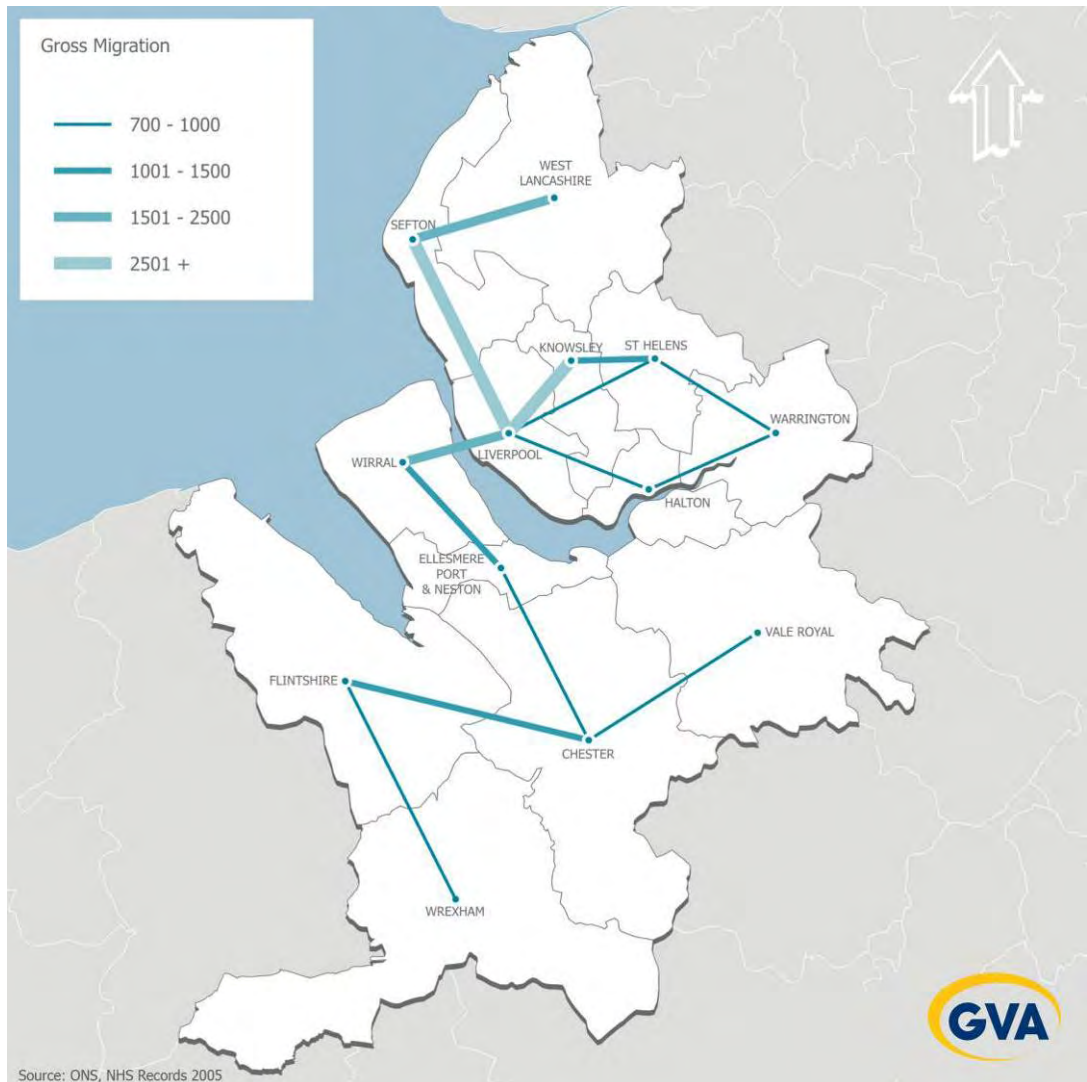
4.161 In addition to these authorities with longer-term capacity pressures Task 2 also identified that CWaC had a potential undersupply over the first five years. The analysis in Section 3 highlighted the strong functional relationships of the northern part of the authority with Wirral, where a significant capacity is identified over this same period. The potential for some growth to be accommodated through the supply of new housing in Wirral should therefore be considered.

Step 2 – Understanding Household Moves

4.162 Understanding household moving patterns and aspirations is a key informing element in assessing the potential for demand generated in one authority to be potentially met or absorbed in another.

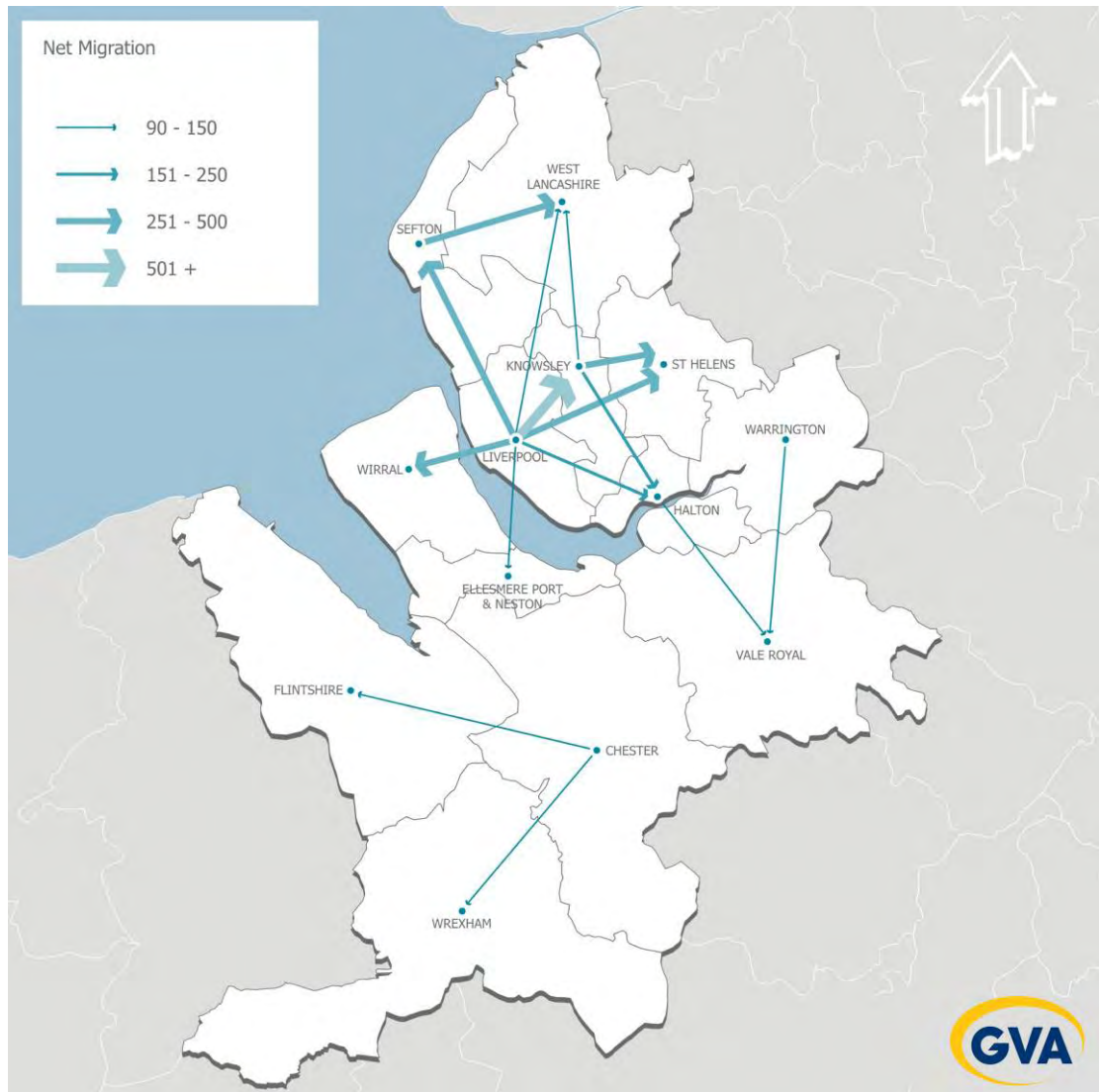
-
- 4.163 The data available and analysed here only allows historical moves to be assessed accurately. It does not enable future moves to be fully explored in terms of population flows between local authorities which will result from new supply. Aspirations are therefore considered based on the findings of respective Housing Needs Surveys (HNS) / Strategic Housing Market Assessments (SHMA). However, at best the responses to these surveys only reflect household's short term needs and aspirations. This is a limitation in the analysis as clearly the regeneration investment plans summarised in Section 3 are aimed at fundamentally changing perceptions of market areas which will in turn potentially alter the market search areas of households in the future.
- 4.164 A number of datasets are considered in assessing household movement patterns, including:
- NHS migration data (authority level);
 - Liverpool City Region Movers survey data (not all authorities); and
 - HNS, SHMA datasets (authority / sub-area level).
- 4.165 The LCRHS included a detailed level of analysis of NHS migration data in order to demonstrate linkages between the authorities in terms of the relocation of people. These served to reinforce the travel to work defined functional market areas.
- 4.166 The following plans shows the migration trends analysed through this Strategy (taken between 2001 and 2005). The first plan shows gross flows of people (i.e. total of movements both ways) and the second net flows (i.e. the residual flow when one is taken from the other). The plans only show 'major' flows to illustrate the strongest functional links.

Figure 4.21: Gross Migration flows (NHS Records 2001 – 2005)



Source: LCRHS, GVA, 2007

Figure 4.22: Net Migration flows (NHS Records 2001 – 2005)



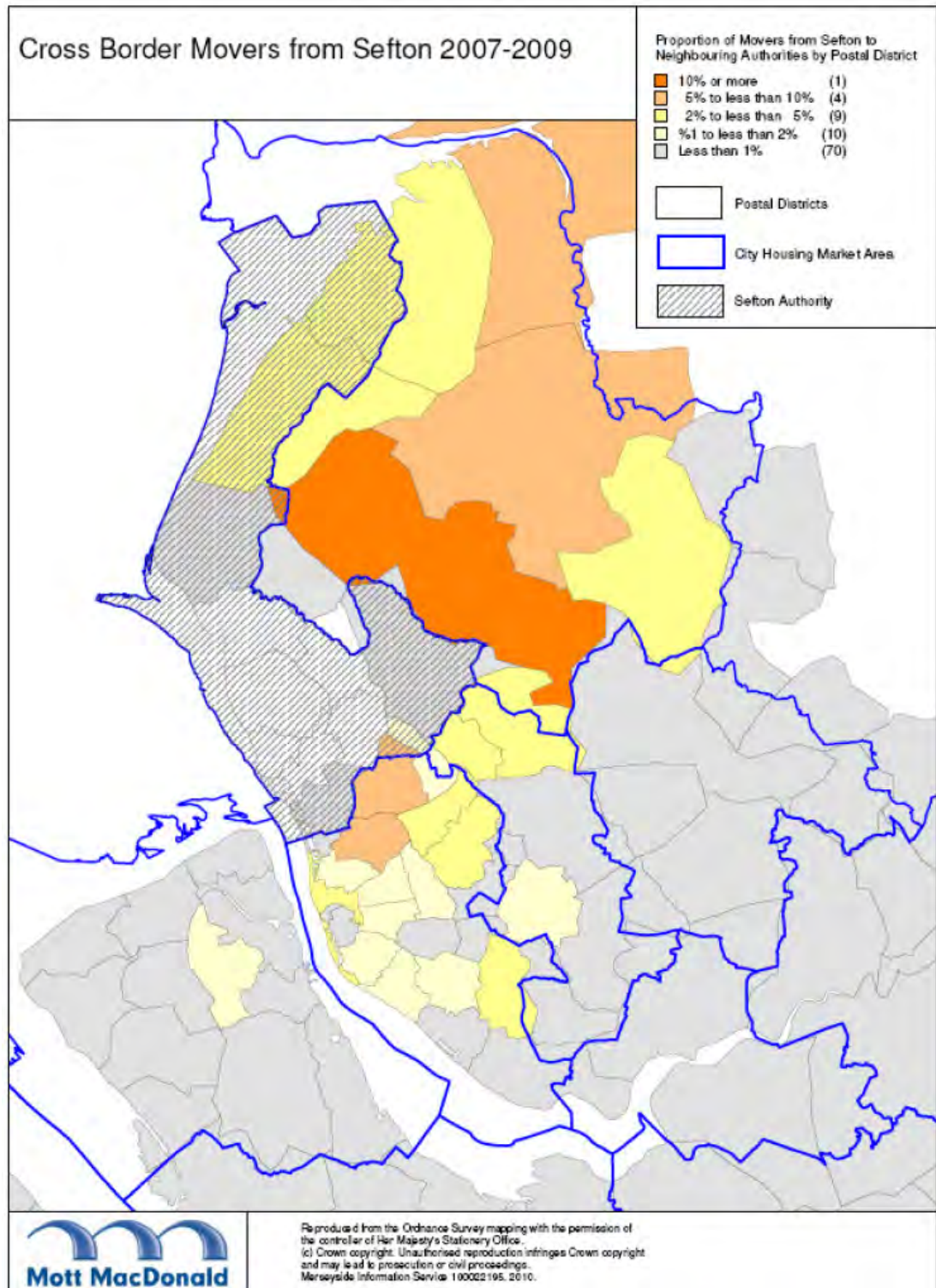
Source: LCRHS, GVA, 2007 *note: the examination of net flows means that where flows are evenly balanced no 'net' flow is shown, the strength of the overall relationship should be considered based on the gross flow in figure 4.21*

4.167 Importantly the flows showed a strong outward movement from Liverpool to all surrounding authorities over this period. The continuation of this direction of flow would compound issues of undersupply in surrounding authorities i.e. Sefton, Knowsley, and St Helens rather than serve to alleviate them. The opposite is true if the flows are reduced, with this serving to ease pressures on those surrounding authorities. This is an important conclusion building on the potential functional geography analysis in Step 1. Equally, with the exception of Liverpool there are no significant flows into Wirral from the other authorities in the study area. This

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- would, again, need to be changed, if demand was to be accommodated within the potential additional capacity identified under Task 2.
- 4.168 A number of trends are also worth noting. There is a weak flow of migrants from Liverpool to CWaC, with this being the only significant flow between CWaC and the other authorities in the core area. Both areas register potential capacity under the analysis in Task 2 and this relationship is therefore unlikely to address the under-supply positions in those authorities considered in Step 1.
- 4.169 An alternative data source, Council Tax records and responses to a movers survey, has been analysed within the latest report by Mott Macdonald for the City Region, titled 'Sefton Movers Additional Analysis Study', which arrives at the following important informing conclusions:
- Most moves occur within an authority, In Sefton, 78.8% of moves are within the borough, while Liverpool has the highest cross boundary moves with only 47.7% occurring within the authority.
 - When people move to another district, the moves still tend to be local to postal districts that adjoin the authority of origin.
 - For all respondents across all districts the most frequently selected reason for moving was "to move to a better area" selected by almost all respondents in the case of Knowsley and over 50% in each of the other districts.
 - The second most common reason for a move was to be near friends and family. When all the questionnaires (including the majority of movers who stayed within their district of origin) are analysed this is the most frequent reason for moving.
 - Moving to a larger or older property is also a significant motivator for many.
 - Anti social behaviour and high crime areas are push factors in all districts.
- 4.170 These serve as further important conclusions in stressing the current lack of mobility across different authorities in most cases. Based upon the 'Sefton Movers Additional Analysis Study', Liverpool has the greatest flows, an important consideration given its large potential future supply. However, the research confirms these have largely been outwards rather than inwards movements. Significantly Knowsley did show a greater outflow of people to Liverpool than it received suggesting to some extent a relationship in terms of demand potentially being offset. However it is important to note that the absolute numbers of people were relatively small.
- 4.171 The flows at a smaller sub-area level reinforce the importance of proximity and therefore link back to the examination of the location of housing sites at the beginning of the Task. The
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following plan of households moving out of Sefton demonstrates the localised connections with North Liverpool from households in the south of the borough and the importance of links with West Lancashire to the north. This is important as it suggests whilst some demand may be absorbed by Liverpool this is likely to be limited in absolute terms, with a greater proportion likely to be accommodated in West Lancashire, if movers trends prevail.

Figure 4.23: Sefton Movers



Source: Sefton Movers Additional Analysis, February 2010 Mott Macdonald

4.172 A similar trend is shown for other authorities with an undersupply (with the exception of St Helens which was not analysed in the Mott MacDonald study). In Knowsley, there is some

evidence of moves to postcodes within the eastern parts of Liverpool but the greatest flows are into bordering areas in Sefton. In West Lancashire the greatest moves were to Southport and areas to the east in Central Lancashire. Very few moves were recorded into Liverpool.

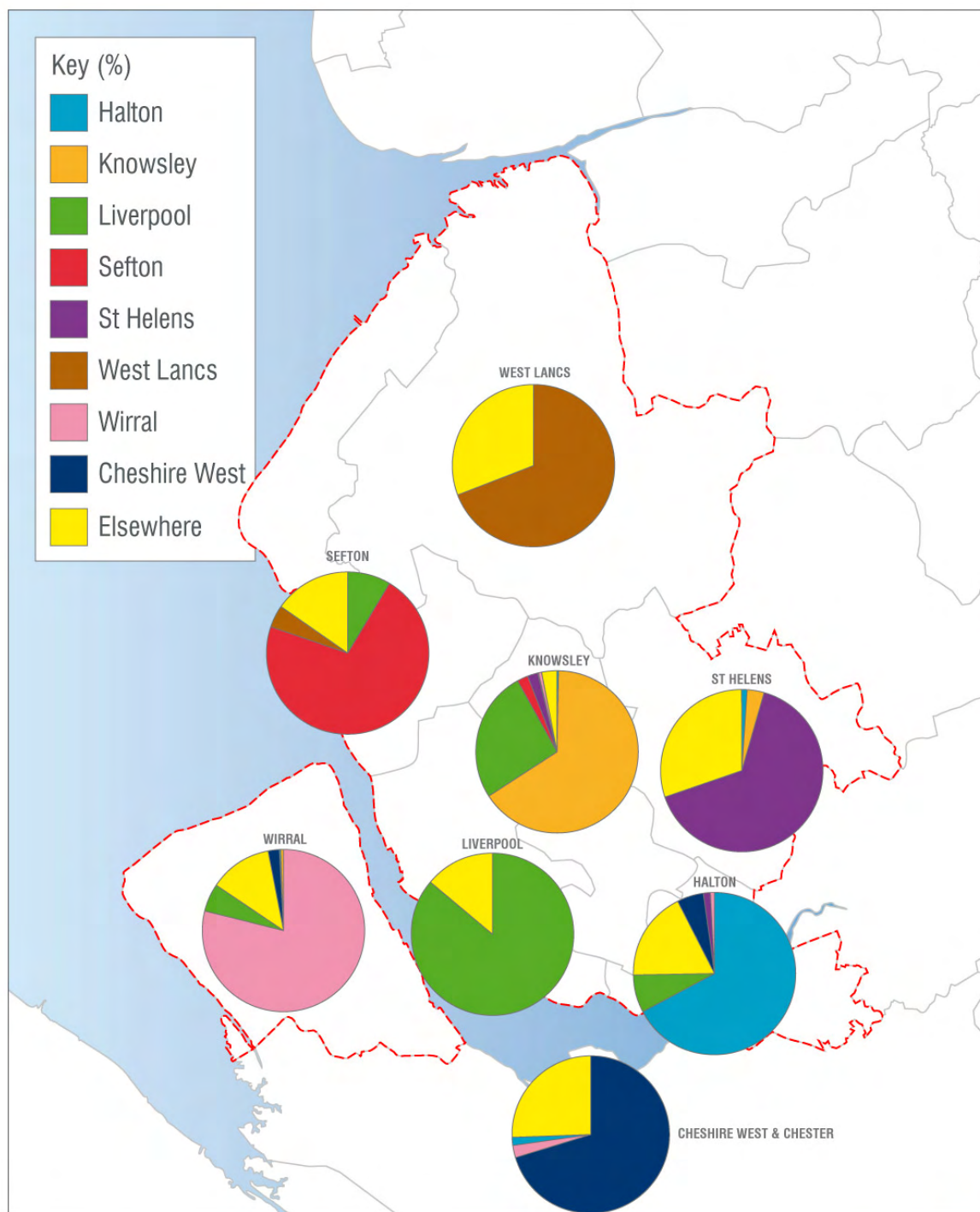
- 4.173 Looking at the survey data included in SHMAs or HNSs provides a further important check around household moves. Survey data is used firstly to illustrate where people moving in recent years have moved at an authority level and then the aspirations of households regarding future moves.

Figure 4.24: Migration data – Recent moves

		Migration Data by Local Authority (Household moves)															
Core Area		Halton	Knowsley	Liverpool	Sefton	St Helens	West Lancs	Wirral	CW&C	Warrington	Wigan	Chorley	Preston	South Ribble			
Location of Previous Residence	Halton	67.30%	0.31%	0.00%	0.00%	1.22%	0.00%	0.37%	1.50%	Information not contained in SHMA	Information not contained in SHMA	0.00%	0.00%	0.00%			
	Knowsley	0.00%	65.40%	0.00%	0.00%	3.21%	0.00%	0.44%	0.00%			0.00%	0.00%	0.00%	0.00%		
	Liverpool	7.50%	26.18%	86.20%	8.70%	0.00%	0.00%	5.48%	0.00%			0.00%	0.00%	0.00%	0.00%		
	Sefton	0.00%	2.32%	0.00%	71.50%	0.00%	0.00%	0.00%	0.00%			0.00%	0.00%	0.00%	0.00%		
	St Helens	1.40%	1.96%	0.00%	0.00%	65.35%	0.00%	0.00%	0.00%			0.00%	0.00%	0.00%	0.00%		
	West Lancs	0.00%	0.31%	0.00%	4.60%	0.00%	69.20%	0.00%	0.00%			0.00%	0.00%	0.00%	0.00%		
	Wirral	0.80%	0.56%	0.00%	0.00%	0.00%	0.00%	79.08%	2.60%			0.00%	0.00%	0.00%	0.00%		
	Elsewhere	23.00%	2.98%	13.00%	15.20%	30.23%	30.70%	14.62%									
	CW&C	5.10%	0.00%	0.00%	0.00%	0.00%	0.00%	2.20%	70.40%						0.00%	0.00%	0.00%
	Warrington	4.20%	1.13%	0.00%	0.00%	3.88%	0.00%	0.12%	1.20%						0.00%	0.00%	0.00%
	Wigan	0.00%	0.00%	0.00%	0.00%	3.03%	0.00%	0.00%	0.00%						0.00%	0.00%	0.00%
	Chorley	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						54.50%	0.50%	7.50%
	Preston	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						4.10%	66.90%	13.60%
	South Ribble	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						9.20%	5.40%	60.00%
	Unspecified Merseyside	3.10%	0.00%	3.10%	0.00%	9.28%	11.90%	0.00%	1.40%						0.60%	0.50%	0.00%
	Greater Manchester	0.90%	0.00%	0.00%	0.00%	1.79%	0.00%	0.92%	3.90%						7.60%	1.50%	2.50%
	Elsewhere North West	1.90%	0.66%	3.90%	8.50%	3.96%	0.00%	0.00%	3.20%						13.80%	7.30%	6.30%
	Elsewhere UK / Abroad	7.80%	1.19%	6.00%	6.70%	8.29%	18.80%	11.38%	15.80%						10.40%	17.70%	10.10%

Source: Various local authority SHMAs, HNSs (Various dates)

Figure 4.25: Migration data – Recent moves



Development Land Overview Study
Migration Trends



Source: Various local authority SHMAs, HNSs (Various dates)

Figure 4.26: Household aspirations regarding location of future move – Survey responses

Core Area	Household Location Aspiration Data by Local Authority													
	Halton	Knowsley	Liverpool	Sefton	St Helens	West Lancs	Wirral	CW&C	Warrington	Wigan	Chorley	Preston	South Ribble	
Halton	60.70%	2.26%	0.00%	0.00%	0.42%	0.00%	Information not contained in SHMA	0.20%	Information not contained in SHMA	Information not contained in SHMA	0.00%	0.00%	0.00%	
Knowsley	0.00%	49.18%	0.00%	0.50%	1.20%	0.00%		0.00%			0.00%	0.00%	0.00%	
Liverpool	5.69%	13.40%	73.90%	2.80%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	
Sefton	0.00%	5.89%	0.00%	82.00%	0.00%	0.00%		0.00%			0.00%	0.00%	0.00%	
St Helens	0.30%	4.42%	0.00%	0.00%	65.59%	0.00%		0.00%			0.00%	0.00%	0.00%	
West Lancs	0.00%	3.39%	0.00%	4.40%	0.00%	78.80%		0.00%			0.00%	0.00%	0.00%	
Wirral	1.44%	1.87%	0.00%	0.00%	0.00%	0.00%		3.10%			0.00%	0.00%	0.00%	
CW&C	1.58%	0.00%	0.00%	0.00%	0.00%	0.00%		75.50%			0.00%	0.00%	0.00%	
Warrington	4.39%	0.35%	0.00%	0.00%	3.64%	0.00%		0.80%			0.00%	0.00%	0.00%	
Wigan	0.00%	0.00%	0.00%	0.00%	2.65%	0.00%		0.00%			0.00%	0.00%	0.00%	
Chorley	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	46.71%	0.00%	6.59%
Preston	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	3.61%	67.50%	5.00%
South Ribble	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%			0.00%	7.43%	3.97%	61.07%
Unspecified Merseyside	0.65%	0.00%	5.90%	1.30%	1.47%	7.00%	0.70%	0.00%	0.60%	0.79%				
Greater Manchester	1.27%	0.00%	0.00%	0.00%	1.67%	0.00%	2.00%	4.03%	3.02%	1.59%				
Elsewhere North West	10.33%	5.26%	6.50%	1.40%	9.33%	0.00%	7.00%	14.28%	11.82%	7.94%				
Elsewhere UK	9.07%	8.96%	9.70%*	7.60%*	11.57%	14.20%*	10.80%	14.28%	10.67%	8.28%				
Abroad	4.59%	5.01%					2.46%	0.00%	9.65%	2.42%	8.74%			

Source: Various local authority SHMAs, HNSs

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- 4.174 Considered together, historic moves and aspirations highlight the levels of self-containment within authorities⁵⁶. There is limited evidence of significant moves from authorities with an undersupply into Wirral or Liverpool where potential capacity exists.
- 4.175 A review of sub-area flows using information contained in the SHMAs for the core area reinforces these findings and those analysed through the Movers Survey. These studies further reinforce the local nature of housing markets and therefore, on current trends, the limited capacity to redistribute demand on a significant scale.
- 4.176 Building on the analysis of travel to work flows the following assessment of migration data serves to further develop the understanding of the potential to re-balance demand for authorities with a potential undersupply across the functional areas identified above. A number of key conclusions can be reached:
- Current and historic trends suggest that to date movements have in net terms been out of Liverpool to other surrounding authorities, including those identified as having a potential undersupply in Task 2;
 - Movement flows between authorities are largely contained to areas directly adjacent to one another across authority boundaries, for example, parts of North Liverpool and South Sefton. In reality these flows are still relatively small and given the broader distribution of urban areas within authorities further reinforces the high containment trends demonstrated across authorities; and
 - Household aspirations again reveal a desire to move relatively locally suggesting that historic trends are unlikely to change significantly over the short-term unless there is a fundamental change to the supply position and associated perceptions of housing market areas.
- 4.177 Based on the above the evidence of available data on migration and movements suggests there is only limited capacity to relocate substantial levels of housing demand generated within individual authorities to other areas. This is not to say this should be completely ruled out in the future as new supply emerges, for example in the regeneration areas of individual authorities, or as part of a brand new 'offer', including the Waterfront proposals in Liverpool, Wirral and Ellesmere Port, which potentially have the capacity to create new migration trends. This issue is explored in greater detail below.

