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Liverpool City Region Strategic Housing & Economic Development Needs Assessment

Updated Final Draft Report

ICENI PROJECTS LIMITED ON BEHALF OF LIVERPOOL CITY REGION COMBINED AUTHORITY

Iceni Projects Limited on behalf of Liverpool City Region Combined Authority

June 2023

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Liverpool City Region Strategic Housing & Economic Development Needs **Assessment** UPDATED FINAL DRAFT **REPORT**

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EXECUTIVE SUMMARY

1.1 The LCR Combined Authority ("LCRCA") is in the process of preparing a Spatial Development Strategy ("SDS") which is intended to set the spatial pattern for future development across the Liverpool City Region ("LCR"), including identifying strategic areas of growth, associated strategic infrastructure, and policies addressing health inequalities and climate change.

1.2 The SDS needs to look ahead a minimum of 15 years from adoption. It is intended to be adopted in 2024/25, and therefore the HEDNA looks at development needs to 2040.

1.3 To inform the Spatial Development Strategy, the Combined Authority has commissioned Iceni Projects to prepare this Strategic Housing and Economic Development Needs Assessment ("HEDNA"). It provides objective evidence on the need for housing, economic growth and employment land needs which provide an input to the preparation of the SDS. It does not set out requirements or targets to be taken forward in Local Plans – these will be influenced by a range of other plan-making considerations - including the spatial strategy within the SDS, land availability, development constraints and infrastructure provision - and feedback from the consultation process on spatial options.

Scope of the HEDNA

1.4 The HEDNA is intended to provide an integrated evidence base, recognising the interactions between economic growth and housing need, covering the following areas:

- Housing and economic geographies and spatial interactions between areas;
- Housing market dynamics;
- Overall housing needs;
- Economic development needs, including the need for different types of employment land;
- The need for different types of homes; and
- The housing needs for specific groups.

1.5 The LCR Spatial Development Strategy is intended to be strategic in nature focusing on issues of strategic and/or cross-boundary significance. The HEDNA is intended to support the SDS and thus equally focuses on strategic issues, which includes providing evidence to inform both the scale and spatial distribution or apportionment of housing need and strategic employment land provision.

1.6 The outputs presented in the HEDNA are the result of a consistent strategic-focussed method which is applied to City Region as a whole in line with the scope of the assessment. The HEDNA also provides a breakdown of the outputs at a local authority level; however, it is recognised that in each authority area, there have been local assessments prepared, which in some instances remain recent and up-to-date. This local evidence will reflect a more fine-grain assessment taking account of specific factors which this strategic level assessment does not and, in some instances owing to differing methodologies, will also present differing conclusions on areas of need such as housing mix and older person's needs; as well as employment land provision. As a result, it is expected that these local studies will sit alongside this strategic study. For the purpose of decision-taking and the preparation of individual local plans, local studies will represent the starting point but due regard should also to be had to the strategic outputs of the HEDNA.

1.7 The preparation of the HEDNA has been led by Iceni Projects ("Iceni"). Justin Gardner Consulting ("JGC") have provided inputs on demographics and housing need. B8 Real Estate have inputted on commercial property market dynamics in 2022 and MDS Transmodal on the need for strategic B8 warehousing and distribution development.

Local Housing Need

1.8 The Government's current standard method for assessing housing need takes 2014-based Household Projections and applies an upward adjustment based on the median house price to earnings ratio. The median workplace-based ratios for 2022 have been used in calculating local housing need for the City Region. A final uplift of 35% is applied to Liverpool City's local housing need to reflect Cities and Urban Centres adjustment introduced by Government in December 2020. Across the City Region the standard method generates a minimum local housing need for 4,395 homes per year at the time of writing. A breakdown is provided for each area in the table below.

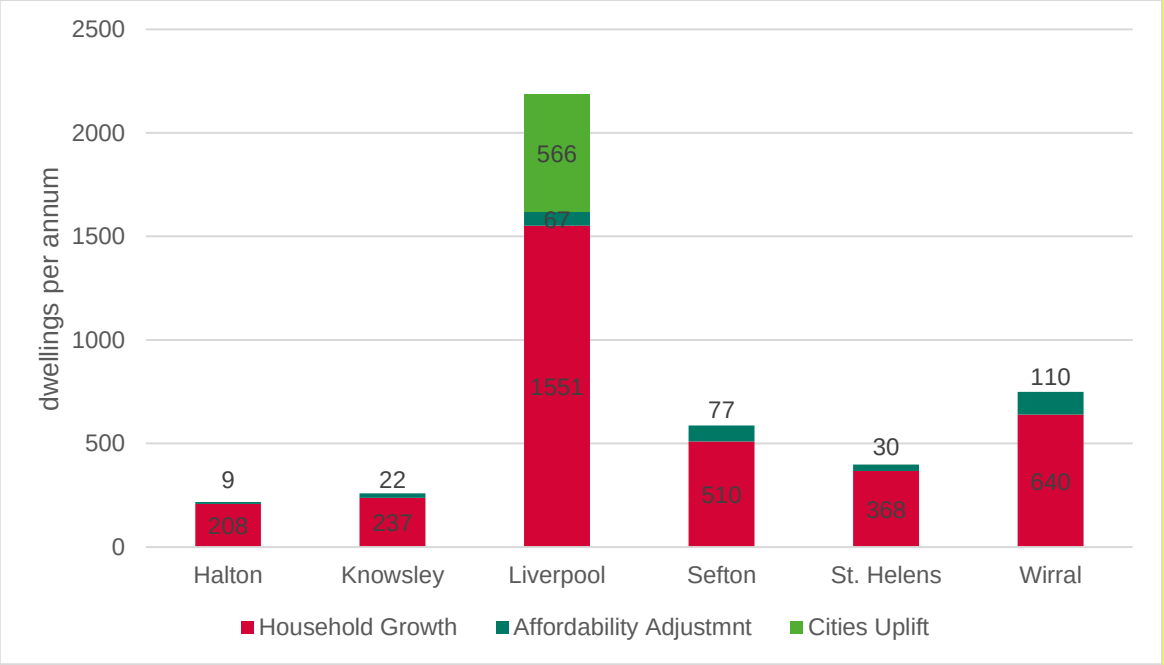
Table 1.1 City Region Minimum Local Housing Need, Standard Method (2023)

Authority	Local Housing Need (p.a.)
Halton	217
Knowsley	259
Liverpool	2,184
Sefton	587
St Helens	398
Wirral	750
LCR	**4,395**

1.9 The chart below shows how the overall housing need shown by the standard method is made up from the various steps including the Cities and Urban Areas Uplift.

1.10 The 2014-based household projections expect household growth of 3,515 per year across the LCR; to which an uplift of 314 homes a year to improve affordability; with a further uplift of 566 homes a year then applied to Liverpool as one of the top 20 cities and urban areas across England. Government's Planning Practice Guidance sets out that this urban uplift should be met within the cities and urban areas themselves, unless it would conflict with national policies or legal obligations with priority given to brownfield and other under-utilised urban sites.

Figure 1.1: Standard Method Local Housing Need – LCR Authorities



1.11 The PPG on Housing and Economic Development Needs Assessments acknowledges that there will be circumstances where it is appropriate to consider whether actual housing need is likely to be higher than the standard method indicates; and in 'exceptional circumstances' whether the housing need is lower than indicated by the standard method. Iceni has considered these issues as part of the HEDNA including addressing whether economic growth points to higher housing need; but equally addressing more recent demographic trends including information from the 2021 Census, and evidence on affordable housing needs.

1.12 There is evidence that demographics have changed since the 2014-based projections were prepared and can be considered when looking at housing need (migration has been up and natural change down). Revised demographic projections prepared as part of the HEDNA indicate household growth of 3,878 homes a year, which with an affordability uplift applied would generate a need for 4,198 dpa. At the City Region level this is below the standard method illustrating that the level of growth implied by the standard method is sufficient to accommodate demographic growth and support affordability improvements.

1.13 A higher need (4827 dpa) is generated at a City Region level only if applying the more recent demographic projections, and then applying the urban uplift to the higher projections for Liverpool. Iceni consider that there is not however a clear basis for taking this scenario forward in the SDS when considered against the wider evidence: and this scenario sits as an outlier against the other scenarios, including the economic scenarios within the HEDNA.

1.14 Modelling likely housing need set against economic forecasts and the growth potential of sub-regionally significant employment sites points to a need for up to 4,036 homes per annum (influenced by the assumptions made on commuting). This is lower than the need shown by the demographic evidence and therefore there is not a case for adjusting upwards housing need at a City-region level to meet economic growth. However there are distributional issues which may feed into the appropriate spatial distribution of housing provision within the City Region through the SDS preparation.

Table 1.2 Summary of range of Housing Need Estimates Under Different Scenarios (dpa, 2021-40)

	Halton	Knows-ley	Liver-pool	Sefton	St.-Helens	Wirral	LCR
Standard Method	217	259	2,184	587	398	750	4,395
Trend-based (2018 HRRs) with affordability adjustment	319	474	1,517	328	395	469	3,502
Trend-based (2014 HRRs) with affordability adjustment	291	547	1,798	484	453	625	4,198
Trend-based (2018 HRRs) with Urban Uplift*	319	474	2,048	328	395	469	4,033
Trend-based (2014 HRRs) with Urban Uplift*	291	547	2,427	484	453	625	4,827
Baseline Economic	219	407	1,091	656	257	702	3,332
Growth Economic	429	450	1,172	737	493	756	4,036
Growth Economic with 2011 Commuting Patterns	431	471	1,248	630	519	693	3,993

* these scenarios including the Cities and Urban Areas Uplift applied to Liverpool

1.15 Addressing the evidence for individual authorities:

- In Halton, the updated demographic evidence points to a higher need than the standard method. The baseline economic scenario generates a housing need similar to the standard method (219 dpa), with the need shown in the Growth Scenario higher (429-431 dpa). The current plan requirement (350 dpa) broadly aligns to the midpoint of the economic scenarios;

- For Knowsley, the updated demographic evidence generates the highest housing need of 547 dpa. This is higher than the economic scenarios and the current plan requirement at 450 dpa. The current plan provision is above the minimum standard method figure;

- More recent demographic trends point to a higher housing need in Liverpool, but we would note that the updated projections of household growth with an affordability uplift (1,798 dpa) still generate a lower need than the standard method figure. Higher need is shown only when the Cities' uplift of 35% is overlaid;

- For Sefton, the updated demographic evidence points to a lower need than the standard method figure. However the economic scenarios point to a higher level of housing need. The higher economic-led figures in particular are influenced by the modest population growth in the trend-based projections and age structure changes. The residual plan provision (694 dpa) is towards the top end of the range of scenarios;

- For St Helens, the updated demographic evidence points to a scale of need which is relatively similar to the current Plan's provision (486 dpa), and this is in broad alignment with the higher of the economic scenarios as well (493-519 dpa).

- For Wirral, the demographic evidence points towards a lower level of housing need than the standard method, with all scenarios falling broadly within that provided for in the emerging Plan (835 dpa).

1.16 The figures presented in the different housing need scenarios do not represent requirements or targets to be taken forward in Local Plans – this will be influenced by a range of other plan-making considerations including development constraints, land availability and infrastructure provision and feedback from the consultation process together with national policy in the NPPF and the associated Planning Practice Guidance.

1.17 It is for the SDS to consider both the level and distribution of housing provision across the LCR. At the time of writing, none of the LCR authorities have agreed through statements of common ground to take on unmet need from neighbouring authorities.

Employment Land Requirements

1.18 Iceni has had regard to a range of different approaches set out in the PPG on Housing and Economic Development Needs Assessments in preparing this HEDNA. Iceni's approach has been to consider and triangulate different methodologies and evidence in drawing conclusions on future employment floorspace and land needs. This includes taking account of:

- Labour Demand Modelling
- Past Completions
- Commercial Market Dynamics; and
- Stakeholder Feedback.

1.19 This HEDNA report deals specifically with the need for office-based sectors and industrial sectors by adopting an approach which utilises a range of different forecasting techniques alongside local intelligence and an understanding of the merits of different approaches in drawing conclusions. This approach of triangulating different approaches and testing findings, which Iceni adopts, is consistent with the PPG.

1.20 It should be noted that a specific forecasting exercise has been undertaken for large-scale B8 warehousing units (defined as over 9,000 sq.m / 100,000 sq. ft) and should be read alongside the HEDNA. This has been undertaken Iceni with input from MDS Transmodal alongside the HEDNA and is set out in a separate Paper.

1.21 The HEDNA has used the Oxford Economics forecasts relating to the various economic scenarios to develop a set of employment floorspace requirements by use class for each area before (1) projecting forward trends in total floorspace in each local authority based on an annualised average need on the last 5, 10 and 15 years change and (2) projecting forward based on past development trends, again looking at different timeframes.

1.22 Drawing the analysis together for office floorspace, Iceni consider that net changes in floorspace are likely to be negative overall having regard to the impact of changing working patterns. However the quality of stock is weak and there is a strong case for seeking to deliver new office floorspace where it is viable to do so to meet modern business needs. It is reasonable to expect this to be counter-balanced with loss of older, poorer quality stock. Individual LPA employment land reviews will be relevant in identifying what stock should be protected.

Table 1.3 Scenarios for Net Change in Office/ R&D Floorspace (sq. m), 2021-40

	Halton	Knowsley	Liverpool	Sefton	St Helens	Wirral	LCR
Labour Demand – Core Scenario	16,900	37,500	129,000	6,700	12,800	25,500	228,500
Labour Demand – Home Working Sensitivity	-29,400	-7,800	-106,400	-69,900	-25,900	-49,700	-289,100

1.23 New office development can be expected to be focused in higher quality locations, in particular Liverpool City Centre, but also potentially other town centres and selected high quality business parks such as Sci-Tech Daresbury.

1.24 The market is expected to increasingly orientate towards high quality office stock in attractive locations. In these terms, it would be advisable **to plan on the basis of the Core Scenario in considering allocations in local plans**. Provision for R&D floorspace should be made in line with the forecasts in Table 9.4.

1.25 However in monitoring future provision, it is reasonable to expect the quantum of office floorspace to fall in a range of areas within the City Region; and we would advise that the monitoring and management of stock is undertaken using the Home Working Sensitivity Scenario. Local plans should seek to ensure that the net change in stock does not exceed that shown in this scenario over the plan period.

1.26 For Liverpool more specifically, it would be sensible to plan and monitor changes on the basis of the delivery of the Core Scenario, not least to support provision of Grade A office space and the development/growth of the tech and lifesciences sectors.

Industrial

1.27 For industrial floorspace, our view is that greater weight should be given to the completions scenarios. There is a weak relationship between employment trends and commercial floorspace needs, and development needs are influenced by business growth as well as demand for high quality modern floorspace. Whilst employment might decline, there will be a continuing need for land to support growing businesses and provide modern floorspace (as a result of replacement demand).

1.28 The HEDNA report segments consideration of strategic B8 warehousing and logistics development from other 'local' industrial development which includes E(g)(iii) light industrial and B2 manufacturing floorspace; and smaller B8 warehousing / distribution units of under 9,200 sq.m.

1.29 Iceni recommend provision for local industrial needs should be met in line with a 10 year projection of past completions trends, together with the inclusion of a 5 year margin added to reflect a combination of the strength of the market, low current availability and to provide a flexible supply. An overall need for 521 ha of industrial land is shown to 2040, inclusive of the margin. The strongest need shown is in Liverpool, Knowsley and St Helens.

Table 1.4 Local Industrial Land Need (including Margin), 2021-40

	Need based on 10 Year Trend (sq.m)	5 Year Margin	Total industrial need (sq.m)	Land (ha)
Halton	303,700	79925	383,625	95.9
Knowsley	338,900	89183	428,083	107.0
Liverpool	391,600	103054	494,654	123.7
Sefton	134,100	35293	169,393	42.3
St. Helens	353,000	92898	445,898	111.5
Wirral	127,600	33560	161,160	40.3
Liverpool City Region	1,648,900	433912	2,082,812	520.7

1.30 The separate Strategic B8 Needs Paper indicates a need, within this, to provide for 1.4 million sq.m of strategic B8 development requiring between 293 – 343 ha of land across the LCR for this market

segment over the 2021-40 period. This overlaps with, and essentially forms part of, the industrial land needs shown in Table 13.4 and includes a 5 year margin. This is expected to require provision of between 353 – 403 ha of land.

Table 1.5 Recommended Land Needed for Strategic B8 to 2040 – Liverpool City Region

	Need to 2040 (19 yrs)
Need using Midpoint Replacement Scenario (sq.m)	1,117,400
5 Year Margin (sq.m)	294,000
Total Floorspace Need (sq.m)	1,411,400
Land Requirement at 0.4 plot ratio (ha)	353
Land Requirement at 0.35 plot ratio (ha)	403
Recycling of Existing Sites (ha)	60
Land Supply Needed (ha)	293-343

1.31 The current evidence points to the pipeline supply being potentially sufficient to meet needs to 2040. It will be important that there is coordinated monitoring and management of the supply of land to meet strategic B8 needs over time, recognising uncertainties regarding the delivery and delivery timescales for certain sites and in particular Parkside East; as well as rapidly evolving market conditions over recent years. This can be undertaken in line with a plan, monitor and manage approach.

Specialist Housing Needs

1.32 This HEDNA has assessed a range of data sources and statistics to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability.

1.33 The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

1.34 The data shows that LCR has a similar age structure and higher overall levels of disability compared with the national average – age specific rates of disability are notably higher than seen nationally. The older person population has some distinct characteristics, including a high representation in the owner-occupied sector and is projected to increase notably in the future. An ageing population means that the number of people with disabilities is likely to increase substantially.

1.35 The analysis in this report has shown a notable growth of 79,400 in the population of people aged 65 and over across the City Region over the period to 2040 with this age group expected to account

for around 84% of total population growth. Within this, the number of people with a limiting long-term health problem or disability is projected to increase across the board. The specific projections undertaken show an expected increase of those with dementia by 38% and with mobility problems by 33% to 2040.

1.36 Some older households, particularly those aged over 75, will require specialist housing provision. The analysis in this section points to a need for 11,400 units of housing with support to 2040 and 8,100 units of housing with care. In considering extra-care schemes, there is a need to carefully consider the viability and practical feasibility of delivering affordable housing on-site. The provision of this form of specialist housing is not additional to the local housing need derived from the standard method. A full breakdown by local authority is set out in Section 9.

Table 1.6 Specialist Housing Needs, City Region, 2021-40

Specialist Housing Need		Shortfall/Surplus
Housing with Support	Market	3,967
	Affordable	7,435
	Total	11,402
Housing with Care	Market	2,842
	Affordable	5,295
	Total	8,138

1.37 The analysis in this report also identifies a need for 6,900 additional care and nursing home bedspaces to 2040. These will fall within a C2 use class and should be treated as maximum.

1.38 In addition, a need for 14,800 homes for wheelchair users across the City Region is identified. Iceni consider that it would be appropriate to seek provision as part of major new-build schemes, subject to support from viability evidence studies and evaluation on a site-by-site basis.

1.39 Taken together, this analysis would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Councils could consider, as a start point, requiring all homes (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and around 10% of homes meeting M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector). It is noted that this is in line with Policy H12 in the adopted Liverpool Local Plan.

1.40 Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should

however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly. The Councils should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.

1.41 In seeking M4(2) compliant homes, the Councils should also be mindful that such homes could be considered as 'homes for life' and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.

Needs for Different Sizes of Homes

1.42 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability.

1.43 The analysis linked to long-term demographic change (2021-40) concludes that the following represents an appropriate mix of affordable and market homes for new development, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which are particularly high in the market sector):

Table 1.7 Suggested Mix of Housing by Size and Tenure – LCR

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10%	40%	40%	10%
Affordable home ownership	20%	45%	25%	10%
Affordable housing (rented)	40%	30%	25%	5%

1.44 The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.

1.45 The mix identified above, alongside other local evidence-base studies as appropriate, could inform strategic policies although a flexible approach should be adopted. For example, in some areas Registered Providers find difficulties selling 1-bedroom affordable home ownership homes and therefore the 1-bedroom elements of affordable housing (AHO) might be better provided as 2-bedroom accommodation. Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need

as well as the existing mix and turnover of properties at the local level. The Councils should also monitor the mix of housing delivered.

1.46 Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bed properties for most areas. In Liverpool City and to a lesser extent in Wirral, the delivery of smaller properties through flatted development is expected to be higher than in other areas, reflecting in particular development within Liverpool City Centre and in Birkenhead. Delivery of larger, family-sized homes are expected to be focused more towards other parts of these areas and in the suburban authority areas to ensure that a balanced portfolio of homes is achieved across the City Region. Individual developments should nonetheless seek to provide a range of property sizes to support mixed and balanced communities. Additionally, the Councils should consider the role of bungalows within the mix – such housing can be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into the market.

Private Rented Sector and Build-to-Rent

1.47 The private rented sector has been the key growth sector in the housing market for the last 15 years and now makes up over 21% of all households across the Liverpool City Region (and 26% in Liverpool). Since 2011, the private rented sector has been the second largest housing tenure in England behind owner-occupation, overtaking social housing.

1.48 Across the City Region, the private rented sector has grown significantly since 2001. Iceni has reviewed the sector on an authority level and determined that the sector plays a significant role across the board; however, the household characteristics are nuanced with a high proportion of households living in the sector working in lower skilled roles as well as claiming housing benefit in all areas outside of Liverpool City.

1.49 In Liverpool, based on the latest ONS estimates, the sector is home to around 26% of households. Although there is also a high proportion of claimant households in Liverpool supported by the sector, there is essentially a two-tier market with a high proportion of professional tenants and overseas students also supporting the sector. It has been noted by local agents that the market is not as clear cut as other cities such as Manchester or Birmingham; however, the sector clearly plays a key role in supporting a much higher proportion of young, single professionals in relative terms as well as those seeking out more affordable homes to rent.

1.50 Over recent years, successive Governments have looked to the private rented sector to play a greater role in providing more new build housing and have sought to encourage “Build-to-Rent” development. Local councils currently have no planning policy in place to deal with planning applications which are submitted for Build-to-Rent development; although this in part reflects the

recent emergence of the sector and changes to national planning policies concerning the status and importance of Build-to-Rent as part of the private rental market.

1.51 This, however, has not hindered Build-to-Rent coming forward in Liverpool City. A total of 6,586 Build-to-Rent units are either permitted, under construction or have already been delivered across the City Region as of 1st April 2022. Around 85% of this provision is coming forward in Liverpool City – a relatively substantial 5,600 units in total. There is also a forthcoming Build-to-Rent scheme on Wirral Waters for 500 units.

1.52 On the basis of our analysis, it is evident that the private rented sector is growing and there is a particular age profile and household group that it caters for which are factors all in line with the target tenant of the Build-to-Rent product based on recent market research. The PPG on Build-to-Rent recognises that where a need is identified that local planning authorities should include a specific plan policy relating to the promotion and accommodation of Build-to-Rent.

1.53 Iceni consider there will be an ongoing need and a role for Build-to-Rent provision to continue to support these household groups for years to come moving forward. Having looked in detail at the sector across the study area, there is evidence of the typical characteristics of target tenants as well as an emerging strong market in Liverpool City and to a lesser extent in Wirral. As a result, it is recommended that a specific policy is developed covering both of these authorities.

1.54 Local plan policies could set out parameters regarding how schemes would be considered, and how affordable housing policies would be applied. In considering the dwelling mix proposed in relation to a Build to Rent scheme; we would expect the focus to be on 1, 2 and some 3-bed properties given the occupancy profile associated with Build-to-Rent accommodation. However, given that this is still a relatively embryonic sector, the Councils need not be overly prescriptive.

1.55 The Framework's definition of Build to Rent development sets out that schemes will usually offer tenancy agreements of three or more years and will typically be professionally managed stock in single ownership and management control. It would be appropriate for the Councils to adopt a consistent definition.

1.56 The Councils will need to consider affordable housing policies specifically for the Build-to-Rent sector. The viability of Build-to-Rent development will however differ from that of a typical mixed tenure development: returns from the Build-to-Rent development are phased over time whereas for a typical mixed tenure scheme, capital receipts are generated as the units are completed. The Councils should have regard to the PPG on Build-to-Rent development with the starting point for affordable housing therefore being that 20% of units would be Affordable Private Rented units at a discount of 20% to local market rents (subject to viability).

Student Housing Needs

1.57 There are a number of higher education establishments in the City Region which are principally located in Liverpool City[1].

1.58 In terms of the accommodation profile of students, our analysis is clear in showing that Liverpool City has very different dynamics with a greater spread across a range of accommodation including student halls, all student households and other households (i.e. students sharing with non-students) which is typical of a University City.

1.59 The City's latest evidence on student housing needs was prepared in 2015; however, through the preparation of the Council's Local Plan, a range of updated information was submitted by the individual Universities which has been considered in this HEDNA.

1.60 Over the period since the evidence base document was prepared, there has been an increase of around 10,555 students in the City. Set against this, there has been substantial growth in the provision of PBSA. However, delivery has slowed and there are less bedspaces in the pipeline than in recent years. Through our discussions with local agents, this slowing has been recognised on the ground. In addition, agents have set out that:

- The City remains an attractive, vibrant place to study and offers some of the lowest rent levels for PBSA across the UK. The demand has returned to normal after COVID-19 impacts.
- There is a continuing absence of international students in the market which have been replaced by domestic students. This has had an impact on the higher end of the market (including Build-to-Rent); however, the overall strength of the market has alleviated the pressure;
- Overall, demand is strong, and rents are affordable coupled with the dramatically lower volume of PBSA coming on stream which bodes well for the market balancing out following a period of notably high supply. There is no sign of the new-build PBSA market returning to pre-COVID levels.

1.61 In terms of growth ambitions, the Council have recently approached all five Universities to understand their growth aspirations in terms of students and accommodation provision. In summary, all further

[1] There are university centres located in St Helens and Bootle, but the majority of student housing needs will relate to Liverpool

education establishments have indicated to the City Council that no significant change is expected in student numbers requiring accommodation provision.

1.62 Taken together, it does not appear that there is any need for intervention from the CA with regards to policy. Furthermore, there is no indication that student numbers are expected to change in the context of a need and there has been an overall slowdown in the delivery of PBSA. It is expected that demand and supply should therefore be balanced in the short-term with no need to increase overall housing need. There is invariably some uncertainty associated with the student market and the relevant local planning authorities should continue to monitor trends in students and student accommodation at a local level.

INTRODUCTION

2.1 The LCR Combined Authority ("LCRCA") is in the process of preparing a Spatial Development Strategy ("SDS") which is intended to set the spatial pattern for future development across the Liverpool City Region ("LCR"), including identifying strategic areas of growth, associated strategic infrastructure, and policies addressing health inequalities and climate change.

2.

2.2 The SDS needs to look ahead a minimum of 15 years from adoption. It is intended to be adopted in 2024/5, and therefore the HEDNA looks at development needs to 2040.

2.3 To inform the Spatial Development Strategy, the Combined Authority has commissioned Iceni Projects to prepare this Strategic Housing and Economic Development Needs Assessment ("HEDNA").