⁵⁶ Liverpool's self-containment appears particularly high from the household survey conducted in 2010. It is important to note that this is based on approximately 10,400 moves which is lower than that recorded under previous surveys. This reflects the lack of mobility in the market in 2010, an issue explored in greater detail in the Liverpool SHMA.

Step 3 – Consideration of the Imbalance of Supply and Demand by Housing Type and the Propensity of Households to Move

- 4.178 The previous steps have analysed the functional relationships between the authorities in order to assess the rationale for redistributing demand and supply across authority boundaries. Housing markets are by their very nature complex and ultimately depend on households exercising choice.
- 4.179 Economic linkages, as explored in Section 3, are an important consideration. However, clearly it is important to understand in more detail the elements of the housing market which are more dynamic and the types of property they are likely to require. This is particularly important, as noted in the conclusion to the last step in connection with the role of plans to continue to develop city centre and waterfront markets in Liverpool and Wirral.
- 4.180 Looking first at the breakdown of the supply of different property types, the following table shows a broad proportional distribution of the SHLAA sites by property type. It is important to note that the breakdown of supply has been undertaken by examining the density of development proposed through the SHLAAs and application of professional judgement to arrive at a type of residential property that is likely to result at these densities.

Figure 4.27: Supply by property type

Authority	Suburban Family Housing	Medium Density Mix (Urban development)	Mixed Flats and Houses	Apartments	Total
Halton	40%	51%	2%	7%	100%
Knowsley	55%	14%	11%	20%	100%
Liverpool	36%		9%	55%	100%
Sefton	22%	47%	13%	18%	100%
St Helens	44%	40%	9%	8%	100%
West Lancs ⁵⁷	85%	15%	0%	0%	100%
Wirral	29%	0%	14%	57%	100%
Total Core Area	52%		9%	39%	100%
Central Lancashire	n/a	n/a	n/a	n/a	n/a
Wigan	3%	92%	1%	3%	100%
Warrington	31%	38%	12%	19%	100%

⁵⁷ The figures within this table are based on previous datasets provided, latest information suggests there are unimplemented planning permission for at least 150 apartments across West Lancashire, suggesting up to 3% of the total may be developed as this property type.

CWaC	22%	74%	1%	3%	100%
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Source: SHLAA documents/ interpretation by GVA (2010). *Note: this analysis draws upon analysis of the SHLAA data provided as of summer 2010*

- 4.181 This highlights the skewing of the potential supply within Liverpool and Wirral to apartment developments, driven primarily by the City Centre market in Liverpool and the ambitious development plans on the waterfronts of the two authorities. In contrast, the other authorities all show a greater preponderance towards schemes delivering other traditional housing types. This includes West Lancashire, CWaC and Wigan which all show very high proportions of houses within their supply, with only very small amounts of apartment schemes included within the overall SHLAA supply.

- 4.182 Examining the site level data of different types of property envisaged to come forward clearly highlights the concentration of the supply of apartment / flatted developments within Liverpool City Centre, across the water in Wirral and to a much smaller extent other larger urban centres across the City Region.

- 4.183 The following elements of this step look to test the level and origin of demand in relation to this property type mix. The significant supply of apartment development assumed within the land supply in Wirral and Liverpool are likely to require demand to be generated and met from outside the authorities. Potentially, the realisation of these large apartment schemes has the potential to absorb some demand from new households from other authorities in the study area, but this would depend on the extent to which the supply profile can match the expectations and aspirations of households. The intention is not to directly quantify this demand but provide a reasoned assessment around the source and type of households likely to be attracted.

- 4.184 The following table presents headline analysis of the level of demand or aspiration for different sizes of property based on the findings of HNSs and SHMAs for individual authorities. In considering this analysis it is important to note that the demand for properties by type has been built using a number of assumptions largely based upon the responses of households to housing need surveys regarding the size of property they would like and that this analysis has been limited to market housing alone for the majority of authorities (depending upon data disaggregation).

Figure 4.28: Demand by property type

Authorities	Market Housing Demand by Property Size						
	One Bed	Two Bed	Three Bed	Four + Bed	Houses (Detached / Semi / Bungalows)	Flats	Other
Halton	5.4%	33.8%	38.4%	22.4%	/	/	/
Knowsley*	10.0%	30.0%	40.0%	20.0%	/	/	/
Liverpool	11.9%	18.5%	49.3%	20.4%	/	/	/
Sefton ^{58*}	0%	16.1%	68.2%	15.7%	/	/	/
St Helens	8.0%	32.4%	42.7%	16.8%	/	/	/
West Lancs**	2.4%	21.4%	49.2%	27.0%	/	/	/
Wirral	19.0%	37.0%	44.0%	0.0%	/	/	/
Central Lancashire	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Wigan					60.1%	38.8%	1.1%
Warrington	7.6%	28.8%	36.8%	26.8%			
CW&C***	27.1%	53.4%	19.5%				

Source: Various Authority HNS's / SHMA's, GVA, 2010 - * Knowsley and Sefton figures are not based on demand but the recommendations of the SHMA as to how the housing market in the authority needs to be re-balanced, this is not directly comparable with the other authorities where proportions represent household expectations **Figures represent the size of accommodation required by households resident in West Lancashire in 20 years time *** CW&C market housing demand is taken from 2010 SHMA and relates just to aspirations of newly-forming households

- 4.185 The table shows a preference for family sized properties, with three bed properties consistently showing the highest responses. This reflects a general aspiration of households to have properties with additional space to ensure greater flexibility.
- 4.186 Apartment or flatted developments typically tend to be smaller in size and limited to 1 or 2 bedrooms. The above profiles also suggest across the core area authorities a relatively healthy level of demand for these property sizes. Clearly this demand will be made up of a broad range of household types (e.g. older person households / young newly forming households), a proportion of which may not aspire to a flatted property, with demand for properties of this size also including other types of smaller housing units.

⁵⁸ Sefton's average household size is going to decrease in the future. This does not, however, mean that new housing required is going to be smaller than the stock of housing that currently exists.

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- 4.187 In headline terms there is clearly an aspiration for a notable amount of smaller properties (one and two bedroom) across most authorities going forward. Indeed all authorities in the core area, with the exception of West Lancashire record a proportion aspiring to live in these sizes of property in excess of 30% and in many cases above 40%. It is important to note, however, that consistently demand for one-bedroom properties alone is relatively limited.
- 4.188 Given that authorities such as Sefton, Knowsley, St Helens and West Lancashire, with an undersupply position over the longer-term, exhibit demand trends that could in part suggest a need for smaller properties (including apartments), there could be potential to accommodate some of these housing requirements within the planned supply in Liverpool and Wirral, although it must be assumed that the potential of the latter given its geographical separation to these authorities will be limited. In addition, over the shorter-term considering the potential for Wirral to meet growth pressures from CWaC (initial five year undersupply) the complementary profiles above suggests some opportunity for an easing of pressure. This is predicated on the realisation of development matching the potential identified in the SHLAA.
- 4.189 As noted above quantifying in detail the aspirations of households and therefore the requirements for different properties within and across authorities is difficult to robustly undertake with the data available, however, the following narrative explores this issue qualitatively.
- 4.190 The Northern Way Consortium conducted an extensive process of research examining the relationship between the housing offer and economic competitiveness⁵⁹. This applied a structured methodology to assess how and where authorities could, through their housing offer, encourage economic growth. An important consideration in this approach was developing an understanding of which groups were likely to be more mobile in terms of housing relocations and the different products and market typologies they would be drawn towards.
- 4.191 This research quoted a report by Meen et al (2005) for the Joseph Rowntree Foundation⁶⁰ which looked in detail at the profile of household movements nationally. This concluded that:
- “Mobility rates are lowest for owner-occupiers. Social renters are the tenure group least likely to move. Education also affects the propensity to move - those with higher qualifications such as a degree are more likely to move outside their local authority. In addition to being the most*

⁵⁹ Llewellyn Davies Yeang (2006) Quality of Place: The North's Residential Offer. The Northern Way Sustainable Communities Team. Available at <http://www.thenorthernway.co.uk/downloadaddoc.asp?id=388>

⁶⁰ Meen G, Gibb K and Goody J (2005) Economic Segregation in England : Causes consequences and Policy. Joseph Rowntree Foundation. Available at www.jrf.org.uk/sites/files/jrf/1861348428/pdf

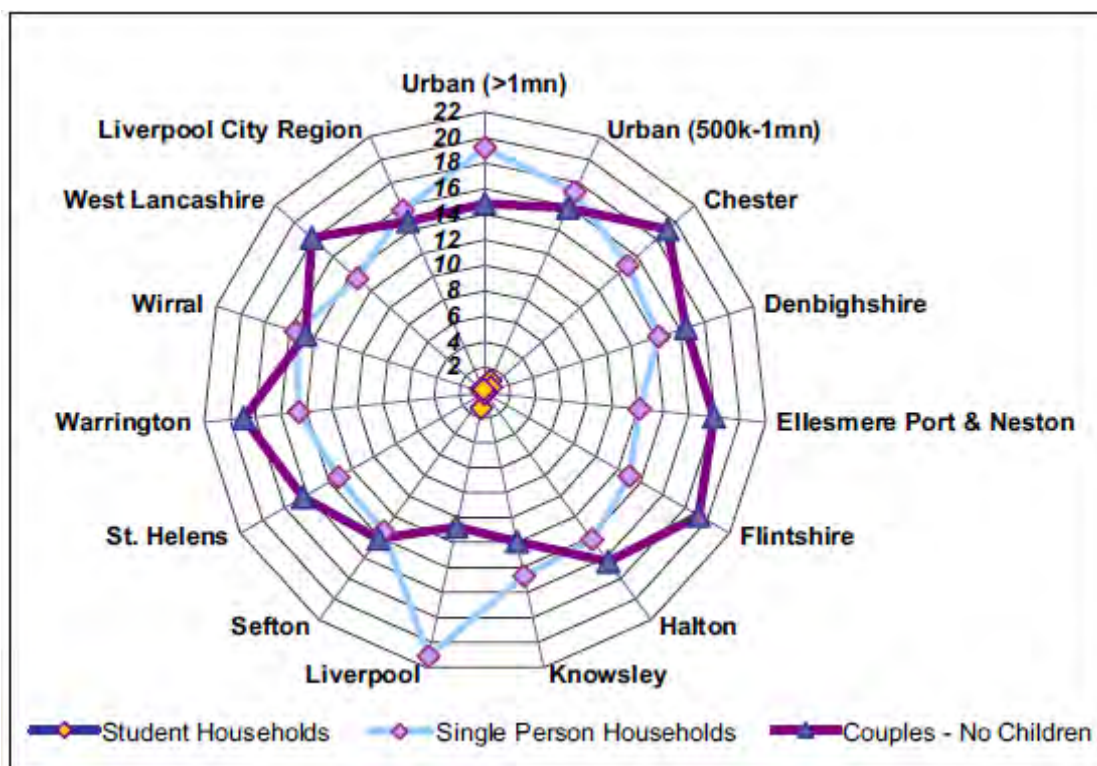
likely economic group to move, highly educated individuals also have wider job search areas. In terms of age, unsurprisingly those in younger age groups are more likely to move, with household mobility declining with age.” (Meen et al, 2005)

4.192 Consideration of the general profile of households is clearly important, within the Liverpool City Region case study report⁶¹, analysis was undertaken of the propensities of three key household groupings which were considered to represent the more dynamic or mobile element of the population. These being:

- Single person households
- Couples with no children
- Student households

4.193 As these groups clearly represent an important part of the formation of new households, the overall picture has been analysed further. The following spidergram illustrates the relative concentrations of these groups in each of the City Region authorities.

Figure 4.29: Household composition – select groups



⁶¹Llewellyn Davies Yeang (2006) Quality of Place: The North’s Residential Offer. The Northern Way Sustainable Communities Team. Available at www.thnorthernway.co.uk/downloaddoc.asp?id=388

Source: Llewellyn Davies Yeang, 2006

4.194 The following key distinctions were drawn, which have relevance to this research:

- a relative concentration of single person households compared to couples (no children) in urban areas, with only Liverpool, Wirral and Knowsley exhibiting these characteristics within the study area;
- variation in terms of couples with no children with the commuter belt districts having slightly higher proportions compared to the more central districts; and
- Sefton is the authority which mirrors national urban averages most closely.

4.195 These household types and their mobility represent an important consideration in terms of understanding the origin of demand for further development of the city centre / waterfront areas of Liverpool and Wirral. Indeed the profile above highlights the existing impact of these markets and their role as a concentration location for younger households, including students. These are households who are more likely, alongside highly qualified households and households moving within the private rented sector, to be more mobile. By contrast these market areas present a relatively limited choice for people seeking a second move: *“so that families have tended to drift out to the outer reaches of the city region and beyond - Wigan, Warrington and in some cases even further towards Manchester: areas where the quality of residential offer, including schools, is seen as more attractive”* (Llewellyn Davies Yeang, 2006)

4.196 This presents an important context for assessing the planned supply of new housing analysed in Tasks 1 and 2. These two distinct groups, younger more mobile households and the more anchored or sedentary family households, are generally associated with different housing products. As noted above, the former have a higher propensity to aspire to live in smaller properties including flats in a more urban context, with the latter seeking a more traditional larger housing product within the more widely distributed ‘suburban’ or edge of urban locations.

4.197 The potential limited supply of flatted and arguably smaller properties in all of those authorities with a wider potential undersupply is countered by a substantial capacity of this property type identified in the supply for Liverpool and Wirral. Given the travel to work based functional relationships between Liverpool and all of these authorities this suggests that the more dynamic or mobile element of the households formed over the next fifteen years and beyond could be absorbed to some extent within the new supply coming forward in Liverpool and Wirral.

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- 4.198 The City Centre market of Liverpool (recognising the potential for this to expand both across into Wirral and within Liverpool itself) is a unique market within the core area and arguably the wider City Region. The products which have emerged here, and according to the overview of the potential supply, are likely to draw households from across the City Region as well as further afield, with the Universities and the City Centre's cultural and retail offer contributing to the attractiveness of the City Centre. In addition, the Liverpool and Wirral Waters proposals will bring forward not only residential units but a significant quantum of other commercial uses that will provide many of the range of functions required for new residents, creating a fundamental change to the operation of local housing markets.
- 4.199 It is important to recognise however, that when considering the market as a whole the 'family market' has exercised choice and historically migrated across authority boundaries. Traditionally this move has been from the inner areas, including Liverpool, to authorities offering suburban neighbourhoods and a greater choice of property types. This study continues to reinforce the importance placed on continuing to transform and strengthen the housing market offer to both regenerate vulnerable market areas (a point reinforced in step 4 below, in terms of average house prices) and ease the pressure on other surrounding authorities. In line with the findings of this report, it is suggested that major schemes such as Liverpool Waters and Wirral Waters, can make an important contribution to recapturing some households that would otherwise migrate out of these authorities. However, it is not realistic to assume that the underlying trend of out-migration from the inner areas will be completely stemmed by new supply in these locations.
- 4.200 The broad assumptions made above considerably simplify the complex dynamics of the housing market and the individual choices made by households based upon their own unique set of circumstances. The analysis presented here does, however, suggest that areas of household search are likely to cross authority boundaries and that there is some potential to plan the supply of housing at the functional level at which local markets operate, to redistribute housing requirements and moderate any imbalances.

Step 4 – Housing Need and House price geographies

- 4.201 An important component of any housing market is the relative price of housing and the local need for affordable housing. As the analysis in Step 3 identified, households in the social rented tenure and households with lower incomes tend to be significantly less mobile, particularly as market housing falls outside of the financial means of many newly forming and existing households, which implies that these needs will need to predominantly be met locally.

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- 4.202 As part of the Core Strategy evidence base each authority has undertaken a SHMA or HNS which identifies the overall level of local housing need for affordable housing. This, therefore, forms an important final 'check' on the relative balance between the overall level of household growth, the available potential annual supply and the level of local 'need', to ensure that authorities are able to meet local requirements.
- 4.203 Figure 4.30 set out the annual requirements for affordable housing as set through the existing evidence base for each of the authorities. It is important to recognise that these requirements have not been set against economic viability work and therefore reflect a pure assessment of 'need' which does not reflect the ability to deliver. It is evident that across each of the authorities there is a relatively strong level of affordable housing need which arguably should be accommodated locally. Particularly high levels are recorded in Liverpool, Knowsley, Central Lancashire and CWaC. It is also important to note that the total level of need in Sefton is of a similar scale, however, the assessment of critical affordable housing need presented in this report shows a more constrained picture.
- 4.204 These annual levels of need are generally put together using a combination of primary and secondary data and the reliance on responses to primary surveys makes it difficult to accurately project long-term requirements. Meeting the backlog of need should, however, reduce future requirements and ensure that the annual requirement to deliver affordable housing is reduced⁶². The data included in the following table, showing the housing need per annum, annual overall household growth per annum and average supply capacity per annum, should be considered as part of this wider context.

⁶² Note: Authorities have in a number of cases used timescales beyond five years to address backlog need through their calculations.

Figure 4.30: Housing Need – Contrasting need against overall supply

Local Authority	Identified Housing Need per annum (SHMA's / Need Surveys)	RSS Annual Requirement (Dwellings)	Average household change 2010 – 2031 (CLG Household Projections)	Total Potential Supply 2010 to 2031-SHLAA's	Average annual potential supply (total divided by 21)
Halton	176	500	280	11,268	537
Knowsley	568	450	350	5,392	257
Liverpool	876	1,950	1,280	43,920	2,091
Sefton	246 ⁶³	500	350	4,842	231
St Helens	306	570	400	8,960	427
West Lancs ⁶⁴	214	300	260	5,220	249
Wirral	302	500	400	21,217	1,010
Total Core Area	2,688	4,770	3,320	100,819	4,801
Central Lancashire	1,727	1,341	1,220	25,136	1,197
Wigan	792	978	900	35,664	1,698
Warrington	171	380	830	6,678	318
CWaC	1,177	1,317	770	43,956	2,093

Source: Local Authority SHMAs/HNSs (Various dates), RSS, 2008, CLG Household Projections, 2010, GVA, 2010

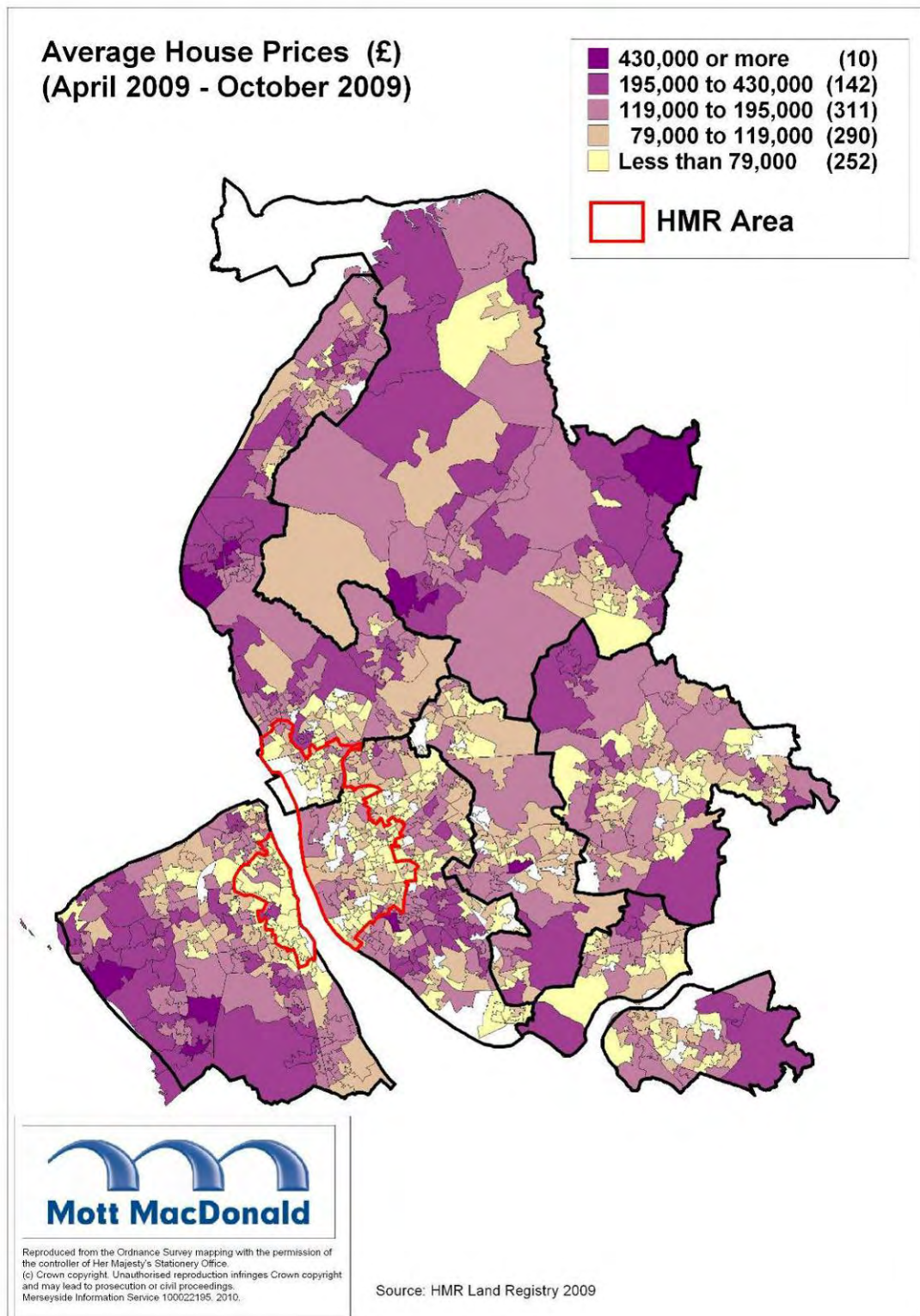
- 4.205 This table illustrates, with the exception of Knowsley and Central Lancashire, the annual affordable need should be capable of being absorbed within the annual potential supply which could come forward to 2031. However, contrasting these two factors provides a relatively simplistic picture with the potential supply including sites which already have planning permission, smaller sites which may not be required to deliver affordable housing and a proportion of sites where viability issues are likely to pose a challenge in delivering a mix of tenures.
- 4.206 In addition, it is important to note that the demand drivers behind establishing need are in most cases based upon survey responses and do not necessarily directly take account of a balancing with supply, nor the cumulative impact of reducing a backlog of need. They therefore represent a 'pure' assessment of need and should not be directly compared with potential dwelling requirements or delivery. This study has not deconstructed the assumptions

⁶³ This is a calculation of 'critical' affordable housing need, rather than the total affordable housing need. Overall need is estimated to be higher.

⁶⁴ Please refer to footnote to Figure 4.4

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- behind these need figures although a headline review suggests that a range of thresholds have been applied to assess 'priority' need with, for example, Sefton through their SHMA exploring the difference between total need and 'critical' need.
- 4.207 In the case of a number of authorities, there is a relatively small difference between the numbers suggesting, if we assume that affordable need should be met where it arises, that there is a relatively limited scope to re-distribute demand with a large proportion of housing identified within the potential supply required to meet local need.
- 4.208 Sefton's position in particular is very finely balanced with housing need per annum up to 2031 standing at 246 and the overall potential supply capable of delivering up to 245 units per annum up to 2031. This is also true of all of the authorities identified as having an overall potential undersupply position, with figures for Knowsley suggesting that more than 100% of development needs to be built locally, presenting an important consideration on the ability to redistribute demand. In headline terms this would suggest the importance of these authorities identifying a larger supply of potential land over the full time period to meet locally derived affordable housing needs as failure to do so could mean that a significant amount of affordable housing needs would be unlikely to be met.
- 4.209 The existence of localised markets is further reinforced when considering the wider market or house price geographies across the City Region. The following plan shows the average house prices recorded in 2009, built from a low spatial geography to illustrate the nuanced spatial nature of the market across and within authorities.

Figure 4.31: Average House Prices – April 2009 to October 2009



Source: Mott MacDonald, 2010

4.210 At a headline level across the City Region there are clearly a number of defining characteristics that stand out:

- A belt of lower average prices surrounds a high value City Centre market in Liverpool spreading into adjacent parts of Sefton in the north and Wirral in the west;
- This belt is then replaced by a larger belt of areas with higher average prices, sharing common characteristics across the authorities of Knowsley, South Liverpool, Halton, South Sefton and St Helens; and
- A further higher value belt around West Lancashire and West Wirral, spreading out into Central Lancashire. Although not illustrated in Figure 4.33, this high value belt also extends southwards into CWaC.

4.211 The existence of areas of market commonality and functionality within and between authorities reinforces the importance of considering the balance of the housing offer at a wider geographical level. Households with the financial capital and resource will in reality be able to exercise choice to locate within any of these functional market areas, for example to choose from within the whole of the belt of higher average property prices ringing the city-region. The mobility of these households is therefore an important consideration, particularly in terms of understanding the future potential for current internal migration trends, out from the core of the area to the peripheral authorities, to be stemmed. As noted previously, the reduction in these movements will by default lead to an element of rebalancing, with pressure eased in the peripheral areas and contained more successfully in the core.

4.212 Importantly, however, for households with a more restricted financial capacity, including households likely to be classified in need through the SHMA studies, the ability to exercise choice is more limited. Whilst pockets of low value housing exist across the study area, and in notable quantities within the core, these households are likely to be less mobile and as a result of low income and economic earning potential will generally need to live closer to places of potential employment.

4.213 In order to meet local needs and create more balanced markets across the area, it will be important to ensure the delivery of a range of housing products at a sub-area (below local authority) level. On this basis, therefore it is important to ensure that the scale of demand considered to be able to be redistributed takes account of the importance of delivering housing which also meets local needs.

Conclusion to Tasks 1 to 3

- 4.214 The analysis of the housing market presented in this section has highlighted that the potential supply and demand for housing across the core area, when taken as a whole, is relatively balanced over the period to 2031, on the basis of a number of assumptions. However, the analysis has found that there are shortfalls in individual local authority areas.
- 4.215 In supply terms, this overall headline balance is predicated on the delivery of large developments in Liverpool and Wirral. In the event that these major developments either do not deliver to their maximum capacity or are constructed at a slower rate than currently envisaged, supply and demand would be out of balance. Consideration should then be given to an alternative supply of land to help meet gaps in the portfolio. The latest SHLAA data at December 2010, informed by market consultations, has been used to assess the adequacy of the land supply across the core area and associate authorities. As such, the assessment of supply is considered, in our professional judgement, to be based on the best available local intelligence at the time of the research.
- 4.216 In demand terms at the overall level, the relatively fine balance is predicated on balancing supply against the previously prescribed housing targets set through the RSS. Whilst there are limitations in using the DCLG household projections as an alternative estimate of demand, their use as a proxy, highlights that potential future housing requirements may be more limited than envisaged in RSS. This issue will need further consideration beyond this piece of research, with authorities already starting to assemble an evidence base to inform locally based housing requirements, in light of the anticipated revocation of RSS later in the year. The evidence which will emerge from these studies will, if found sound, take precedence over other nationally produced datasets, such as the DCLG Household projections.
- 4.217 At a local authority level, Sefton, Knowsley, West Lancashire and St Helens in particular are identified through the study as facing a position of potential undersupply of housing land. This position is consistent, even when set against the lower level of demand generated through the most recent DCLG household projections. The identified potential shortages in housing supply in these authorities suggest that none of these authorities are likely to be able to meet the needs of other neighbouring Districts. Liverpool, Wirral and Halton record a position of capacity against both RSS and DCLG projected household growth levels, with only Wirral in the core area showing a large capacity position over the long-term.
- 4.218 Outside of the core area, CWaC demonstrates a relatively high potential capacity over the longer-term, albeit with undersupply (against RSS requirements) in the first five years – an

- issue compounded if Growth Point aspirations are taken into account. Additionally, Wigan also demonstrates a high potential capacity over the longer-term, with the other 'associate members' showing a limited undersupply.
- 4.219 Under Task 3 consideration has been given to a number of indicators of market functionality to explore the potential for the re-distribution of components of the overall demand for new housing to respond to the identified potential availability of capacity in a number of authorities, primarily Liverpool and Wirral.
- 4.220 Whilst the assessment of travel to work flows illustrates the strong functional relationships which exist between the authorities in the core area, with the employment offer in Liverpool in particular acting as a focus for commuting journeys, the analysis of recorded household movements demonstrates the primarily localised nature of residential areas of search. Historical movement data highlights high levels of containment within authorities, with movements across administrative boundaries often limited to areas directly adjacent. In addition, net historical flows clearly show a general trend of outward movement from Liverpool to its surrounding neighbours.
- 4.221 Historically CWaC appears to operate in relative isolation from the core area, with migration flows to the core areas only demonstrable with Halton and Wirral and these again being in net terms into CWaC rather than out. The latest survey data analysed within Task 3, may however, suggest some change in these movements, with small flows evident from CWaC into these authorities, an important consideration when considering the potential to ease pressures over the initial five year period.
- 4.222 The analysis of household preferences and aspirations, as revealed through HNS and SHMAs also reinforces this preference for accommodation within local authorities suggesting a significant propensity for within-district moves in the future. In part this trend, whilst suggesting a limitation to the ability to redistribute high levels of locally derived demand in neighbouring authorities where supply exists, could potentially lead to an element of rebalancing by default within the core area. As the trends above identify, one component of the pressures of demand on the authorities with an undersupply position has been the internal migration from authorities at the core, including Liverpool. A stemming of these flows will serve to elevate demand in the core authorities, where the higher levels of supply exist, and potentially ease part of the high demands recorded in the more peripheral authorities of the core area.
- 4.223 However, when considering these conclusions the noted limitation with this evidence base is its tendency to reflect preferences at a point in time, and not relate to any "proposition" with regard to future improvements to existing areas of housing. While valuable in helping to

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- establish functional relationships between local authorities, the responses to household survey questionnaires cannot be described as a definitive source of intelligence on future functional links between authorities, albeit they often represent the only source of updated information.
- 4.224 Local authorities have the ability to influence future housing market relationships through planning policy and the targeting of regeneration and other investment. However, on the basis of available evidence it is difficult to prove future distinct linkages between market areas, other than to stress the sustained commitment to regenerating the most vulnerable areas across the core area. This sustained commitment includes effort to make them more attractive, encourage the retention of households and potentially even attract new households into areas previously characterised by an outward movement of households.
- 4.225 Examining the types of households more likely to be 'mobile' in the market, it is clear that this will primarily include younger households whose locational choices will be largely shaped by economic drivers. The evidence collated identifies that, based on the distribution of the potential supply of different types of housing and their relative market choices, the significant proposals for city centre / waterfront developments within Liverpool and Wirral could serve to capture demand generated by other authorities, potentially easing demand pressures. However, as noted above, stemming the existing trend of outward migration of family households will also have an important role to play in re-distributing and balancing supply and demand. These flows will need to be carefully monitored, in terms of assessing the net potential for redistribution.
- 4.226 Turning to housing needs, with the exception of Knowsley, Central Lancashire and to a slightly lesser extent Sefton, the annual affordable housing 'need' requirement is likely to be able to be absorbed within the annual projected supply which could come forward to 2031, recognising that there are locally specific imbalances in all authorities (as explored in the text around Figure 4.30). When considering the reality of this balance, it is however important to recognise the potential delivery challenge in bringing forward affordable housing on a proportion of this potential supply, which may well affect the ability of authorities to meet need locally.
- 4.227 In the case of a number of authorities there is a relatively small difference between the level of affordable housing need, which it is assumed should be met locally, and the potential supply available, suggesting a relatively limited scope to enable a significant additional re-distribution of wider household demand. Indeed the fine balance in a number of authorities highlights the
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- potential need to identify a further local supply of potentially deliverable land in order to meet the identified level of need for affordable housing.
- 4.228 If the RSS housing requirements are rolled forward to 2031, the evidence suggests that the scale of undersupply in Sefton, Knowsley, West Lancashire and St Helens will only to a limited extent be able to be met by housing capacity in Liverpool or Wirral, despite a potential capacity of additional supply being identified.
- 4.229 Looking specifically at CWaC, where the undersupply position is only recorded over the first five years, the analysis suggests some potential for the significant potential capacity in Wirral to be used to ease pressure. The proposed supply profile of different stock types appears relatively complementary suggesting the potential for some scale of re-distribution of demand. Careful monitoring will be required however, given the current delivery challenges, to monitor whether potential supply is realised in actual delivery terms.
- 4.230 The analysis under Task 4 has shown how the study area operates in functional terms with households moving predominantly within and to a lesser extent between authorities. This suggests that some potential exists to continue to expect some re-distribution of demand across authorities in the future. However, the analysis also clearly highlights that, given the prevailing trends in housing market containment and household needs and preferences, significant changes in household behaviour would need to occur for authorities with capacity in the core area to accommodate some of the demand pressures arising elsewhere in the core area. This conclusion recognises the profile of supply, which currently includes a large proportion of apartments, and the aspirations, preferences and needs of households.

5. Employment Evidence Base

- 5.1 The ability to meet economic growth aspirations at every level from national to local is contingent on a number of factors. Fundamental to the ability to deliver economic development is the presence of a *sufficient* and an *appropriate* supply of employment land; including an available and flexible supply of land that facilitates rather than constrains economic growth and inward investment.
- 5.2 Understanding the relative balance between aspirations for economic growth and likely levels of demand is crucial to ensure an appropriate planning response to facilitate economic development. An analysis of the current land supply is a key requirement, including a careful consideration of the fundamental drivers of economic growth, and any assumptions that are likely to be susceptible to change.
- 5.3 This section sets out to answer the core questions presented in Section 2 with regard to the economic development offer across the City Region, both now and in the future. Prior to examining the quantifiable outputs of demand and supply consideration is given to the wider market context.

National Commercial Market Context

- 5.4 The information contained within paragraphs 5.5 to 5.18 has been obtained from the GVA Research team.

Commercial Outlook Quarter 4 2010

Economic Trends

- 5.5 Economic growth and recovery continued in Quarter 3 (Q3) 2010, recording an above trend 0.8% growth, although weaker than the exceptional 1.2% recorded in Q2. This stronger performance reflects quantitative easing measures implemented by the Bank of England, and so far is found to be similar to the mid 1990's post-recession upturn.
- 5.6 In terms of sector growth, construction (4% increase) and manufacturing (1% increase), but the service sector was steady at below trend 0.6% increase. However, growth of business services and finance output was just 0.5%, half the rate achieved in Quarter 2 (Q2) and well below the 0.8% achieved in Quarter 1 (Q1).

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- 5.7 Econometric forecasts (Experian Business Strategies) dating from November 2009, project sector growth (employment) nationally to 2031 to be concentrated in Property Related Services (49% growth over the period), Transport and Communications (35% growth over the period), Business Services (22% growth over the period), and Banking and Insurance (19% growth over the period).
- 5.8 Local forecasts for the Liverpool City Region (Cambridge Econometrics) to 2030 suggest a slightly different picture highlighting the importance of Land / Air Transport (44% growth over the period), Computing Services (42% growth over the period), and Insurance (19% growth over the period). In all cases however, the projected reliance on business services in relation to economic recovery is clear, although there was noted poor contribution from this sector in Quarter Four (Q4).
- 5.9 Recent employment statistics contain mixed messages regarding the state of the economy. Claimant count unemployment increased again in September 2010, having been on a rising trend over the last six months. In contrast, overall employment over the last three months (to the end of July) (latest data available) increased by 174,000 compared with the previous three months, although this was lower than the 293,000 increase recorded a month before.
- 5.10 Whilst strong economic growth has been recorded in Q2 and Q3 some analysts suggest that this may be the 'quiet before the storm'. Specific reference is made here to the impact that the spending cuts and tax increases could have over a relatively short period of time. The circa 500,000 expected fall in public sector employment will have knock-on effects on the private sector, affecting some local retail and office markets significantly. The significance of this for northern England and the study area specifically, where public sector employment can account for upwards of 50% total employment in some areas, is noted.
- 5.11 Analysts expect spending cuts are likely to hit the construction sector hardest, reversing the strong growth in output experienced this year. Retail spending is also likely to be affected by job losses, the VAT increase in January, increases in National Insurance and pensions' contributions, weak wage growth, relatively high inflation and a reduction in welfare payments.
- 5.12 Some analysts anticipate that output growth will be weaker than the Government expects in 2011, 2012, and 2013. This could mean lower tax receipts and higher expenditure on unemployment than expected and the need for a second round of cuts / tax increases if deficit reduction targets are to be met. If correct this could slow economic growth further and could cause a new recession.
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- 5.13 A weak upturn in 2011 and 2012 is still more likely than a new recession, but either way occupier demand for property is likely to remain subdued for some time, with below inflation rental value increases except in certain locations such as central London. Secondary retail and office locations, in towns where large public sector cuts occur, could be badly affected.

Rental Occupier Market Trends

- 5.14 The gradual recovery of commercial occupier markets progressed during Q3 as office rental growth turned positive for the first time in over two years, led by the City of London. According to the IPD Monthly Index, average all-property rental values⁶⁵ remained in negative territory in Q3, as a marginal 0.1% decline was recorded. Across the three main property sectors there were mixed results with retail rents falling 0.4%, industrial rents remaining flat (0.0%), and office rents growing 0.2%. Despite the weakness of these latest results they still represent a growth year-on-year from the lows of early 2009.
- 5.15 Take-up levels rebounded in Q3 after a disappointing Q2 with over 4.5m sqft of office space occupied in the UK's key markets. This improvement was driven by the City of London. Outside of London, take-up in the nine key regional office markets was 1.8m sqft, the highest quarterly total of 2010. Out-of-town take-up was weak at 338,000 sqft.
- 5.16 The industrial and distribution property market continued to see conditions improve in Q3. In the 100,000 sqft plus deal size bracket, take-up is expected to exceed 15m sqft by year-end, a marked improvement on the 2009 total. Take-up has been driven by strong incentive packages offered by landlords (9-12 months rent free for each five year term is relatively normal in the current market), alongside the continued strength of some occupiers including supermarkets, discount stores and online retailers. The speculative development market is showing signs of recovery, but only in the most proven locations such as London and the South East, with demand for prime stock and land deals improving.
- 5.17 Significant downward risks remain in the market particularly around the uncertainty about the impact of the Government's recent comprehensive spending review on occupier demand over the next five years.
- 5.18 Latest consensus forecasts are for rents to recover, albeit at a sluggish pace, in line with the growth of the UK economy. By the end of 2010 it is anticipated that all-property average rents will be around 1% below 2009 levels. Looking forward to 2011 it is expected that offices, traditionally the most volatile of the markets, should see rental growth of 3%, a much faster

⁶⁵ Rental value is the value of the property in terms of the rent that might be derived from it.

rebound than retail and industrial both of which are expected to decline by 0.2% and 0.4% respectively.

Key Task 1 – Composite Picture of the Employment Evidence Base

“Briefly appraise each local authority’s key housing and employment evidence, to assemble a composite picture across the City Region.”

- 5.19 The approach to Key Task 1 has been underpinned by the need to source the most reliable and consistently available / relevant data relating to employment need and site supply; the use of professional understanding and interpretation in interrogating available data and assumptions underpinning conclusions; the triangulation of datasets in order to compare figures against appropriate baseline measures; and the need to ensure engagement with partners throughout the process to promote joint ownership and understanding of strategy and policy implications emerging from the study.
- 5.20 Given the wealth of information available to consider within the study a range of approaches have been utilised in order to ensure transparent, robust and clear recommendations. This has included the application of Geographical Information Systems (GIS) analysis and layering of data; comparison with national and regional data where appropriate, including the use of Office of National Statistics, Valuation Office Agency, and econometric forecasting data.
- 5.21 At every stage in the process of understanding the economic evidence base we have ensured a close liaison with the City Region partners including signing off our understanding and application of the evidence base relating to both supply and demand as articulated within existing and emerging documents.

Composite Supply and Demand Figures – Employment

- 5.22 The principal employment land supply and demand tables are set out below. The figures presented in these tables are then taken forward to answer Key Tasks 2 – 4 in the remainder of this section.

Employment – Calculation of Requirements to 2031

- 5.23 As noted previously, the ELR documents across the core area and wider area were found to be inconsistent in establishing a common timeframe, including variance in start date, end date, and total years captured. Simply aggregating these figures into one composite land

requirement, notwithstanding other methodological differences, would be flawed on this basis. On this basis it was considered necessary to establish a common base-date, and in response to a requirement of the brief, a consistent end-date of 2031.

5.24 The methodology followed also recognises that the ELR's have calculated requirements at local authority level using both take-up based and labour demand (econometric forecast) based calculations, with the preferred models identified based on local justification and relevance.

5.25 As a result the calculation of requirements to 2031 has had to have regard to the alternative approaches taken in each case, as summarised below.

- Take-up based preferred demand models (Sefton, Knowsley, Halton, West Lancashire, Warrington, Wirral, CWaC, and Wigan): where calculation has been extrapolated to 2031 using the average take-up over the plan period (based on historic take up rates); and
- Labour demand (econometric forecast) based preferred demand models (Liverpool, St Helens, and Chorley, Preston and South Ribble): where calculation has been extrapolated to 2031 using the average demand calculated over the plan period.

5.26 On this basis, the following calculations have been undertaken to calculate requirements to 2031 for each authority area:

- Halton: Annual average requirement taken from the Joint Employment Land and Premises Study of 17.15 hectares multiplied by period 2010 to 2031 (21 years) to give total requirement of 360.22 hectares. No need for adjustment from ELR start date required;
- Knowsley: Annual average requirement taken from the Joint Employment Land and Premises Study of 13.73 hectares multiplied by period 2010 to 2031 (21 years) to give total requirement of 288.33 hectares. No need for adjustment from ELR start date required;
- Liverpool: Total ELR land requirement averaged over plan period to give annual demand for 11.82 hectares, extrapolated from ELR end date to 2031 (5 years) to give total requirement figure of 295.52 hectares. Adjustment required to reflect 2010 start date;
- Sefton: Annual average requirement taken from the Joint Employment Land and Premises Study of 3.612 hectares multiplied by period 2010 to 2031 (21 years) to give total requirement of 75.852 hectares. No need for adjustment from ELR start date required;

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- St Helens: Calculation within ELR Addendum covers period to 2031 so no need for extrapolation of 52 hectares total. Adjustment is needed to reflect the start date of the ELR calculation which covers 2011 to 2031;
 - West Lancashire: Total requirement derived from average take-up 1992-2010 multiplied by the period 2010 to 2031 (21 years) to give total requirement of 135.03 hectares. No need for adjustment from ELR start date required;
 - Wirral: ELR period runs to 2030, annual average of 15.13 hectares extrapolated for one extra year to result in a total requirement of 317.63 hectares. No need for adjustment as ELR start date is 2010;
 - Chorley, Preston and South Ribble: Annual average figures calculated from the labour based demand model multiplied by the ten years from 2021 (ELR end date) to 2031 to give total requirements for the period of 5.04, -25.19 and -67.28 hectares respectively. Need for adjustment to reflect take up activity in the period to 2010;
 - Wigan: Annual average requirement of 15.98 hectares taken from the ELR calculated over the period 2010 to 2031 to give a total requirement of 335.9 hectares. No need for adjustment as calculation is based on the period 2010 to 2031;
 - Warrington: Annual average requirement of 11.6 hectares taken from the ELR calculated over the period 2010 to 2031 to give a total requirement of 243.6 hectares. No need for adjustment as calculation is based on the period 2010 to 2031; and
 - CWaC: Annual average requirement of 27.9 hectares taken from the ELR calculated over the period 2010 to 2031 to give a total requirement of 585.9 hectares. No need for adjustment as calculation is based on the period 2010 to 2031.
- 5.27 For the authorities requiring adjustment to total requirements to 2031 to reflect the 2010 base date the following calculations have been undertaken. In each case actual take-up recorded at local authority level has been obtained from the study partners and netted off total requirements to 2031. Where these have not been available the annual average has been applied from the plan period. This is with the exception of St Helens, where an additional annual average figure has been added to take account of the ELR start date of 2011.
- Liverpool: Calculation to net off 40.95 hectares reflecting take up activity during the 3 years to 2010 resulting in total requirement of 254.57 hectares for 2010 to 2031;
 - St Helens: Annual average requirement of 2.6 hectares from the ELR period 2011 to 2031 added to total to reflect period 2010 to 2031 generating total requirement of 54.6 hectares; and
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- Chorley, Preston and South Ribble: Calculation to net off annual average requirements over the plan period to reflect the period 2006 to 2010 resulting in total requirement of 4.28 hectares in Chorley, -29.07 hectares in Preston and -77.64 hectares in South Ribble.
- 5.28 The table below summarises the employment land requirements for the period 2010 to 2031 for each local authority based on the calculations outlined above and in the Technical Reference Report.