2.4 The HEDNA presents potential development needs to be considered as part of the plan making process. In respect of scenarios relating to housing and employment needs, the figures presented do not represent requirements or targets to be taken forward in Local Plans – this will be influenced by a range of other plan-making considerations - including the spatial strategy within the SDS, land availability, development constraints and infrastructure provision - and feedback from the consultation process on development options.

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- The housing needs for specific groups.

2.6 The LCR Spatial Development Strategy is intended to be strategic in nature focusing on issues of strategic and/or cross-boundary significance. The HEDNA is intended to support the SDS and thus equally focuses on strategic issues, which includes providing evidence to inform both the scale and spatial distribution or apportionment of housing need and employment land provision.

2.7 The HEDNA outputs are the result of a consistent strategic-focussed method which is applied to City Region as a whole in line with the scope of the assessment. The HEDNA also provides a breakdown of the outputs at a local authority level; however, it is recognised that in each authority area, there have been local assessments prepared which in some instances remain recent and up-to-date.

2.8 This local evidence will reflect a more fine-grain assessment taking account of specific factors which this strategic level assessment does not and in some instances owing to differing methodologies, will also present differing conclusions on areas of need such as housing mix and older person's needs. As a result, it is expected that these local studies will sit alongside this strategic study and for the purpose of decision-taking and the preparation of individual local plans, local studies will represent the starting point but due regard should be had to the strategic outputs set out in the HEDNA.

2.9 The preparation of the draft HEDNA has been led by Iceni Projects. Justin Gardner Consulting ("JGC") have provided inputs on demographics and housing need. B8 Real Estate have inputted on commercial property market dynamics.

2.10 A separate standalone report has been prepared considering large-scale B8 warehousing units and should be read alongside the HEDNA. MDS Transmodal have provided inputs in modelling the future need for strategic B8 warehousing and logistics floorspace and land within this.

Report Structure

2.11 Work on the HEDNA initially began in 2021; but selected updating has taken place to take account of the latest information available as at Spring 2023.

2.12 The report is structured as follows:

- Part A – seeks to understand market dynamics and spatial interactions across the City Region;
- Part B – sets out the analysis on future development needs; and
- Part C – considers the needs of and for different groups and types of homes.

PART A: UNDERSTANDING CITY REGION DYNAMICS

UNDERSTANDING SPATIAL DYNAMICS

3.1 This section of the report examines spatial dynamics across the LCR Combined Authority Area and considers its internal relationships as well as those with surrounding areas.

3.

Existing Evidence on Functional Housing and Economic Geographies

3.2 The 2017 Liverpool City Region Strategic Housing and Employment Land Market Assessment (SHELMA)[2] has previously assessed functional housing and economic market areas/ geographies. The SHELMA identified a housing market area (HMA) and Functional Economic Market Area (FEMA). This largely drew on analysis of commuting and migration patterns from the 2011 census. At the time of writing this the 2011 census remains the most up to date and comprehensive data source for these patterns.

3.3 The SHELMA concluded on HMA boundaries which, based on the best fit to local authority areas, comprised Liverpool, Sefton, Wirral, Knowsley and West Lancashire as the 'Liverpool' or 'Central LCR HMA'. It also noted that Halton and St. Helens form a separate HMA with Warrington – the 'Mid Mersey HMA'. The SHELMA identified a degree of overlap between these two HMAs as well as with surrounding areas, as is the case with all HMAs. West Lancashire is likely to span more than one HMA, with the south of the borough looking more towards Liverpool and the north towards Central Lancashire.

3.4 In relation to the FEMA, on the balance of evidence set out in the SHELMA, the analysis concluded that the most appropriate area comprised Halton, Knowsley, Liverpool, Sefton, St Helens, West Lancashire, and Wirral. It also notes that inevitably, when defining economic areas the precise boundaries are hard to define, with the edges of such areas blurring and overlapping neighbouring areas.

3.5 These areas were confirmed and agreed upon by the Liverpool City Region Spatial Planning Statement of Common Ground (October 2019)[3] where the signatory authorities considered that it is appropriate to align the Statement of Common Ground with the functional economic area from the SHELMA. The SOCG noted that as well as covering an area validated by recent evidence, it also

[2]https://www.sefton.gov.uk/planning-building-control/planning-policy-including-local-plan-and-neighbourhood-planning/evidence-and-studies/shelma/

[3] https://www.liverpoolcityregion-ca.gov.uk/wp-content/uploads/Liverpool-City-Region-SoCG.pdf

offered the advantage of fitting with existing practical spatial planning working arrangements in the city region.

3.6 **We move on in the remainder of this section to consider the latest evidence and explore functional relationships between areas within the City Region.**

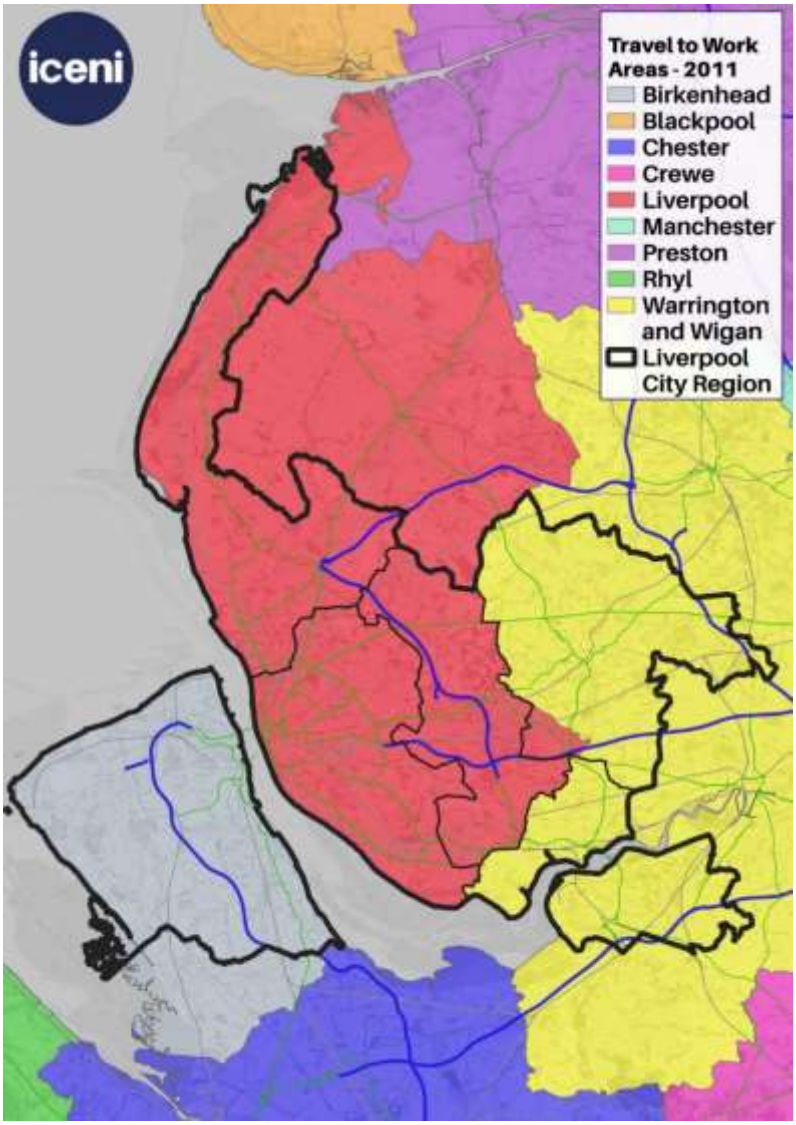
Travel to Work Areas & Commuting Interactions

3.7 ONS defined Travel to Work Areas ("TTWAs") using a nationally consistent methodology whereby at least 75% of the people who work in the area also live in the area. They are typically expected to have an economically active population of at least 3,500.

3.8 The latest available data is from the 2011 Census. Data from the 2021 Census has yet to be released; and in any case, the position in 2021 will have been influenced by the COVID-19 pandemic 'lockdown.'

3.9 As shown in Figure 3.1, the CA area spans three TTWAs. The Liverpool TTWA covers all of Liverpool City, Sefton and Knowsley and extends to the southern part of West Lancashire and a small area in St Helens around Rainhill.

Figure 3.1: Travel to Work Areas (2011)



Source: ONS. TTWA. 2015

3.10 The remaining part of St. Helens and all of Halton fall within the Warrington and Wigan TTWA. The Birkenhead TTWA covers all of Wirral Borough and extends into Cheshire West and Chester around Neston.

3.11 The TTWAs in LCR have varying degrees of self-containment and reflect the wider commuting dynamics in the City Region. For example, the percentage of residents in Wirral that work there is only around 69% while around 86% of jobs are taken up by local residents. However, a lower percentage of jobs in Liverpool are taken up by local residents which is due to the City's draw as an employment centre for the wider City Region. Liverpool and the Warrington and Wigan TTWAs are larger and contain a higher level of jobs than that for Birkenhead, which is influenced its relationship with Liverpool.

Table 3.1 Travel to Work Area in LCR Self-Containment Rates (2011)

TTWA	Number of residents in work	Number of jobs	Number of residents working in area	Supply-side self-containment (% employed residents who work locally)	Demand-side self-containment (% local jobs taken by local residents)
Birkenhead	149,432	119,411	102,627	68.7	85.9
Liverpool	425,773	438,127	361,400	84.9	82.5
Warrington and Wigan	378,187	358,026	274,202	72.5	76.6

Source: ONS, 2011

3.12 Although each TTWA has a self-containment rate exceeding 66.7% (the minimum required) there were still substantial commuting interactions between the LCR authorities. Despite being in the Birkenhead TTWA, Wirral still saw around 18,000 people commute each day to Liverpool in 2011. Similarly, St Helens and Halton, which are in the Warrington and Wigan TTWA, still have at least 4,500 people travelling to Liverpool to work.

3.13 Overall, 83% of residents within the City Region also work in the City Region; with over 86% of the jobs in the City Region taken up by someone also living in the City Region - a high level of commuting self-containment. At a local authority level, self-containment this ranges from 70% resident self-containment in Liverpool (which has the highest absolute volume of jobs) to 35% in Knowsley.

Table 3.2 Commuting between Local Authorities in LCR, Census 2011

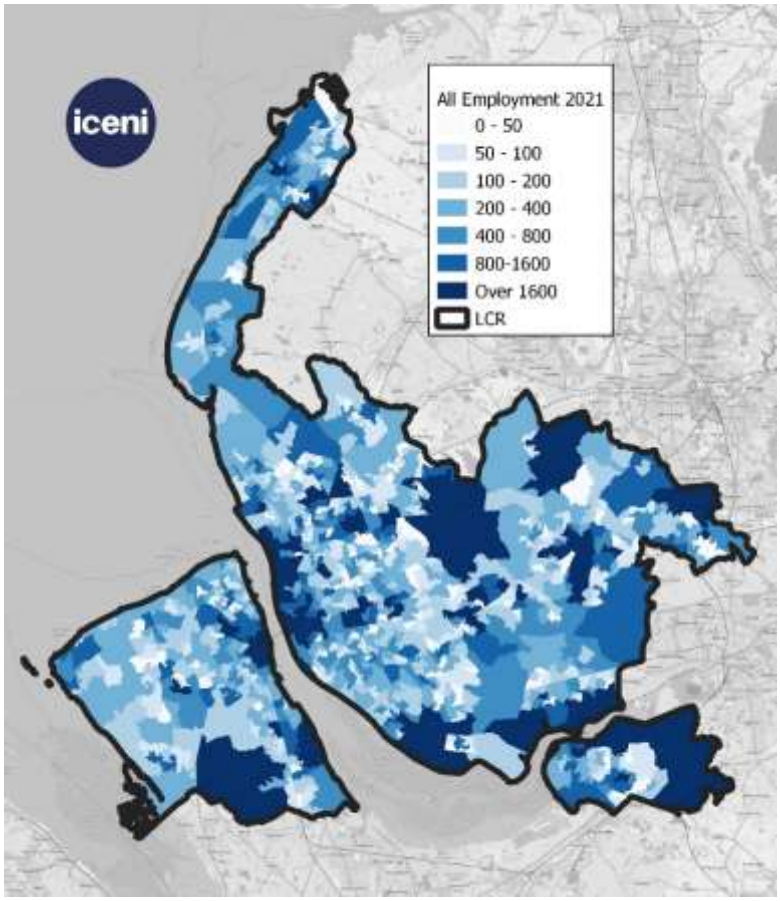
	Place of Work					
Usual Residence	Halton	Knowsley	Liverpool	Sefton	St. Helens	Wirral
Halton	27,270	2,043	4,518	474	1,500	348
Knowsley	1,738	18,500	19,655	2,966	2,593	1,065
Liverpool	2,890	11,549	118,413	11,542	2,213	4,195
Sefton	819	3,886	24,208	55,569	1,324	1,194
St. Helens	2,265	5,725	5,053	1,411	32,661	259
Wirral	868	1,305	18,094	1,918	431	74,137
Residents Based Self-Containment	54%	35%	70%	54%	48%	63%
Workplace Based Self-Containment	54%	38%	56%	66%	60%	81%

Source: ONS Census, 2011

3.14 For most other authorities in the LCR, the largest commuting flow is with Liverpool reflecting its role as the largest concentration of employment; although St Helens sees more people commuting to Knowsley than the City. Figure 3.2 shows the existing major employment locations across the City Region. These include:

- Halton – Halebank Industrial Areas, 3MG / Widnes Waterfront, Sci-Tech Daresbury Park, Astmoor and Manor Park Industrial Areas, Whitehouse
- Knowsley – Knowsley Business Park, Halewood
- Liverpool – City Centre, Liverpool Docks, Long Lane Fazakerley, Innovation Park and Wavertree Technology Park, Speke including Liverpool Airport
- St Helens - Haydock Lane Industrial Estate, St Helens Town Centre and Industrial Estates (Sherdley Road, Mere Grange, Jackson Street and Parr)
- Sefton – Southport Town Centre, Aintree and Bootle
- Wirral – Birkenhead and Bromborough

Figure 3.2: Spatial Distribution of Employment at LSOA Level, 2021

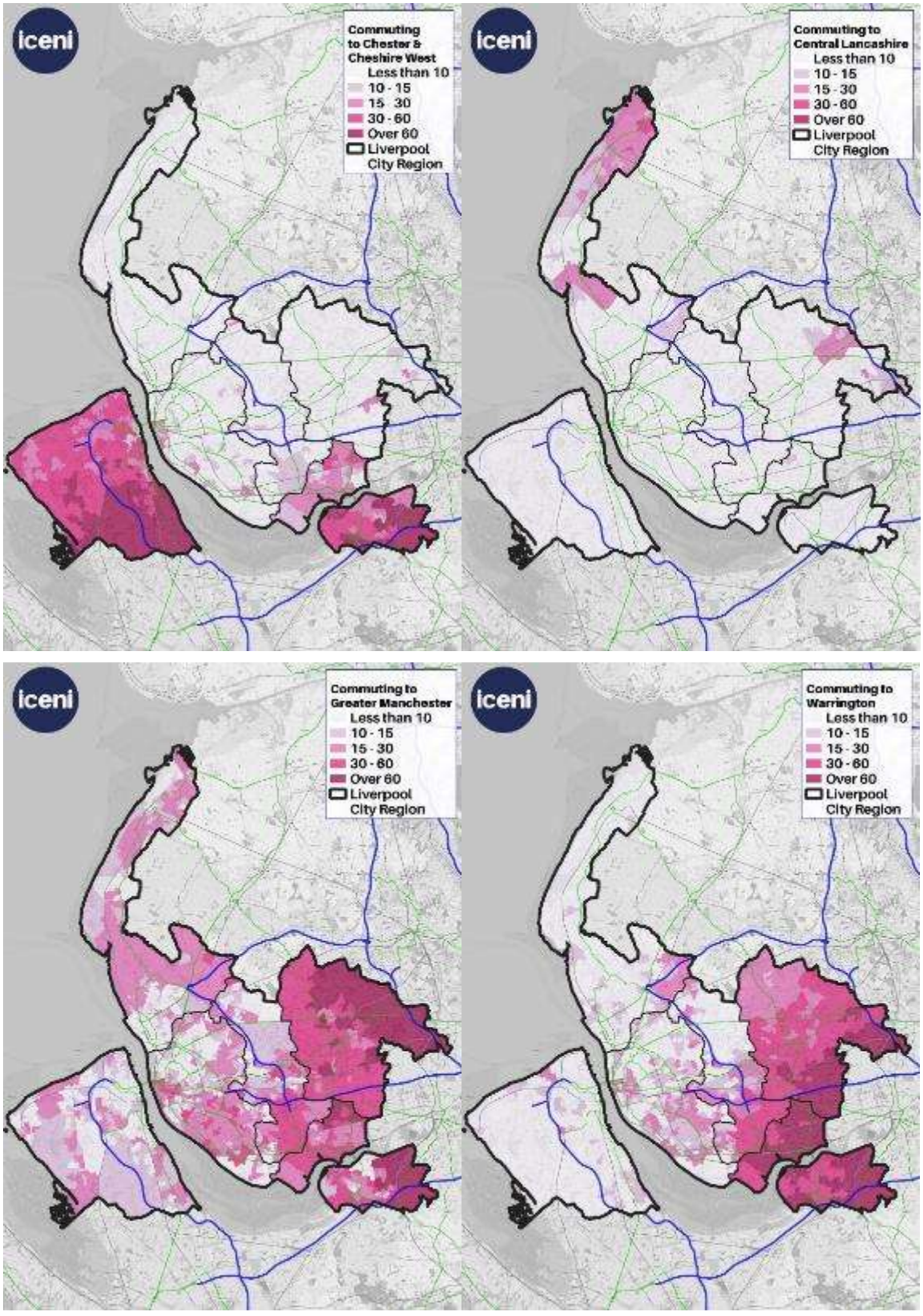


Source: Business Register and Employment Survey, 2021

3.15 In addition, there are a number of other major employment sites including hospitals, universities and retail centres which are not listed above. These include for example Waterloo Aintree and Royal Liverpool University Hospitals; Broadgreen and Wirral University Hospitals; Liverpool, Liverpool John Moores and Liverpool Hope Universities; and business parks such as Wavertree.

3.16 The City Region is also influenced by a number of major employment locations surrounding it. These include Chester, Warrington, Preston and Manchester. The following maps illustrate the interactions with these areas.

Figure 3.3: Interactions with Neighbouring Employment Centres (Central Lancashire, Cheshire West, Greater Manchester and Warrington (2011) – Employees Per Day



3.17 There is limited commuting to Central Lancashire (<4,000) which includes Preston as well as Chorley and South Ribble. Where there are some notable numbers, these tend to be from the Southport area and Garswood in St Helens.

3.18 Approximately 16,000 people commuted to Cheshire West and Chester from LCR. Both the South of Wirral and Runcorn have particularly notable commuting to Cheshire West and Chester local authority. This would include commuting to a range of different employment locations. In both cases it is likely that Ellesmere Port (including Cheshire Oaks Retail Park) would be the most popular locations given proximity and connectivity. However, there will also be commuting to Chester and Northwich.

3.19 Commuting to Greater Manchester is more significant at c. 22,000 from across the LCR; with the greatest flows being from St Helens and Halton, which is supported by motorway and rail access.

3.20 A similar pattern emerges for the 16,000 people commuting to Warrington from LCR. The greatest numbers are drawn from areas such as Widnes, Sutton (St. Helens Junction) and Newton-le-Willows which directly adjoin Warrington's Borough Boundary.

Transport Infrastructure

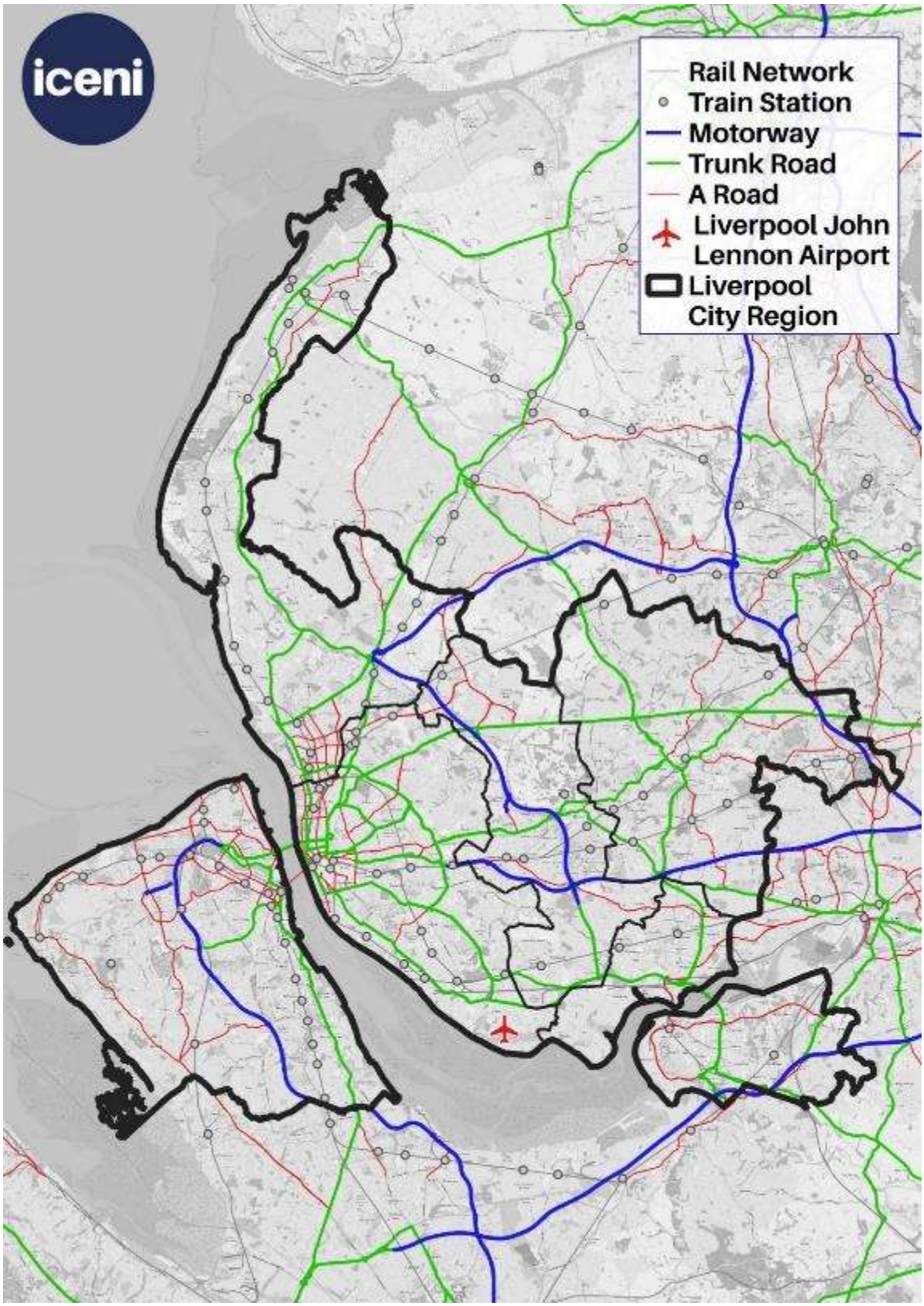
3.21 Merseytravel is the strategic transport body in the LCR, responsible for transport policy and operation including that of the Mersey Ferries and Tunnel, local buses and the contracting of Merseyrail services.

3.22 Merseyrail covers 68 station on three lines and carries around 110,000 people per day. There is an extensive bus network across the City, with operators including Arriva and Stagecoach. The network includes "Quality Bus Network" services, which are a more frequent services on key routes between Liverpool and St Helens, Croxteth, Sutton Manor, Crosby, Garston/Liverpool Parkway, Heswall/Barnston and between St Helens and Sutton Manor. The map below shows the location of major transport infrastructure across the City Region including Liverpool Airport at Speke.

3.23 There is a fairly extensive metro and heavy rail network. There are some gaps in provision including the central part of Wirral and parts of North Liverpool. There are also fewer stations in Halton and St Helens.

3.24 The Mersey Gateway Bridge has helped improve the regions connectivity across the Mersey and specifically between Widnes and Runcorn; as well as road network capacity

Figure 3.4: LCR Transport Infrastructure



Source: Iceni Projects based on Open Streetmap Data, 2021

3.25 Based on some of the longer term transport priorities there are a host of areas whose connectivity is poor or disrupted - this includes Kirkby, Bootle and Widnes There are also issues with accessing

Liverpool John Lennon Airport via public transport (albeit this will have been improved by delivery of Liverpool South Parkway Station).

3.26 Some of the newer larger schemes such as Liverpool Waters, Left Bank and Wirral Waters will also need to implement additional transport infrastructure to support the growth.

3.27 Merseytravel alongside Transport for the North ("TftN") have a number of major investments schemes planned within the City Region, the delivery of which were boosted by £710m of Government funding in the 2021 Budget. The various schemes (which are at different stages of development) include:

- New trains across the Mersey Rail fleet which have started to be introduced to service in 2023 and will increase capacity by 50%;
- New Stations at Maghull North (opened 2018), Headbolt Lane Kirkby (due to open Summer 2023), and St James; and potential for extending Merseyrail to Wrexham;
- Upgrade to Newton-le-Willows Station to create a transport hub (now completed);
- A Green Bus Route from Knowsley and St Helens to Central Liverpool;
- £25m funding through its Strategic Investment Fund ("SIF"), to improve roads in 15 highway schemes across the six local authorities;
- Developing a 600km network of cycling and walking routes for the LCR over the next 10 years;
- Re-modelling and re-signalling Liverpool Lime Street to increase capacity for services to London and new direct services to Glasgow and to Edinburgh (now completed).

3.28 The LCR Combined Authority (LCRCA) was also attempting to ensure LCR was fully connected to the HS2 network via a new twin-track line between Liverpool and Manchester as part of Northern Powerhouse Rail. This would have generated an estimated £15 billion uplift to the LCR economy. However, the Government's Integrated Rail Plan 2021 now envisages electrification and upgrading of the existing Transpennine Route via Warrington; and Northern Powerhouse Rail trains running from Liverpool to Manchester via Crewe (using the Crewe-Manchester HS2 line). Overall, the integrated plan will improve journey times as follows:

- Between Liverpool and London from 132 minutes to 92 Mins;
- Between Liverpool and Manchester from 50 mins to 35 mins;
- Between Liverpool and Leeds from 106 mins to 73 mins.

3.29 There will also be a trebling of capacity between Liverpool and Leeds through the Integrated Rail Plan with up to 4 trains per hour. In addition, there will also be capacity for 6 trains per hour between Liverpool and Manchester.

3.30 The economic effects of these transport improvements are likely to be improving inter-regional accessibility; supporting increased connectivity and economic integration with the Greater Manchester City Region (with the potential for greater agglomeration benefits); together with significant improvements in capacity.

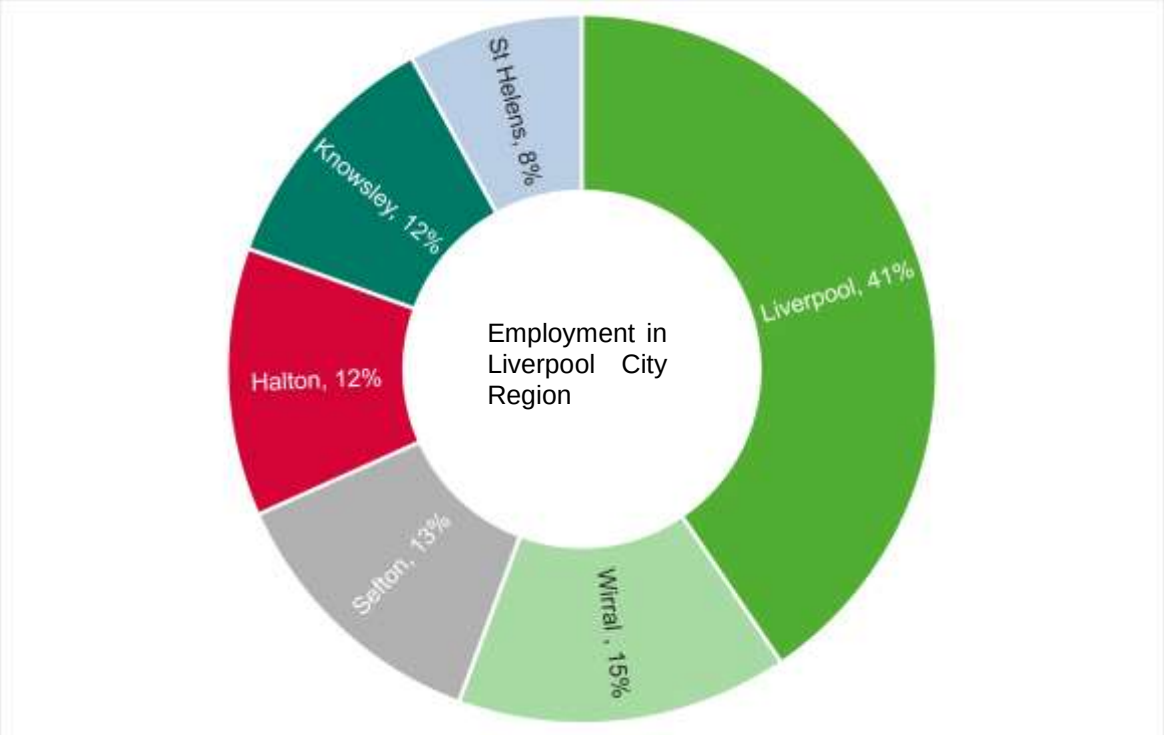
3.31 In addition, the LCRCA has sought £667m to improve affordability and reliability on the bus network including “tap and go” contactless ticketing as well as zero emissions buses. This is important given that 82% of public transport trips in the region are by bus.

Spatial Economic Geography

3.32 We have sought next to consider the economic geography of the City Region. This section is to be considered alongside Sections 3 and 7 which further explore the sub-region’s economy and its growth potential. The analysis in this section draws on baseline information for 2020.

3.33 There were a total of 710,000 jobs across the City Region in 2020, up from 643,000 in 2001. Liverpool sees the strongest concentration of employment within the City Region.

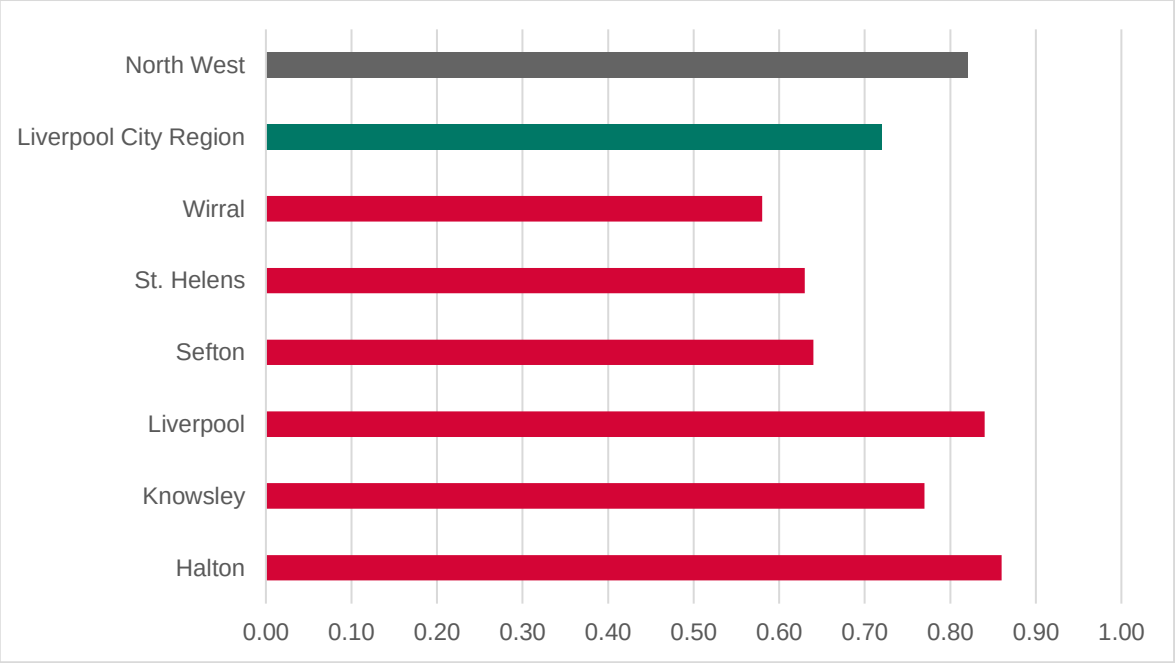
Figure 3.5: Employment by Local Authority within LCR



Source: Oxford Economics & Iceni Projects analysis

3.34 Across the City Region, the jobs density in 2020 was of 66 jobs for every 100 working age residents (aged 16-64); with some areas having almost 20% fewer jobs in relation to the total population (such as Wirral, St Helens, and Sefton). The evidence points to **an under-provision of employment opportunities in the City Region**, with the City itself having less than might be expected (given Cities typically have a concentration of jobs and draw on a wider sub-regional labour market) and particularly low employment densities in other, more deprived, parts of the City Region.

Figure 3.6: Jobs Density (job per working-age population), 2020 (ratio)



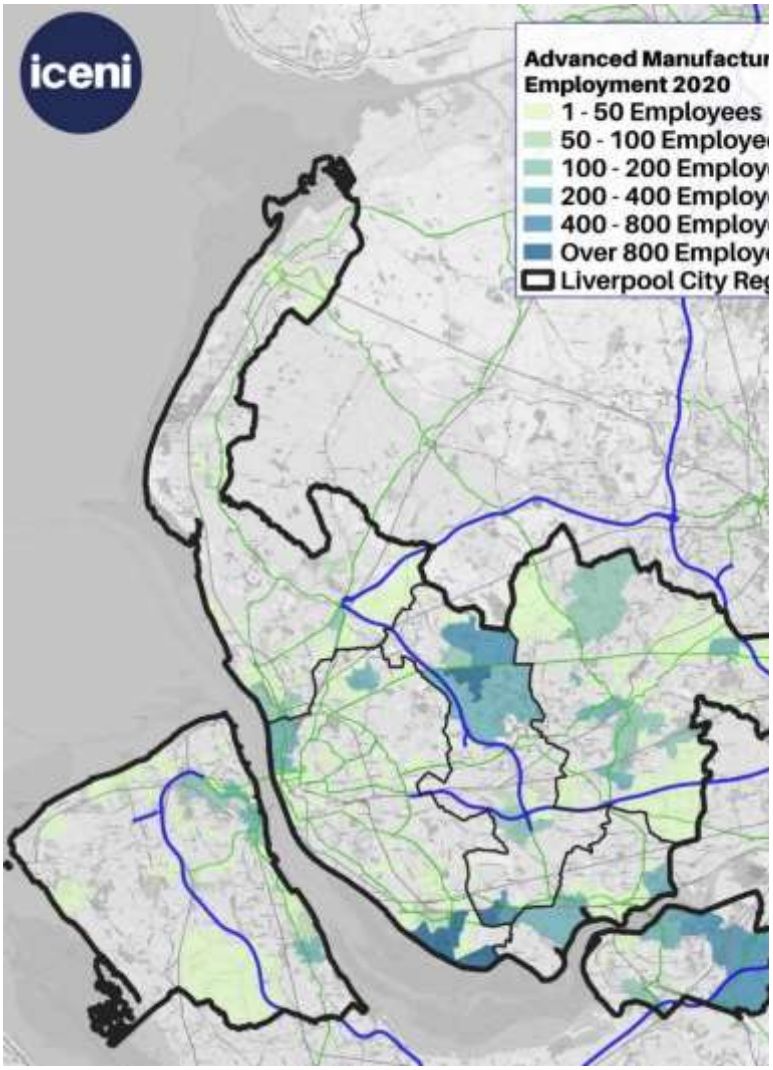
Source: ONS

3.35 To support improved economic performance, the LCRCA have identified a number of key sectors which can drive overall economic growth. Iceni has sought to analyse the spatial distribution of these in the maps below.

3.36 The advanced manufacturing sector is varied and covers a wide variety of products. The largest sectors in the LCR relate to the manufacturing of motor vehicles and its supply chain manufacturing parts and accessories. This includes significant plant activity at Halewood (South Knowsley and Liverpool) which includes JLR and Ford. The latter is expected to invest around £230m to upgrade its factory to be able to produce parts of electric vehicles. This will safeguard 500 jobs.

3.37 The LCR also has a notable cluster in the manufacturing of medical equipment. This includes a Steris Instrument Management Service in Knowsley and a cluster of smaller manufacturers in Manor Park Industrial Park in Runcorn.

Figure 3.7: Advanced Manufacturing Employment 2020



Source: NOMIS, BRES 2021

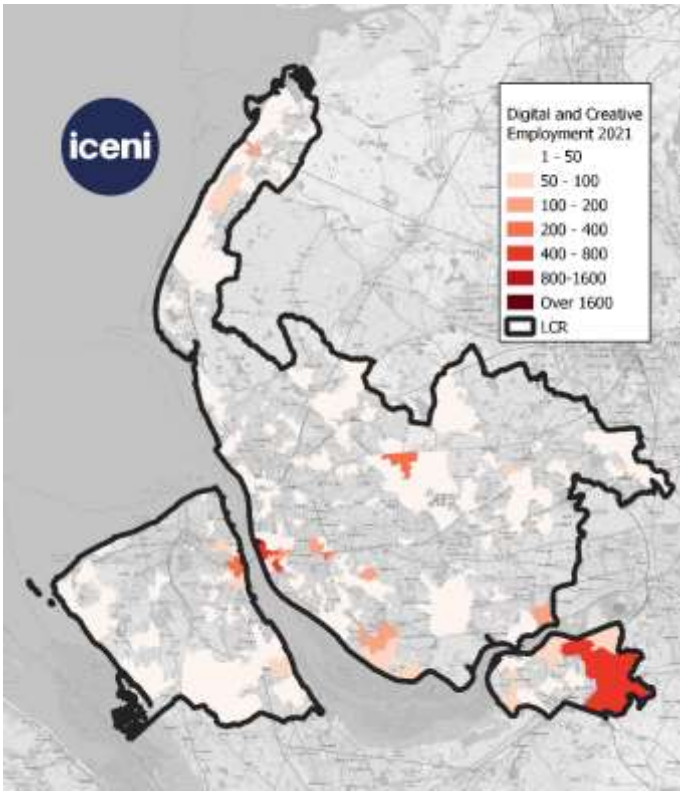
3.38 As well as Halewood, Knowsley and Manor Park there are clusters of advanced manufacturing across LCR including St Helens Town, Haydock, Birkenhead, Bromborough, Speke, Whitehouse and Kirkby.

Digital and Creative

3.39 The digital and creative sector includes a range of industries including tv production companies, computer programmers and telecommunications companies. In total the sector employs around 12,000 people across LCR. The largest sectors in terms of employment, based on BRES data, are:

- Telecommunication Activities – 2,500 jobs
- Business and Domestic Software development – 1,750 jobs
- Computer consultancy services – 4,000 jobs; and
- Other information technology and computer service activities - 1,250 jobs

Figure 3.8: Employment in Digital and Creative (2021)



Source: NOMIS, BRES 2021

3.40 Major clusters of activity in the sector include Preston Brook which includes O2 offices, Liverpool City Centre/ Waterfront including Albert Docks, Wavertree Technology Park, Sci-Tech Daresbury and Manor Park in Runcorn.

Life Sciences

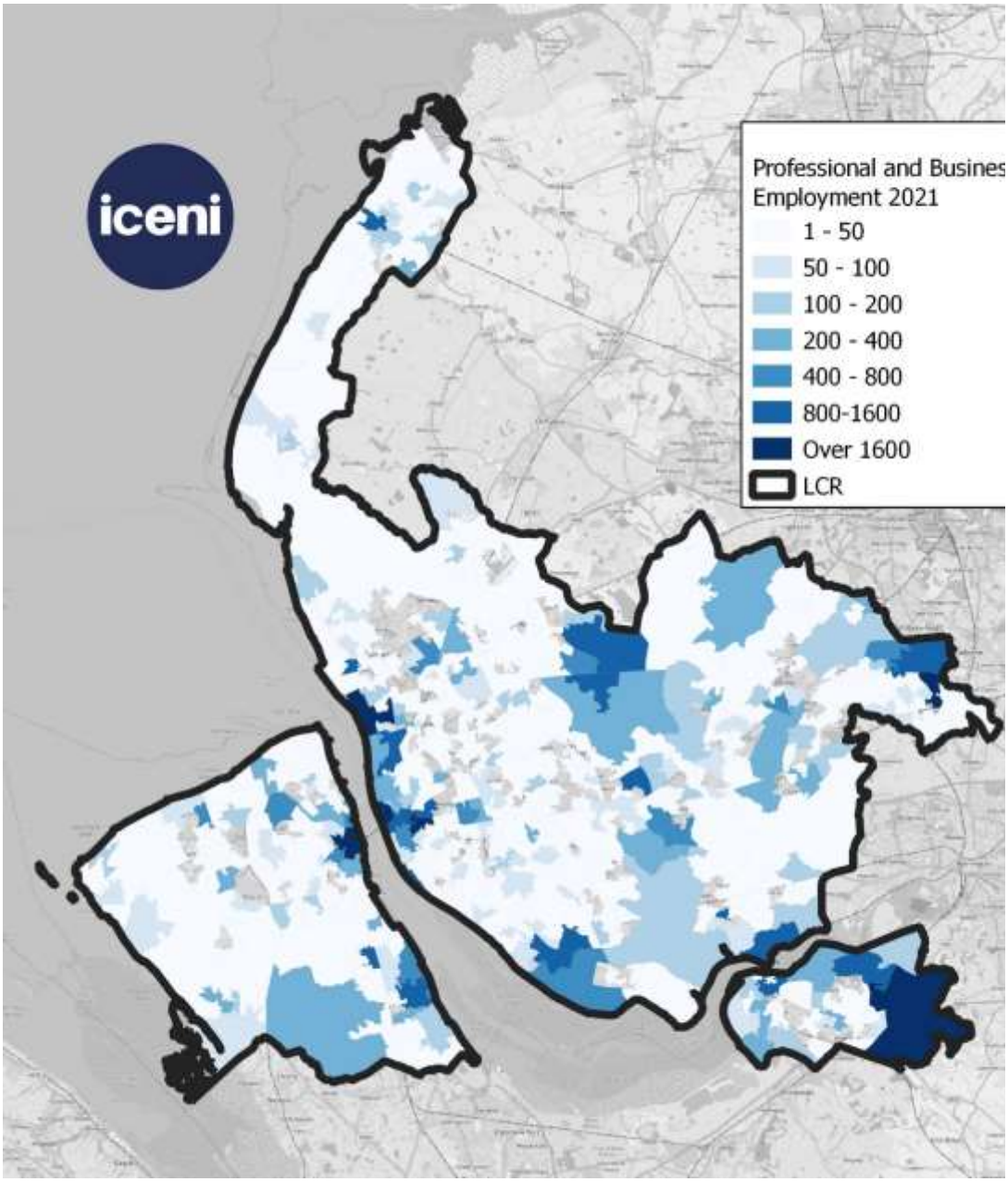
3.41 The Life Sciences sector employs around 3,500 people in LCR with the majority working in the manufacturing of medical equipment and the manufacturing of pharmaceutical products. The latter is focused in Speke where around 800 people are employed. Employment in Healthcare more widely includes primary care (GP and Dentists) and residential care (Care homes) includes emergency care (hospitals). The last of these includes several major hospitals which have research facilities including:

- Alder Hey Children's Hospital
- Royal Liverpool University Hospital
- Broad Green Hospital
- Clatterbridge Experimental Cancer Medicine Centre in Liverpool

3.42 The universities will also have elements of life sciences through research although these are picked up as educational employment. This includes School of Life Sciences at the University of Liverpool and the School of Biological and Environmental Science at Liverpool John Moores University.

3.43 Key hubs of activity in this sector include the Knowledge Quarter in Liverpool; Sci-Tech Daresbury and The Heath Business & Technology Park in Runcorn.

Figure 3.9: Employment in Professional and Business Services (2021)



Source: NOMIS, BRES 2021

Professional & Business Services

3.44 Professional and Business Services includes all jobs within the wider Professional, Scientific and Technical and Business Administration and Support services. In total these sectors employ 98,000+ people in the City Region. Outside of employment agencies the largest sectors of employment are legal and accounting services and activities of head offices. There are a number of corporations whose head office is in the LCR: these include:

- Bibby Line
- Boodles
- Home Bargains
- Matalan
- Nicholls plc (Vimto)
- Princes Foods
- Speedy Hire
- TJ Hughes
- The Very Group (formerly Littlewoods)

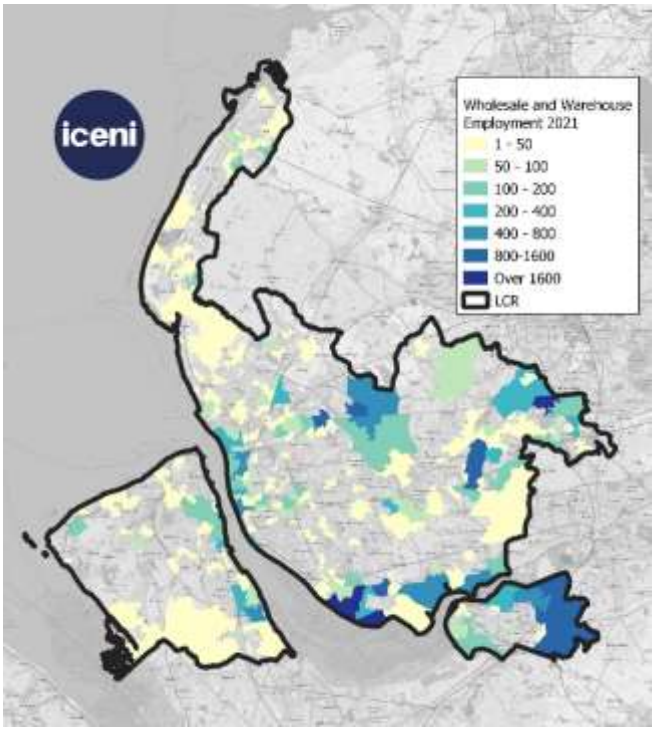
3.45 Typically, although not always, these sectors are office based, as such there are several clusters within LCR region including in Liverpool City Centre. There are also high levels of employment in Kirkby, Knowsley, Haydock, Runcorn, Preston Brook, Bromborough, Birkenhead and Bootle.

Wholesale and Warehousing

3.46 The Wholesale and Warehousing sectors are already large employers with a total of 31,000 employees in LCR based on BRES. The largest sub sectors are the wholesale of pharmaceuticals, the wholesale of wood and construction materials, warehousing and storage (which is the largest sub-sector with 9,000 employees) and other postal and courier services.

3.47 Existing clusters can be found along the main transport routes including along the M6 (Haydock), M56 (Preston Brook) , M62 and M57 (Huyton). There are also smaller clusters along the M53 at Bromborough. It is expected that through the LCR Freeport additional investment in warehousing space can be expected in the City Region. The Freeports will have different tax and customs rules than the rest of the country and to facilitate this, additional customs facilities are required.

Figure 3.10: Wholesale and Warehouse Employment (2021)



Source: NOMIS, BRES 2021

3.48 These sites are included in the map below and include the Port of Liverpool as well as Tax and Custom Sites at Wirral Waters, Parkside (in St Helens) and 3MG in Widnes. In addition, there will be ten custom sites in the City Region and two more in West Lancashire and Port Salford.

3.49 The Freeport aims to stimulate high value economic activity which will then spill over and support impacts across the wider LCR. By reducing taxes in these areas, they are intended to stimulate increased levels of inward investment to drive new developments, research and development, and encourage business led innovation.

Deprivation

3.50 The 2019 Index of Multiple Deprivation (IMD) measures relative deprivation for each Lower-layer Super Output Areas (LSOA) in the country across a range of different domains as well as overall. The domains including Income, Employment, Education, Skills and Training Deprivation, Health, Crime depravation as well as barriers to Housing and Services and the living Environment. For each domain each of the 32,844 LSOAs are ranked from 1 (most deprived) to 32,844 (least deprived).

3.51 The City Region is split into 989 Lower Super Output Areas (LSOAs), out of which 469 are ranked within the top 10% of most deprived areas in the country. There is thus a significant concentration of deprivation in the City Region with 47% of LSOAs in the most deprived 10% of areas nationally.

3.52 These rankings can also be averaged across local authorities as the table below shows. The average rank of each of the LSOAs in Knowsley makes it the 3rd most deprived local authority in England while Liverpool is 4th out of 317 local authorities. Only Blackpool and Manchester are ranked lower.

3.53 The least deprived local authority in the study area is Sefton but that is also in the top 100 most deprived local authorities in the country. This illustrates the scale of the challenge that the LCRCA and its member local authorities face.

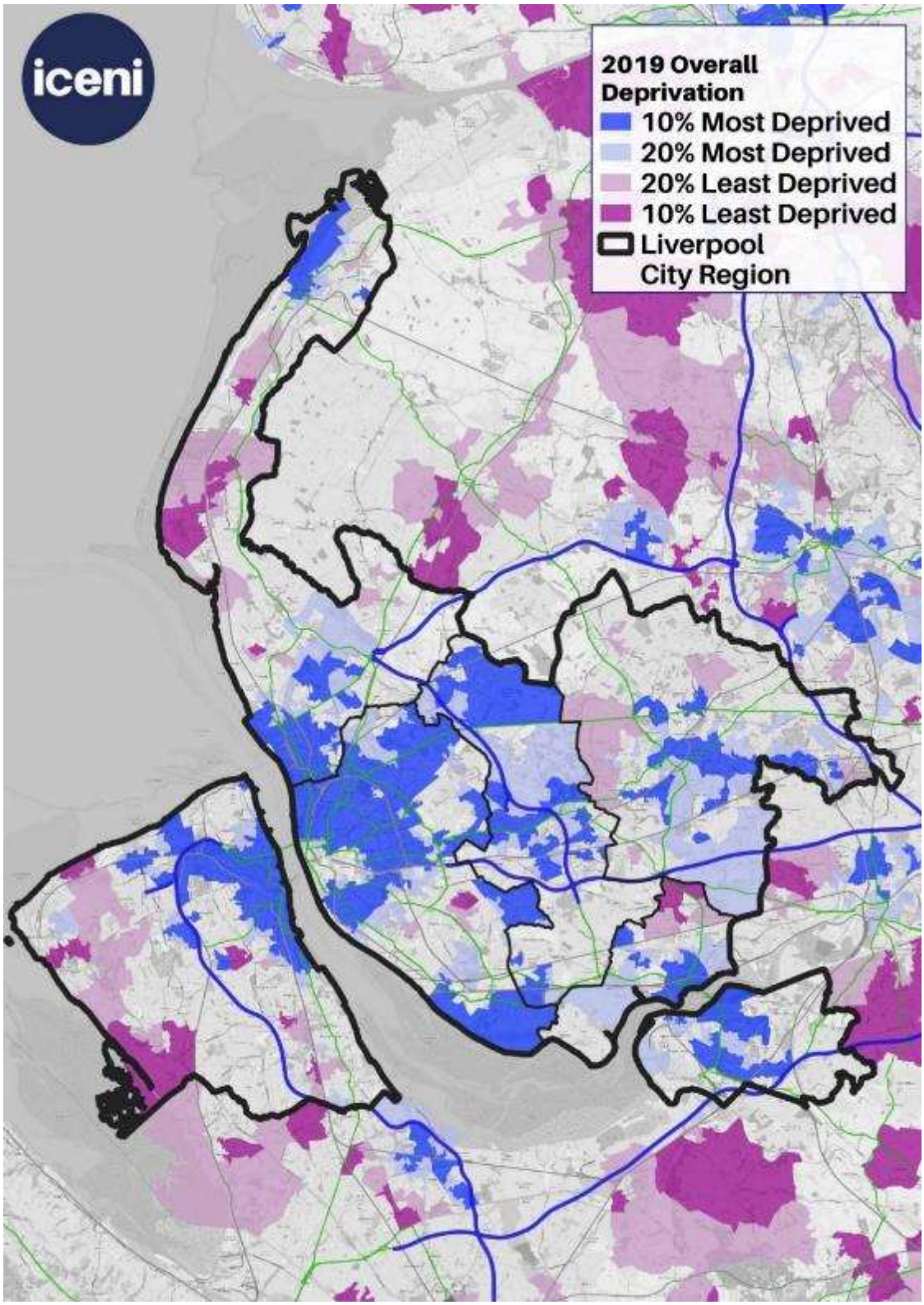
Table 3.3 Index of Multiple Deprivation (2019)

	IMD - Rank of Average Rank
Halton	39
Knowsley	3
Liverpool	4
St. Helens	40
Sefton	89
Wirral	77

Source: MHCLG, 2019

3.54 The following maps illustrate where in the LCR deprivation is most acute and least pressing across some of the key domains. We have sought to focus on these extremes as a way to identify those areas most in need of investment. As the map below illustrates, large parts of the City Region are within the 20% most deprived LSOAs in England. This includes inner urban areas in Liverpool, with a particular concentration in Central and North Liverpool and Speke/Garston. There are also areas of concentrated deprivation in Birkenhead and Runcorn/Widnes in Halton, Knowsley and St Helens.