Figure 5.1 – Total Employment Land Requirements 2010 to 2031

Authority	Total Employment Land Requirements to 2031 (ha)
Halton	360.22
Knowsley	288.33
Liverpool	254.57
Sefton	75.85
St Helens	54.6
West Lancs	135.03
Wirral	317.63
Total Core Area	1486.23
Chorley ⁶⁶	4.28
Preston ⁶⁷	-29.07
South Ribble ⁶⁸	-77.64
Wigan	335.9
Warrington	243.6
CWaC	585.9

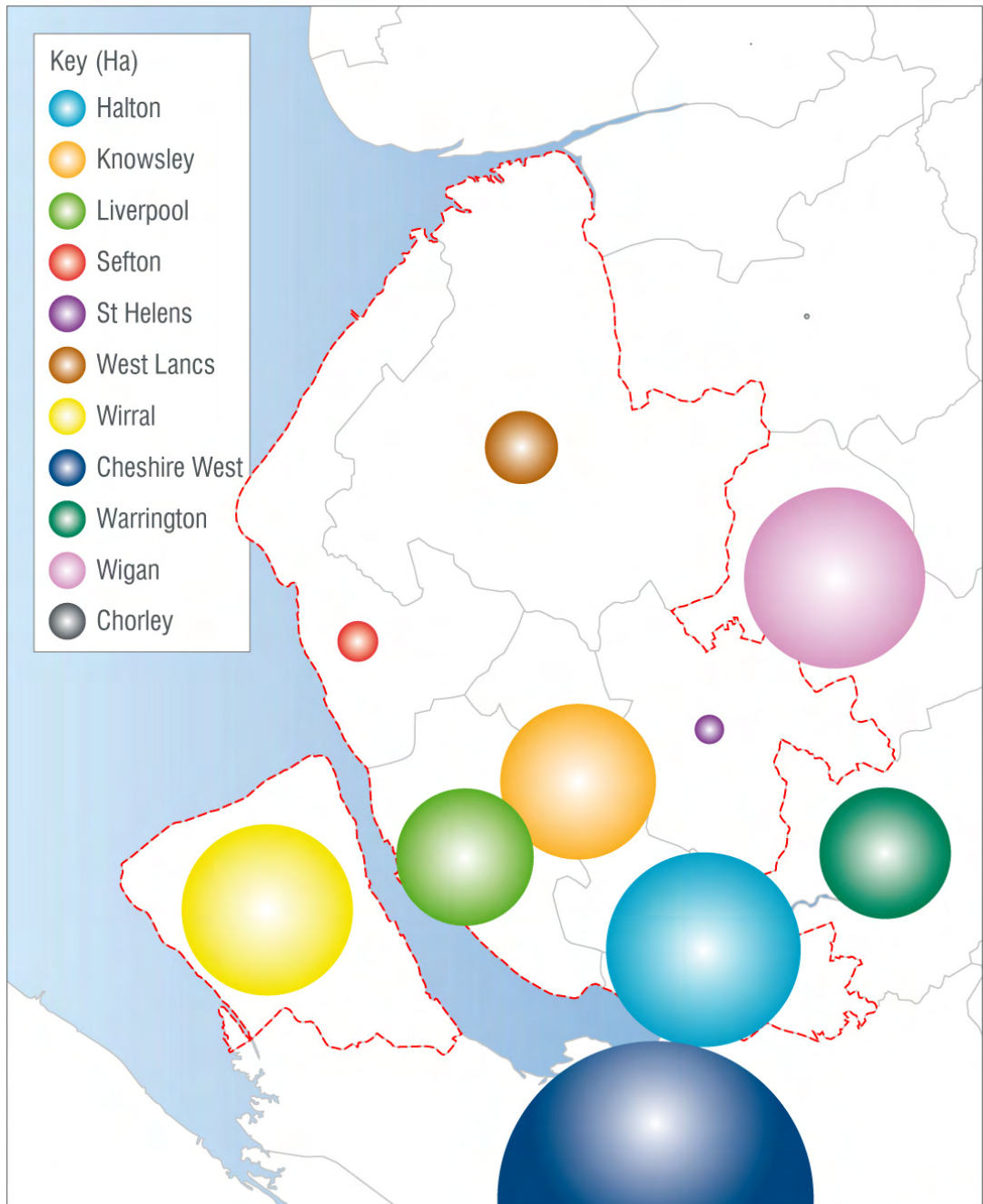
Source: GVA, adapted from individual ELR documents, 2010

⁶⁶ The Central Lancashire Employment Land Review considered a range of scenarios including 'base' employment forecasts and employment land provision based on the Draft RSS Approach (based on take up rates, and a 20% flexibility factor). The evidence concludes that given the significantly different results delivered within each model, the outputs of the small area forecasting model should be viewed as an absolute minimum land requirement and that, in reality, a much larger amount of land will be required to ensure continuing economic development and an adequate portfolio of sites, particularly if past (gross) development rates are to continue in the future. The RSS calculations results in a need to increase total (net) supply over the period to meet need, and emphasise the importance of monitoring in this context.

⁶⁷ *Ibid.*

⁶⁸ *Ibid.*

Figure 5.2 – Plan of Total Employment Land Requirements 2010 – 2031



Development Land Overview Study
Total Employment Demand by Local Authority



Source: GVA, adapted from individual ELR documents, 2010

Employment Land Supply

- 5.29 Employment land supply information has been obtained from each respective local authority within the core area and wider area. Where possible this evidence base represents an update to that included within the respective ELRs. As a result, the employment land supply figures should be viewed as December 2010 base data with take-up and planning permission information relevant since the completion of respective ELR documents factored into the understanding of total land available (at the site specific level)⁶⁹, and type of supply available within this study. The one exception to this is CWaC for which 2009 supply data has been used.
- 5.30 It should also be noted that there is a variance in approach at the local level regarding the classification of employment land supply by type. This is largely reflective of the need to ensure a land supply that is sufficiently flexible to meet opportunity across the plan period, and results in a significant proportion of supply being classed as 'mixed B-use' (i.e. sites that are considered suitable for any or all of the B1, B2, and B8 use type development classifications). The classification of sites in this way is common practice, but has made direct comparison of data difficult as part of this research report. This is considered in more detail below and within the Technical Reference Report but is highlighted here for transparency.
- 5.31 The supply identified does not take into account the land available at Parkside, St Helens (155 hectares). At the time of writing the developers at Parkside had withdrawn their planning application for the scheme, which included a new motorway junction and rail freight terminal. The application was withdrawn on account of the nature of the current market and the infrastructure costs associated. The site is not considered deliverable in the short or medium term as a result; in the longer term it is noted to require significant pre-lets to off-set upfront infrastructure costs. It is recognised that this is a significant and important employment site that could contribute to overall supply in St Helens and the core area, but given the uncertainty around its role it has not been directly included in the supply herein.
- 5.32 The supply figures presented are a snapshot in time and do not take into account changes that may occur over the plan period including potential future windfall sites. It is not possible to quantify these changes but they have been taken into account as part of the wider context throughout the analysis.

⁶⁹ NB: This is with the exception of South Ribble who did not provide comment on the land supply information.

Figure 5.3 – Total Employment Land Supply (December 2010 Base)

Authority	Total Employment Land Supply (ha)
Halton	200.35 ⁷⁰
Knowsley	157.97 ^{71,72}
Liverpool	274.89
Sefton	57.22 ⁷³
St Helens	87.41 ⁷⁴
West Lancs	49.66 ⁷⁵
Wirral	273.17 ⁷⁶
Total Core Area	1,100.67⁷⁷
Chorley	84.91
Preston	106.74
South Ribble	179.43
Wigan	171.81
Warrington	230.56
CWaC (2009 Base)	370.92

⁷⁰ NB: This supply figure is up to date as of 2010 relating to land available and remaining on employment allocations. The Joint Employment Land & Premises Study (JELPS) includes, with specific reference to Halton, additional supply including circa 148 hectares of land to come forward as part of potential regeneration / remodelling opportunities. The 200 hectares quoted as available supply within this Overview Study should therefore be viewed as a minimum available supply likely to come forward within Halton over the plan period.

⁷¹ NB: This supply figure is up to date as of 2010 relating to land available and remaining on employment allocations. The JELPS includes, with specific reference to Knowsley, additional supply including circa 37 hectares of land to come forward as part of potential regeneration / remodelling opportunities. The 158 hectares quoted as available supply within this Overview Study should therefore be viewed as a minimum available supply likely to come forward within Knowsley over the plan period.

⁷² Subsequent to signing off the supply position as part of this the AMR for Knowsley reported that the realistic land supply position was 152 hectares however, detail around phasing and type is not available within the Addendum document consistent with the other supply data in place across the other authority areas. As a result the supply position within this table (158 ha) is included throughout this document but is caveated with an understanding that this is above the 'real' supply in place.

⁷³ This supply figure is up to date as of 2010 relating to land available and remaining on employment allocations. The JELPS includes, with specific reference to Sefton, additional supply including circa 53 hectares of land to come forward as part of potential regeneration / remodelling opportunities. The 57 hectares quoted as available supply within this Overview Study should therefore be viewed as a minimum available supply likely to come forward within Sefton over the plan period.

⁷⁴ Subsequent to signing off the supply position as part of this study an Addendum to the ELR was prepared on behalf of St Helens Borough Council which amended this land supply position downwards to 84 hectares however, detail around phasing and type is not available within the Addendum document consistent with the other supply data in place across the other authority areas. As a result the supply position within this table (87 hectares) is included throughout this document but is caveated with an understanding that this is above the 'real' supply in place. A further 155ha could be contributed through the Parkside site and is being promoted through the St Helens LDF.

⁷⁵ NB: It should be noted that this supply figure is up to date as of 2010 relating to land available and remaining on employment allocations. The Joint Employment Land & Premises Study includes, with specific reference to West Lancashire, additional supply including circa 52 hectares of land to come forward as part of potential regeneration / remodelling opportunities. The 50 hectares quoted as available supply within this Overview Study should therefore be viewed as a minimum available supply likely to come forward within West Lancashire over the plan period.

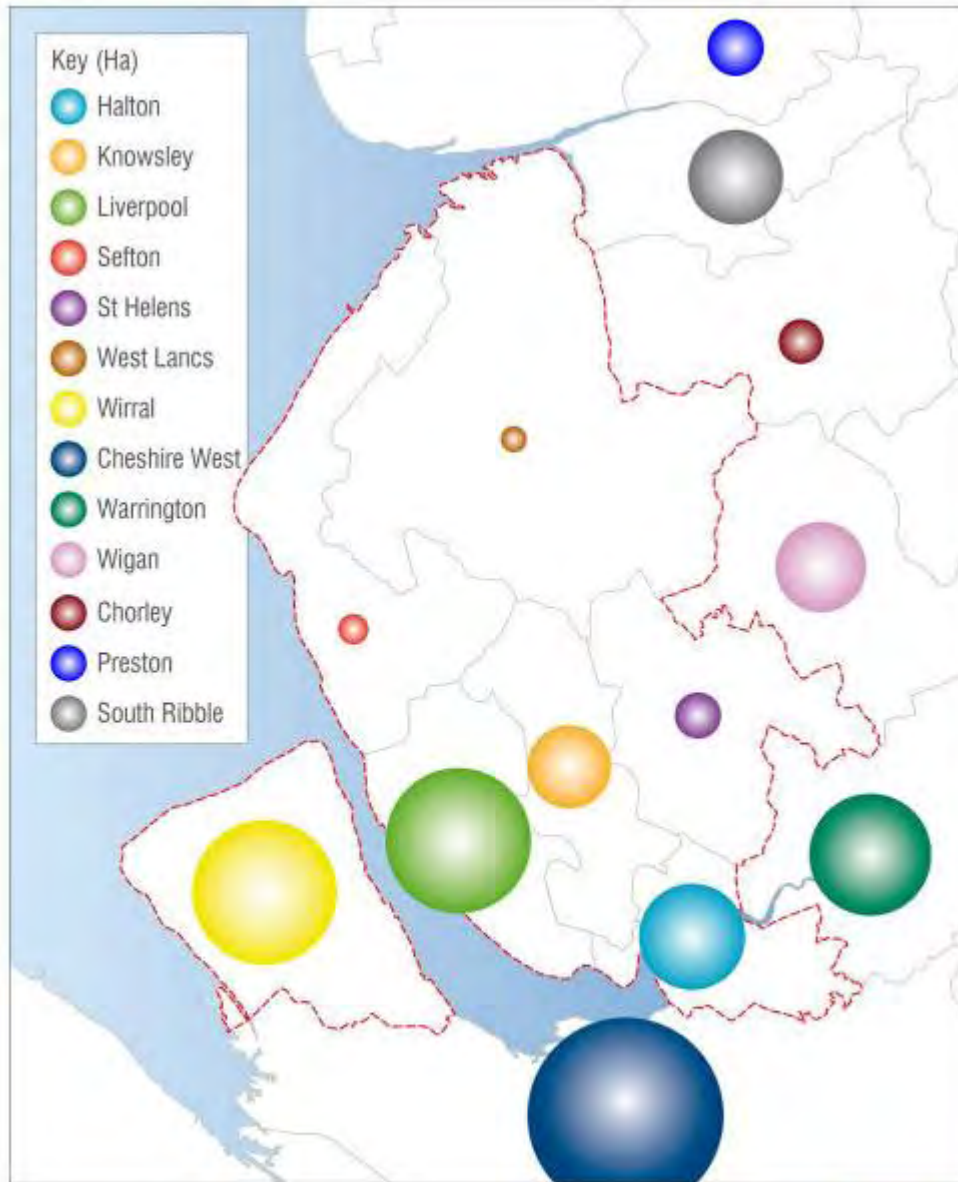
⁷⁶ The supply figure is up to date as of 2010 relating to land available and remaining on employment allocations. The total supply available within Wirral also includes land supply at the Birkenhead and Bromborough Strategic Regional Sites.

⁷⁷ It is noted that there is a potential additional supply of circa 290 hectares across Halton, Knowsley, Sefton and West Lancashire over the plan period as a result of regeneration / remodelling activities. It is also noted that the land at Parkside is not included within the St Helens total land supply with potential additional supply coming forward within this location which could further increase total supply across the core area.

Source: GVA and respective Local Authorities, 2010

NB: As noted previously, 'total' in this context noted to be exclusive of Strategic Regional Sites with the exception of Wirral's land supply which includes availability at both Birkenhead and Bromborough, Halton's land supply which includes land availability at 3MG and Daresbury, and Liverpool's land supply which includes availability at Estuary Business Park, and Liverpool City Centre Knowledge Quarter.

Figure 5.4 – Plan of Total Employment Land Supply (December 2010 Base) (CWaC 2009 Base)



Development Land Overview Study
 Total Employment Supply by Local Authority



Source: GVA, 2010

5.33 Key features of the spatial distribution of employment land supply include:

- A concentration of supply along the Wirral, Liverpool, and Widnes-Runcorn waterfronts, and within the former Enterprise Zone area of Ellesmere Port, with limited supply outside these locations in both Wirral and CWaC , with minor concentrations around Chester to the west and Northwich to the east;
- Clear concentration of supply to the south of Sefton, at Atlantic Gateway with a very limited supply outside of this cluster, the JELPS specifically notes a potential post 2020 shortage of land supply in North Sefton with particular reference to Southport⁷⁸;
- The prominence of Omega (South, Strategic Regional Site, and North) as a large concentration of supply within Warrington;
- Concentrated land supply within Knowsley at four key locations: Knowsley Industrial Park / Knowsley Business Park, Huyton, Prescott, and Halewood; and
- Relatively dispersed supply within St Helens, West Lancashire, Wigan, and the Central Lancashire authorities, with for the latter some key synergy with the M6 corridor.

Appraising the Evidence Base Methodologies - Employment

5.34 A key requirement of the brief for this research study is the need to establish a composite picture of the requirement for employment land across the core area and wider study area to be compared to available supply as a basis for developing recommendations regarding future spatial strategy and forward planning within individual LDF processes.

5.35 Whilst there is guidance in place relating to the undertaking of ELRs, setting out the key requirements for local authorities when preparing their respective evidence bases, there are sufficient opportunities to factor in local circumstances and to apply individual interpretation to result in a variety of assumptions underpinning individual conclusions drawn.

5.36 This has been recognised in the approach undertaken within this study, including the compilation of all current employment evidence bases, methodologies followed and assumptions applied. An analysis has been undertaken to identify where the evidence is, or is not, directly comparable with others across the core area and wider study area.

⁷⁸ The JELPS notes the need for Sefton to identify a successor site of circa 25 hectares for Southport Business Park in the early 2020s.

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- 5.37 The findings of the review of the employment evidence base, including summary proformas, and subsequent undertaking of analysis relating to Task 1 are set out in full within the Technical Reference Report.
- 5.38 The appraisal of the ELR evidence base has included consideration of the following key stages and assumptions within the methodology. Individual assumptions that have directly contributed to the calculation of employment land and supply figures have been identified and are considered in more detail in the remainder of this section.
- ELR timeframes: there is very little consistency in timeframes of the ELRs, apart from where they were undertaken jointly. This variance in timeframe considered across the core area and wider area skews basic comparison of the total requirements stated within the ELR documents, with different end dates, but also total periods covered.
 - Preferred methodologies for calculating land requirements: the guidance supports the consideration of a combination of methodologies when calculating land requirements over the plan period. It leaves the identification of the 'preferred approach' to local interpretation, including the need to consider the structure of the economy and labour force, existing strategy, and aspirations and understanding of stakeholders within this context. Across the core area and wider area this has resulted in a combination of preferred methodologies, including land take-up based (Halton, Knowsley, Sefton, West Lancashire, Wirral, CWaC, and Warrington), labour demand based (Liverpool, St Helens, Chorley, Preston and South Ribble), and 'hybrid' models combining take-up based and labour demand analysis (Wigan). There is a key distinction here in terms of comparison of net and gross figures specifically that must be noted when reading across the data. It is particularly relevant to note the distinction between land requirements emerging from the extrapolation of past take-up trends and those calculated from employment projections, with the former generally generating larger requirements to 2031 based on developments that have actually taken place.
 - Land take-up based assumptions: a number of the local authorities utilise a land take-up based model for projecting future land requirements as their preferred demand scenario. This includes Halton, Knowsley, Sefton, West Lancashire, Wirral, CWaC⁷⁹, and Warrington. In each case historic take-up rates have been projected forward in addition to the application of a 'buffer' making allowance for 'choice and churn' (considered in more detail in a bullet point to follow). More detailed consideration has been given to the nature

⁷⁹ NB: CWaC ELR also includes consideration of econometric forecasting data.

of past take up rates in this context, including the impact of individual high or low years (as anomalies) take up on future requirements.

- Past take up rates are intrinsically linked to historical trends in development, employment density and patterns, and market drivers. They do not take into account any change in these factors, project future demand through a simple extrapolation of past annual rates, and assume that the scale and nature of development will remain largely unchanged. However, conversely, they do generally reflect what demand could be released if supply is made available, being the best available reflection of where investment has been located on an annual basis historically. It is generally accepted that annual averages generated over longer time frames are more reliable than those generated over shorter timeframes, and an analysis of anomalies needs to be undertaken to highlight where instances of high or low take up, which may not be repeated, may be skewing the total recorded.
- Labour demand model assumptions: calculating employment land requirements from labour demand models requires a series of methodological steps and assumptions to be factored in, relating specifically to employment densities (i.e. floorspace required per worker), and development densities (i.e. plot ratio). The guidance encourages the use of locally relevant figures where they are available relating to density, but also suggests a reliable range of alternatives that can be used. For those authorities identifying a labour demand approach as the preferred approach to calculating land requirements over the plan period, including those applying a 'hybrid' approach there is noted to be a range of assumptions that have been applied. Of particular note is the higher plot ratio assumptions for office development within both Liverpool and the Central Lancashire authorities, suggesting that in these locations B1 development is expected to be higher density and most likely urban centre focused, and lower density assumptions within St Helens for both B1 and B2 developments, suggesting a more dispersed pattern of development is anticipated. All of the figures are within the requirements of the guidance and are therefore comparable on this basis. Since the publication of the evidence base across the core area and wider area there has been updated guidance released from the Homes and Communities Agency (HCA) relating to employment densities. This includes recognition of a higher density form of employment across all sectors and resulting assumptions to apply within labour demand based land requirement calculations. For each of the labour demand based models in place across the core area and wider area this would include a reduction in land required, suggesting that if new density assumptions were applied to these labour demand based calculations there may be a downward adjustment of requirements accordingly.

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- Allowance for choice and churn: the inclusion of an allowance for choice and churn within an ELR is not a specific requirement of guidance, although it is recognised to be generally standard practice to include a buffer for flexibility within the preferred requirements. This allowance recognises that a proportion of employment land may be lost to non-employment uses over the plan period, and that there will be requirements resulting from movements within the economy (i.e. business relocations) that do not necessarily generate additional jobs but require additional land. Inconsistencies have been identified both in terms of whether a buffer has been applied, and what buffer has been applied, although within the core area all authorities have made some additional allowance. The Liverpool ELR makes the largest allowance assumption of 50% for B1 office uses, reduced to 20% for B2 and B8 uses.
 - Identification of sites to be considered within supply analysis: there is a degree of inconsistency both within the core area and the wider area regarding the nature of site supply factored into the analysis undertaken within the ELR documents. The guidance does not stipulate what sites should or should not be taken into account, with the individual authorities having to identify what they feel to be the most realistic and suitable supply of land to be taken forward. For example, within St Helens no planning permissions or existing employment sites have been factored into the site supply.
- 5.39 An analysis of the likely demand requirements over the period to 2031 has been undertaken for each of the authorities, including comparison with RSS and Valuation Office Agency (VOA) data.
- 5.40 Following the consideration of the different methodologies and key assumptions applied the following conclusions are drawn. It is further noted that the requirement figures do not consistently take account of the recent changes to the economy, and are therefore vulnerable, particularly in the short term. It is outside of the brief of this study to quantify this impact, but it is taken into account as context throughout the analysis undertaken:
- Halton: Based on a land take-up calculation, which can result in high requirements over the plan period compared to land requirements generated from econometric forecasting calculations. Halton's total employment land requirement over the plan period is found within the comparison analysis undertaken to be a lower than previous VOA floorspace growth, but higher than RSS share of growth (a trend noted for a number of the land take-up based calculations).
 - Knowsley: Based on a land take-up calculation, which as noted previously often results in higher requirements over plan periods when projected forward, including the consideration of the smallest timeframe (13 years) of historic take-up data applied with

higher potential for skewing of annual requirements on this basis, and including an additional buffer. The figure is found to be higher than RSS employment forecast share, and historic VOA data.

- Liverpool: Figure is based on a labour demand forecast model, which is generally considered to result in a lower land requirement than those calculated based on past take up trends. Analysis undertaken, suggests that the demand figures are lower than past VOA floorspace trends and RSS share of growth.
- Sefton: This figure is based on a land take-up calculation projected from a 15 year-plus historic trend, and includes an allowance for choice and churn. Whilst take-up based calculations of land requirements are generally found to result in higher land requirements, Sefton's land requirement is relatively low. Indeed Sefton's annual requirement is the second lowest recorded across the core area. The analysis undertaken suggests that the Sefton requirement figure is lower than past VOA floorspace and RSS share of growth trends.
- St Helens: The preferred approach to identifying an employment land requirement for St Helens is a labour based demand model, which was most recently updated in September 2010. With an additional allowance for choice and churn applied, and the calculation's assumption of a low density pattern of development, this figure could be expected to be relatively high. The analysis undertaken suggests that the St Helens requirement figure is lower than past VOA floorspace and RSS share of growth trends.
- West Lancashire: The land requirement for West Lancashire is based on land take-up approach. The figure is derived from the extrapolation of trends based on an 18 year historic timeframe. In this context 18 years can be considered to be generally reliable, however, it is known that take up across West Lancashire over this period was heavily skewed towards B8 development which is unlikely to be experienced again due to land availability and strategy direction. The analysis undertaken suggests that the West Lancashire requirement figure is higher than past VOA floorspace trends.
- Wirral: The preferred land requirement for Wirral is calculated based on historic take-up over a 20 year period to calculate an annual average which has been adjusted to reflect economic development aspirations including out-commuting, tackling worklessness and increasing economic performance to regional levels, compared to the other authorities whose figures are predominantly 'policy-off' or 'baseline' scenarios of growth. The analysis undertaken suggests that the Wirral requirement figure is higher than past VOA floorspace and RSS share of growth trends.

- CWaC: The land requirement for CWaC is based on the extrapolation of past take-up trends including a historical trend analysis over the period 1996 to 2008. The calculations undertaken within the ELR include the application of a 27% allowance for choice and churn. The analysis undertaken suggests that the CWaC requirement figure is higher than past VOA floorspace and RSS share of growth trends.

5.41 It is outside the scope of this assessment to provide a homogenous forecast. However, the conclusions around the ELR requirements can be carried through the analysis qualitatively and are referenced in the following sections of the report. The consideration of requirement figures on the basis of this analysis are summarised in the following table. This includes a comparison of requirements at local authority level with RSS and Valuation Office Agency (VOA) data.

Figure 5.5 – Total Employment Land Demand – Comparison with RSS / VOA Summary

Authority	Total Employment Land Demand to 2031 (ha)	Comparison with RSS Forecast Trend	Comparison with VOA Floorspace Trend
Halton	360.22	Higher	Lower
Knowsley	288.33	Higher	Lower
Liverpool	254.58	Lower	Lower
Sefton	75.852	Lower	Lower
St Helens	54.6	Lower	Lower
West Lancs	135.03	Higher	Lower
Wirral	317.63	Higher	Higher
Total Core Area	1,486.23		
CWaC ⁸⁰	585.9	Higher	Higher

Source: GVA, 2010

⁸⁰ NB: CWaC included as a major contributor to the study.

Key Task 2 – Balancing Supply and Demand at a Local Authority Level – Employment

“Review existing supply and assess the extent to which existing supply can meet needs / demand in the same local authority area, having regard to RSS requirements, and where there is within each district either an excess or a shortage of supply (quantitative and /or qualitative) in relation to need / demand. Including the integration of best professional judgement, and other published data / evidence, to estimate each authority’s land requirements for the period after that set out in RSS”

- 5.42 The analysis undertaken relating to Key Task 2 follows on directly from the headline conclusions drawn within Task 1. Specifically this task is concerned with the extent to which there is a sufficient and an appropriate supply of employment land to meet identified requirements.
- 5.43 In order to draw this conclusion it has been necessary to apply methodological assumptions to the land requirements to provide a consistent evidence base against which to test supply. This includes the identification of headline requirements over the appropriate period, and the need to disaggregate demand by type – to allow a more sophisticated interpretation of the relationship between supply and demand across the core, and where appropriate the wider area.
- 5.44 This section initially details the methodology followed under the employment calculations to establish robust and composite requirement figures, and then considers the comparison of these figures, as presented previously under Task 1 at core area and individual local authority level. Further analysis of this balance by type, and by phase, is considered and key conclusions are drawn as to imbalances by type at local authority level.

Balancing Employment Supply and Demand

- 5.45 The headline figures relating to the requirement for and supply of employment land across the core area and wider area are considered in more detail within this sub-section of the report. This includes a step-by-step consideration of the headline dynamic between the calculated requirements and agreed supply, a spatial disaggregation of this dynamic, and disaggregation by type and by phase to further inform emerging conclusions.
- 5.46 The table below presents the headline figures relating to the requirements for and supply of employment land across the core area and wider area at local authority level and at

composite level. These figures are represented from the tables included within the previous section of this report under Key Task 1.

Figure 5.6: City Region Employment Land Supply Balance

	Total Land Required (Ha) to 2031	Total Identified Supply (Ha)	Over / Under Supply
Halton	360.22	200.35	-159.87
Knowsley	288.33	157.97	-130.36
Liverpool	254.58	274.89	20.31
Sefton	75.852	57.36	-18.63
St Helens	54.6	87.41 ⁸¹	32.81
West Lancs	135.03	49.66	-85.37
Wirral	317.63	273.17	-44.46
Total Core Area	1,486.242	1100.67	-385.57
Chorley	4.28	84.91	80.63
Preston	-21.31	106.74	128.05
South Ribble	-56.92	179.43	236.35
Wigan	335.59	171.81	-163.78
Warrington	243.6	230.56	-13.04
CWaC	585.94	370.92	-215.02

Source: GVA, 2010

NB: It should be noted that the supply figures stated for Sefton, Halton, Knowsley and West Lancashire do not include potential supply from remodelling / regeneration.

5.47 The findings of this headline analysis suggest:

- The overall requirement for employment land to 2031 across the core area is circa 1,485 hectares. When compared to the available supply of circa 1,100 hectares of land this suggests an **undersupply of some 386 hectares to 2031**.
- Within the core area, the analysis suggests at headline level a potential undersupply of employment land to 2031 within Halton, Knowsley, Sefton (albeit to a lesser extent), West Lancashire, and Wirral. The same is true of CWaC outside of the core area which has greater undersupply than all of the other study local authorities.

⁸¹ NB: It is noted that this 87 hectares land supply presented within this table is above the 84 hectares quoted within the 2010 St Helens ELR Addendum document, as noted previously.

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- Within the core area, the analysis suggests at headline level potential capacity (i.e. excess supply relative to demand) within Liverpool and St Helens albeit in both cases this figure could be seen as marginal.
 - Within the wider study area, the analysis suggests potential undersupply at headline level within Warrington (albeit marginal) and Wigan. Conversely, potential capacity is noted in the Central Lancashire authorities, albeit it is noted as stated previously that the demand figures for Central Lancashire are seen to be low estimates.
- 5.48 This balance has been considered in the context of analysis undertaken into the review of assumptions and benchmarking as documented previously under Task 2 to allow more detailed conclusions to be drawn.
- 5.49 In all cases the balance must be treated with caution as in all cases the supply position is a baseline dated from 2010⁸². The supply figures do not take into account potential windfall sites or additional sites that could increase supply into the next plan period (i.e. from the end of the current plan period to 2031 where 2031 is not the end date of the plan period). Supply in all cases is treated as a minimum baseline.
- 5.50 In addition, the headline findings of the individual ELR documents have been factored in to this understanding of the demand and supply balance at local authority level. These are included within the summary bullet points below.
- Halton: A position of potential undersupply to 2031 has been calculated. Analysis of the demand figures identified and applied within the ELR supports the view that this figure is higher than RSS / VOA trend based concentration of demand requirements to 2031. The undersupply position is further supported by the comparison of land take-up rates over short term and long term periods, which both highlight the tight nature of employment land supply within Halton to 2031. This position is supported by the conclusion drawn in the ELR which identifies a headline undersupply position over the plan period. However, it is further noted that the ELR includes provision for a potential additional supply of 148 hectares that could come forward over the plan period as part of remodelling / regeneration opportunities beyond the supply position presented herein. Taking this into account suggests a potential balance. However, it is considered optimistic to assume 100% delivery of this regeneration aspiration in the context of the current and immediate economic and development climate.

⁸² With the exception of CWaC where supply is dated from 2009, albeit the same conclusion applies regarding windfall site opportunities.

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- Knowsley: A position of potential undersupply to 2031 has been calculated. However a note of caution is applied alongside this conclusion. Analysis of the demand figure identified and applied within the ELR suggests that this figure is higher than the RSS and VOA comparisons. In addition, the supply figure applied is considered to be a minimum figure, although it is noted that the supply figure assumed in the headline calculation needs to be adjusted downwards by 6 hectares to reflect the latest position stated within the Annual Monitoring Report. As within Halton, the ELR notes potential additional supply in the form of employment land resulting from remodelling / regeneration activities, including potential additional supply of 37 hectares over the plan period which could come forward in Knowsley, caveated with the same market cautions as those noted for Halton. Taking these factors into account still supports the assumption of undersupply, but potentially to a lesser extent than presented in the table. This conclusion also reflects that presented within the ELR which found potential undersupply over the plan period.
 - Liverpool: A potentially marginal capacity in land supply has been identified to 2031, equating to circa 20 hectares, although it is noted in the Task 1 and 2 analysis that the demand value is a potential low estimate of demand over the period. The comparison of supply relative to demand take up over the short and medium term suggests circa 17 to 20 years capacity within the land supply, further supporting the view articulated in the ELR and this study that there is a generally sufficient headline supply of land in Liverpool to accommodate demand.
 - Sefton: A position of potential undersupply to 2031 has been calculated, although this is noted to be relatively marginal compared to other areas at just 18 hectares. The analysis within Tasks 1 and 2 suggests that this undersupply could be more pronounced than calculated. However, it is also noted that the supply figure is considered to be a minimum due to potential additional supply equating to circa 57 hectares that could come forward within Sefton through remodelling / regeneration, as within Halton and Knowsley. Even considering the same caveats to the potential deliverability of these sites as noted for Halton and Knowsley, the analysis including this potential additional supply supports the view of general balance in supply and demand, as concluded in the ELR in the period up to 2026.
 - St Helens: A position of potential marginal capacity to 2031 has been calculated, equating to circa 28 hectares over the period. The analysis undertaken as part of Tasks 1 and 2 further emphasises the marginal relationship within the balance presented. In addition it is recognised within the analysis that there is a need to adjust the total supply position downwards by 3 hectares to align with the 2010 ELR Addendum, reducing the capacity to 25 hectares at headline level to 2031. Should Parkside be brought forward, as additional

supply to that considered herein (potential delivery of 155 hectares of employment land), the demand and supply balance could be considered more comfortable over the period particularly in the long term (given the likely delivery timescales of the site). The ELR identified general equilibrium in demand and supply over the plan period.

- West Lancashire: At headline level a position of potential undersupply of circa 85 hectares has been noted to 2031. Tasks 1 and 2 have concluded that the undersupply may not be as pronounced as suggested at headline level is further supported by comparing past take up rates with total supply, which shows that circa 15 years land supply is available across West Lancashire. In addition, the ELR report identified a potential additional supply over the plan period of around 52 hectares through remodelling / regeneration activities, although this is treated with the same caution as noted for Halton, Knowsley and Sefton given potential market constraints to delivery. The conclusion of potential undersupply is supported by the analysis as being above marginal over the plan period as a result.
 - Wirral: At headline level a position of potential undersupply has been identified across Wirral equating to circa 44 hectares to 2031. Analysis of past take up rates suggests a significant supply although this does not take into account Wirral's wider economic aspirations. The ELR notes a position of undersupply over the plan period supporting the retention of employment land over the period, based on these wider aspirations, emphasising the importance of having a sufficiently flexible supply of land over the period.
 - CWaC: The headline comparison of demand and supply suggests a potentially significant undersupply of employment land to 2031, in excess of 200 hectares. The comparison analysis undertaken suggests that the CWaC demand figure is higher than RSS / VOA trend based data. The take-up rate comparison suggests that the identified supply represents circa 19 to 20 years take-up based on short term and long term trends. However, these figures are acknowledged as not including full take-up due to boundary changes over the period (not taking into account Ellesmere Port and Neston take up between 2008/9), suggesting supply is likely to be tighter than the 19 to 20 years suggested in the benchmarking. The analysis undertaken supports the assumption of oversupply within CWaC but acknowledges the need to apply this conclusion with sensitivity including recognition that this is not a homogenous conclusion across the borough.
- 5.51 Outside of the core area, it is apparent that there is potential capacity concentrated within the Central Lancashire authorities, notwithstanding the findings of the ELR which notes the base demand figures should be treated as a low estimate and effectively a 'policy-off' scenario with potential need to identify additional land supply over the plan period. This view is supported by the comparison analysis undertaken.

5.52 The supply/ demand balance is illustrated at local authority level to 2031 in the plan below. The shading on the plan denotes a potential shortfall in supply within an individual authority area (red), and capacity at headline level (green).

Figure 5.7: City Region Employment Land Supply Balance – Spatial Distribution to 2031



Development Land Overview Study
Overall Supply/Demand Balance (Employment)



Source: GVA, 2010

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- NB: Capacity noted within Central Lancashire has not been shaded as ‘Significant Capacity’ in line with the findings of the ELR which suggests that demand figures included are absolute minimums and in reality Central Lancashire may experience an undersupply of land over the period if higher rates of take up (as anticipated) do occur over the plan period.
- 5.53 The requirement figures for each local authority within the core area and wider area have also been disaggregated by phase of availability. For the purposes of the analysis two phases have been considered – immediate / short term assumed to be a period of 0 to 5 years (2010 to 2015), and 5 years onwards (2016 onwards) as medium / longer term.
- 5.54 The methodology supporting the disaggregation by phase is detailed in the Technical Report. In calculating demand, annual requirements have been multiplied by the total time period within each phase and in calculating supply, site information including planning permissions has been considered in consultation with the relevant local authority.
- 5.55 It is important to note that surplus supply within the short term has not been included within the medium / long term balance analysis within the table below, i.e. land that is not developed in the short term is not carried over to be included as medium term supply. Surplus supply is not lost but should be viewed as a capacity to be carried toward to the medium term and beyond if not delivered. For example, for Halton assuming a cumulative supply position over the period (with short term requirements netted off) results in a shortfall of 159.87 hectares in the medium / long term.

Figure 5.8: Balancing Supply and Demand - Phasing⁸³

	Total Short Term Requirements (Ha)	Total Medium / Long Term Requirements (Ha)	Total Short Term Supply (Ha)	Total Medium / Long Term Supply (Ha)	Total Short Term Balance (Ha)	Total Medium / Long Term Balance (Ha)
Halton	85.77	274.45	162.56	37.79	76.79	-236.66
Knowsley	68.65	219.68	124.9	33.07	56.25	-186.61
Liverpool	60.61	193.96	63.64	211.25	3.03	17.29
Sefton	18.06	57.79	55.06	2.16	37	-55.63
St Helens	13.00	41.60	29.61	57.8	16.61	16.2
West Lancs	32.15	102.88	34.52	15.15	2.37	-87.73
Wirral	75.63	242.00	71.1	202.07	-4.53	-39.93
Total Core Area	353.86	1132.37	541.39	559.29	187.53	-573.08
Chorley	1.02	3.26	15.99	69.17	14.97	65.91
Preston	-6.92	-22.15	11.57	95.12	18.49	117.27
South Ribble	-18.49	-59.15	17.75	161.68	36.24	220.83
Wigan	79.98	255.92	87.89	83.92	7.91	-172
Warrington	58.00	185.60	153.67	76.89	95.67	-108.71
CWaC	139.50	446.40	277.68	93.24	138.18	-353.16

Source: GVA, 2010

- 5.56 The calculation of requirements for and supply of employment land by phase highlights some interesting findings. Within the core area there is found to be sufficient supply within the short term to meet headline requirements with the exception of Wirral.
- 5.57 This short term balance is more pronounced at the wider associate area level, where there is seen to be sufficient availability of land, and indeed a noted significant capacity, in the short term to meet identified requirements.
- 5.58 Analysis of the medium / long term balance presents a different picture across the core area. Within the core area there is seen to be a potential undersupply of employment land relative to the preferred figures presented to 2031 of around 575 hectares, with marginal capacity only noted in Liverpool, Sefton and St Helens. In the case of St Helens it is noted that this capacity could be more significant if Parkside is brought forward. Supply at Parkside, equating to some 160 hectares which, if brought forward, would contribute significantly to land capacity within the core area. This position of medium / long term undersupply holds true at headline level if

⁸³ NB: The figures presented may not be the same as those presented previously due to the rounding of numbers in calculations

the capacity identified in the short term is 'carried over'. For Halton, Knowsley and West Lancashire this reduces the medium / long term undersupply but does not materially alter the conclusion drawn.

- 5.59 The most pronounced potential undersupply is noted within Halton, Knowsley, and West Lancashire in the medium / long term. For all three it is recognised that there may be additional long term land supply through regeneration / remodelling over the plan period including some 148 hectares potential in Halton, 37 hectares in Knowsley, and 52 hectares in West Lancashire. Sefton is also noted in the ELR to have some 57 hectares potential in the long term through the same process. Factoring in this potential additional long term supply within these four authority areas reduces overall undersupply across the core area to circa 92 hectares. However, as noted previously, there are key challenges for all authorities to deliver these sites given the current uncertainty within the market and economy. This study suggests that 100% delivery of these sites should not be factored into the balance as a result, and suggests that in each case a position of potential undersupply is the most reliable basis for consideration within Task 3.
- 5.60 CWaC is estimated to have sufficient capacity in the short term, but significant undersupply (in excess of 353 ha) in the medium / long term, i.e. post 2015.

Bringing the Evidence Together: Rebalancing Supply and Requirements

- 5.61 The comparative analysis employment land across the core area and wider area has allowed a series of conclusions to be drawn regarding potential under-supply and over-supply of land to 2031. Key initial conclusions drawn based on this information include:
- Across the core area there is a potential undersupply of employment land equating to circa 385 hectares to 2031, decreasing to 300 hectares when the wider associate members are taken into account;
 - At local authority level within the core area this potential undersupply is most pronounced within Halton, Knowsley, and West Lancashire. CWaC is also noted to have a potentially significant undersupply of employment land to 2031. Wirral demonstrates a more marginal but still potentially significant undersupply of around 45 hectares to 2031. All of these conclusions are caveated with a need to take into account the ongoing economic and commercial challenges likely to continue to impact in the short term, and changing working practices including more intensive activities (B1, B2 and B8) resulting in likely

undertaken.

lower land take for commercial development, high past take-up rates, and the potential for estate remodelling;

- The baseline long term supply position is noted as a potential constraint to economic growth. This is a particular concern in relation to local long term strategy aspirations across the core area, including for Halton, Knowsley, West Lancashire and Sefton. For each of these four authorities potential additional long term supply is identified within the JELPS in the form of regeneration and remodelling sites. If this potential additional supply identified within the JELPS classified as regeneration and remodelling opportunities is delivered Sefton demonstrates an expansion of capacity to 2031, and Halton, Knowsley and West Lancashire a reduction in undersupply, although this is heavily caveated with the need to consider the deliverability of this land supply; and
- In contrast, both Liverpool and St Helens demonstrate marginal capacity in their supply above and beyond that forecast to be required over the period to 2031.

- 5.62 In addition, it is relevant to reference back to the potential number of years capacity within the land supply identified previously. Of specific note is the average capacity of circa 20 years across the core area and wider area, based on both short term and long term take-up rates, up to 2031. This is a key conclusion suggesting sufficient capacity within land supply at this headline level.
- 5.63 The analysis by phase further supports the view that there are no immediate concerns around shortage of land supply at local authority level in the short term, i.e. for the period to 2015, particularly given likely reductions in take-up as a direct result of the current economic and commercial market climate, with cautious outlooks for 2011 also noted.
- 5.64 It is important to note that the analysis undertaken and conclusions drawn are predicated on the retention and protection of current employment land supply to 2031 across the study area. Any losses of employment land over the period could impact detrimentally on the identified balance between demand and supply at the local authority and wider City Region levels, and may require compensating through additional employment provision to be identified to maintain adequate employment supply at the local level, subject to monitoring.
- 5.65 For those authorities (including Liverpool and St Helens) demonstrating a broadly balanced position, with marginal oversupply of employment land and a possible underestimate of demand, even very small releases of this scarce resource to other uses could present difficult choices between current / short term development gain, and the longer term ability to attract substantial investment in regeneration of the City Region.

Summary

Taking the findings through to Task 3

- 5.66 The analysis undertaken allows conclusions to be drawn to take forward into Task 3 as identified in the brief, including implications over different timescales. It has been clearly noted that the supply of employment land within parts of the core area and wider area may compromise the ability to deliver economic development aspirations. Taking account of all these factors there is a need for careful monitoring to ensure that both demand and supply and monitored over time.
- 5.67 It is also appropriate to note that uncertainty within the economy and property market could have an impact on this position, of particular note in the context of identified capacity in the short term relative to demand. The undersupply position is noted to be most constrained within the medium / long term, with uncertainty around how the market will have recovered by this period. There is a considerable possibility that demand in the short term may not be realised, resulting in a reduced undersupply position in the medium / long term. Conversely, a continuation of delivery challenges may affect the ability to bring forward development sites to meet demand across the period, a position particularly noted in relation to the additional supply identified in remodelling / regeneration sites within Halton, Knowsley, Sefton and West Lancashire.
- 5.68 In headline terms, in the medium / long term it is clear that the following authorities, within the core area (and including CWaC as a key partner to the study) have the largest potential capacity issues:
- Halton (potentially significant undersupply dependent on the delivery of remodelling / regeneration sites);
 - Knowsley (potentially significant undersupply, remaining even if all additional supply in remodelling / regeneration areas is realised);
 - West Lancashire (potentially significant undersupply, remaining even if all additional supply in remodelling / regeneration areas is realised); and
 - CWaC (potentially significant undersupply).
- 5.69 The only two authorities with noted capacity in the medium / long term are Liverpool and St Helens; both have only marginal capacity identified although more comfortable capacity could be in place across St Helens if Parkside has been delivered in this timeframe including potential additional supply of 160 hectares. It is concluded on this basis that there is limited

capacity to offset undersupply in the four authorities highlighted previously as being most acutely in need over the period to 2031.

Key Task 3 – Balancing Supply and Demand within Functional Market Areas

“Thirdly, in the event that there are any unmet needs / demands existing in any local authority area after undertaking (ii) above, evaluate whether there is any notional excess supply in one or more neighbouring local authorities which could realistically meet any of those needs. Any conclusions at this stage should be based on evidence that clear cross boundary links, especially in market terms, between the authorities exist, or could potentially exist”

5.70 A number of steps have been taken to better understand and define functional economic areas, as set out below:

- **Step 1 – Consideration of Travel to Work Linkages**

Assessment of the functional linkages demonstrated by those authorities with a potential position of land undersupply with other authorities in the core area. The outcome of this step is to identify specific relationships for further testing through the subsequent steps.

- **Step 2 – Consideration of Commercial Geographies**

The research has identified a potential imbalance (short fall) in employment land to 2031 at local authority level and the potential need to identify additional capacity on this basis. It is important to understand how this balance is articulated when disaggregated by indicative type of land required. Specifically this includes the need to factor in commercial realities (including market drivers, and distinction between ‘prime’ and ‘secondary’ in this context) to the analysis to allow realistic conclusions to be drawn, by sector, on commercial synergies between local authorities.

- **Step 3 – Deprivation and Labour Market Dynamics and Synergy**

Analysing mapped Index of Multiple Deprivation (2007) data on overall deprivation and skills levels across the core area and wider area to identify synergy between authorities in relation to delivering local employment relative to need and the characteristics of the available labour supply. This is applied as a proxy for attractiveness / suitability of locations relative to wider regeneration strategy and aspirations and workforce to business sectors.

Step 1 – Consideration of Travel to Work Linkages

- 5.71 Travel to work data, obtained from the Local Labour Force Survey (LLFS) (2001) and the Annual Population Survey (APS) (2008) has been considered previously within Sections 3 and 4, relating primarily to where people work (i.e. if they live in a locality where are the majority of travel to work flows). In order to further develop an understanding of potential employment land relationships between individual authorities, with a specific focus on those identified previously, additional analysis has been undertaken of where workers live. The logic here is that if there is a strong in-commuting to one of the identified authorities on a daily basis this is likely to have been driven by take up of employment land within that authority. A future strategic response could be to locate employment land in closer proximity to where people live, also contributing to wider sustainability aspirations (e.g. reducing travel to work distances).
- 5.72 The outcome of each summary at local authority level highlights the key relationships to be tested through the further steps of the analysis. As identified in the previous paragraph, this analysis focuses on “where workers live”. All travel to work data presented in the following bullet points has been obtained from the ONS (2001 and 2008 update).

Halton

- The level of containment in Halton has increased over the period 2001 to 2008, with 58% of workers in Halton living in the borough.
 - Over the same period the data suggests a growing relationship between Halton and Warrington (increase of 2.2% workers in Halton living in Warrington), Liverpool (increase of 1.1%), and to a lesser extent Knowsley (increase of 0.7%).
 - The data suggests that the Halton economy draws on the labour force to the north, rather than south or east primarily. The analysis undertaken of the balance between employment land demand and supply within these authority areas suggests only limited capacity within Liverpool to accommodate Halton’s demand over the period to 2031. There is a noted position of under-supply calculated for Warrington (outside of the core area so not considered in detail in relation to Task 3) and Knowsley. There is considered to be limited scope to redistribute the demand in Halton to any oversupply on this basis, although there may be some scope in relation to Liverpool.
- 5.73 Analysis within the next step of Task 3 will consider the links between Halton and Liverpool, Warrington and Knowsley in more detail.