Figure 3.11: Index of Multiple Deprivation – Overall (2019)



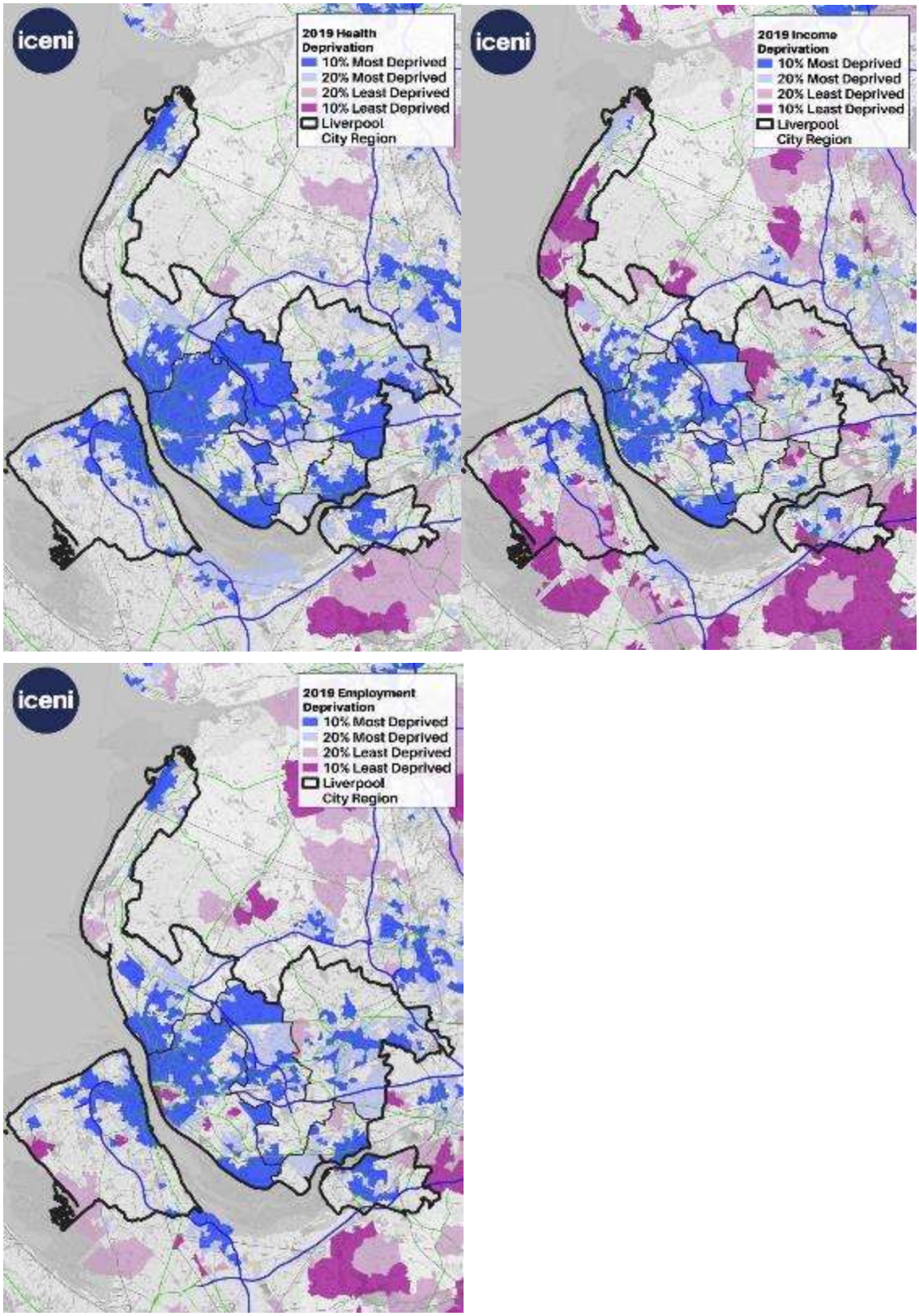
Source: MHCLG, 2019

3.55 Health deprivation is the most alarming as large swathes of the City Region are within the 10% most deprived LSOAs in the County. The domain measures the risk of premature death and the impairment of quality of life through poor physical or mental health. It also measures morbidity,

disability and premature mortality but not aspects of behaviour or environment that may be predictive of future health deprivation.

3.56 Income deprivation is also an issue although there are far fewer LSOAs in the bottom 10% although this is replaced by more in the bottom 20%. Income deprivation is once again most acute in Inner City Liverpool, North Liverpool, Bootle, Kirkby, Knowsley and Speke and Birkenhead.

Figure 3.12: Index of Multiple Deprivation – Selected Sub Domains (2019)

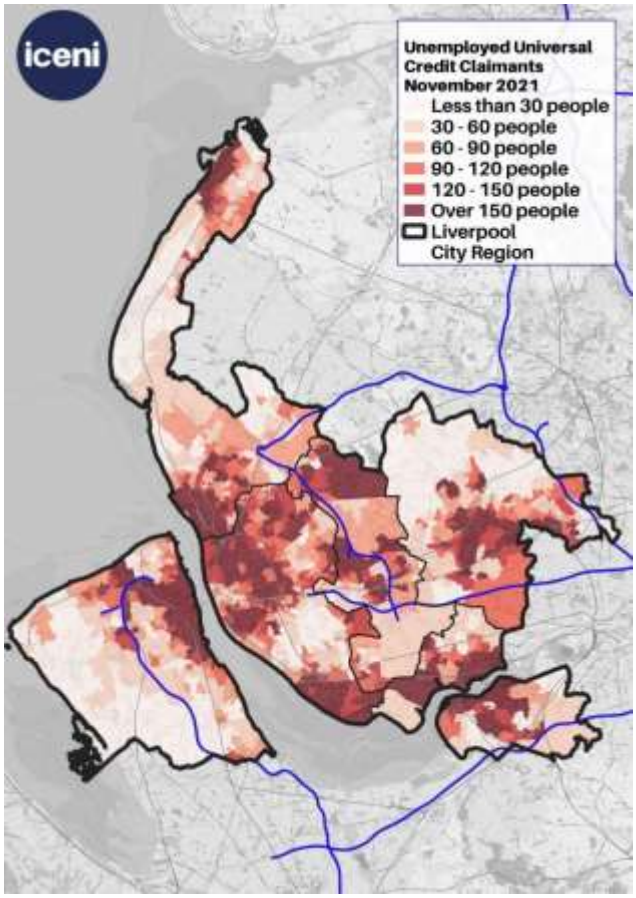


Source: MHCLG, 2019

3.57 Similarly for employment deprivation there are concentrations of deprivation in North Liverpool, Bootle, Kirkby and Speke. There are also parts of Birkenhead and Runcorn/Widnes that are in the

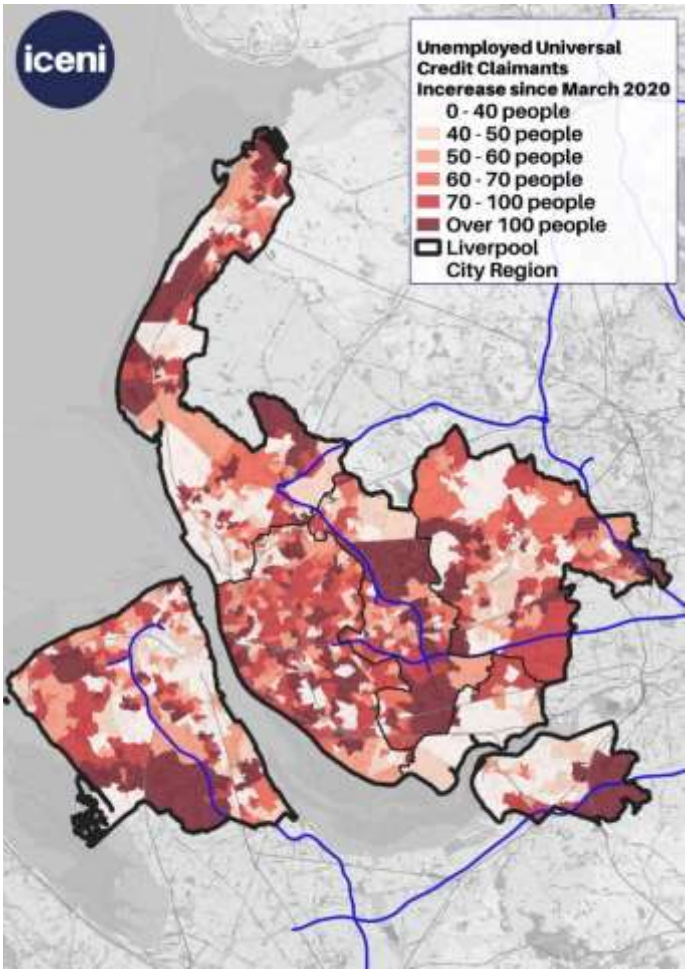
top 10% of LSOAs nationally. This is also reflected in the following map which illustrates the number of unemployed people seeking Universal Credit. There are relatively few claimants in the City Centre in comparison to the other parts of inner Liverpool. These are absolute numbers for each LSOA which although have different population sizes are all designed to have a typical population of 3,000 people. As with deprivation the same areas return as having the highest number of people claiming Universal Credit. Including Birkenhead, Inner and North Liverpool, Bootle, Kirkby, St Helens, Speke, Widnes and Runcorn. We also see low levels of claimants on the western side of Wirral as well as the more rural parts of St Helens and in and around Sefton Park in Liverpool.

Figure 3.13: Unemployed Universal Credit Claimants (Nov 2021)



Source: DWP, Stat-Xplore, 2022

Figure 3.14: Unemployed Universal Credit Claimants Increase since March 2020



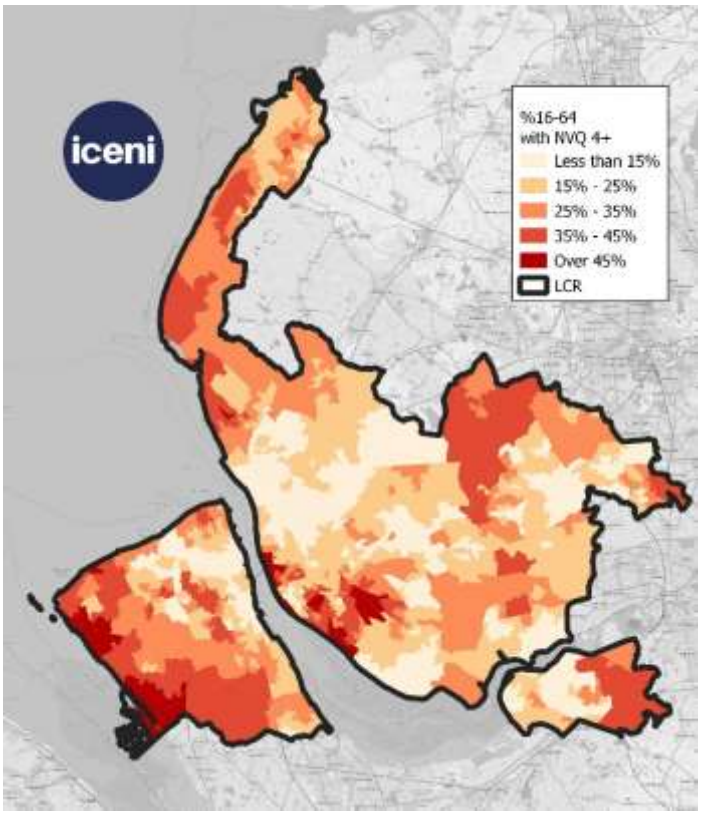
Source: DWP, Stat-Xplore, 2022

3.58 We have also examined the increase in claimants since the start of the pandemic as shown in the maps below. This highlights areas such as Formby in Sefton, Raby and Heswall on Wirral which are relatively affluent locations having been impacted. In contrast some of the areas which have higher levels of deprivation, but also higher claimants have not grown so much. This might reflect the type of employment in these locations, which have not been as impacted as other roles. For example, in lower

paying roles in key services such as distribution, nursing, cleaning etc.

3.59 There are also notable skills issues within the City Region, and an expectation that future employment growth is focused particularly on higher skilled roles (NVQ 4+). The spatial concentration of persons with higher level skills is shown in Figure 3.15.

Figure 3.15: % Working Age Population educated at least NVQ Level 4 (2021)



Source: Annual Population Survey (2022)

3.60 The largest percentages of people educated to degree level can be found in west Wirral, Calderstones Park which is in close proximity to Liverpool Hope University as well as Aigburth, Allerton and Liverpool City Centre which is where students tend to congregate. There are also high levels of degree qualified population in the very western edge of Runcorn and Newton-Le-Willows which might reflect those seeking to access higher paid employment in Preston Brook and Warrington.

3.61 By implication housing demand can be expected to be stronger in these types of locations; albeit recognising that graduates will also live in City Centres, and regenerative investment can change the attractiveness of other locations as places to live.

Implications

3.62 Overall we get to a picture where the greatest impact regeneration would have. Some of these areas such as Birkenhead already have major redevelopment ongoing while others have access to employment but in other aspects are relatively deprived. The areas which have been most commonly highlighted in this analysis include:

- Halton - Central Widnes and Runcorn which have access to jobs including those at Manor Park and Preston Brook but have poor scores in a number of areas. The area may benefit from further

job creation at 3MG and the new Mersey Gateway Bridge enhancing accessibility to employment opportunities elsewhere.

- Knowsley – Kirkby and to a lesser extent Knowsley have significant employment locations but score poorly in a range of deprivation indices. This might mean that accessing these jobs is an issue for locals and thus skills and training might be an issue.

- Liverpool - North Liverpool including Vauxhall, Everton, Anfield, Walton and Kirkdale, Netherley and Belle Valle in West Liverpool and Speke/Garston in South Liverpool all show consistent levels of poor deprivation across a number of instances. While South Liverpool has direct access to jobs the same cannot be said of the North and West of the City. This would suggest wider ranging interventions are required.

- Sefton – Bootle suffers from much the same issues as North Liverpool. The area may well benefit from the Freeport at the port of Liverpool but it may not address all issues.

- Wirral – Birkenhead, similar to Bootle, suffers from a range of issues and whilst the Freeport and redevelopment in and around Birkenhead Town Centre and at Wirral Waters will help, it may not address all issues.

- St Helens - St Helens has low levels of jobs density suggesting many travel to other parts of the City Region and commuting dynamics also suggest Warrington for employment. This may be addressed by schemes coming forward, including Parkside, but this is away from the main settlement of St Helens therefore transport infrastructure to connect people to employment opportunities will be important.

THE CITY REGION'S ECONOMY

4.1 This section provides an overview of LCR's social and economic context in relation to the North West, and the UK as a whole. In addition, where appropriate, the analysis gives an insight into local authority level trends. It draws on a range of data including from Office for National Statistics (ONS) and Oxford Economics.

4.

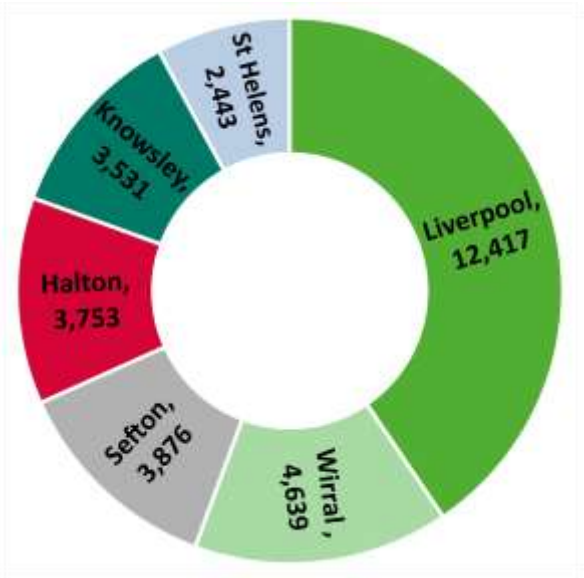
Economic Size & Past Performance

4.2 Liverpool is a dynamic city-region, with a growing population and economy, home to 1.5 million inhabitants and over 40,000 business. However, by almost any measure, LCR lags behind regional and national averages, in terms of economic strength and resilience.

4.3 This section considers Gross Value Added (GVA), a measure of the value of goods and services produced. For the City Region overall in 2020, GVA stood at £30.7bn, up from £26.6bn in 2001 (a 15% increase). A 15% GVA growth across the LCR is far lower than the North West and UK's 20-year growth. The region and nation have grown by 22.9% and 27.8% respectively during the period.

4.4 Figure 4.1 shows how GVA is split between the 6 local authorities making up LCR: Halton, Knowsley, Liverpool, Sefton, St Helens, Wirral.

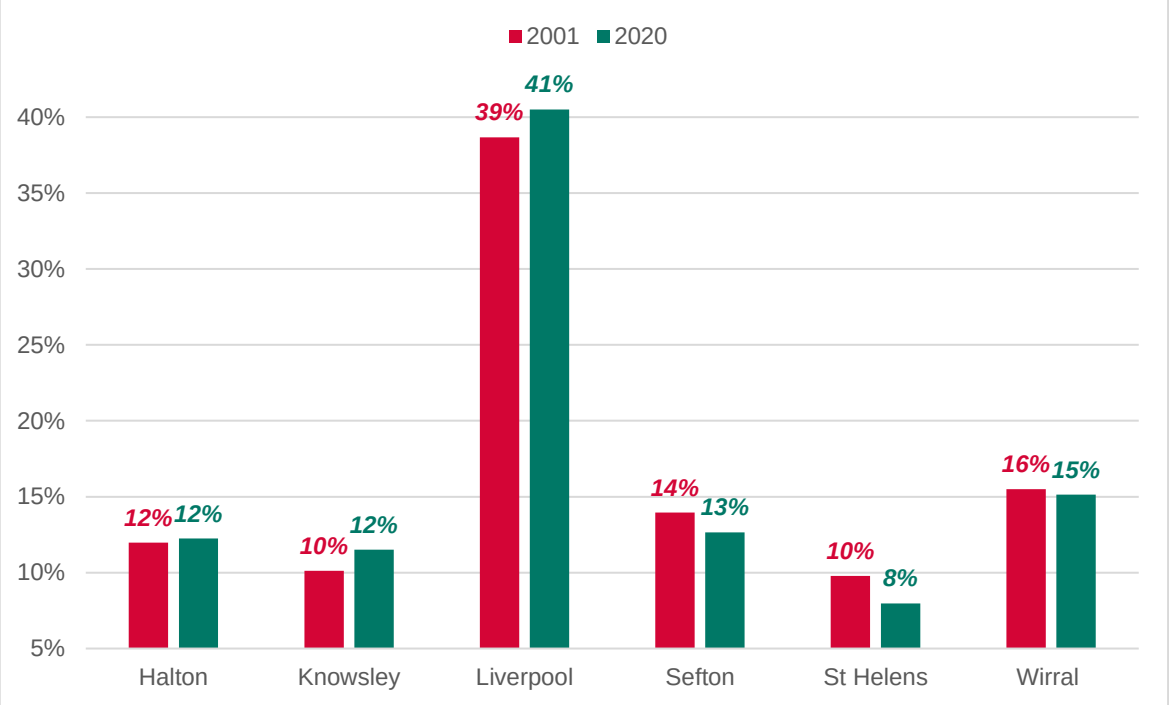
Figure 4.1: Gross Value Added (GVA) per local authority in Liverpool City Region, £ million



Source: Oxford Economics data

4.5 In addition, the following graph shows how the relative importance of each local authority has changed over time. Liverpool dominates the City Region's economy, representing a total of 41% of the area's GVA, up from 39% in 2001. Knowsley has increased its relative importance, growing by two percentage points during the period. Halton has remained stable, and Sefton, St Helens, and Wirral decreased slightly. Overall, there hasn't been any landslide in terms of relative GVA in the City Region, but it is clear that Liverpool & Knowsley are growing faster than their neighbours.

Figure 4.2: Proportion of GVA per local authority, 2001 vs. 2020



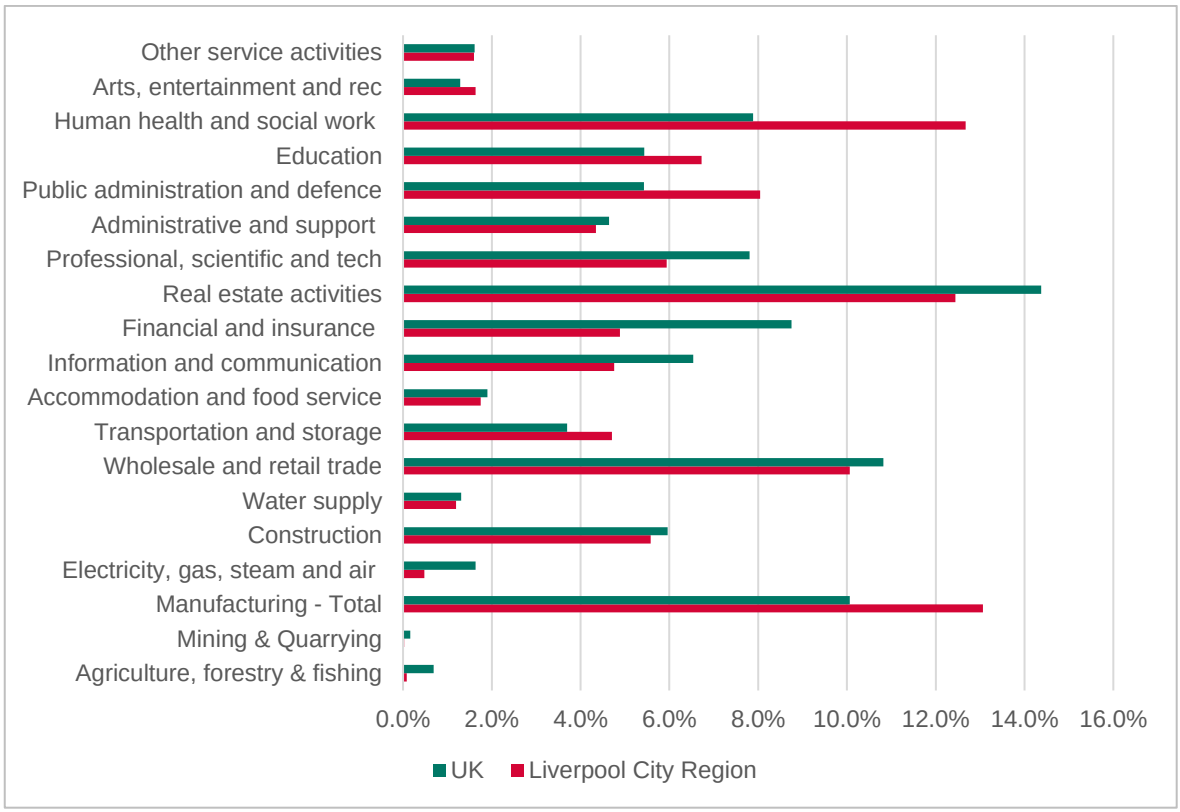
Source: Oxford Economics data

4.6 The difference in relative GVA per sector in the following graph shows which sectors are strongly represented in LCR in 2020 and how this compares to the structure of the national economy. It is clear that Liverpool's economy has a concentration of economic activities in a distinct set of industries:

- Manufacturing, which represents 13.1% of total GVA, 3 percentage points (pp) higher than the UK;
- Wholesale and retail trade, which represents 10.1% of total GVA, on a similar level to the national average;
- Real estate activities, at 12.4%, which is an important contributor to overall GVA, but with a representation in this sector which is lower than the national average;
- Human health and social work, at a substantial 12.7%, close to 5pp higher than the national average.

4.7 The structure of the economy is however more reliant on public spending than other areas, with a strong relative representation of economic activity in the public sector, education and health. This is in part a reflection of a weaker private sector economy/business base. The analysis in particular shows a relatively low representation of typically higher-value added private sector service sectors such as finance; professional services; and information and communications whereas are typically found in other cities. This contributes to weaker productivity performance and lower average earnings.

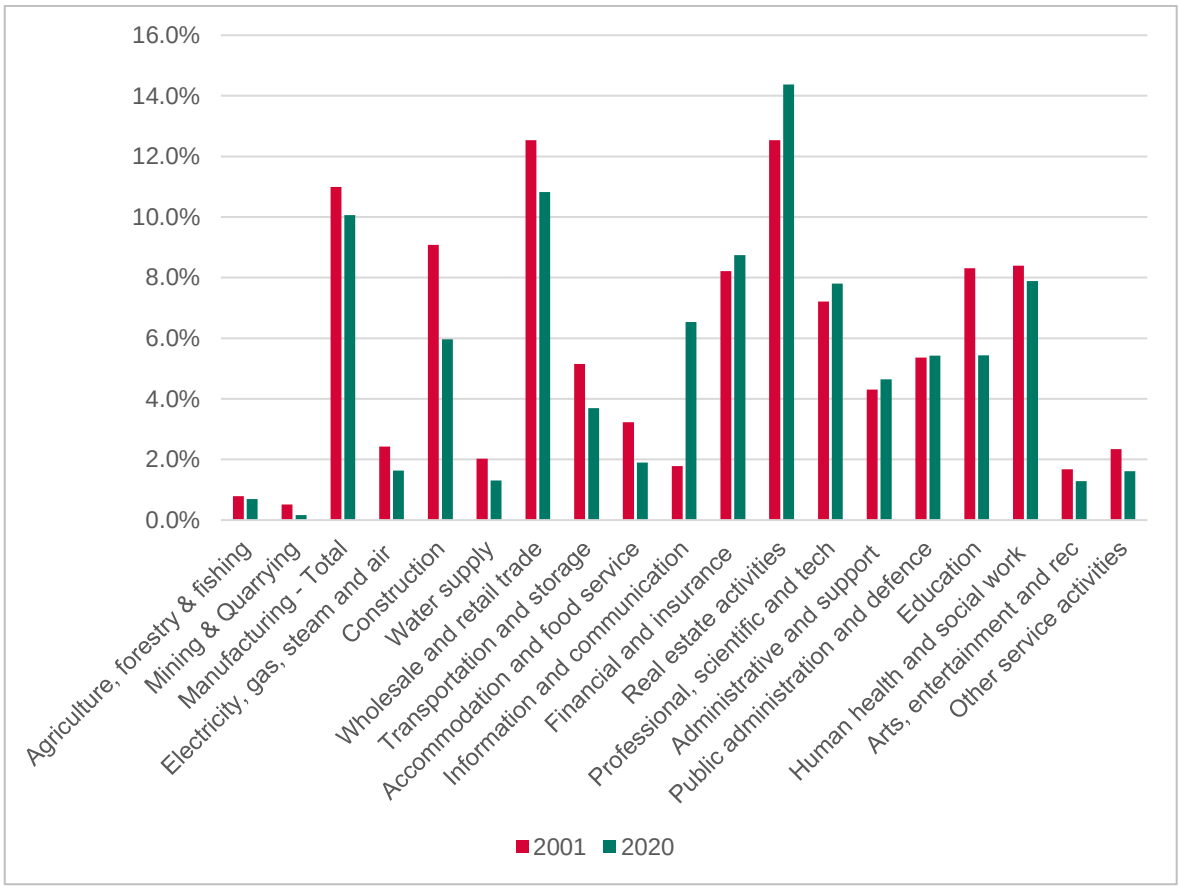
Figure 4.3: Proportion of GVA per sector out of total GVA, LCR vs. UK, 2020



Source: Oxford Economics data

4.8 As a benchmark to compare relative sectoral importance, the chart below shows the proportion of GVA per sector in the UK for 2001 and 2020. Sectors which have increased their relative importance in the national economy include financial and insurance, real estate activities, professional services, and administrative functions.