Knowsley

- As with Halton, the level of containment in Knowsley has increased over the period 2001 to 2008, with 52% of workers in Knowsley living in the borough.
- Over the same period the data suggests a growing relationship with St Helens (increase of 0.8% workers in Knowsley living in St Helens), Halton (increase of 0.8%), and to a lesser extent Warrington (increase of 0.5%).
- Interestingly the data also suggests a reducing relationship with Liverpool (decrease of 5.4% workers in Knowsley living in Liverpool), Sefton (decrease of 0.5%), and West Lancashire (decrease of 0.7%) over the same period.
- The data suggests that Knowsley's economy is increasingly drawing on the labour force to the east rather than west, which is an important consideration when looking at potential responses to strategic undersupply of employment land. This is particularly pertinent given there is potential capacity within St Helens over the plan period to accommodate Knowsley's demand, although the analysis does conclude that this is, as a baseline, only marginal capacity with potential for more capacity if Parkside is delivered during the plan period. This analysis supports the potential strategic importance of the potential land supply at Parkside for sub-regional economic aspirations, to be considered in more detail in the remaining steps, although 2001 Census travel to work ward level data supports the conclusion that the strongest alignment between the St Helens and Knowsley economies is concentrated around the Prescot / Whiston area suggesting that Parkside could only make a minimal contribution to meeting Knowsley's need over the period. It is also noted that as with the conclusion drawn from this initial step for Halton, whilst a relationship is noted between Knowsley and Warrington there is an identified shortage of land supply in Warrington over the period to a more acute extent than within Knowsley⁸⁴.

5.74 Analysis within the next step of Task 3 will consider the links between Knowsley and Halton, and Knowsley and St Helens in more detail. Given the shortage of land identified in Warrington and its positioning outside of the Core Area the relationship between Knowsley and Warrington has not been considered in more detail.

⁸⁴ Census travel to work data supports the assumption that there is a strong connection between west St Helens and Whiston. Anecdotally it is understood that this is partly facilitated through good bus and rail connections between the two areas. The influence of Whiston hospital on this travel to work relationship is also noted. Parkside, at the eastern boundary of St Helens is only considered to have a minimal role to play in meeting Knowsley's employment need.

West Lancashire

- As within Halton and Knowsley, the level of containment in West Lancashire has increased over the period 2001 to 2008, with 56% of workers in West Lancashire living in the borough representing an increase of 7% from 2001.
- Over the same period the data suggests a growing relationship with a number of authorities including Wigan (increase of 0.7% over the period), and Knowsley (increase of 0.8%), and newly evidenced relationships with Chorley (3% of workers in West Lancashire live in Chorley) and South Ribble (2.4% of workers in West Lancashire live in South Ribble).
- Interestingly the data also suggests a reducing relationship with Sefton, the second largest 'provider' of labour force (decrease of 9.2% workers in West Lancashire living in Sefton), and to a lesser extent Liverpool (decrease of 0.2%), and St Helens (decrease of 0.5%) over the same period.
- The economy of West Lancashire is showing increasing trends of drawing on the labour force from the south (Knowsley in particular), and to the east with the importance of the other M6 corridor authorities including specifically South Ribble, Chorley, and Wigan. It is noted that both Knowsley and Wigan are in an identified position of undersupply over the period, although there is potential capacity to accommodate some of the growth from initial analysis (to be tested further in the remaining steps of this task) within the Central Lancashire authorities⁸⁵.

5.75 Analysis within the next step of Task 3 will consider the links between West Lancashire and Knowsley, and West Lancashire and the M6 corridor authorities in more detail.

CWaC

- The analysis for CWaC is split into the three former authority areas of Chester, Ellesmere Port and Neston, and Vale Royal as both the LFS (2001) and APS (2008) pre-date the boundary changes and formation of CWaC. Where possible and appropriate collective conclusions have been drawn from the data.
- Both Chester and Vale Royal saw a decreasing level of containment with reductions in total workers in each former authority area living locally between 2001 and 2008.

⁸⁵ Albeit this is caveated with a recognition that the capacity in Central Lancashire is only evidenced against the baseline growth scenario. The ELR concludes that a more realistic delivery scenario could result in undersupply across Central Lancashire over the plan period

Conversely, over the same period Ellesmere Port and Neston saw an increase of just under 10% against the same measure.

- The Chester data suggests a decreasing level of containment within the wider CWaC area over the period, as does Vale Royal, with the opposite noted for Ellesmere Port and Neston (although this latter figure was driven by the significant increase within Ellesmere Port and Neston itself).
 - Data for both Chester and Ellesmere Port and Neston emphasise the importance of functional economic relationships with North Wales, including total flows of workers from North Wales to Chester and Ellesmere Port accounting for some 22% and 7% of the total respectively, in both cases an increase from the 2001 proportions. The former Vale Royal authority is noted in the data to draw heavily on a labour force originating within the “Cheshire Belt” including Crewe and Nantwich, Congleton, and Warrington. Flows from these authorities account for 19% of the total, an increase of just under 6% from 2001.
 - A relationship is also noted between CWaC and Wirral, driven primarily by links with the former authority area of Chester, with 7% of the Chester workforce living in Wirral in 2008, and Ellesmere Port and Neston (including Vauxhall as a major employer). Evidence included within the Local Economic Assessment (APS, 2009) suggests that 14% of the former workforce of the former Ellesmere Port and Neston Borough were from Wirral.
- 5.76 Analysis within the next step of Task 3 will consider the links between CWaC and Wirral which will be explored further. The relationships between CWaC and North Wales and Cheshire East is noted however this is not explored in any further detail as they sit outside of the parameters of this study.

Moving Towards Step 2

- 5.77 On the basis of these high level functional economic relationships identified there is a need to consider the distribution of site supply as documented within the evidence base, considered in more detail within the Technical Reference Report. The key elements to note in the context of the previously recognised trends and high level relationships include:

- A general cluster of sites within the ‘M6 corridor’⁸⁶ with varying degree of proximity, and spanning a number of authority areas including Preston, South Ribble, Chorley, Wigan and Warrington specifically;

⁸⁶ NB: It must be noted that the market sensitivities around the M6 corridor are linked to specific drive time from two-way junctions making its definition more sophisticated than that presented on the diagram overleaf and summarised at headline level herein.

- Wirral Mersey coastline as a key concentration including two Strategic Regional Sites at Birkenhead Docks and Wirral International Business Park and a Regional Port at the Manchester Ship Canal, Eastham;
- A cluster of employment sites in Ellesmere Port on the Mersey side and close to Wirral;
- Key concentrations of land supply within Liverpool within the City Centre, North Liverpool / Bootle, and within the Eastern Approaches;
- A concentration of land supply within Knowsley Industrial Park as the single largest industrial estate in Merseyside containing 38 sites covering 77 hectares; and
- Taking in the land availability within Liverpool within Eastern Approaches, a noted 'cluster' of sites along the M62 including a critical concentration at Omega in Warrington.

Step 2 – Applying Commercial Market Drivers

5.78 Evidence to inform an understanding of commercial market drivers across the sub-region has been drawn from:

- That embedded within the RSS;
- The evidence base informing NWDA investment decisions linked to the North West Operational Programme⁸⁷;
- Strategic Regional Sites (designated by North West Development Agency (NWDA) in Regional Economic Strategy);
- Sub-regional and local level regeneration and economic development strategies; and
- Engagement with our in-house National Markets (office and industrial) agency team.

5.79 Drawing this evidence together has informed an understanding of the land economy across the core area and wider area including recognition of key drivers of future commercial potential. This information should not be viewed as an economic development strategy, but rather as an indication of where key drivers of commercial activity are located across the core area and wider area as a further layer to understanding the functional market areas in operation across the area.

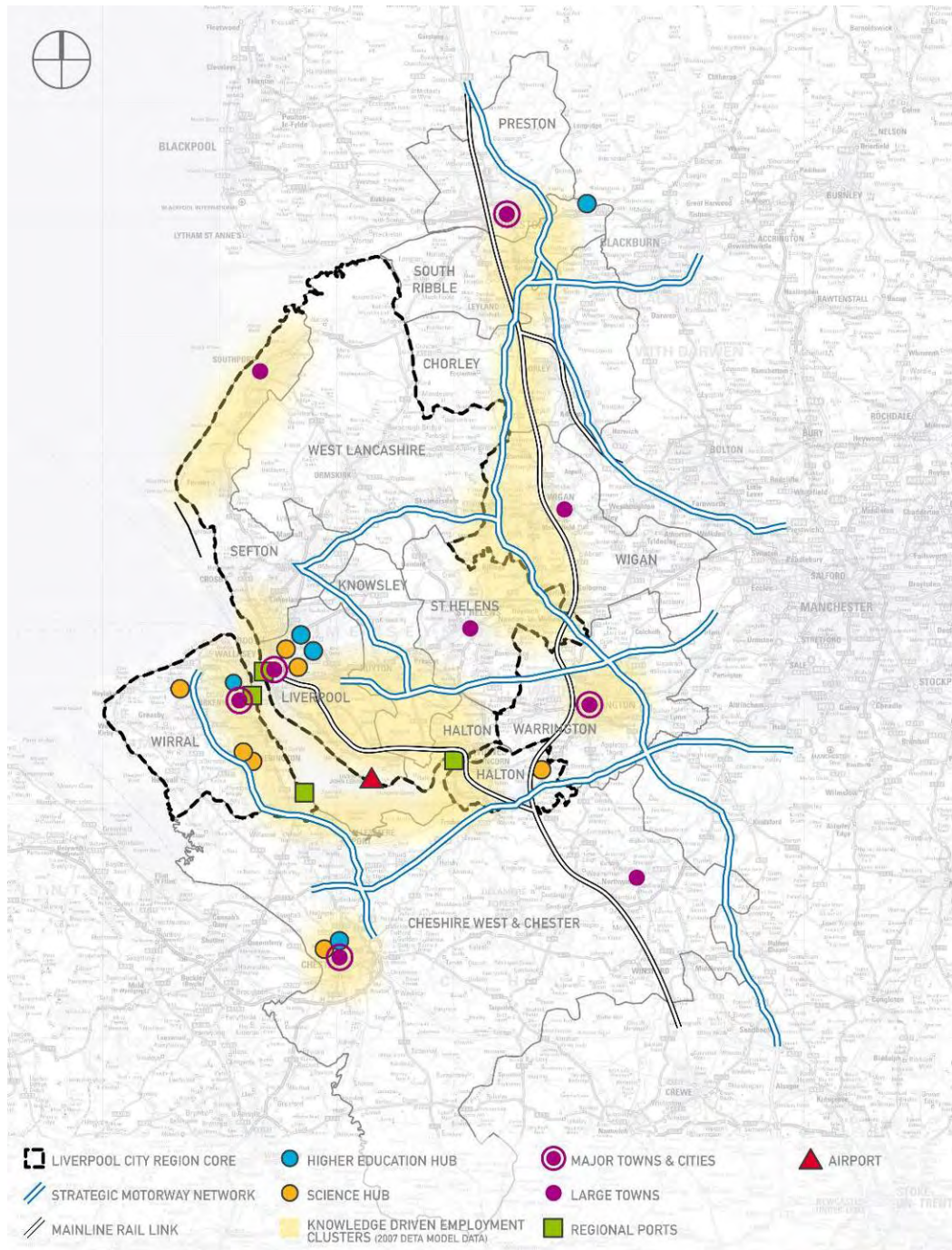
5.80 This is particularly pertinent when considering that economies function in geographies that do not align with administrative boundaries but rather focus on broad locations of opportunity, recognised to be sector specific. This allows an understanding of which locations will be

⁸⁷ As reported in the 2008 Development Locations Study undertaken by GVA on behalf of the NWDA, tested through engagement with Sub-Regional Partners across the North West region.

viewed as 'prime' locations by the office and industrial markets over the period to 2031, certainly in the immediate and short term, and where clustering and growth would be expected to emerge spatially.

- 5.81 The 'triggers' or drivers for this sector growth potential have been identified in Section 3 of this report to include: major towns and cities and large towns; mainline rail links; the strategic motorway network; land values and rental levels; higher education and/or science hubs and/or airports and/or ports; and existing clusters of knowledge-driven employment and business base. The key drivers are identified overleaf for the core area and wider area.
- 5.82 We also recognise that there are significant concentrations of knowledge intensive jobs outside of the main hubs identified on the plan overleaf. A study undertaken by GVA on behalf of the North West Development Agency (NWDA) in 2008 mapped BETA modelling data showing knowledge intensive production and services employment across the region. These plans, also included overleaf for reference, illustrate the importance of knowledge intensive employment across the City Region.

Figure 5.9: Commercial Market Drivers – Broad Locations Plan

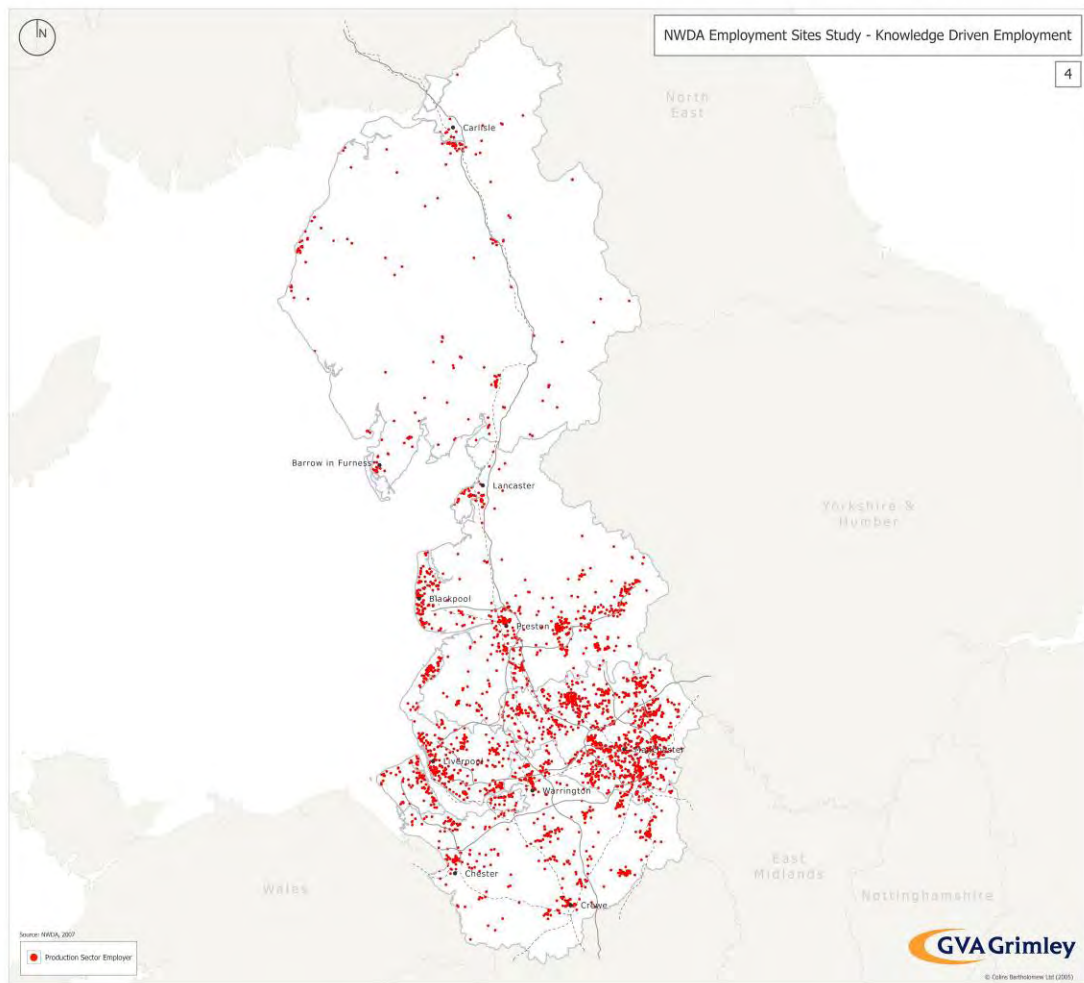


Development Land Overview Study
Spatial Infrastructure and Knowledge Clusters



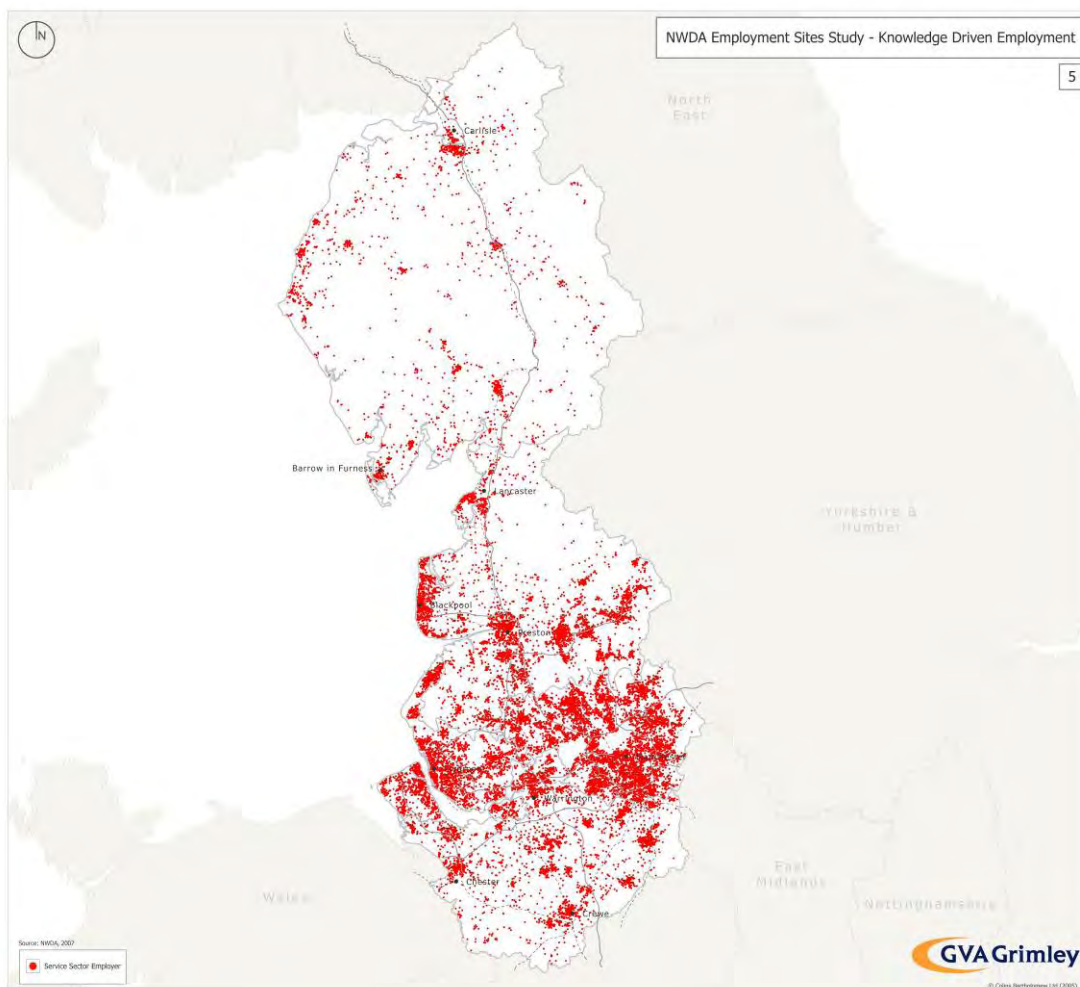
Source: GVA, 2010

Figure 5.10: Knowledge Intensive Production Employment across the North West



Source: NWDA Development Locations Study, 2008

Figure 5.11: Knowledge Intensive Services Employment across the North West



Source: NWDA Development Locations Study, 2008

5.83 This mapping of ‘broad locations’ for likely future commercial development and investment suggests the following general patterns and relative strengths:

- A general hierarchy of urban centres across the core area and wider area including recognition of those that benefit from existing critical mass of B1a high value service activity, have good and/or improving amenity provision, and those with mainline rail links⁸⁸. This includes the continued dominance of Liverpool City Centre in the core area and Preston in the wider area, with Warrington and Wigan further noted in this context.

⁸⁸ In recognition of the significant body of research and guidance around the key role of Core Cities in delivering economic growth aspirations nationally, regionally and locally.

This is noted in addition to the other major and large towns across the core area including Birkenhead and St Helens;

- A recognition of existing local concentrations of high value employment and business clusters generally around the M6 Corridor, Warrington, Ellesmere Port, North Liverpool / South Sefton, South Liverpool – Knowsley – Halton, Chester, Wirral, and Southport. This includes evidence to suggest localised incidences of ‘bucking the national trend’ in high value production (manufacturing) sub-sectors, with clusters noted around Liverpool, Wirral, Knowsley, Warrington, and the M6 Corridor including through Wigan to Preston;
 - The clear potential associated with the motorway network across the core area and wider area including the critical north-south M6 motorway, and key east-west intersections at Warrington, West Lancashire, St Helens, Wigan, Knowsley, Ellesmere Port, Chester, and Chorley / South Ribble as key opportunities for growth within the B8 logistics and distribution market; and
 - Key Port related employment opportunities as part of the ‘SuperPort’ concept, with clusters along the banks of the Mersey in particular at Seaforth Docks, Port of Liverpool, Birkenhead Docks, Cammell Laird, Eastham Dock, Manchester Ship Canal and Weston Point.
- 5.84 Commercial location criteria are specific to the nature of commercial activity, and indeed often to the level of occupier specific factors including those personal to the business or individual making the decision. However, there are sector based (B1, B2, B8) ‘rules of thumb’ that have been considered and can be applied to distinct areas of the core area and wider area.
- 5.85 To this end additional analysis has been undertaken to attempt to disaggregate the requirement figures below headline (i.e. total) level. This has included analysis of what proportion of land is likely to be required for B1 use, B2 use, and B8 use respectively.
- 5.86 This level of detail is not included in all of the ELRs across the core area; for most authorities where take-up data has been used to project future requirements this is not available at a level broken down below total (i.e. by use type). As a result analysis has been undertaken of Valuation Office Agency (VOA) data from 1998 to 2008 to understand the current (2008) and past trends in floorspace by type across the core area (at local authority level).
- 5.87 The current (2008) split between B1⁸⁹, B2, and B8 floorspace (as measured by VOA) is presented in the table. In each area this suggests a clear skew towards B2 and B8 floorspace as a proportion of total stock. Clear concentrations of B2 floorspace (above regional and

⁸⁹ NB: Defined by VOA as ‘Commercial Offices’.

national average) are noted in CWaC, Knowsley, West Lancashire, Wigan, Wirral, and Chorley. Clear concentrations of B8 floorspace (above regional and national average) are noted in St Helens and Warrington.

Figure 5.12: Proportion of Total Traditional (B Use Class) Employment Floorspace by Type (2008)

Local Authority	Commercial Office Floorspace (B1) as Proportion of Total Floorspace (%)	Factories Floorspace (B2) as Proportion of Total Floorspace (%)	Warehouses Floorspace (B8) as Proportion of Total Floorspace (%)
Halton	12.9	46.9	40.3
Knowsley	5.1	59.1	35.8
Liverpool	30.6	35	34.4
Sefton	23.4	43.6	33.1
St Helens	8.6	39.2	52.2
West Lancs	4.1	52.1	43.8
Wirral	12.7	58.6	28.7
Average Core Area	13.91	47.79	38.33
Chorley	11.3	51.1	37.6
Preston	24.9	34.2	40.9
South Ribble	8.1	49.6	42.3
Wigan	6.7	57.7	35.6
Warrington	18.7	25.9	55.3
CWaC	14.8	52.2	33
<i>North West</i>	<i>29.4</i>	<i>39.9</i>	<i>30.7</i>
<i>England and Wales</i>	<i>35.6</i>	<i>36.5</i>	<i>27.9</i>

Source: Valuation Office Agency (VOA), 2010⁹⁰

- 5.88 In addition, analysis has been undertaken of change in traditional employment floorspace across the core area between 1998 and 2008 within each local authority area. The change in floorspace over this period is illustrated in the following table.
- 5.89 Key trends of note within the Core Area relative to regional and national averages, include: above average growth in commercial office floorspace in Halton, Knowsley, Liverpool, and Sefton; above average reduction in factory floorspace in Liverpool, Sefton and St Helens, with growth in factory floorspace in the context of decline regionally and nationally within Knowsley, and West Lancashire; above average growth in warehouse floorspace within

⁹⁰ Figures may not total to 100% due to rounding down / up within the analysis.

Halton, Knowsley, West Lancashire, and CWaC, compared with contraction in warehouse floorspace within Liverpool, Sefton, and Wirral.

- 5.90 Key trends of note include the growth in Knowsley across all traditional employment floorspace types, and the growth in factory floorspace compared to regional and national contraction and significantly above average growth in warehousing floorspace in West Lancashire. The scale of B8 floorspace growth in a number of the authorities reflects recent large scale warehouse development across the sub-region.