Figure 4.4: Proportion of GVA per Sector, UK, 2001 vs. 2020



Source: Oxford Economics data

4.9 The following table details how much each sector has grown in the last two decades from 2001 to 2020. In line with the trend nationally, GVA in the information and communication sector has multiplied by six in the past two decades. Other sectors have also grown significantly including the real estate; manufacturing; public administration; and health sectors. Conversely, the data points to a decline in GVA for sectors such as retail and leisure; education; construction and financial services.

Table 4.1 GVA per sector in LCR, growth from 2001 to 2020, £ million

	2001	2020	Change	% Growth
Agriculture, forestry & fishing	24	26	2	9.0%
Mining & Quarrying	10	9	-2	-15.8%
Manufacturing - Total	3,434	4,006	572	16.7%
Electricity, gas, steam, and air	251	147	-104	-41.5%
Construction	2,043	1,710	-333	-16.3%
Water supply	442	367	-75	-16.9%
Wholesale and retail trade	3,219	3,086	-133	-4.1%
Transportation and storage	1,683	1,442	-241	-14.3%
Accommodation and food	756	537	-218	-28.9%
Information and communication	210	1,459	1,249	593.3%
Financial and insurance	1,808	1,498	-310	-17.2%
Real estate activities	3,024	3,815	791	26.2%
Professional, scientific and tech	1,504	1,820	316	21.0%
Administrative and support	914	1,333	419	45.9%
Public administration & defence	1,780	2,466	686	38.5%
Education	2,604	2,061	-542	-20.8%
Human health and social work	3,342	3,885	543	16.3%
Arts, entertainment, and rec	473	502	29	6.2%
Other service activities	565	490	-76	-13.4%
Total	**26,607**	**30,659**	**4,052**	**15.2%**

Source: Oxford Economics data

4.10 When compared to the North West as a whole, LCR features some level of specialisation, understood as a situation whereby one area significantly grows certain sectors, eventually leading to sectoral agglomeration. Specialisation and economic agglomeration are factors to watch in a local economy as they can result in increased efficiency, cost savings, cross-fertilisation, and profit – all together contributing to a heightened productivity, further contributing to improved economic performance.

4.11 Amongst the sectors which have grown faster in LCR than across the North West are:

- Information & communication, close to 200 pp higher growth than across the North West, with the City Region capturing 20% of the growth seen across the region;
- Administrative & support, grew by 46% between 2001-20 in the City Region, while it only grew by 35% in the same period across the North West;
- Arts, entertainment & recreation, grew by 6%, almost 3 times more than the regional average, likely influenced in part by investment associated with its designation as 2008 Capital of Culture. However the scale of growth overall is relatively modest.

Table 4.2 GVA Growth per Sector, LCR vs. North West, 2001 to 2020, £ million

	LCR Change	% Growth	North West Change	% Growth
Agriculture, forestry & fishing	2	9.0%	119	22.5%
Mining & Quarrying	-2	-15.8%	-186	-56.5%
Manufacturing - Total	572	16.7%	3,704	16.4%
Electricity, gas, steam, and air	-104	-41.5%	-966	-32.0%
Construction	-333	-16.3%	-1,277	-36.3%
Water supply	-75	-16.9%	-2,530	-20.4%
Wholesale and retail trade	-133	-4.1%	1,980	11.0%
Transportation and storage	-241	-14.3%	-199	-2.8%
Accommodation and food	-218	-28.9%	-1,281	-28.4%
Information and communication	1,249	593.3%	6,018	409.5%
Financial and insurance	-310	-17.2%	1,600	20.2%
Real estate activities	791	26.2%	5,475	35.9%
Professional, scientific and tech	316	21.0%	4,553	59.9%
Administrative and support	419	45.9%	2,131	34.6%
Public administration and	686	38.5%	2,522	34.8%
Education	-542	-20.8%	-2,334	-19.6%
Human health and social work	543	16.3%	2,809	19.6%
Arts, entertainment, and rec	29	6.2%	52	2.5%
Other service activities	-76	-13.4%	-479	-15.0%
Total	**4,052**	**15.2%**	**31,854**	**22.9%**

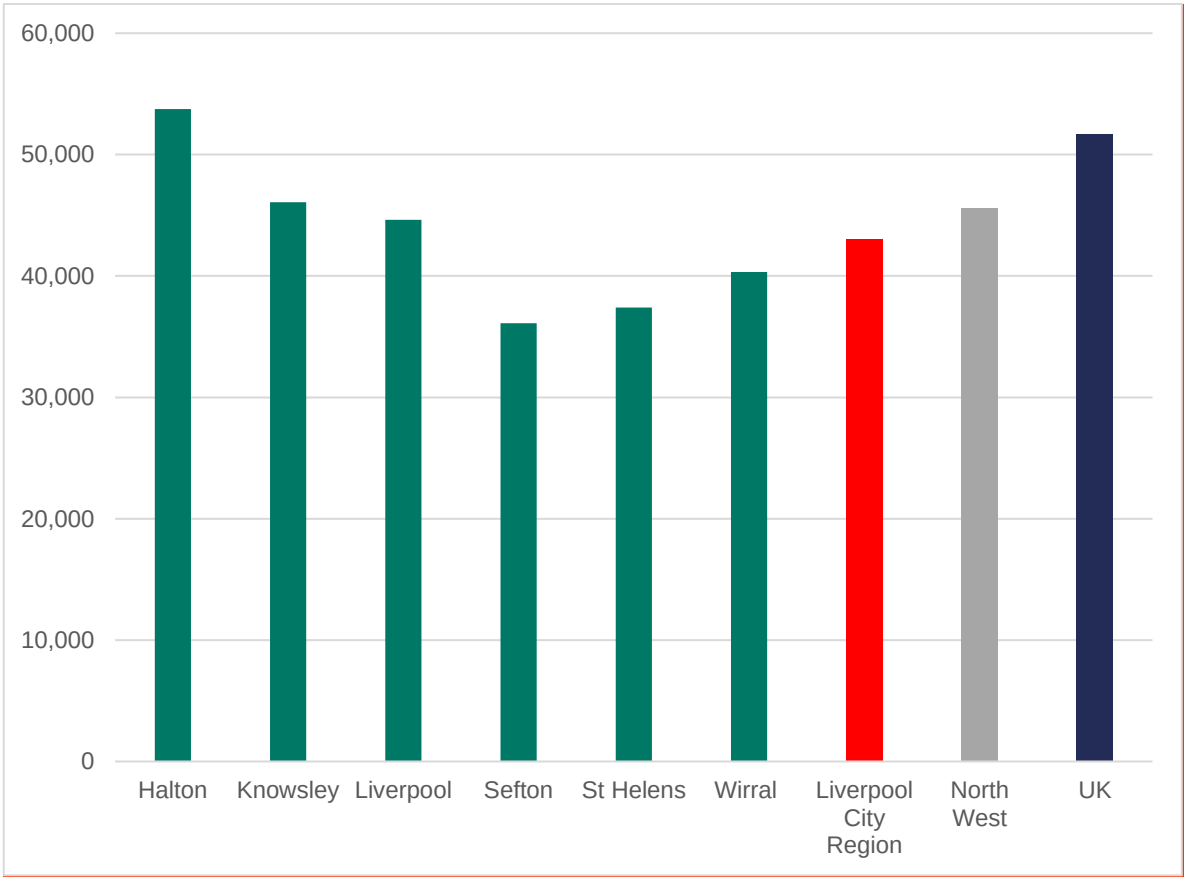
Source: Oxford Economics data

4.12 Productivity, measured here as GVA per job, shows how efficient the production of goods and services is. The following table shows how productivity has evolved in LCR against the region over the last two decades. The City Region has seen some productivity gains over the last two decades in a number of sectors including manufacturing which almost doubled, wholesale and retail trade (+9%), information and communication (multiplied by 9), and public administration (+57%). These sectors could be further supported in order to generate additional productivity gains and eventually create jobs and raise average earnings.

4.13 Despite some productivity gains, LCR and the North West remain behind the national average in terms of productivity. The UK's productivity grew by 10.5% since 2001, compared to 7% in the North West and only 4% in the LCR. This leads to lower average wages, as detailed later in the report.

4.14 The table below shows overall GVA per job for each of the 6 local authorities. As is clear, all authorities with the exception of Halton exhibit lower productivity per job than the UK average. Knowsley and Liverpool are on par with the North West and slightly above the City Region average, and Sefton and St Helens lag behind all benchmarked areas.

Figure 4.5: GVA per job for each local authority, 2020



Source: Oxford Economics data

4.15 The following table shows productivity per job for each sector in 2001 and 2020. The most productive sectors in 2020 were construction, real estate, utilities, followed by information & communication, and in fifth position manufacturing. In terms of 20-year change, information & communication has increased almost ten fold since 2001 followed by manufacturing which has almost doubled.

Table 4.3 Productivity per job in LCR, 2001 vs. 2020, (£ per job)

	2001	2020	Growth	% Growth
Agriculture, forestry & fishing	28,241	21,377	-6,864	-24.3%
Mining & Quarrying	19,216	19,015	-201	-1.0%
Manufacturing - Total	44,337	81,395	37,058	83.6%
Electricity, gas, steam, and air	290,742	148,911	-141,830	-48.8%
Construction	688,374	362,038	-326,336	-47.4%
Water supply	12,560	10,241	-2,319	-18.5%
Wholesale and retail trade	28,298	30,921	2,623	9.3%
Transportation and storage	53,842	31,332	-22,510	-41.8%
Accommodation and food	19,951	11,770	-8,181	-41.0%
Information and communication	9,926	100,366	90,439	911.1%
Financial and insurance	73,738	85,386	11,647	15.8%
Real estate activities	525,943	325,936	-200,007	-38.0%
Professional, scientific and tech	52,643	30,288	-22,355	-42.5%
Administrative and support	24,391	25,512	1,121	4.6%
Public administration and	38,611	60,618	22,007	57.0%
Education	47,713	33,699	-14,014	-29.4%
Human health and social work	37,218	30,517	-6,702	-18.0%
Arts, entertainment, and rec	30,450	22,450	-8,000	-26.3%
Other service activities	30,433	23,529	-6,904	-22.7%
Average	**41,394**	**43,038**	**1,645**	**4.0%**

Source: Oxford Economics data

4.16 Compared to the North West, which is shown in the Table below, information & communication and manufacturing have both grown faster in LCR. But overall, productivity growth has been more modest across the City Region compared to the North West as a whole (4% growth, compared to 7%). This is due to many sectors exhibiting lower productivity growth or even faster productivity losses such as construction, transportation & storage, and real estate activities.

Table 4.4 Productivity Growth per Sector, LCR vs. North West, 2001 to 2020, £ million

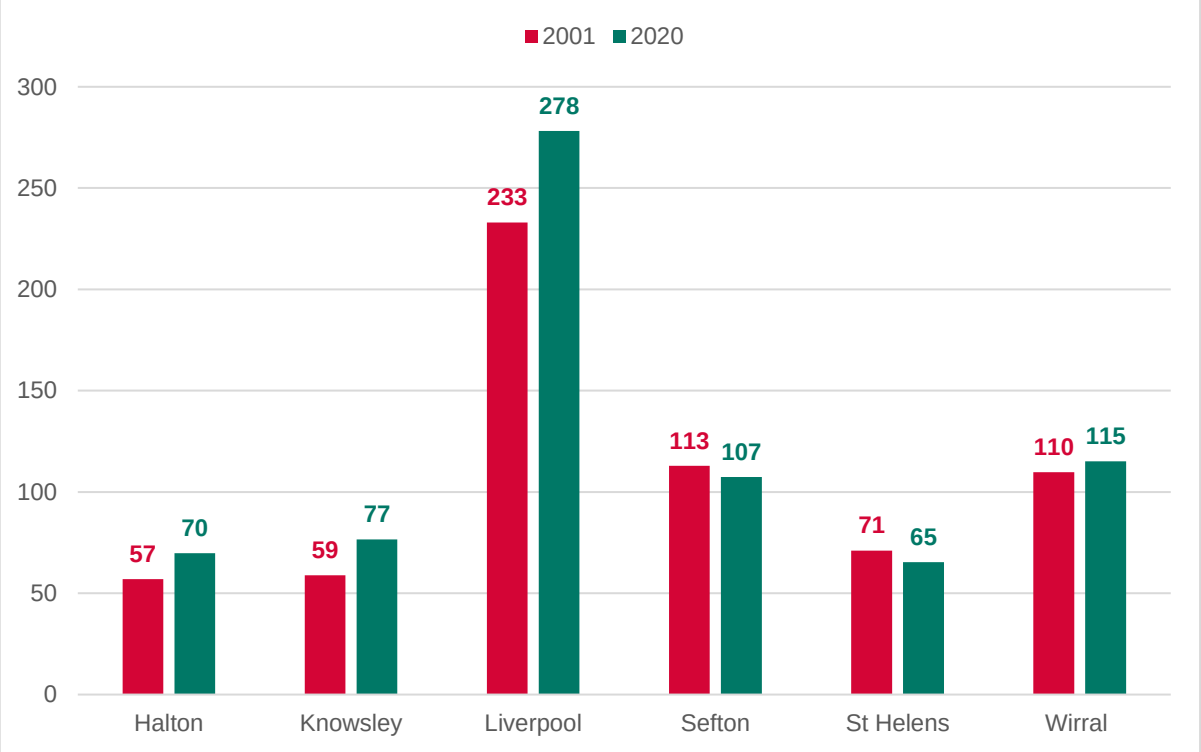
	LCR change	North West change	% Growth	% Growth
Agriculture, forestry & fishing	-7	2	-24.3%	6.6%
Mining & Quarrying	0	-32	-1.0%	-42.8%
Manufacturing - Total	37	36	83.6%	76.7%
Electricity, gas, steam, and air	-142	-291	-48.8%	-71.5%
Construction	-326	-52	-47.4%	-34.2%
Water supply	-2	-14	-18.5%	-23.3%
Wholesale and retail trade	3	4	9.3%	12.9%
Transportation and storage	-23	-16	-41.8%	-33.4%
Accommodation and food	-8	-9	-41.0%	-40.6%
Information and communication	90	59	911.1%	418.7%
Financial and insurance	12	22	15.8%	28.5%
Real estate activities	-200	-92	-38.0%	-21.6%
Professional, scientific and tech	-22	-12	-42.5%	-26.9%
Administrative and support	1	-1	4.6%	-4.7%
Public administration and	22	19	57.0%	45.5%
Education	-14	-16	-29.4%	-33.0%
Human health and social work	-7	-5	-18.0%	-13.8%
Arts, entertainment, and rec	-8	-9	-26.3%	-29.7%
Other service activities	-7	-8	-22.7%	-23.4%
Total	**2**	**3**	**4.0%**	**7.0%**

Source: Oxford Economics data

4.17 In terms of employment, there were a total of 712,000 jobs across the City Region in 2020, up from 643,000 in 2001. Like GVA growth, the total number of jobs has grown at a slower pace in the last 20 years in the LCR compared to the North West and the UK overall: 10.8% in LCR, 14.8% in the North West, and 15.7% in the UK. The latest data points to total jobs of 729,000 across the LCR in 2021.

4.18 Geographically, the relative number of jobs have grown much faster in Knowsley (+30%), Halton (+22%), and Liverpool (+19%). The absolute growth has been strongest in Liverpool. Wirral's total jobs have seen a more modest growth at 5% in 20 years and St Helens and Sefton have respectively lost 8% and 5% of their job contingent. The following chart shows the total number of jobs in each local authority (thousands of jobs) for 2001 and 2020.

Figure 4.6: Employment per local authority (thousands of jobs), 2001 vs. 2020



Source: Oxford Economics data

4.19 Figure 4.7 shows how employment per sector has evolved in the last two decades, expressed a proportion of total employment in the surveyed area. While many sectors have remained stable, some have seen drastic changes in their relative importance. Manufacturing accounted for 12% of total employment in 2001, but only about 7% in 2021 (-28,700 jobs). Wholesale and retail trade has decreased from around 18% to 13% (-17,500 jobs).

Figure 4.7: Employment per Sector in LCR, 2001 vs. 2021

Source: Oxford Economics data

4.20 However, some sectors have gained employment such as transportation and storage (+1.5 percentage points), professional services (+0.7pp), and human health and social work (+4pp).

Sectoral Structure & Business Base

4.21 In the 19th century, Liverpool was at the heart of a prosperous cotton industry and became a thriving manufacturing City and Port. The cotton industry took advantage of Liverpool's strategic location, close to other large industrial cities in the North, close to ports and linked with canals to the rest of the country.

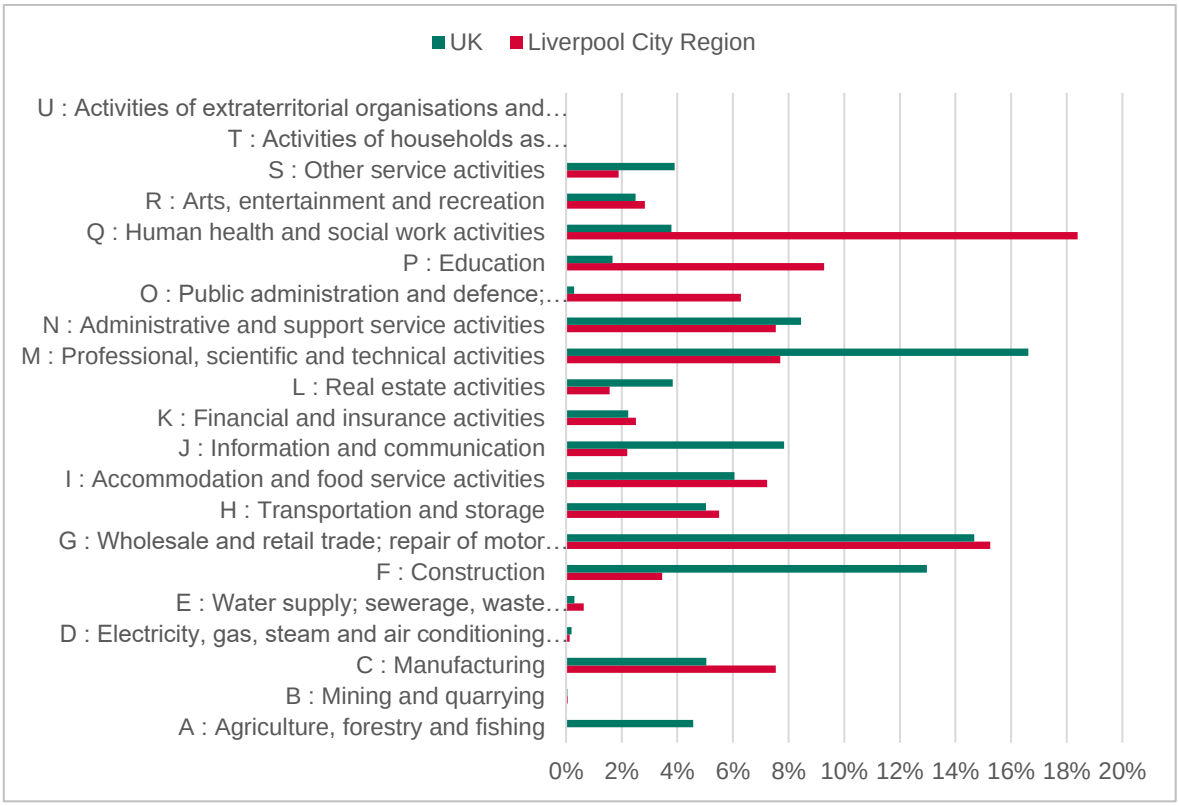
4.22 Manufacturing and logistics companies remain key players in the area's industrial landscape (7% manufacturing jobs) with large employers such as Unilever and Jaguar Land Rover present. LCR's sectoral distribution still has distinctive characteristics compared to the national average:

- Manufacturing: around 8% of all businesses, compared to 5% in the UK as a whole;
- Construction: around 3%, which is four times less than in the UK;
- Professional, scientific, and technical activities: about half the national average, but growing relatively fast;
- Human health and social work activities: largely over-represented in LCR, more than four times the national average at 18% of all businesses.

4.23 While other sectors present some disparities, these four sectors alone explain many of the consequences felt in the overall economic situation and the elements presents in the following section inherent to employment, earnings and more.

4.24 The over-representation of public sector orientated businesses such as in human health and social work activities and education is influenced in part by a weaker/ under-represented private sector business base and enterprise performance. The under-representation of private sector businesses has a detrimental effect on overall economic performance and wealth creation within the LCR economy, particularly the under-representation of high-value sectors such as professional, scientific, and technical activities, real estate, and information & communication. These sectors have the power to create high-wage, high-skill jobs and the City Region is lagging behind the UK's average when it comes to these sectors' representation in the overall job market.

Figure 4.8: Business Count by Sector, 2021



Source: ONS, BRES

4.25 LCR is predominantly home to micro businesses, followed by small businesses and sees more limited representation of medium and large businesses. There are 190 large businesses in the City Region. These proportions are broadly in line with the regional average.

Table 4.5 Business Count by Size, 2022

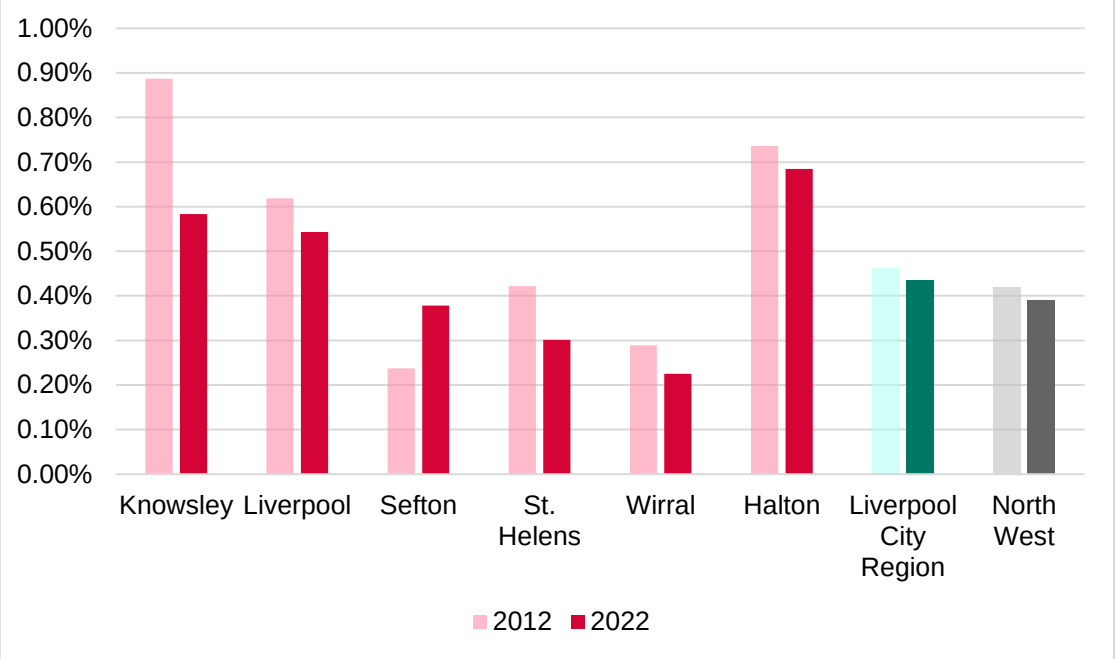
	LCR	North West	LCR %	North West %
Micro (0 To 9)	38,445	240,480	88.1%	88.7%
Small (10 To 49)	4,190	25,235	9.6%	9.3%
Medium (50 To 249)	790	4,390	1.8%	1.6%
Large (250+)	190	1,060	0.4%	0.4%
Total	43,615	271,165		

Source: ONS

4.26 However, when looking at the distribution of large businesses across the City Region, it is clear that three areas outperform LCR's average (Knowsley, Halton and Liverpool) in terms of proportion of large businesses. In absolute terms, Liverpool is home to the largest number of large businesses (250+ employees), hosting 80 out of 190 across the City Region, followed by Halton (25) and Sefton (30).

4.27 In considering the evolution of large businesses' total count and location, significant changes have taken place in the last decade. Overall, there were 145 large businesses across the City Region in 2012, a figure which increased to 190 in 2022 – with growth in absolute terms, but a declining relative to the total overall number of businesses. The proportion of large businesses in Halton has grown; whilst there has been a decline in the proportion of large businesses in Knowsley.

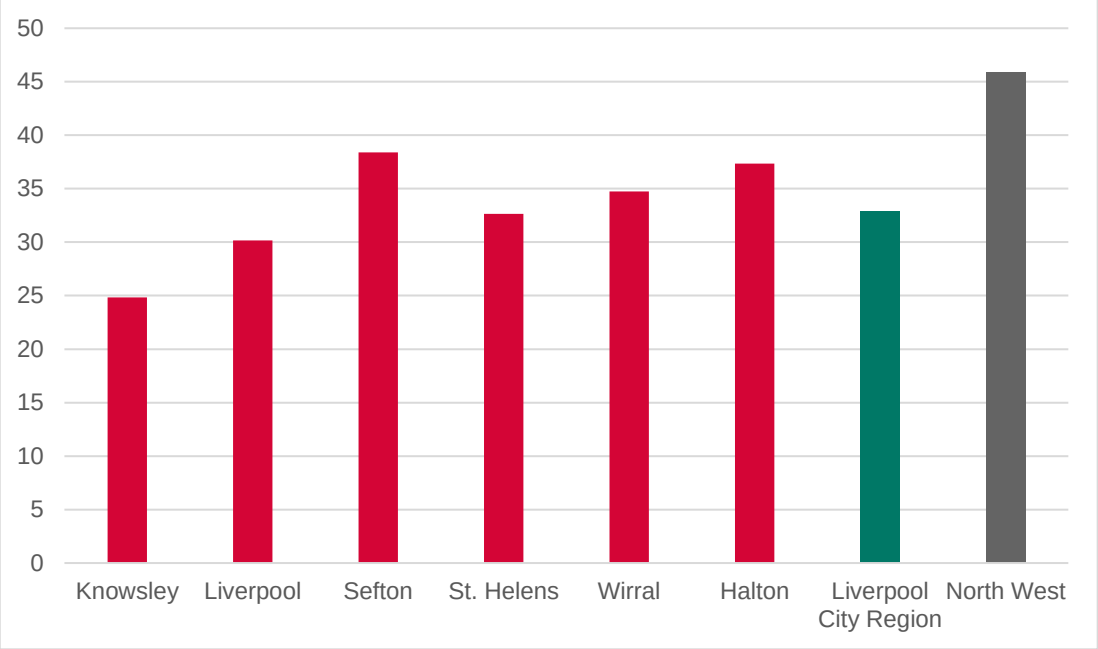
Figure 4.9: Proportion of large businesses in each local authority, 2011 vs 2021



Source: ONS – UK Business Counts (2022)

4.28 LCR's business base can be interpreted in terms of its business density per working age population. There is only a marginal difference between the six local authorities, but the City Region as a whole has a significant *lower* proportion of businesses than the North West at 33 per 1,000 working age people, against close to 46 per 1,000 across the region. A lower business density has a detrimental effect on overall GVA and employment creation. It also potentially affects productivity, as a higher concentration of businesses, in principle, increases competition and create a situation whereby companies must evolve and increase their efficiency to remain competitive.

Figure 4.10: Business Count / 1,000 population aged 16-64

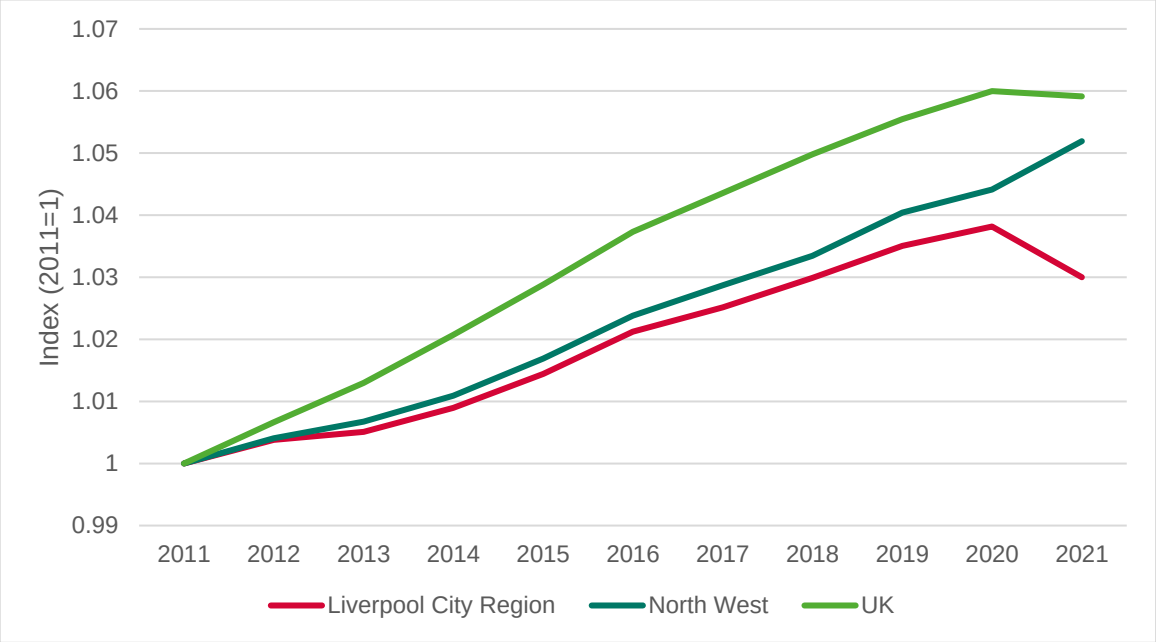


Source: ONS, BRES (2022)

Labour Market

4.29 LCR's population growth has been significantly slower than the UK, and in the past the growth trajectory (when indexed on 2011) has been more akin to the North West as a region overall. Economic factors such as lower growth, productivity and therefore opportunities explain in part this slower population growth. The City Region gained just over 45,000 inhabitants in the last 10 years, that is a 3.0% growth rate for the last decade. In comparison the North West and the UK grew at a rate of 5.2% and 5.9% respectively. This analysis is based on ONS Mid Year Population Estimates. Population dynamics are considered further in Section 8.

Figure 4.11: Population Growth 2011 to 2021



Source: ONS Mid-Year Population Estimates

4.30 Across all local authorities, the highest population growth rates are observed in Knowsley, St Helens and Liverpool, in order of importance. Knowsley is the only area which has seen population growing at a rate above the national average.

Table 4.6 Population Change, 2011 vs. 2021

	2011	2021	Net gain	% Growth
Halton	125,700	128,600	2,900	2.3%
Knowsley	145,900	155,000	9,100	6.2%
Liverpool	465,700	484,500	18,800	4.0%
Sefton	274,000	279,700	5,700	2.1%
St Helens	175,400	183,400	8,000	4.6%
Wirral	319,800	320,600	800	0.3%
LCR	**1,506,500**	**1,551,700**	**45,200**	**3.0%**
North West	**7,056,000**	**7,422,300**	**366,300**	**5.2%**
UK	**63,285,100**	**67,026,300**	**3,741,200**	**5.9%**

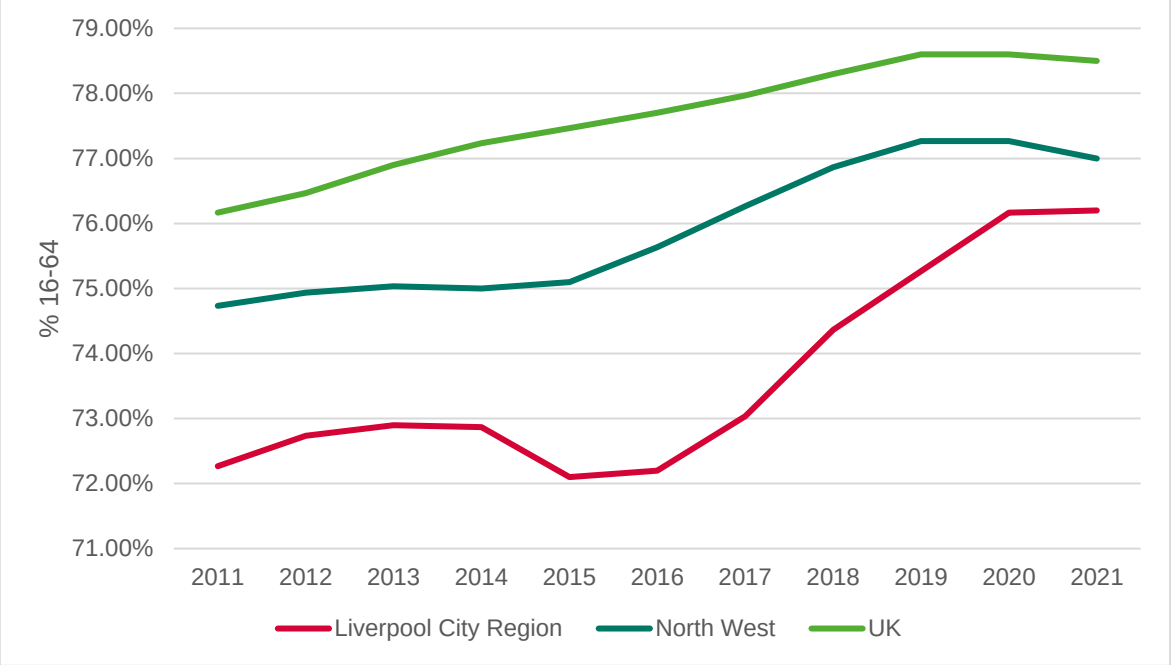
Source: ONS Mid-Year Population Estimates

4.31 The City Region's population age profile broadly resembles the national profile for all age group, aside from young adults which are over-represented, linked to the presence of a number of higher education institutions in Liverpool itself.

4.32 A key measure of an area's labour force situation is the rate of economically active population. This is defined as those in employment plus those who are unemployed in relation to the rest of the working-age population. In the UK, this rate stands at just under 79% and has been following an upward trend in the last decade, except for a 0.10% decline in 2021.

4.33 A comparable position has been observed in the North West and the country as a whole. By contrast, the City Region has had an uneven economic activity rate varying from 72% to a high of about 76% currently - a notable 3 pp below the national average – and remaining below that seen across wider benchmarks. This is a reflection in part of wider economic performance and a lack of employment opportunities together with issues around persistent worklessness and skills. It is notable nonetheless that there has been some narrowing of the gap in economic participation between that across the City Region and regional/ national trends in recent years.

Figure 4.12: Economic Activity Rate, 3-year average, 2011 to 2021

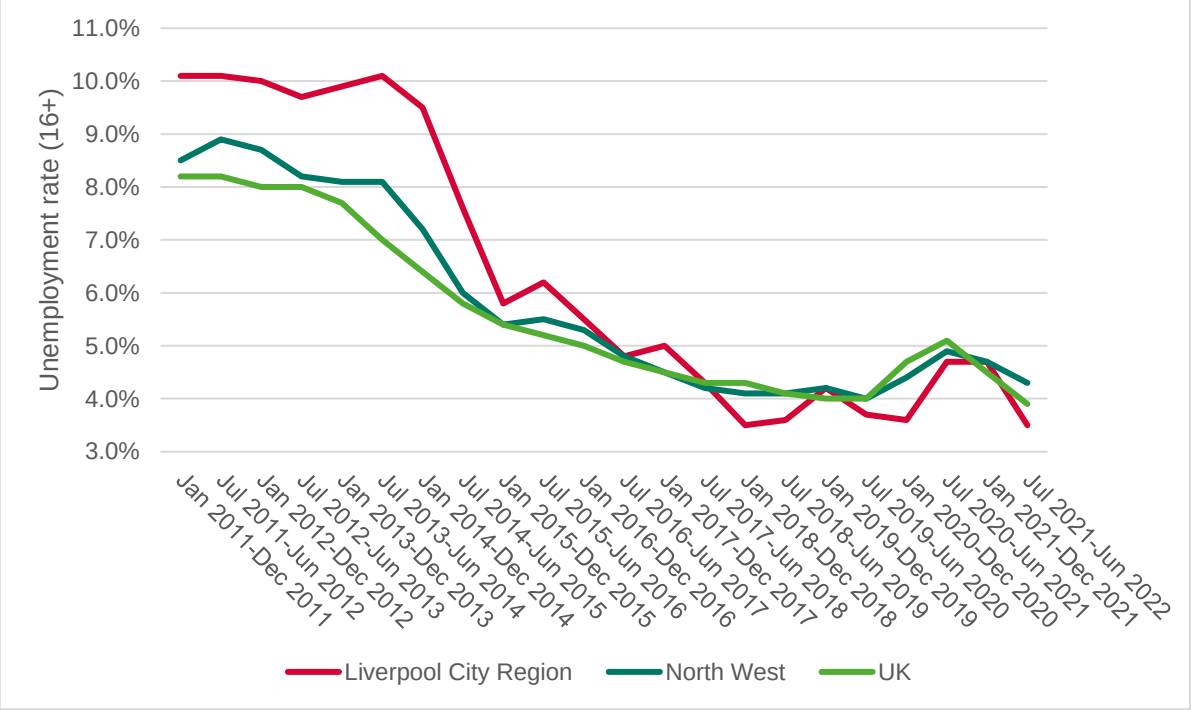


Source: ONS, Annual Population Survey (2022)

4.34 The headline measure of unemployment for the UK is the unemployment rate for those aged 16 and over. Unemployment rates are calculated as the number of unemployed people divided by the economically active population (16+ as sourced from the ONS).

4.35 LCR started the previous decade with high unemployment rates ranging from 9 to 10%, following the global financial crisis and the subsequent economic recession. This position improved greatly in the run up to 2018-2019, until the global pandemic of COVID-19 hit Britain and unemployment rates bounced back closer to 5% nationally. The City Region was overall quite resilient to the latest economic shock, as the unemployment rate didn't exceeded the regional or national average and have since fallen below the rate in the North West and the UK, at 3.5% as of June 2022.

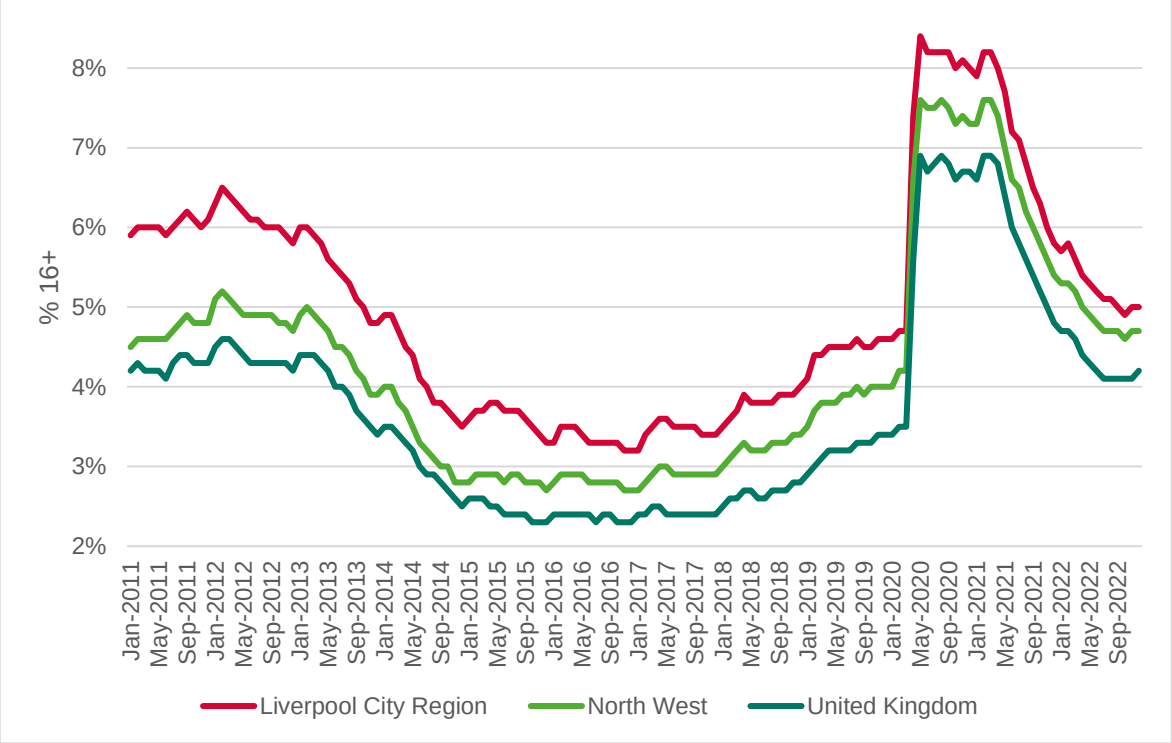
Figure 4.13: Unemployment Rate, 2011 to 2022



Source: ONS, Annual Population Survey

4.36 Another measure of interest to contextualise the labour force is the claimant count – a measure of benefit claimants. The latest data available shows a rate of 4.5% for LCR, compared to 4.2% for the UK as a whole. The chart below shows the progressive recovery from the 2019-20 period after all areas were hit the economic recession linked to the global pandemic. Claimant volumes began to fall in Spring 2021 however the decline has levelled out since mid-2022 and remain above levels in the North West and the UK.

Figure 4.14: Claimant Counts, 2011 to 2022



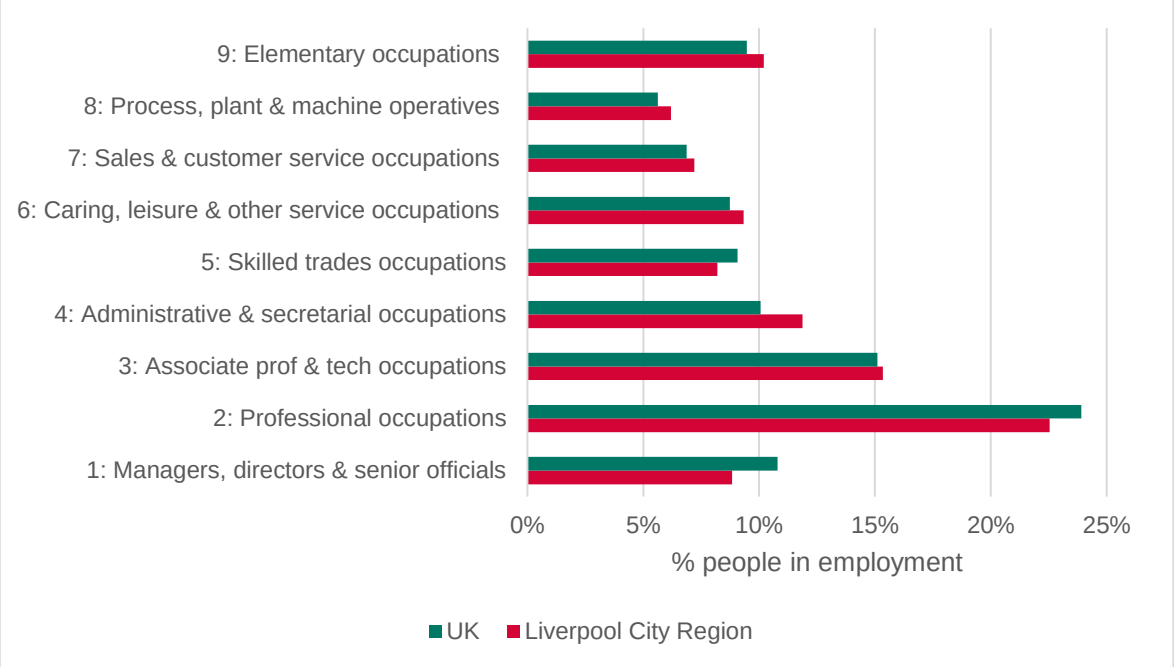
Source: ONS, Claimant counts

4.37 The labour force analysis now turns to evidence related to skills, occupation, qualifications, and earnings. The first observation concerns the workforce is the split per occupation. LCR exhibits similar proportion of workers in certain occupational groups, but it shows some key differences with the national average such as:

- A lower proportion of managers, director, and senior officials: 2 percentage points (pp) lower than the UK;
- A lower proportion of people in professional occupations: 1.4 pp lower;
- A higher proportion in administrative and secretarial occupations: 1.8 pp higher;
- Higher proportion of the workforce in the bottom three occupational groups (i.e. Sales and Customer Service, Process Plant & Machine Operatives, and Elementary Occupations).

4.38 Inescapably, these discrepancies in the occupational landscape have implications in terms of earnings, productivity, and job security, all linked to higher unemployment rates and lagging economic performance.

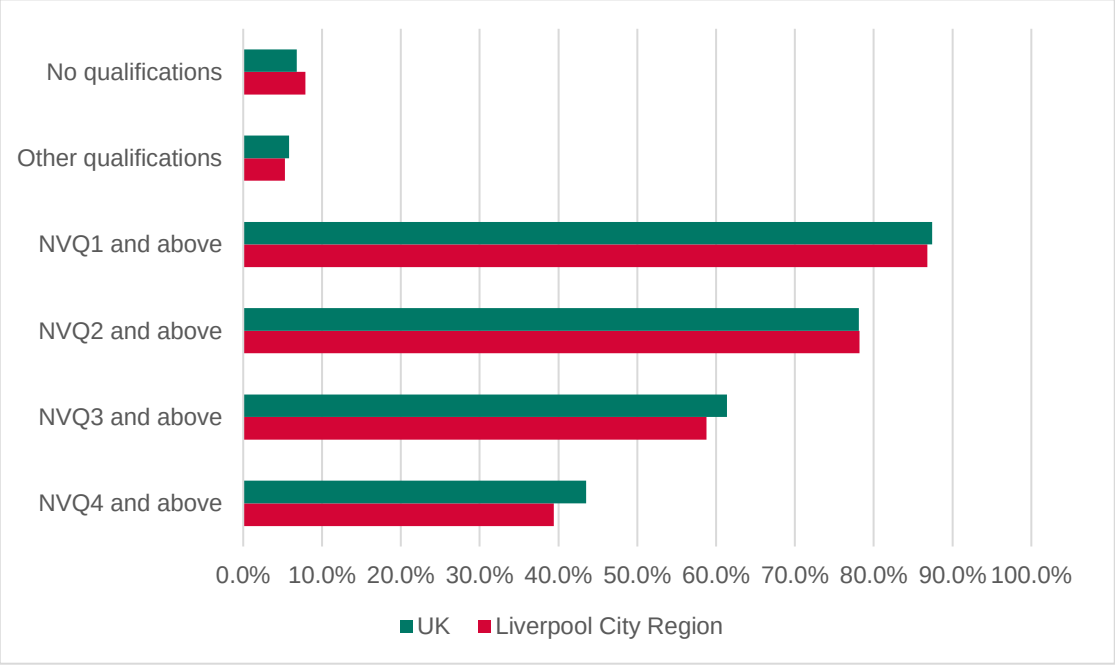
Figure 4.15: Occupation, LCR vs. UK, 3-year average (2020-2022)



Source: ONS, Annual Population Survey

4.39 These disparities are closely tied with the educational level. In the City Region, the population's education level is lower than national average across each category except for NVQ2 and above. The share of population with no qualifications is 1.1 percentage points higher than in the UK overall. There is an under-representation of those with degree level skills, despite the presence of the Universities.

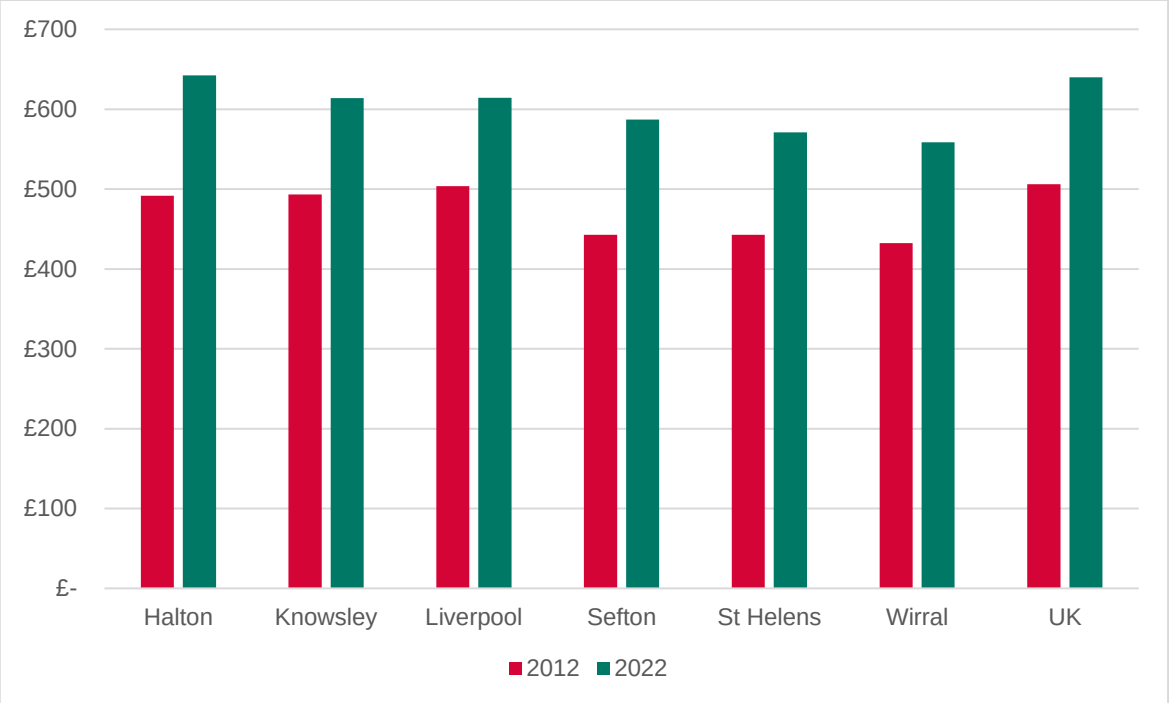
Figure 4.16: Education level, LCR vs. UK, 2021



Source: ONS, Annual Population Survey

4.40 Finally, levels of earnings paint a picture of a lower skill and lower wage equilibrium for the six local authorities within the Liverpool City Region. Almost every area surveyed currently stand below the UK in terms of average earnings, aside from Halton which benefits from median earnings of £642.30 for employees working in the area.

Figure 4.17: Workplace-Based Earnings, 2012 vs. 2022.



Source: ONS, Annual Population Survey

Strengths, Weaknesses, Opportunities & Threats

4.41 Bringing the analysis of the economy together, a SWOT analysis is presented below.

Strengths

- Significant 20-year GVA growth in ICT, administrative & support and arts, entertainment & recreation
- High productivity growth in manufacturing, wholesale & retail trade, and ICT
- Younger population than national average, large student population

Weaknesses

- Under-developed private sector business base
- Low enterprise performance
- Lower rate of economically active population, wages & educational attainments
- High levels of deprivation across almost half of the City Region's neighbourhoods

Opportunities

- Opportunity to strengthen industrial and logistics sectors and develop green economy, maritime, and health & life-science sectors
- Infrastructure and strategic projects including port expansion, HS2 & Integrated Rail Plan
- High student population: target to retain talents and foster enterprise creation, potentially leading to higher productivity through improved economic participation

Threats

- High levels of deprivation potentially inhibiting enterprise creation, employment & GVA growth
- Despite higher productivity, the absolute number of jobs in manufacturing have been declining for decades
- The City Region is highly susceptible to government programmes and public spending decisions

COMMERCIAL PROPERTY MARKET REVIEW

5.1 This chapter provides an assessment of the commercial property market in LCR and its six local authorities (Halton, Knowsley, Liverpool, Sefton, St Helens, Wirral). It is split into three sections – one on the office market, one on the industrial market (where industrial refers to general industrial, light industrial and warehousing), and finally one on the retail market.

5.

5.2 The assessment combines quantitative analysis with qualitative elements to build up a picture of the level and nature of demand. The quantitative analysis uses CoStar data - one of the UKs largest providers of commercial property data.

Office Market

5.3 This section provides an assessment of LCR's office market. This is an input to informing the scale and type of future need which is identified later in this report/ as the Study progresses.

Market Outlook

5.4 Liverpool's office market has seen a slow recovery since the pandemic. Although leasing activity picked up in 2021 and the first half of 2022 in line with the easing of restrictions, recently activity has slowed again.

5.5 Liverpool has undergone a transformation in the use of space in recent years, driven by a flurry of office-to-residential and alternative use conversions. Vacancies in Liverpool have been protected to some extent by the loss of office stock, strong public sector occupier market and the absence of new construction starts in the last few years, however subdued demand and some new supply will likely see the vacancy rate creep up in 2023.

5.6 Demand and new leasing activity is still facing ongoing headwinds as many office-based employees continue to work from home and smaller lettings of 1,000-5,000 sq.ft have dominated demand. It is considered that demand is partly being held back by a lack of modern, high-quality space, as well as a loss of stock in general.

5.7 The wave of office-to-residential or alternative use conversions is likely to continue in the near term, although potentially at reduced levels from the peak. However, this will be dependent on the impact of the current situation on construction and occupier demand. With the majority of new space pre-let, vacancies are less likely to be impacted by a reduction in occupier demand in the short term. The rapid decrease in stock is expected to narrow occupier choice significantly and could stifle future demand if potential occupiers are unable to find suitable, good quality space in the market.