Figure 5.13: Change in Traditional (B Use Class) Employment Floorspace by Type

Local Authority	Change in Commercial Office Floorspace (B1) (1998 – 2008) (%)	Change in Factories Floorspace (B2) (1998 – 2008) (%)	Change in Warehouses Floorspace (B8) (1998 – 2008) (%)
Halton	+70.8	-0.9	+74
Knowsley	+82.3	+53	+64.6
Liverpool	+153.2	-22	-12
Sefton	+56.6	-15.4	-17.1
St Helens	+19.3	-47.2	+27.2
West Lancs	+19	+6.6	+77.7
Wirral	+7.2	-3.1	-6.5
Average Core Area	58.34	-4.14	29.70
Chorley	+33.3	-43.5	-0.4
Preston	+32.3	-11.6	+16.5
South Ribble	+38.7	-13.4	+14.1
Wigan	+29	-10.5	+45.7
Warrington	+24.7	-19.7	+8.2
CWaC	+19.9	-11.3	+44.9 ⁹¹
<i>North West</i>	+28.6	-14.4	+17.5
<i>England and Wales</i>	+23.7	-7.9	+27.9

Source: Valuation Office Agency (VOA), 2010⁹²

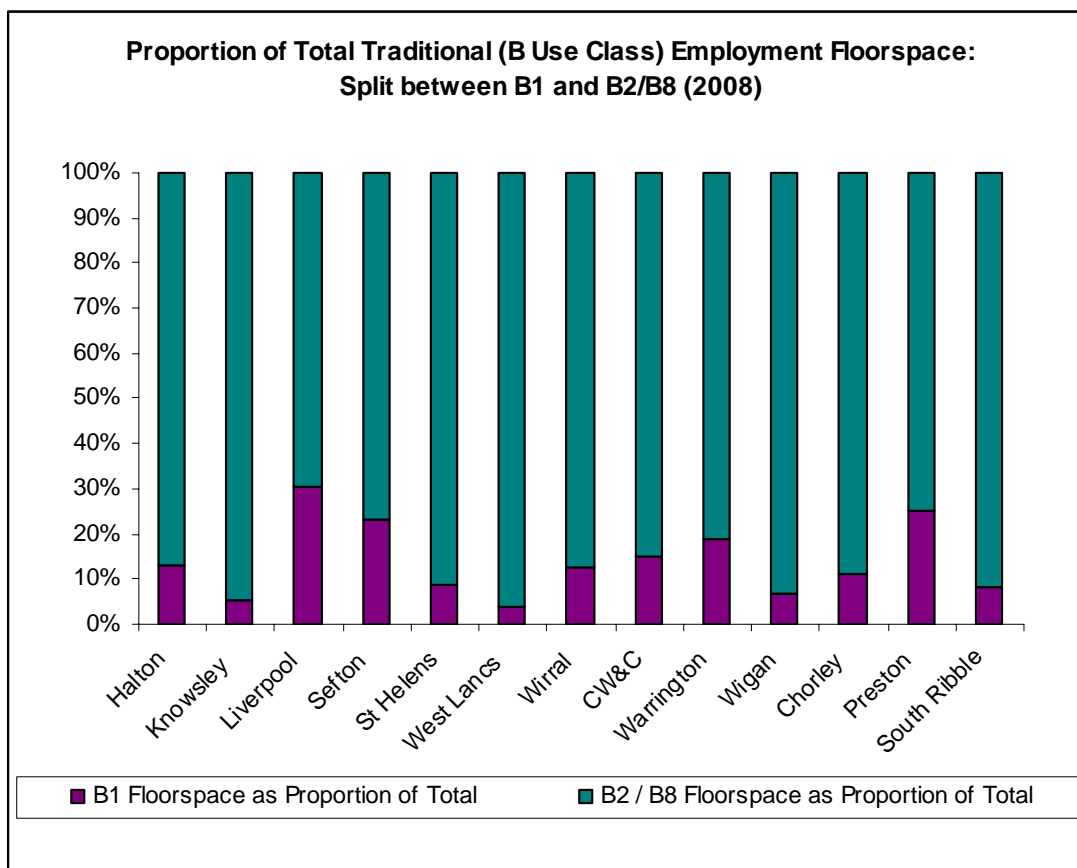
- 5.91 Taken together this data on the current split of floorspace by type and change in floorspace by type (both as measured by VOA) presents an interesting picture for the potential split of requirements by type to 2031 across the core area.

⁹¹ It is possible that this figure is skewed by a small number of large developments.

⁹² Figures may not total to 100% due to rounding down / up within the analysis.

5.92 Assuming a basic split in line with 2008 VOA data by type suggests significant land requirements for B2 / B8 land across the core area and wider study area. This is evident in the diagram below.

Figure 5.14: Proportion of Total Traditional (B Use Class) Employment Floorspace: Split between B1 and B2/B8 (2008)



Source: Valuation Office Agency (VOA), 2010

5.93 Applying these figures across the core area and wider area would assume an average (core area average) proportional split of 86%⁹³ total requirements for B2 / B8 split. The second table analysing change in commercial floorspace by type between 1998 and 2008 suggests, however, that such a simplistic approach would not fully represent trends that have been taking place within each of the respective local authority areas.

5.94 It is noted for example that each of the authorities experienced a growth in commercial office floorspace over the period 1998 to 2008; indeed the average change in commercial office

floorspace was an increase of 58% across the core area, reducing to 45% across the wider area. Conversely over the same period the core area experienced an average decline in factories floorspace of 4%, increasing to 11% across the wider area.

- 5.95 This suggests that the 2008 splits in floorspace by type are likely to change over the period to 2031, based on past trends. Whilst this is an important conclusion it is also relevant to note that it is too simplistic to assume a continuation of past trends into the future as these are implicitly linked to conditions that may not be repeated in the future. For example, floorspace trends are contingent on finance and end user guarantee. The availability of land and the deliverability of sites in viable locations and within changing markets also plays a role in floorspace trends.
- 5.96 However, for the purposes of this study, the annual change in floorspace by type between 1998 to 2008 has been applied to the 2008 floorspace quantum for the period 2008 to 2031. The resulting potential split in floorspace by type by 2031, assuming these annual change trends continue over the period, are presented in the following table.

⁹³ The wider City Region average also equates to 86%.

Figure 5.15: Projected Proportion of Total Traditional (B Use Class) Employment Floorspace by Type (2031)

Local Authority	Projected Commercial Office Floorspace (B1) as Proportion of Total Floorspace (%)	Projected Factories Floorspace (B2) as Proportion of Total Floorspace (%)	Projected Warehouses Floorspace (B8) as Proportion of Total Floorspace (%)
Halton	19.6%	14.5%	65.8%
Knowsley	8.3%	51.5%	40.1%
Liverpool	94.5%	2.4%	3.0%
Sefton	61.2%	22.5%	16.4%
St Helens	10.9%	10.5%	78.6%
West Lancs	2.0%	19.4%	78.6%
Wirral	15.9%	57.9%	26.2%
Average Core Area	30.3%	25.5%	44.1%
Chorley	30.2%	23.1%	46.8%
Preston	37.6%	19.1%	43.4%
South Ribble	17.0%	31.8%	51.1%
Wigan	8.3%	28.7%	63.0%
Warrington	28.3%	14.1%	57.6%
CWaC	15.1%	26.1%	58.8%

Source: GVA Calculated using Valuation Office Agency (VOA), 2010

- 5.97 In a number of the core area local authorities assuming past trends in floorspace change results in a rebalancing away from B2 floorspace with a growth in B1 and B8 envisaged, a trend that is not surprising or unrealistic on the basis of current economic projections suggesting growth within these sectors over the period. This is true for Halton, and Knowsley within the core area, and Warrington, Chorley, Preston and South Ribble in the wider area.
- 5.98 Both Liverpool and Sefton are projected, within this calculation, to experience a significant growth in B1 floorspace. In both cases whilst this trend in general is not questioned, the extent to which the growth will materialise to the same extent as that witnessed over the last 10 years is questioned.
- 5.99 Within St Helens, West Lancashire and CWaC there is projected potential for significant growth within B8 floorspace, although as, with Liverpool and Sefton, whilst the general trend is not questioned the scale of change is unlikely to be realised as set out.

- 5.100 The floorspace proportions within Wirral in 2008 and projected for 2031 based on past trends are relatively similar but because they are trend-based take no account of the potential growth in office floorspace given by Wirral Waters, which is now committed.
- 5.101 When these proportions are compared with the proportional split of employment land supply by type across the individual authorities and the core area average an interesting picture emerges. The table below sets out the proportion split in employment land supply by type as presented and explained in more detail within the Technical Reference Report.

Figure 5.16: Proportion of Employment Land Supply by Type (2010)⁹⁴

Authority	B1 Land as Proportion of Total (Ha)	B2 Land as Proportion of Total (Ha)	B8 Land as Proportion of Total (Ha)	Mixed Use Land as Proportion of Total ⁹⁵ (Ha)	Unknown Land as Proportion of Total (Ha)
Halton	32.0%	12.4%	37.1%	18.5%	0.0%
Knowsley	8.7%	2.4%	23.2%	65.7%	0.0%
Liverpool	13.1%	40.1%	30.3%	2.9%	13.7%
Sefton	35.7%	4.9%	0.0%	59.4%	0.0%
St Helens	5.3%	40.4%	0.0%	54.3%	0.0%
West Lancs	21.9%	2.4%	7.3%	68.3%	0.0%
Wirral	20.0%	0.0%	0.0%	80.0%	0.0%
Average Core Area	19.5%	14.7%	14.0%	49.9%	2.0%
Chorley	11.3%	1.3%	4.4%	83.0%	0.0%
Preston	12.6%	0.0%	3.1%	84.3%	0.0%
South Ribble	0.0%	0.0%	9.9%	1.6%	88.5%
Wigan	28.9%	0.0%	0.0%	71.1%	0.0%
Warrington	17.4%	0.4%	2.3%	79.9%	0.0%
CWaC	27.2%	65.9%	6.9%	0.0%	0.0%

Source: Adapted by GVA from information agreed with authorities November 2010

- 5.102 It is noted that it is difficult to draw conclusions for a number of the local authorities land supply by type as a result of the large proportions defined / categorised as 'Mixed Use' or 'Unknown'. This includes, drawing on the table above, Wirral, Warrington, Wigan, Chorley, Preston and South Ribble.

⁹⁴ The Technical Appendix document outlines in detail how this table has been developed, including the assumptions underpinning the split in land supply by type where this has not been readily available from the existing evidence base or land supply databases within some authority areas.

⁹⁵ NB: This definition includes land identified as B1 or B2 or B8 suitable.

5.103 Key conclusions drawn from the comparison of this table with the previously presented demand profile by type (2031) (based on VOA statistics) for the core area authorities and CWaC are summarised in the following bullet points. All conclusions are presented notwithstanding the unknown potential end use of 'Mixed Use' and 'Unknown' land as classified. It should be noted that this analysis may not be consistent with conclusions drawn within individual ELRs.

- Halton: Potential under supply of B8 land as proportion of total stock;
- Knowsley: Potential under supply of B8 land as proportion of total stock (assuming here that a significant proportion of mixed use land will include / accommodate B2 requirements as calculated);
- Liverpool: Difficult to draw conclusions given the skewed projected demand profile (including potential over-representation of potential growth in B1 requirements based on past take-up). In contrast, potential extensive freight-related developments underline the importance of safeguarding provision for B8 uses, particularly in Speke / South Liverpool;
- Sefton: Potential imbalance between demand and supply profiles including potential shortage of both B1 and B8 land over the period to 2031 as calculated although noted emphasis within the JELPS that B8 uses will be discouraged within the area over the plan period due to poor job outputs, emphasising again the need to treat the Sefton demand figure as a minimum (given the land hungry nature of B8 uses).
- St Helens: Clear imbalance noted between demand and supply profiles by type, including a potential shortage of land suitable for B8 development, and to some extent for B1 development;
- West Lancashire: Similar conclusion drawn to Liverpool regarding the noted skew within the demand profile but this time in favour of B8 development which is unlikely to be replicated over the period to 2031;
- Wirral: As noted above, difficult to draw conclusions on this data alone based on a significant proportion of the supply – 80% - identified as being suitable for 'Mixed Use' B1, B2 and B8 development; and
- CWaC: Potential oversupply of B2 land compared to the demand profile identified including a skew towards B8 requirements (based on VOA data).

5.104 Comparison of the average take up profile based on the VOA data applied to the requirements identified to 2031 suggests potential undersupply across all three main

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- employment sectors, albeit with a significant proportion of supply profiled as being 'Mixed Use' or 'Unknown'.
- 5.105 This data is useful and is considered to be the most reliable basis for disaggregating demand by Use Type in the absence of consistently available detailed land take-up data. However, it is not without its limitations.
- 5.106 Specifically, the analysis assumes the projection of a snapshot in time – effectively the current commercial landscape of the City Region core and associate members. It does not take into account policy aspirations, masterplans and investment strategies, and the national and regional economic and market context.
- 5.107 Of key note in this context is the weight that is given to B2 land requirements. Focusing on the core area alone it is noted that this approach suggests that by 2031 B2 land requirements will account for circa 50% of total employment land requirements in two of the seven core area authorities. The application of professional judgement, in the context of the current economy and localised employment trends, suggests that this figure may not fully represent where the City Region economy could be by 2031.
- 5.108 The B2 market is generally noted to be primarily concerned with local indigenous moves and growth, and areas where there is clustering and/or a competitive advantage at sub-sector level within the wider manufacturing sector. In the case of the latter, this is picked up in more detail within subsequent text regarding commercial market drivers.
- 5.109 It is therefore suggested that these B2 figures be viewed cautiously across the core area, with potential need to redistribute (qualitatively) to B1 and B8 activities based on commercial market drivers. Given the nature of this study the conclusions drawn make stronger reference to the B1 and B8 markets as being more strategic concerns in this context.
- 5.110 Comparison of demand by type relative to supply by type has been undertaken, but its usefulness is compromised by the nature and availability of consistent information across the core area and wider area.
- 5.111 Specifically, a large proportion of the site supply is identified as being 'Mixed B-Use' suitable (i.e. flexible to accommodate B1, B2, and/or B8 development), with large proportions also 'unknown' with the latter specifically prevalent within South Ribble. Direct comparison of demand and supply quantitatively therefore has little meaning – with all types demonstrating undersupply over the period, but with proportions of unspecified supply not factored in.
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5.112 Local authority specific implications of this analysis are summarised for the key authorities noted previously in the following bullet points.

Halton

- The headline analysis suggests a potential shortage of B8 land within Halton, a position likely to be further pronounced by delivery of the Mersey Gateway. Following the granting of planning permission in December 2010 and the public support given to the scheme by the Coalition Government earlier in the year, it is appropriate to recognise it as a key driver of commercial opportunity over the plan period. Ultimate delivery of the scheme will be an important factor in both achieving the level of demand projected to 2031, and delivering land and accommodation to facilitate growth.
- Beyond the Mersey Gateway, natural commercial synergy is noted between Halton and Warrington, including recognition of OMEGA as a potential future distribution hub alongside a wider mix of uses, and Halton and South Liverpool / Speke and the International Gateway as a potentially critical B8 location, again alongside other uses. Both Warrington (M6 and M62 Corridors) are considered to be established B8 commercial market locations in this context.

5.113 The factoring in of commercial market drivers and established locations, specifically relating to the B8 market as being an area of potential weakness in Halton's land supply over the period further support the need to consider the strategic relationship between the borough and Liverpool, and Warrington. The evidence supports the potential need to ensure delivery of aspirations for both Speke in Liverpool and OMEGA in Warrington, including B8 provision, linked to this sub-regional need, in addition to the potential identification of additional land linked to Halton and Warrington in the long term to meet potential unmet demand. These conclusions are tested further in the following step.

Knowsley

- The analysis undertaken suggests a potential undersupply of B8 land over the period to 2031 relative to past development trends and current land supply. There are identified B8 market drivers relevant to Knowsley and taking into account its noted functional relationship in terms of travel to work with Halton and St Helens include the north Widnes / M62 area, and the A580 / M62 Corridor.
- Liverpool continues to provide significant numbers of workers to Knowsley's employment areas, including to the Halewood South ward (Jaguar / Land Rover), Kirkby Central

(Knowsley Business Park), and St Gabriels ward (Huyton Business Park). This continues to be a key functional economic relationship.

- Knowsley is also noted to share commercial market synergy with the M6 Corridor by virtue of the M57 and M58 connectivity, and the wider M62 Corridor. In general, however, links with these wider areas are less strongly evidenced in the travel to work analysis as those with Halton and St Helens specifically.

5.114 It is noted that there is functional commercial alignment between Knowsley and St Helens albeit this is concentrated around the Prescot / Whiston area rather than at Parkside where significant potential supply is located, and Halton by virtue of key road connections, with a strong interface in market terms between these routes and prime B8 investment locations. It is noted that there is no capacity within the baseline land supply in Halton to facilitate excess demand in Knowsley, albeit this conclusion supports the importance of delivering the remodelling / regeneration sites in Halton. Similarly, whilst there is some capacity within the St Helens land supply position relative to demand, the conclusion again emphasises the potential strategic importance of delivery of Parkside during the plan period.

West Lancashire

- The analysis supports the assumption that future requirements in West Lancashire are unlikely to replicate those in the past. Specifically, it is concluded that although past demand has been skewed towards significant B8 take up this is unlikely to be experienced again to the same extent in the future. This development activity was linked historically to individual sites being brought forward that are considered individual cases in this context. As a result, it is assumed that a higher proportion of demand will be realised (or concentrated) within B1 and B2 uses rather than the skew to B8 as presented within Figure 5.14.
- The drivers of the West Lancashire economy are noted to include the M6 corridor including synergy with Central Lancashire and Wigan, and specifically the M58 as a key link road to both this corridor and the M57 (linking to Knowsley), and the A580 to the south. Within West Lancashire regeneration aspirations within Skelmersdale, and the likely focus of development activity within this town alongside Ormskirk and Burscough (to an appropriate scale in each case) will also likely include a degree of B1 development.

5.115 A balanced view is required when considering the functional commercial market relationship of West Lancashire with other authorities within the core area due to the likely shift in economic focus from that experienced locally over the last plan period. Evidence suggests that B8 demand will not be as prevalent in the future as it has been in the past locally, but

rather that a more balanced supply of land across all B-Use's is required. Opportunities to look to the M6 Corridor could be explored in this context recognising the previously noted travel to work synergy with Central Lancashire and Wigan, as should the M57/58 and A580 Corridors linking the West Lancashire and Knowsley economies.

CWaC

- Chester City Centre is an established investment location, with recent developments including the completion of Phase 1 of the Station Gateway significant in continuing this positioning. It is noted, through commercial market engagement, that supply is constrained within the area, and that as a result developments including those at Cheshire Oaks have benefitted from overspill business activity. However, it is also concluded that this market, driven by its existing profile, the nature and attractiveness of the City Centre, and the mainline rail link amongst other assets and factors, is a distinct market albeit it does show travel to work links to areas including Wirral and North Wales. The City Centre has traditionally drawn businesses in from North Wales, but it is questionable whether land supply in these wider areas would offset demand emanating from Chester itself.
- The analysis also concludes that there is a potential undersupply of B8 land to 2031 within CWaC, against a potential oversupply of B2 land including concentrations of the latter within the Ellesmere Port area. The market does recognise the M56 corridor in this context, and supports an assumption that a proportion of this B2 land within CWaC could come forward as B8 development suggesting a more balanced picture. It is also noted that the relationship with Cheshire East and the "Cheshire Belt" is recognised in the context of the B8 commercial market including market potential associated with the M6 Corridor, and Middlewich and Winsford as important investment locations within this sector.

5.116 The analysis undertaken has supported a concentration on Chester City Centre, Ellesmere Port, the M56 Corridor within CWaC, and strategic alignment with Chester East to maximise potential associated with the M6 Corridor specifically. It is also recognised that there is potential strategic alignment between CWaC and Wirral, including around the M53 corridor.

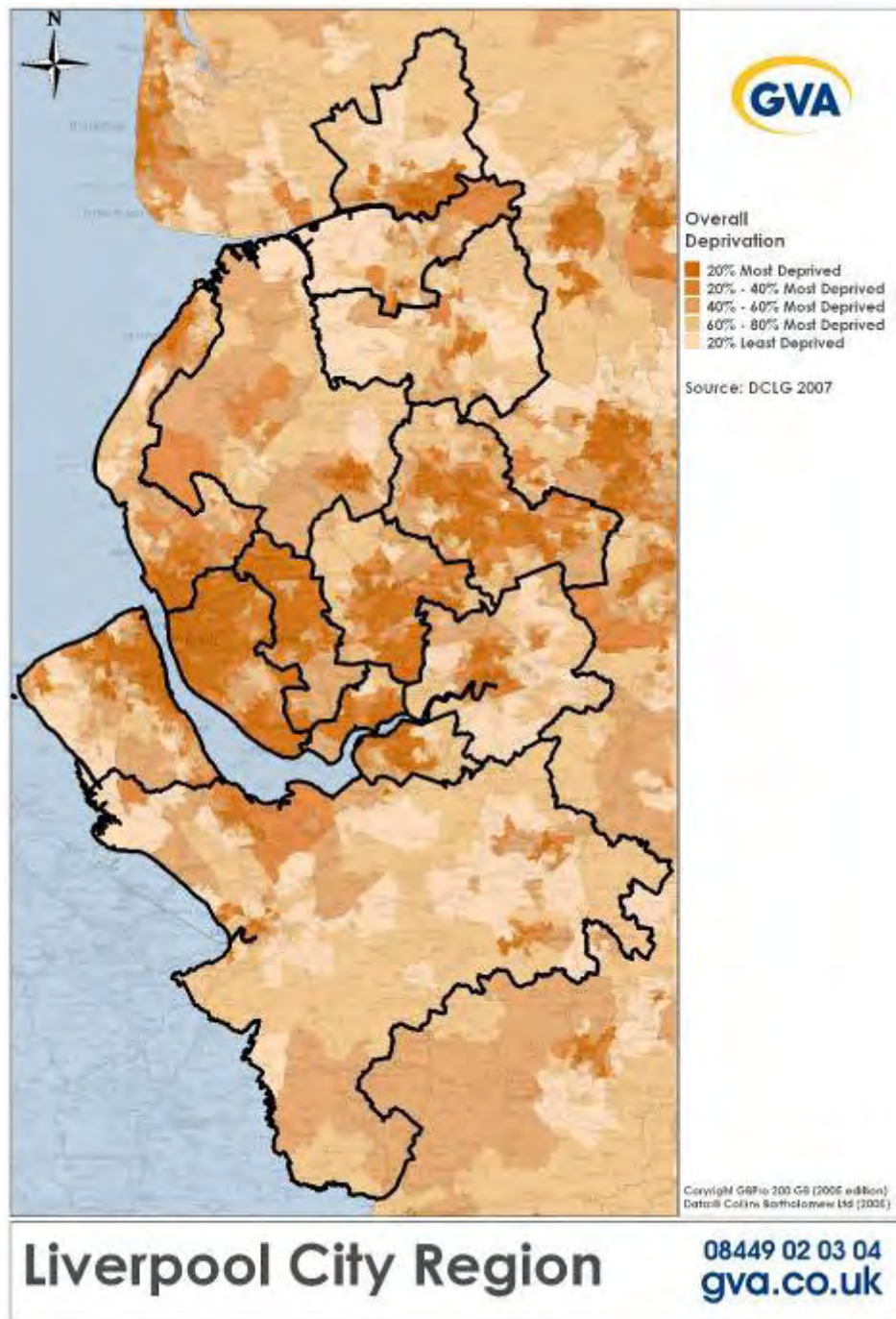
Step 3 – Labour Force Dynamics and Synergy

5.117 It is recognised that in addition to the commercial market drivers, that local employment need and the availability of a suitable labour force is a key factor influencing business decision making processes.

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- 5.118 Local employment and need has been considered through the use of overall Indices of Multiple Deprivation (2007) ranking at lower level super output area scale. This analysis, including the mapping of the relative ranking of the super output areas across the Core area and Wider area, has included the identification of those locations most in need, relative to the previous two steps undertaken. Overall IMD performance is illustrated in Figure 5.18.
- 5.119 The nature of labour force requirements differs by sector with the need to recognise the attractiveness associated with a highly skilled workforce to businesses particularly aligned with knowledge sectors (services and production) but also the appeal of a low skilled workforce and potential contribution to delivering local employment associated specifically with the B2 and B8 markets⁹⁶. The IMD (2007) skills domain has been mapped and analysed to identify areas within the Core area and Wider area sharing similar labour force characteristics and the pattern of labour force is illustrated in Figure 5.19.