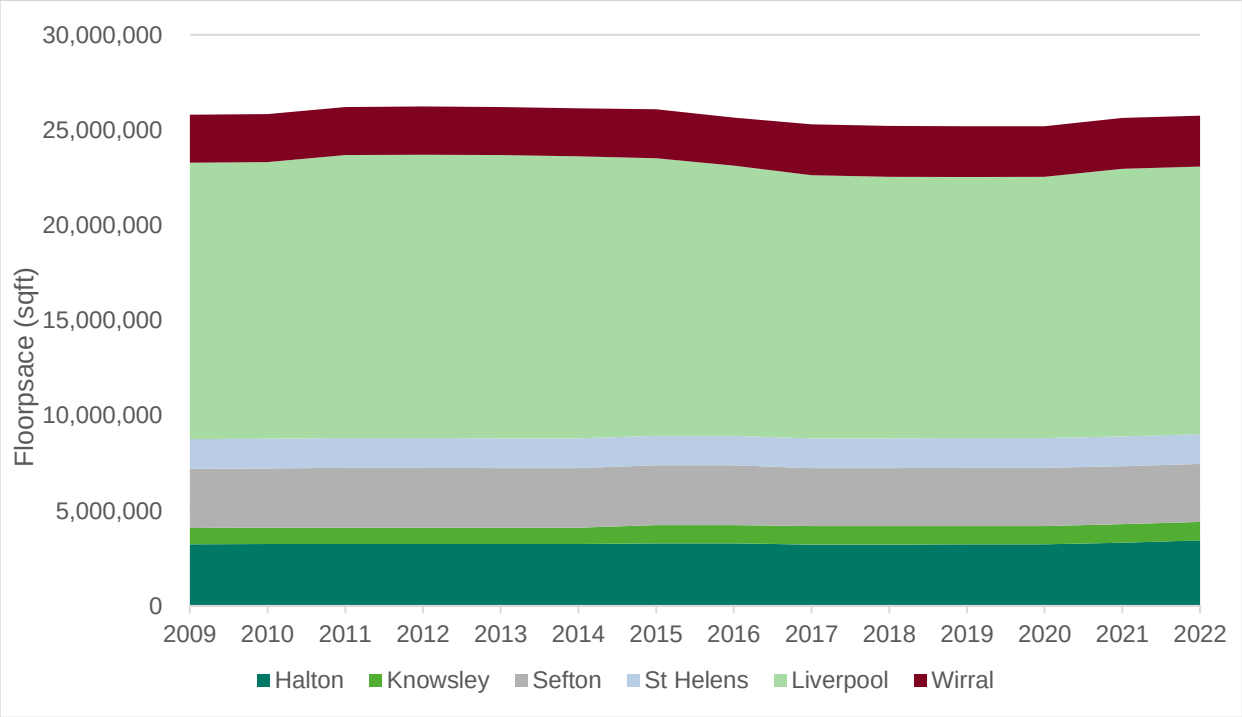
5.8 Net deliveries reached a 10-year high following a ramp up to construction starts in the years after the pandemic however little office space is currently underway. There is a relatively small pipeline of planned/ proposed office development both in Liverpool City Centre and across the city region.

5.9 Investment volumes slowed in the second half of 2022, after the rapid increase in interest rates and debt costs. This current slump follows robust activity in the previous two years, where there was a greater willingness to pay for prime, well-let stock.

Office Stock

5.10 CoStar provides information on the number of office properties and the amount of floorspace by administrative area. In the City Region, in 2022, there was 25.8 million sq.ft of office floorspace in total. The figure below shows that the stock of office floorspace has remained broadly stable between 2009 and 2022. 55% of office floorspace across the City Region is in Liverpool influenced by the role of the City Centre and other clusters such as Wavertree Technology Park. Liverpool City Centre accommodates around 40% of the City Region's office stock.

Figure 5.1: Total Office Floorspace

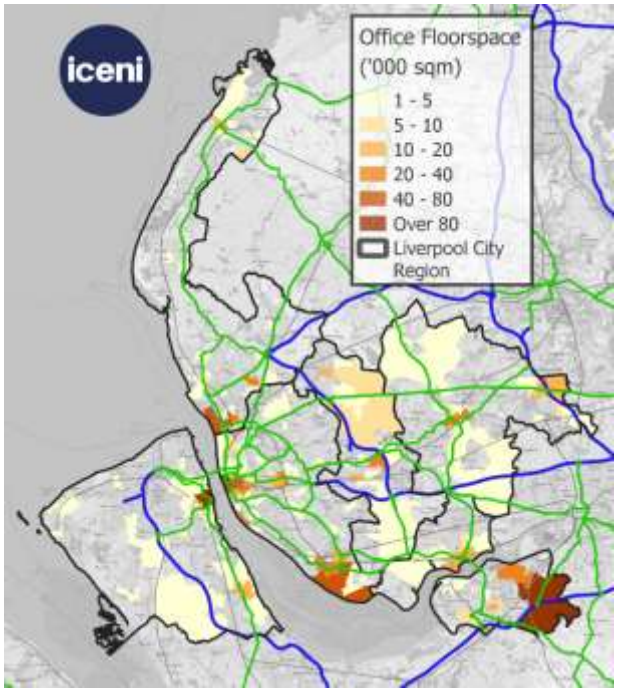


Source: CoStar & Iceni Projects analysis

5.11 The map below shows how office floorspace is distributed across the City Region. As can be expected, a large cluster of office space is located in Central Liverpool as well as in Preston Brook and Daresbury where O2 and other large occupiers have very large offices.

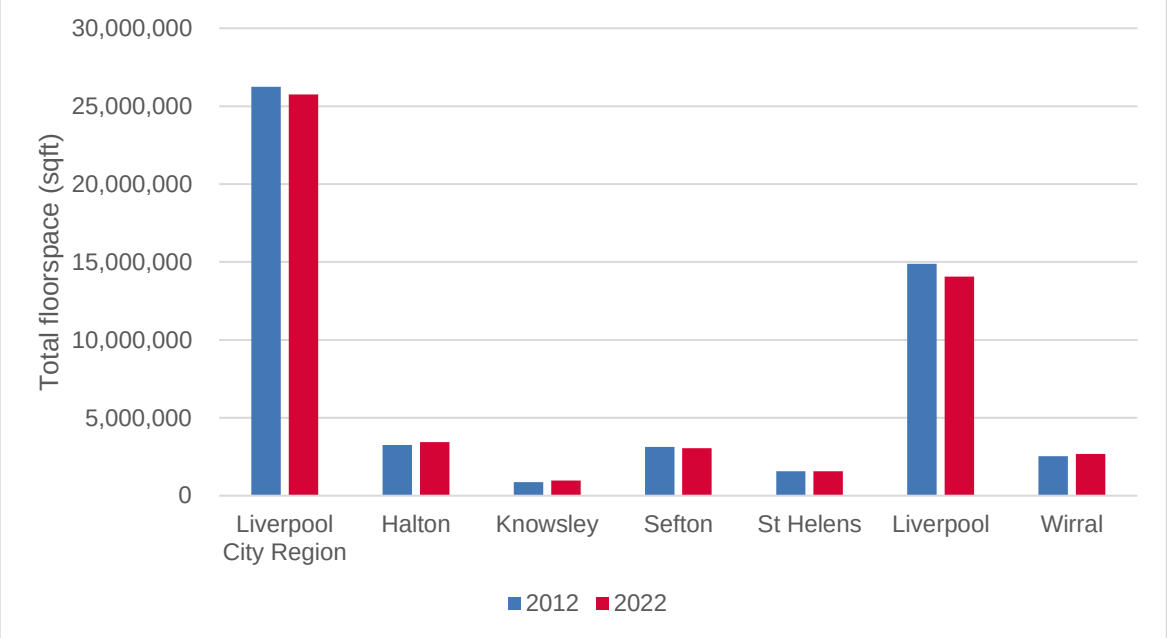
5.12 The figure below shows how the amount of floorspace has changed in the six local authorities compared to LCR. The total stock has remained fairly stable in absolute terms, the figure shows that the office supply in Liverpool has decreased over the last 10 years, and increased slightly in Knowsley, Halton and Wirral, albeit from a very low base.

Figure 5.2: Distribution of Office Floorspace, 2022



Source: Valuation office agency & Iceni Projects mapping

Figure 5.3: Total office floorspace, 2012 vs. 2022



Source: CoStar & Iceni Projects analysis

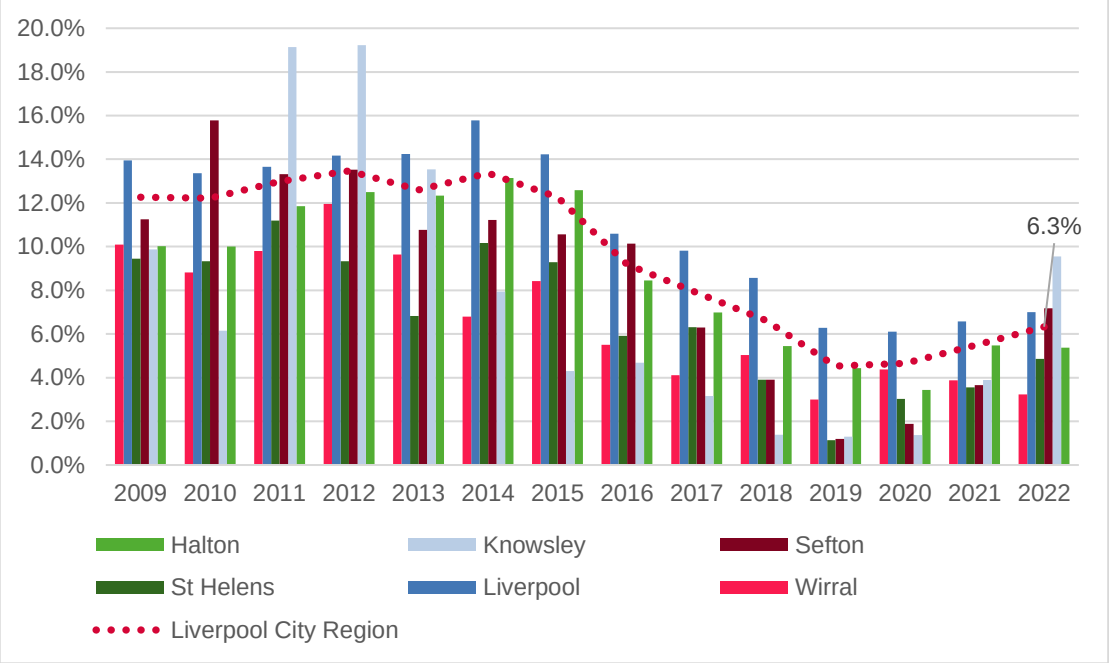
5.13 The proportion of Grade A stock is relatively low, accounting for 8% of stock in the City Centre and 10% of stock elsewhere in the LCR.

Office Availability and Rental Trends

5.14 The figure below shows how the vacancy rate across the entire area has changed over time compared to the City Region's average. In all areas, there was a peak in the years following the global financial crisis, but since 2015 vacancies have continually decreased until it reached its lowest level in 2019 and 2020. Since 2021 vacancies have been on the rise in all areas within Liverpool City Region except for Wirral which currently remain at 2019 levels.

5.15 The office vacancy rate stands at 6% in the City Centre and 7% out-of-town in early 2022, compared to an average of 7% nationally. Typically we might expect a vacancy rate of around 7.5% to be optimal in providing provision for companies to move, and for the refurbishment of buildings within a functioning market. The rate is highest in Knowsley (9.5%). Limited new development has influenced this, meaning that there is not a substantive surplus of available space.

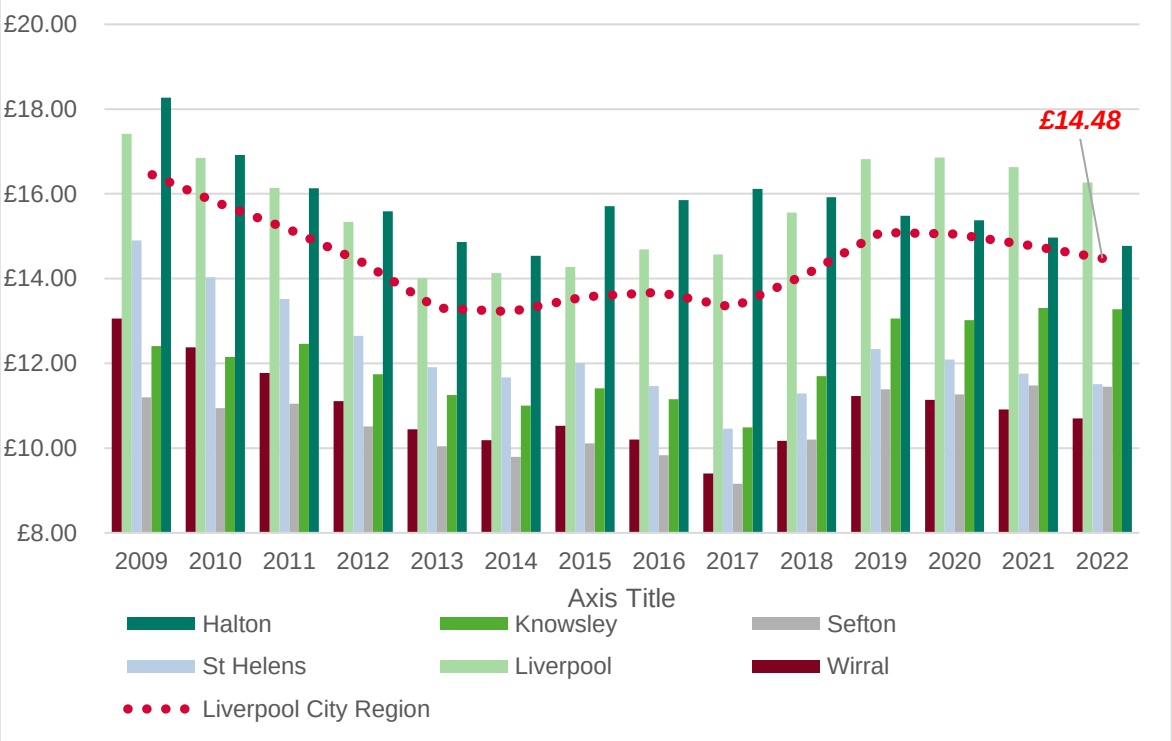
Figure 5.4: Vacancy rates for Office Space



Source: CoStar & Iceni Projects analysis (2023)

5.16 The figure below shows how the average rental price has evolved over the last 10 years or so. For most local authorities, the average rental price for office space is significantly below the City Region's average and particularly Halton and Liverpool's average prices. Rents have been declining in all areas except for Knowsley and Sefton since peaking in 2019. In 2022, it cost £14.48 per sq ft per year to lease an office in the City Region on average.

Figure 5.5: Average Office Rental price (£/sqft)



Source: CoStar & Iceni Projects analysis (2023)

5.17 The chart above shows average rental prices, however it is important also to consider headline rents as 'averages' will be influenced by the quality of stock. The Combined Authority's analysis identifies prime rents in Liverpool City Centre of £25 per sq.ft; with values elsewhere in the £20-25 psf range, particularly reflecting those achieved at Daresbury. Despite a weakening office market, City Centre headline rents could clime further given the lack of Grade A supply.

Leasing Activity and Net Absorption

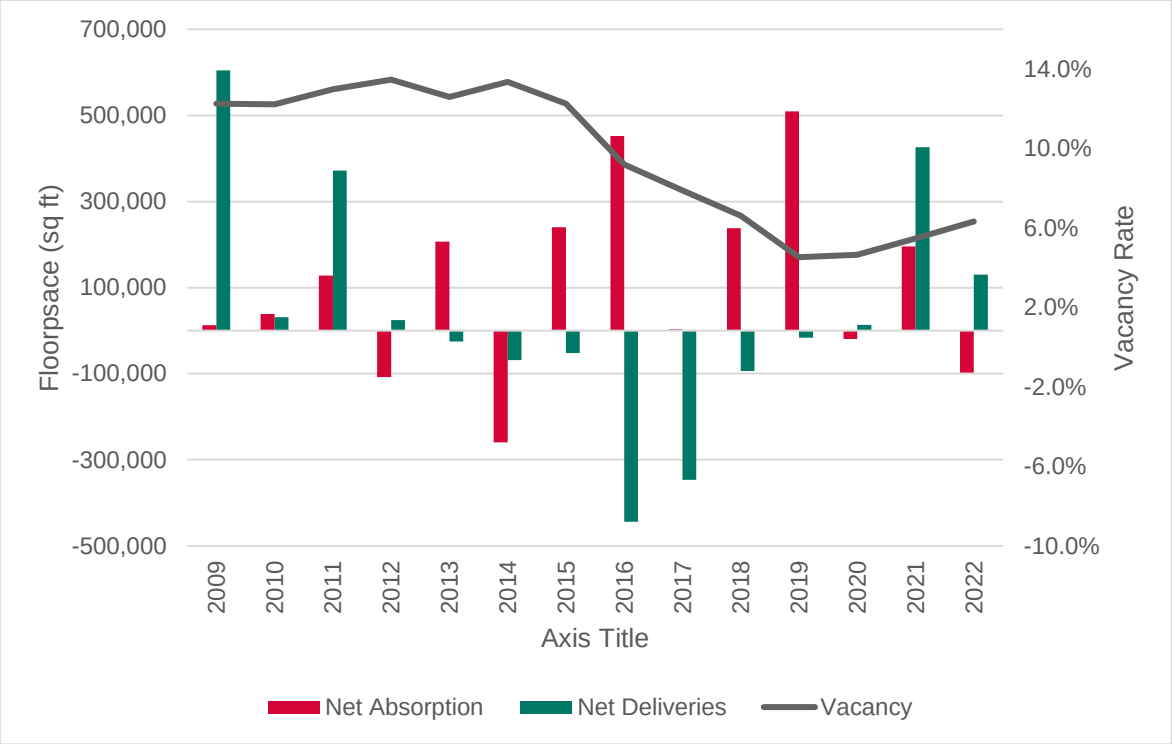
5.18 CoStar provides data on net absorption. This is the balance between the amount of space moved into and moved out of (i.e. Net absorption = Move ins – Move outs). It provides an indicator of the strength of demand. Net deliveries are the difference between floorspace delivered (i.e. constructed and brought onto the market) and demolished (or otherwise taken out of use and removed from the market).

5.19 A positive net absorption figure indicates strong demand and leads to a falling vacancy rate (unless it is outweighed by net deliveries). On the other hand, a negative net absorption figure indicates weaker demand and leads to a rising vacancy rate (unless it is outweighed by negative net deliveries).

5.20 Across the City Region, net absorption and delivery of office space has been somewhat erratic, with some years displaying barely any deal activity owing to the impact of the COVID-19 pandemic. In

2021 and 2022 new office floorspace has been delivered whilst a number of companies have downsized their space requirements, causing vacancy rates to increase.

Figure 5.6: Net office absorption & delivery trends (sqft)



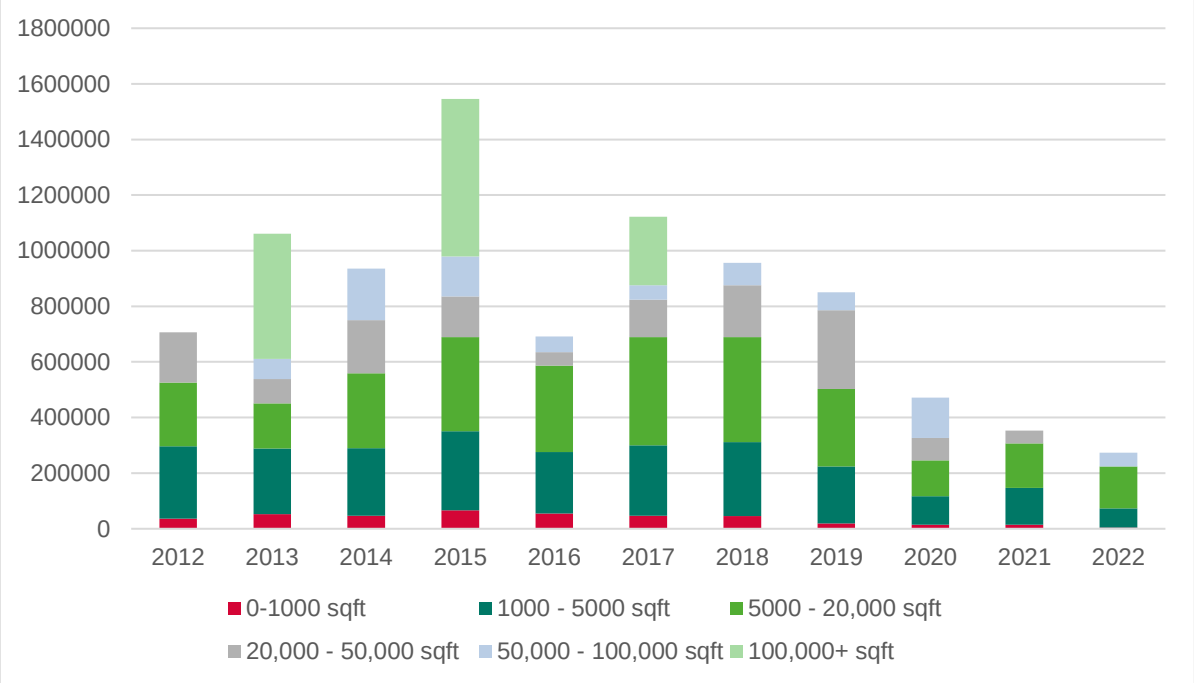
Source: CoStar & Iceni Projects analysis (2023)

5.21 It is notable that net absorption turned negative in 2022, with more space coming onto the market than taken up. The impact of the COVID-19 pandemic may well see a range of occupiers reduce their floorspace requirements which could influence overall office requirements; but set against this are questions of a 'flight to quality.' The LCR has limited provision of good quality, Grade A, office stock.

5.22 The amount of leasing activity which has occurred in various size bands has been assessed to provide an indication of demand by size. However, it should be remembered that leasing activity is constrained by the size of available stock. Leasing activity differs from absorption in that it refers to the amount of space which is leased (i.e. signed for rather than physically moved in to).

5.23 As seen in the following figure, leasing activity across LCR is driven primarily by spaces ranging from 5,000 to 20,000 sqft in size, with also a significant share of the lease take-up driven by larger units above 20,000 sqft – however this has not occurred since 2017.

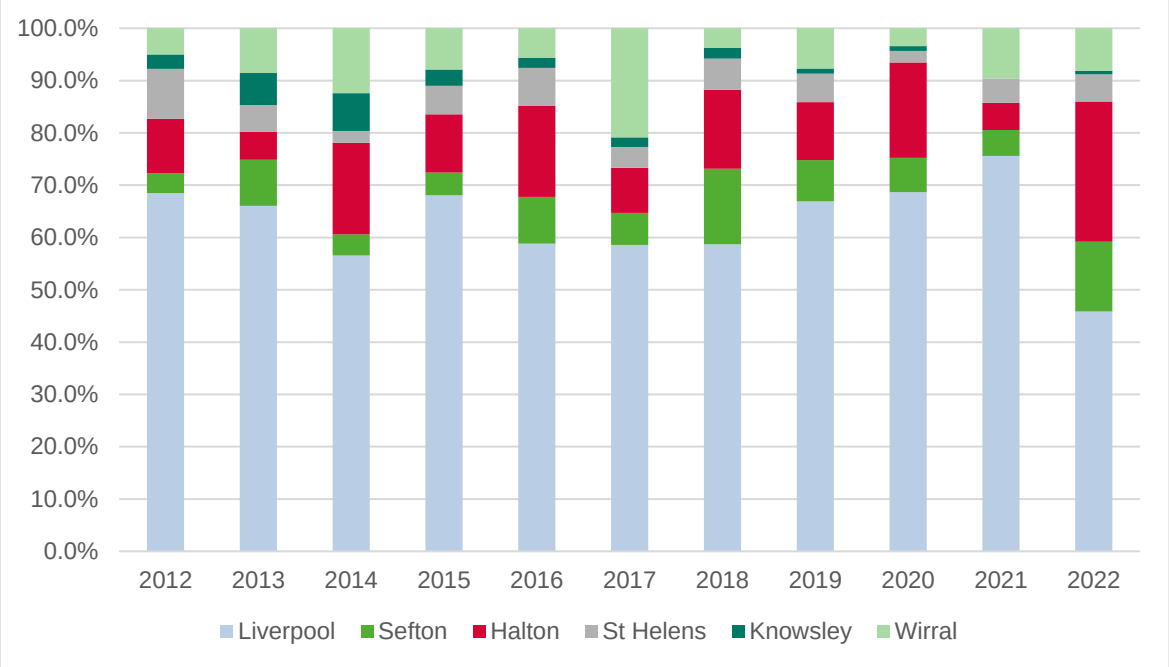
Figure 5.7: Office Leasing Activity by Size Band (sqft)



Source: CoStar & Iceni Projects analysis

5.24 The following chart shows the relative gross absorption per local authority from 2012 to 2022. It is clear that Liverpool encapsulates the bulk of office space absorption with an average of 63% over the last decade, and a peak of 76% in 2021. In second rank comes Halton, which currently captured 27% of the market in 2022, rising from 10% in 2012. This reflects major business park schemes such as Daresbury. Similarly, the other four local authorities represent a marginal share of office absorption with percentages ranging from 0.7% to 14% in 2022. The analysis provides a clear indication of the spatial geography of demand for office space.

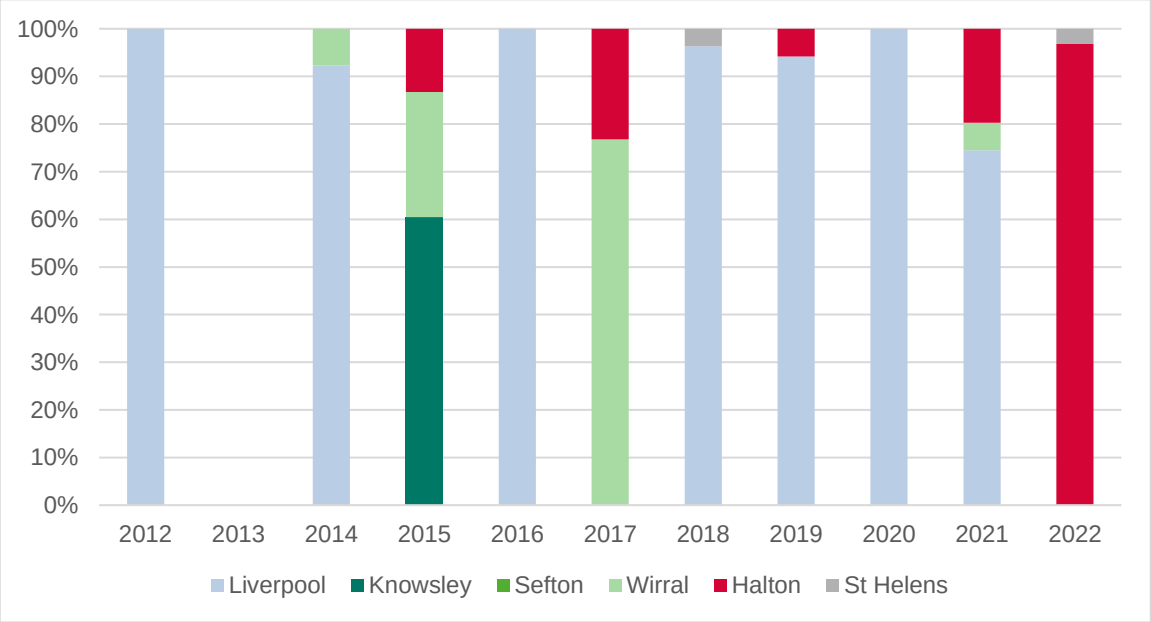
Figure 5.8: Percentage of gross office absorption per local authority, 2012 to 2022



Source: CoStar & Iceni Projects analysis

5.25 Finally, the chart below shows where deliveries have taken place in the last 10 years. It is also clear that Liverpool has dominated the office market in terms of new development up, often being the only place where new office projects are delivered. Three exceptions are 2015, 2017 and 2022: significant amounts of floorspace were delivered in Knowsley (115,000 sq ft), Wirral (160,000 sq ft) and Halton (125,786 sq ft) in these three years.