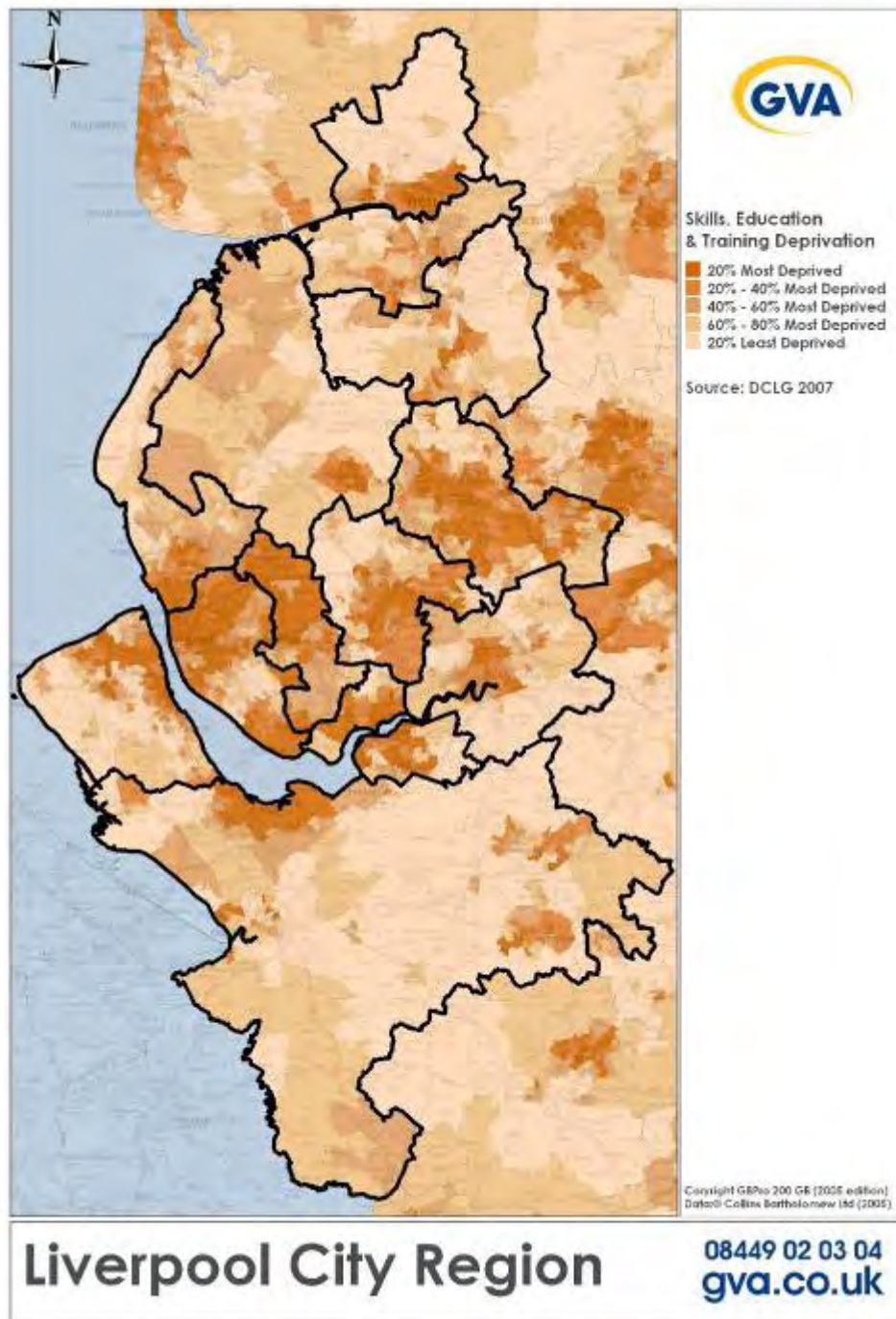
⁹⁶ NB: It is recognised that there are high skilled employment opportunities within the B2 and B8 sectors as well as B1, and conversely low skilled employment opportunities within the B1 sector. The dominance of low skilled employment within the B8 sector is presented here as a general trend for the purposes of the analysis. This is evidenced within the 2007 GVA Research piece *Making and Moving: the Future Prospects for British Industry*.

Figure 5.17: Index of Multiple Deprivation Overall (2007)



Source: GVA, 2010

Figure 5.18: Index of Multiple Deprivation Skills Domain (2007)



Source: GVA, 2010

5.120 The findings of this analysis are considered by the identified authority areas in the following bullet points. The mapping of overall deprivation and skills deprivation across the Core area and Wider area suggests similar patterns of deprivation against both measures; local employment need is focused in areas most in wider regeneration need, which in turn mirror skills deprivation. The mapping clearly illustrates the importance of delivering employment aspirations across the whole of the Core area over the period to 2031.

Halton

- Levels and distribution of deprivation in Halton suggest a clear synergy between the area and Ellesmere Port within CWaC, South Liverpool / Speke, central Warrington, and parts of St Helens – reflecting the general nature and extent of deprivation across the central core of the Merseyside area in general.

Knowsley

- Deprivation in Knowsley appears to be very strongly aligned with North Liverpool, specifically including the prevalence of areas within the 20% most deprived nationally. The labour force profile is strongly aligned to the North Liverpool area, with synergy with St Helens less apparent. Whilst there is a noted clustering of skills deprivation to the south east of St Helens comparable with Knowsley, including to the south of the town centre and Newton-le-Willows, both are recognised to have more synergy with the M62 Corridor specifically than Knowsley to the west.

West Lancashire

- Both Skelmersdale and the M58 Corridor in general are noted to be key current clusters of B8 activity within West Lancashire, with both noted to be areas of concentrated deprivation based on the IMD indicators. There is wider synergy noted between employment need and skills deprivation (or lack thereof) across West Lancashire and the adjoining south-western periphery of the Central Lancashire authorities. Correlation is also noted between the deprivation levels in West Lancashire around Skelmersdale specifically and Wigan.

CWaC

- The majority of the CWaC area is seen to perform well in terms of the level of deprivation noted, both overall and relating to skills. Specifically, the majority of the area falls within the 40% least deprived, or 20% least deprived output areas nationally. This pattern of relatively low deprivation across the majority of the area mirrors that of large areas of

North Wales, and the Cheshire East / “Cheshire Belt” area which has been highlighted previously in relation to CWaC. There are pockets of more acute deprivation noted within CWaC particularly in parts of Ellesmere Port, Chester and Winsford that mirrors the deprivation across parts of the Core area including parts of Wirral, Halton, Liverpool, Knowsley, etc.

Conclusion

- 5.121 The ability to consider directly the imbalance between employment land demand and supply across the core area, and wider area, has been affected by the availability of robust data to allow the disaggregation of both by type. The nature of functional economic market areas, as noted previously, is inherently linked to the employment sector being considered, with varying drivers and sensitivities recognised by the B1, B2, and B8 markets respectively.
- 5.122 Factoring in assumptions and professional judgment, as documented under Key Task 2, a headline conclusion of long term employment land undersupply across the core area has been identified. Phasing analysis suggests that this undersupply is a long term concern with headline supply sufficient in the short term to meet demand requirements.
- 5.123 Key Task 3 allows some specific conclusions to be made in this context including:
- Undersupply at headline level across the core area reduces to marginal undersupply and potentially shifts to a balanced position if aspirations for remodelling / regeneration and key site delivery including potentially significant contributions to overall supply at Omega (Warrington) and Parkside (St Helens) are delivered.
 - The importance of potential B8 delivery at Speke (South Liverpool), Omega, and Parkside, to potentially accommodate or offset demand and growth requirements in both Halton and to a lesser extent Knowsley.
 - The potential need to identify additional land supply in the longer term across a greater number of authority areas if aspirations for remodelling / regeneration are not realised relating specifically to West Lancashire, Knowsley, Halton, and Sefton although to a lesser extent, including again an emphasis on the need to monitor delivery of potentially key large employment sites across the core area.
- 5.124 The table below summarises the key findings of Key Task 2 in terms of the ability to redistribute demand where undersupply has been noted across the City Region.

Figure 5.19: Concluding Table of Analysis – Employment

Authority	Nature of Undersupply Noted (Task 2)	Qualitative Considerations	Key Functional Linkages Identified as Having 'Headroom' within Key Task 3	Considered Position on the Ability to Address Imbalances Through a Re-Distribution of Demand
Halton	Approximately 160 hectares including a shortage of long term development land	<p>Considered to be a balanced estimation of demand</p> <p>Potential additional supply of 148 hectares of supply over the plan period through remodelling / regeneration sites. Current climate makes this a challenging aspiration but could significantly alter the undersupply position if realised</p>	<p>Key relationship with Liverpool, particularly noted in relation to South Liverpool / Speke</p> <p>Synergy also noted with Knowsley and Warrington, although it is recognised that both also have potential undersupply over the plan period</p> <p>Noted need to accommodate B8 shortfall</p>	<p>No redistribution potential identified beyond potential to accommodate some demand in Speke / South Liverpool area (noting only marginal capacity in Liverpool over the period and consideration of Liverpool demand figure as a potential minimum requirement to 2031)</p> <p>Potential need to work alongside Warrington to identify additional land in the long term, but needs to be considered alongside the monitoring of delivery at Omega as a potentially key B8 investment location</p>
Knowsley	Approximately 130 hectares including a shortage of long term development land	<p>Demand figure should be viewed as a maximum requirement</p> <p>Potential additional supply of 37 hectares of supply over the plan period</p>	<p>Localised relationships identified with Halton and St Helens. Whilst the relationship with Liverpool has decreased its base is far larger than Halton and</p>	<p>No redistribution potential identified given shortages in land supply in the local authorities where a functional relationship can be evidenced. Potential need to work alongside St Helens in the long term, but as in Halton, this needs to be considered alongside the long term monitoring of delivery of</p>

		through remodelling / regeneration sites. Current climate makes this a challenging aspiration but could alter the undersupply position if realised	St Helens and therefore Liverpool is concluded to still have a key functional relationship with Knowsley. Noted need to primarily accommodate B8 growth requirements over the period to 2031	development at Parkside as a potentially key B8 investment location, and in the context of St Helens demand figure being viewed as a potential minimum over the period to 2031 Key functional relationship with Liverpool but insufficient capacity in employment land supply within Liverpool to realistically accommodate demand emanating from Knowsley.
West Lancashire	Approximately 85 hectares including a shortage of long term development land	Demand figure should be viewed as a maximum requirement Potential additional supply of 52 hectares of supply over the plan period through remodelling / regeneration sites. Current climate makes this a challenging aspiration but could alter the undersupply position if realised	Key functional relationships identified with Central Lancashire / M6 Corridor and Knowsley Noted need to deliver a balanced supply of B-Use class land rather than a B8 focus	No redistribution potential noted given supply position in relevant authority areas. Key relationships noted with Knowsley, Central Lancashire and Wigan with the latter two focused on the M6 Corridor and associated B8 potential. In the long term there may be a need to look to identify additional land supply alongside these three areas to facilitate economic growth
CWaC	Approximately 215 hectares including a potentially significant shortage of long term	Demand figure should be viewed as a maximum requirement	Some relationship noted with Wirral (M53 Corridor, Manchester Ship Canal, etc) but	Limited redistribution potential noted in relation to the core area on the basis of noted primary links to North Wales and Cheshire East as key functional

	development land	There is a significant oversupply noted within Ellesmere Port, but an undersupply elsewhere.	noted stronger functional relationship with North Wales and Cheshire East. Primarily need to address potential shortfall in B8 supply	market areas – outside of the remit of this study. Potential synergy between CWaC and Wirral with redistribution potential identified.
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6. Key Task 4 – Recommendations on Further Action

“In the event that an unmet need / demand remains in any local authority area after undertaking the above, recommend what further action is necessary to address it”

- 6.1 The previous sections of this report and supporting Technical Report document the analysis undertaken relating to the sufficiency of employment and housing land respectively relative to identified and evidenced need across the core area and wider area.
- 6.2 As noted in Section 1 this analysis has not looked to rebalance supply within every authority. It has been assumed that in terms of potential residential land potential the Strategic Housing Land Availability Assessment (SHLAA) processes undertaken by each authority has taken account of employment land considered to be surplus based upon the findings of individual authorities Employment Land Reviews (ELRs). Clearly any undersupply or capacity position within an authority should initially consider this balance between housing and employment land, with this being a key consideration for authorities through their LDF process. This should be given consideration in advance of any potential Green Belt release, and should also include consideration of other sources of land including urban greenspaces, educational land, etc.
- 6.3 The analysis primarily in Sections 4 and 5 has included specific consideration of:
- The employment and housing evidence base across the core area and associate members including identification of consistency or otherwise in terms of approach and the establishment of composite analysis of future requirements (demand) and potential supply (Key Task 1);
 - Consideration of the ability of identified supply, including analysis of methodology underpinning the identification of supply across the core area and wider area, to accommodate requirements at local authority, core area, and wider area level. This has included, as required by the brief and in response to gaps in consistency across the evidence base, the application of best professional judgement to draw conclusions on the relative balance and dynamic between demand and supply over the relevant period (Key Task 2); and
 - The ability to accommodate excess demand through a sub-regional approach to employment and housing land supply on a cross-boundary basis evidenced on existing functional relationships (economic or housing market based) (Key Task 3).

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- 6.4 The key findings presented at the end of both Section 4 and 5 represent the key recommendations of this study in relation to the core elements of the brief outlined in Section 1.
- 6.5 Key Task 4, as identified in the brief, requires recommendations to be presented on the basis of the findings of the previous three tasks, specifically relating to those authorities where a potential unmet need remains. These are considered thematically below: Employment; Housing; and Future Monitoring and Further Research Requirements.

Housing

- 6.6 The analysis of Tasks 1 – 3 has highlighted that a future longer-term unmet demand or requirement for housing could exist in a number of authorities including Sefton, St Helens, Knowsley and West Lancashire.
- 6.7 Whilst the assertion is made that some quantum of redistribution of demand could occur as a result of significant supply coming forward within Liverpool and Wirral, this is unlikely to substantially contribute to the levels of undersupply calculated against RSS requirements through to 2031 in these individual authorities based on the analysis of functional relationships and the propensity of households to move within and between market areas. It is noted that the strength of the relationship between these authorities and Liverpool and/or Wirral varies, with proximity and realistic connectivity issues identified through Task 3.
- 6.8 On the basis of the analysis undertaken in this study, where demand cannot be redistributed, further supply will need to be identified to meet own unmet needs in Sefton, St Helens, Knowsley and West Lancashire beyond 2020 through appropriate planning actions. A ten year ‘cushion’ appears to exist from the evidence base collected for each of the authorities with only Sefton and West Lancashire potentially having a small undersupply over this period.
- 6.9 Beyond 2020, any further identification of land in those authorities where an undersupply picture is presented beyond ten years, will need to be based on the same level of scrutiny applied to the existing potential land and will need to be based on an updated assessment of the deliverable capacity of remaining land across the core authority areas at any given time.
- 6.10 The future monitoring of the overall deliverable supply of land is therefore particularly important for the authorities going forward. The analysis within Task 1 highlighted the potential impact of the modification of timing or outputs associated with a number of large strategic Waterfront housing opportunities in Liverpool, Wirral and Ellesmere Port (CWaC).

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- 6.11 The exact role that these schemes will play in easing demand pressures in other authorities demonstrating functional relationships, as identified in Tasks 2 and 3, is hard to quantify. Indeed the dynamics involved not only include the potential to accommodate some new households from those authorities identified above but also potentially a reduction in the out-migration of households from Liverpool into surrounding areas, which to date has been an important driver of additional housing demand. Significant changes to the assumed outputs associated with these schemes in the periods to 2026 and 2031 should act as one of a number of “triggers” for authorities to consider, as part of any assessment of local housing requirements, the need to identify the extent of additional land required.
- 6.12 Significant changes to market conditions, i.e. the pace at which development is proceeding, would also represent another important “trigger” for authorities in considering the need to identify an alternative land supply and a reconsideration of sites excluded through the SHLAA process. Market circumstances have a significant impact on the relative potential capacity and pace of delivery of supply, as evidenced through the impact of the credit crunch, which has served to highlight the ‘risks’ associated in the delivery of certain product types and within more vulnerable market areas. Assessments of ‘risk’ and moderating of supply therefore needs to be undertaken annually and continue to draw upon the views of respective Housing Market Partnerships.
- 6.13 Future processes for identifying additional land, over and above the supply of sites reviewed to inform this study, could include consideration of the potential release of Green Belt sites in those authorities facing a potential picture of undersupply. However, such a course of action should only be undertaken under a specific set of special circumstances where needs cannot otherwise be met by alternative means and in accordance with prevailing national planning policy.
- 6.14 Given the prevailing commitment to regeneration and rebalancing housing markets, as set out in Section 3, it will be important that any such release is based on clear and unambiguous evidence that this land supply is not sufficient in terms of both the pace and realistic chance of delivery (i.e. whether and how quickly development can and will be delivered). As previously noted, any attempt to share housing requirements should be linked to rigorous delivery and performance indicators to ensure that household demand is met with appropriate supply within the City Region, thereby preventing further leakage of population.
- 6.15 Defining the operation of the “triggers” outlined above will require careful consideration by the Partner authorities. Appropriate references within Core Strategy documents and other
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Development Plan Documents will be required in order to ensure that the balance of supply is sufficient to meet and sustain demand over the plan period.

- 6.16 The research undertaken has identified the theoretical possibility of redistributing some demand for housing between authority areas within the City Region based on capacity in supply and functional housing market areas. Whilst such arrangements may make a contribution to reducing the extent of unmet housing needs in authorities with a deficit in supply relative to demand, it is unlikely to remove the need for some authorities to meet the greater part of their needs within their own local authority areas. However, an analysis of the political, physical, delivery and fiscal implications of sharing housing requirements and redistributing household demand, while important considerations, do fall outside the scope of the study. Clearly those authorities seeking to pursue such a course of action will need to carefully address these considerations to ensure that some unmet needs in one authority can be genuinely met in another authority.

Employment

- 6.17 Key Task 3 pulled together all of the previous components of the analysis of the evidence base relating to employment land requirements and supply to 2031 across the core area and wider area. It concludes that, on the basis of identified functional economic areas, there is sufficient supply in the short term to accommodate growth across the core area, but with potential supply shortfalls in Halton, Knowsley, West Lancashire and CWaC in the medium / long term.
- 6.18 It must be noted that these conclusions are based on an assumption of retention and protection of current employment land supply within each of the local authorities.
- 6.19 This conclusion does not fully take into account quantitatively the potential delivery of 397 hectares of land in the longer term including remodelling / regeneration sites in Halton, Knowsley, Sefton and West Lancashire, and potential future supply at Parkside. Taking this complete picture into account suggests a much more balanced employment supply position to 2031, although the limitations of land supply at Parkside and specifically questions over whether it would address wider shortages of land in the City Region are noted.
- 6.20 Importantly, the conclusion also places heavy emphasis on the role of potential B8 opportunities within South Liverpool / Speke, the M6 Corridor, and strategic land supply at Parkside and Omega as being potentially very significant contributors to meeting long term requirements if they are realised.

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- 6.21 In all cases this conclusion of undersupply is recognised to be a potential long term issue rather than a short term or immediate imbalance. The study supports the need to monitor demand (evidenced through annual take up rates), and the supply position (including the extent to which remodelling / regeneration is being realised to the extent identified in individual ELR's where appropriate) to ensure that any imbalance in the medium term can be addressed. The study supports the need to recognise that in the medium / long term this may include the need to release land from other uses/ allocations if and when demand outstrips supply but no immediate need to do so as part of the emerging Core Strategies.

Future Monitoring and Further Research Requirements

- 6.22 This research commission has served to highlight both the wealth of information available across the authorities in the City Region but also the significance of variations in approach and timing of work.
- 6.23 The changing national policy context and in particular the proposed abolition of regional strategies presents a new set of challenges for authorities when preparing their Core Strategies and associated planning documents. Regional planning established a jointly considered robust set of policy parameters, the removal of this tier will create a vacuum for distributing policy numbers across district boundaries. Without continued partnership working this could lead to contradictory policies, which in turn could serve to stifle economic growth and the realisation of the City Region's potential.
- 6.24 Among other matters this points to the need to undertake joint sub-regional working wherever possible and appropriate, including with regard to various housing and employment studies, or failing this opportunities to ensure common definitions / specifications and timescales should be sought between partners to facilitate wider comparability and consistency.
- 6.25 This could be a leading objective of the recently established Liverpool City Region Local Enterprise Partnership (LEP) and the other surrounding LEPs. The success of these partnerships will be judged on the outputs achieved as a result of private and public intervention. From the local authorities' side it is crucial that the evidence exists to establish the required future trajectory of investment, drawing together a range of strands including the City Region's housing offer. There may be a need to work on a cross boundary basis with other LEPs established, particularly in relation to the Associate members and those authorities in the Core area not included within the Liverpool City Region LEP⁹⁷.

⁹⁷ West Lancashire, CWaC and Warrington are not included within the Liverpool City Region LEP

6.26 The analysis and conclusions arrived at through this research represent an important stage in this process of future joint working. However, it should not be viewed as the end of the process but a position from which to continue to advance knowledge, enabling increasingly sophisticated policy development and monitoring of commercial performance. We would recommend the following core pieces of additional research should be explored by the Partners to sustain the momentum built up through this research process:

- An updated economic development strategy across the City Region which takes into account the issues relating to the balance of commercial and employment space identified through this research. This would need to be driven by the new LEPs and be used to identify and prioritise sub-regionally significant strategic sites. This would need to be aligned with funding and investment availability. Through the strategy, appropriate long-term employment sites should be protected accordingly and the next generation of land and premises identified; and
- A formalised approach to responding to the emerging housing evidence base to ensure that policy development is complementary between authorities in the future. The information collected within SHLAAs and AMRs is likely to be updated annually. Aligning these updates and a central report pulling together the implications of changes (i.e. updating tasks 1 and 2 of this research) will be invaluable in testing the conclusions reached above and the ‘triggers’ for the need to release additional land in authorities.

6.27 Whilst this research has taken a point in time evaluation of the available data and knowledge retained within the authorities, it has clearly highlighted inconsistency in approach relating to both the scope and depth of data. This has highlighted the importance of ensuring the development of a common research framework and a formal process for monitoring.

6.28 Specific issues identified through the research include:

- Employment Take-up: Land take-up data should be recorded at site specific level including where possible the use type identified within the planning application to allow a more sophisticated disaggregation of development activity by sector (use class);
- Employment Forecasts: Obtain and consider updates to the existing City Region forecasting dataset where appropriate to monitor change since publication of ELR documents, including direct factoring in of the recession and impacts of population change over the period;

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- **Employment Supply:** Consistency needs to be applied regarding definition of total land supply i.e. whether existing employment sites and planning permissions are included, monitoring of nature of supply by type, and the recognition of likely deliverability of sites including phase of availability. Both type and phase definitions should be applied consistently across the City Region in this context; and
 - **SHLAA assessments:** Following the findings of the task 1 assessment it is evident that a range of different approaches have been taken in responding to the impact of the recession on development. All of the authorities have taken advice from their Housing Market Partnerships and other stakeholders / outputs of consultation exercises to modify density assumptions, development rates and phasing of schemes, particularly those developments which are apartment based. However, key differences exist in the way in which the 'risk' associated with non-implementation has been factored into the assessment of potential supply. There is not necessarily a right or wrong way of considering the potential supply but there is a need to better align approaches to ensure that the supply considered deliverable in one authority can be compared and contrasted with its neighbours. Potentially two scenarios could be explored. One which applies no further market-led assumptions beyond those noted above - i.e. no further netting off of a quantum to allow for non-implementation beyond where there is evidence from the developer / housebuilder that this is the case - and the second where an agreed set of assumptions are applied and presented as a more conservative assessment of potential supply.
 - In terms of demand it is clear that the majority of SHMAs have not been designed to provide a local evidence based assessment of total demand for housing. The revocation of RSS presents an opportunity and indeed a responsibility on authorities to ensure their policy targets or parameters are based on a robust assessment of demand generated by a range of drivers including demographic growth, labour force requirements and indeed available capacity. At the time of writing Liverpool and Sefton had both completed research to fill this gap and it is anticipated that other authorities will develop similar responses in the future. Reflecting on the approaches taken in those authorities, undertaking this update first will be important in ensuring a level of consistency is applied between authorities to enable robust comparisons to be made.