Figure 5.9: Percentage of net office delivery per local authority, 2012 to 2022



Source: CoStar & Iceni Projects analysis

5.26 Whilst there is demand for good quality office space in Liverpool City Centre, the pipeline recorded by CoStar is weak in the short-term. This is expected to constrain take-up short-term and support further rental growth.

5.27 The Liverpool Lab Space Study (CBRE 2022) highlights the strength, recent growth and investment interest in life sciences at a national level, supported both by venture capital funding and international inward investment. It notes provision of a total of 156,000 sq.ft of lab space across 5 key developments in the City Region, focused on the City Centre and Sci-Tech Daresbury. The report identifies enquiries for c. 210,000 sq.ft of space in 2020 and 2021 and growth/ expansion potential in three core area: infection, materials chemistry, and high performance and cognitive computing. The report suggests low availability of space, and issues around the quality of stock. Demand is focused on smaller units of 1,000 – 5,000 sq.ft but with some evidence of the market beginning to mature.

Industrial Market

5.28 This section provides an assessment of LCR's industrial market. This is used to inform the scale and type of future need which is identified later in this report.

Market Outlook

5.29 Liverpool is the North West region's third-largest industrial market by amount of stock. The market continues to grow, with crucial transport links to ports, rail and air infrastructure making it an ideal location for international distribution. Industrial landlords and investors in Liverpool remain relatively well positioned in comparison to owners of other property types, with many occupiers of industrial property requiring increased space to satisfy a surge in demand for online orders and distribution.

5.30 After a surge in industrial take-up in 2020 and 2021, driven by e-commerce, 3PLS and supermarkets, market conditions began to slow down slightly in 2022, particularly towards the end of the year, although the vacancy rates remains at historic lows. The base of demand has become increasingly diverse, with last-mile logistics and distribution requirements ever increasing and Liverpool well placed for both international and regional distribution.

5.31 Strong demand and rent growth in recent years have encouraged further development, although construction starts have slowed in recent months. Rents continue to rise significantly faster than the market's historical average, but Liverpool has remained a relatively inexpensive market to rent industrial property compared to Manchester and Leeds.

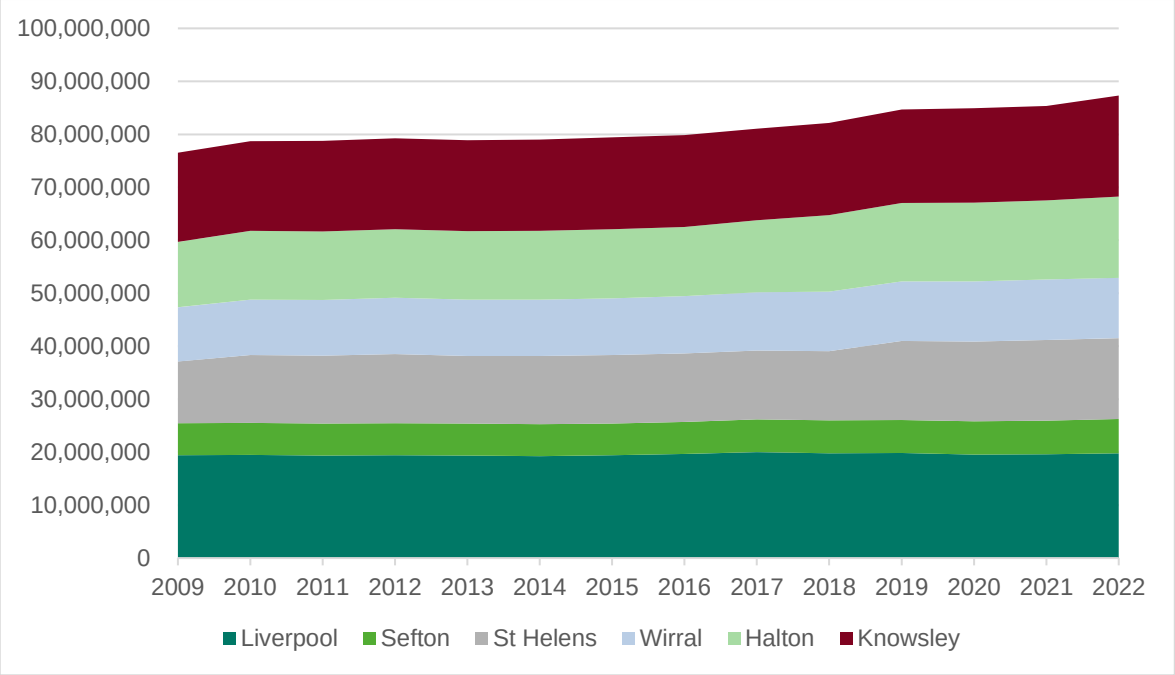
5.32 Despite investment activity hitting record levels in 2021, investment has fallen sharply since the beginning of 2022 due to rising interest rates and cost of debt. Trading has partly been restricted by

a lack of suitable opportunities as over 25% of Liverpool's stock has changed hands since 2017. Recent activity has been concentrated in the smaller lot sizes.

Industrial Stock

5.33 Across LCR in 2022, there was over 87.3 million sqm of industrial floorspace in total, which includes general industrial, light industrial and warehousing. The figure below shows that the stock of industrial floorspace has increased consistently from 2009.

Figure 5.10: Total Industrial Floorspace (sq. ft.)

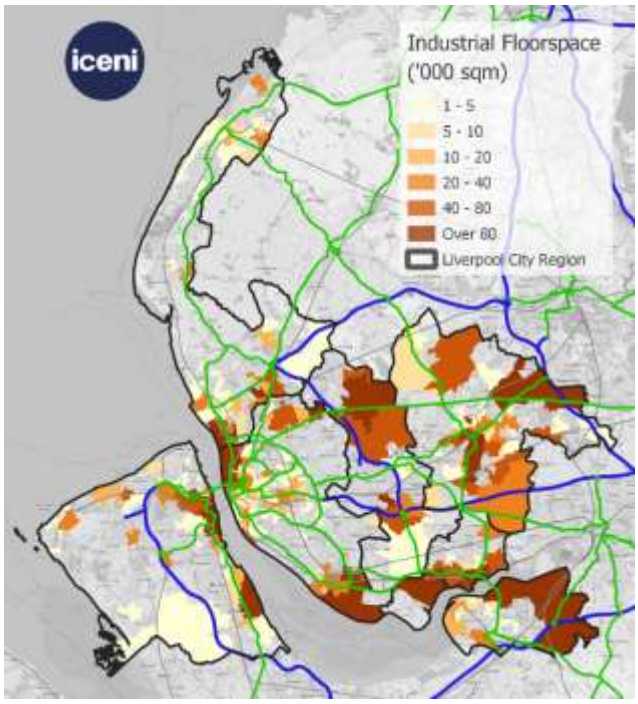


Source: CoStar & Iceni Projects analysis

5.34 Figure 5.11 shows how industrial floorspace is distributed across the City Region. Several clusters are located on the outer parts of the City Region, close to the motorway network, as well as near the port in Liverpool and Wirral.

5.35 The table below shows how the amount of floorspace has changed in each local authority compared to the City Region. In every area, the relative industrial stock has increased compared to 2011. In the City Region as a whole, the industrial stock was 10% higher in 2022 than it was a decade earlier. Halton and St Helens have increased consistently with an average annual growth of 1.8% and 1.7% respectively.

Figure 5.11: Total Industrial Floorspace across the City Region, 2022



Source: Valuation office agency & Iceni Projects mapping

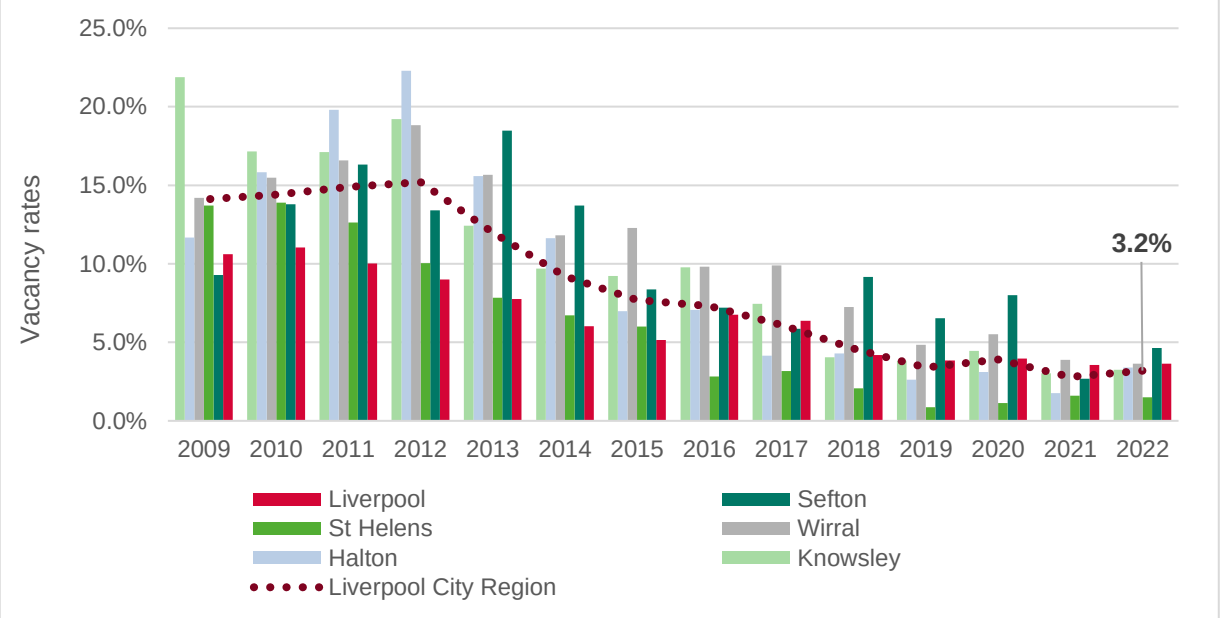
Figure 5.12: Total Industrial Floorspace, 2012 vs. 2022

Source: CoStar

Availability and Rents

5.36 The figure below shows how the vacancy rate in each local authority has changed over time compared to LCR. In all areas, there was a peak between 2009 and 2013, but since then vacancies have continually decreased until it reached 2.8% on average in the City Region in 2021 and has increased slightly to 3.2% in 2022. This figure is still quite low and indicates a potential untapped demand for industrial space, as the available stock is very low. Typically we might expect a vacancy rate of around 7.5% to be optimal in providing provision for companies to move, and for the refurbishment of buildings within a functioning market.

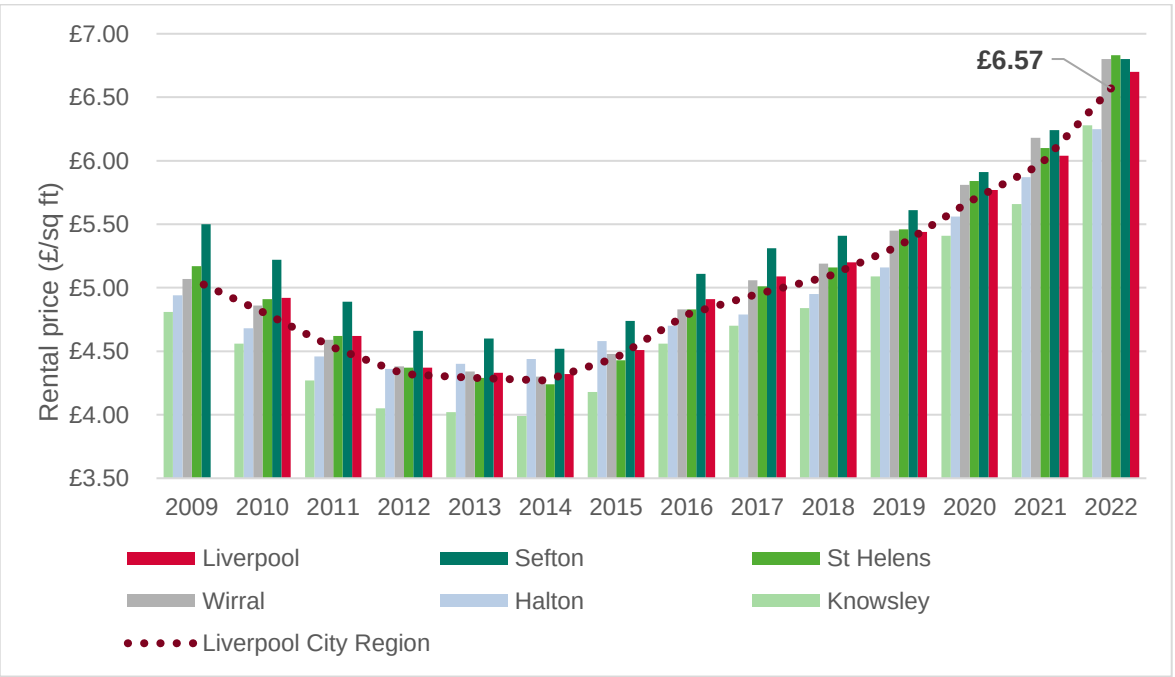
Figure 5.13: Industrial Vacancy Rates



Source: CoStar

5.37 The next figure shows how the average rental price has evolved over the last 10 years or so. Most local authorities' rental prices for industrial space match the City Region's average, aside from outliers like Halton and Knowsley which have much lower average prices. In 2022, it cost £6.57 per sq ft per year to lease industrial floorspace in the City Region on average. This rate has increased significantly over the past 13 years, reflecting low vacancy rates.

Figure 5.14: Industrial Rental Price (£/sq. ft.) – inflation adjusted



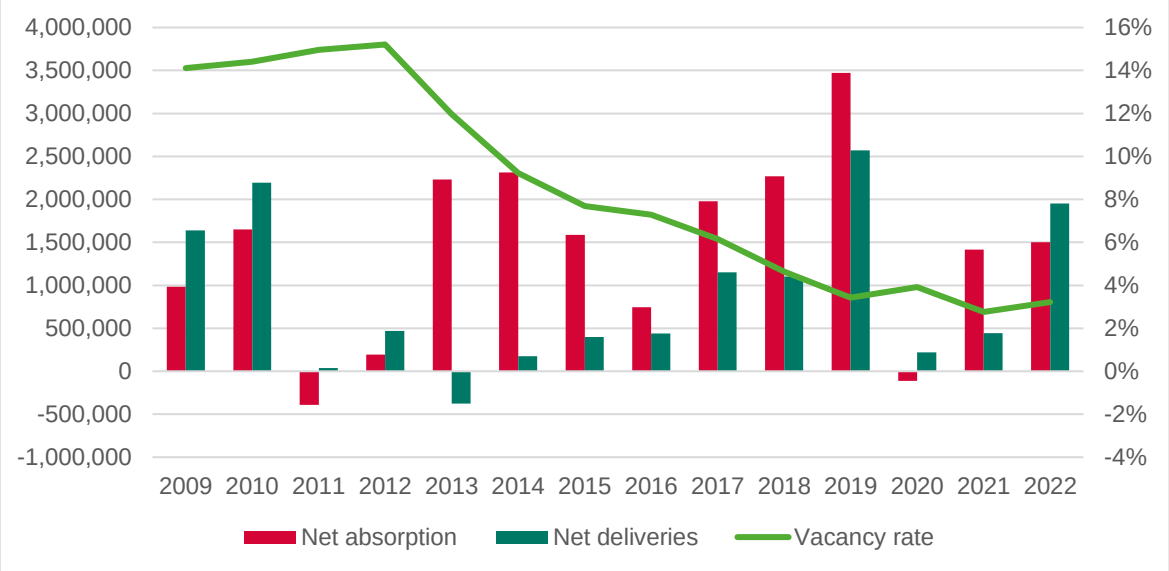
Source: CoStar

5.38 At just £5.39 per sqft, the average industrial rent in Liverpool is more than 27% below the national average. The market average offers a discount to Cheshire South and Warrington, respectively, but is slightly more expensive than Lancashire. On the submarket level, rent levels don't vary much, but St Helens, Wirral and Sefton have recorded the highest rents in the market over the past 12 months.

5.39 Supported by strong demand and historically low vacancies, rents in Liverpool continued to grow over the last 12 months, although the rate has begun to ease and according to CoStar's latest forecast, should continue to slow in line with the national average. Prime rents have risen to between £12-13 psf, the highest level seen for 10 years.

5.40 Across the City Region, net absorption and delivery have increased strongly from a low in 2011/12. Net delivery was as high as 2.7 million sq ft in 2019. Absorption has often been higher than delivery, leading to falling vacancy rates as seen by the grey curve. For the latest recorded year, 2022, absorption was over 1.5 million square feet and recorded delivery was nearly 2 million, which led to a slight increase in the vacancy rate to 3.2%, up from the record low 2.8% in 2021 across the City Region. Vacancy rates nonetheless remain very tight with limited availability of industrial space evident.

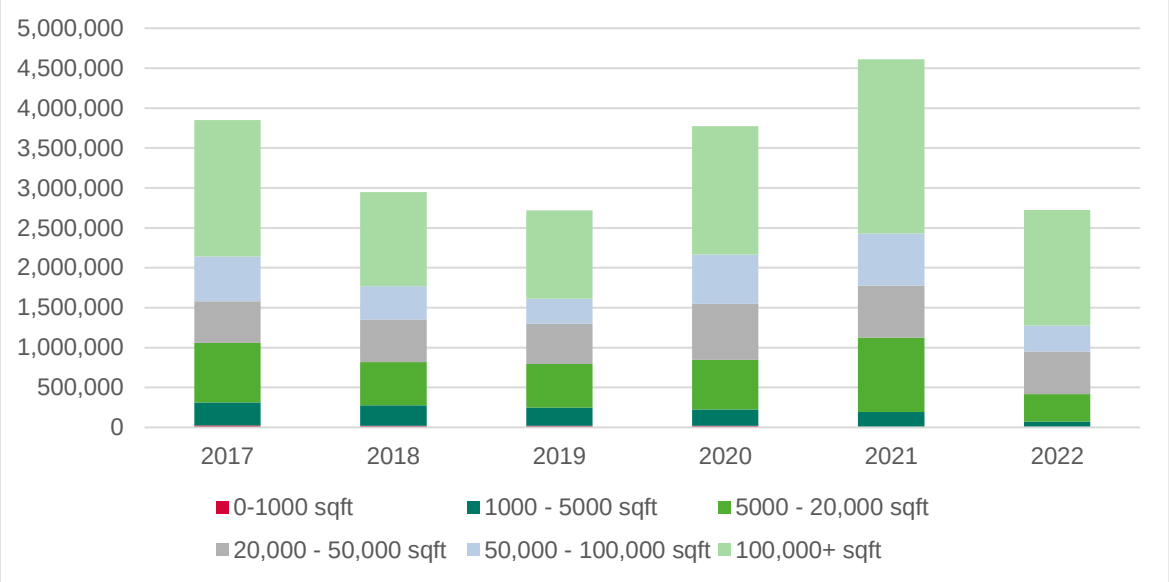
Figure 5.15: Industrial Net Absorption, Deliveries and Vacancy Rate (sq. ft.)



Source: CoStar

5.41 Finally, leasing by size band provides a crucial indicator of market dynamics across LCR. As seen in the figure below industrial leasing activity has been increasingly focused on very large spaces (100,000+ sq.ft) since 2017, as this size band makes up a predominant share of total industrial floorspace leased.

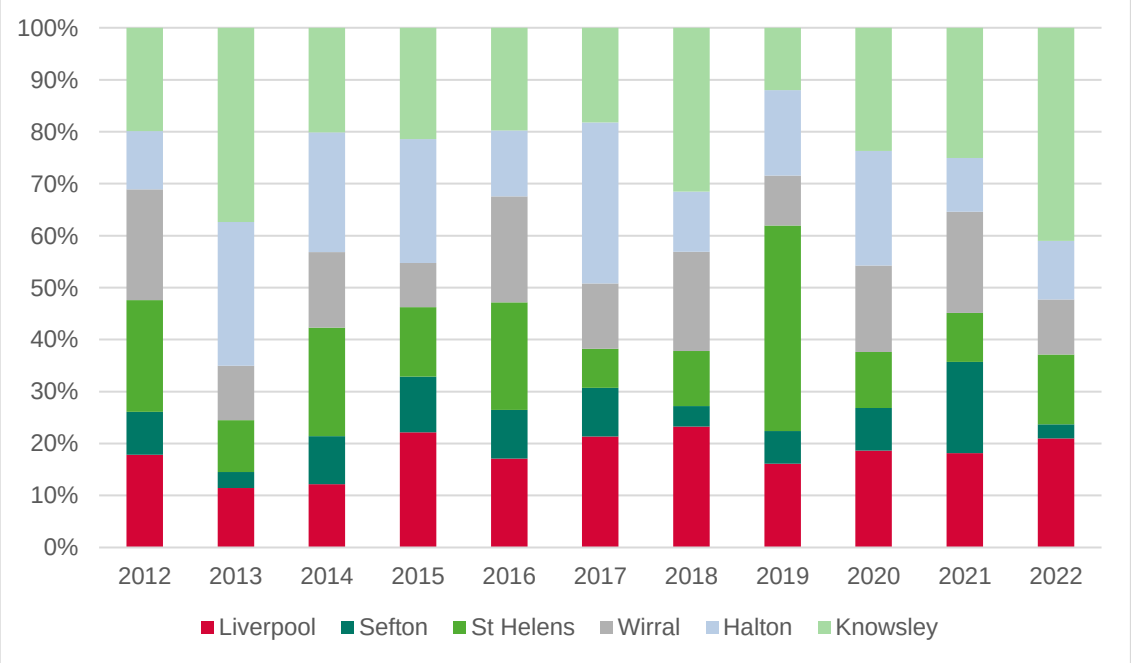
Figure 5.16: Industrial Leasing Activity by Size Band (sq. ft.)



Source: CoStar

5.42 The following chart shows the relative gross absorption per local authority from 2012 to 2022. For industrial space, take-up benefits from a greater spatial heterogeneity than office take-up. While Liverpool still has a large share of the market, other local authorities also attract significant demand and have in relative terms met a greater share of the overall demand. In 2022, Knowsley had 41% of the industrial take-up up, doubling its share since 2012. St Helens also saw a huge bump in relative absorption in 2019 when it attracted 40% of total take-up.

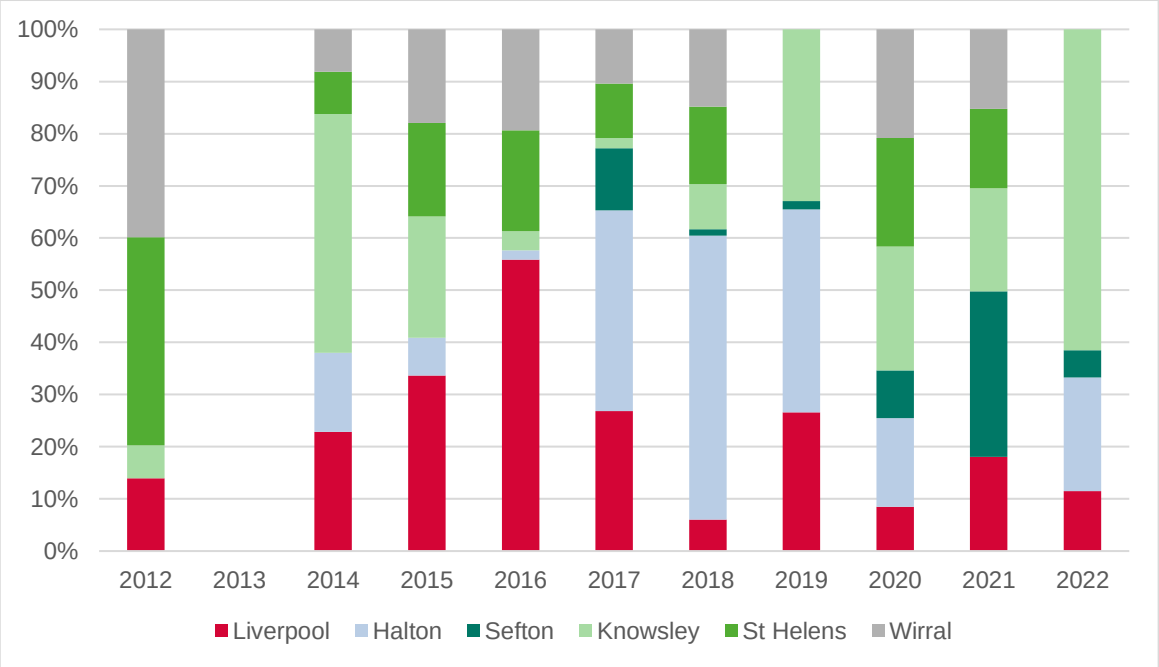
Figure 5.17: Percentage of gross industrial absorption per local authority, 2012 to 2022



Source: CoStar

5.43 Finally, the chart below shows where deliveries have taken place in the last 10 years. In line with increasing absorption, Knowsley has seen its relative industrial delivery rise from 6% in 2012 to an average of 35% in last three years (2019-2022). As a consequence, Liverpool's share in the overall industrial project delivery has declined from the 2016 peak of 56% to an average of 13% in the last three years. In other words, the five local authorities surrounding Liverpool are quickly rising in relative importance when it comes to industrial floorspace.

Figure 5.18: Percentage of net industrial delivery per local authority, 2012 to 2022



Source: CoStar

Summary

5.44 This section is concluded by a situational assessment using a standard Strength, Weakness, Opportunity, and Threat (SWOT) analysis.

Strengths

- Encouraging industrial floorspace growth
- Increasing rents and relative strong market for industrial space

Weaknesses

- Significantly low industrial vacancy across all local authorities, currently at 3% on average
- Office demand is being restricted by low levels of high quality stock

S W O T

Opportunities

- Strong demand for ‘big box’ facilities, in 2022 65% of the demand in total floorspace was for 5,000 to 10,000+ sqm
- Delivery of Grade A office stock in Liverpool City Centre

Threats

- Persistent lack of industrial supply and Grade A office space could inhibit economic growth and employment creation
- Challenges for town/city centre locations from falling office occupancy and retail footfall

HOUSING MARKET DYNAMICS

6. 6.1 In this section we move on to profile the current housing offer – including the profile of housing and recent housing delivery - as well as housing market dynamics in the City Region including a review of house prices, sales and private rental trends. This information is then used to inform our analysis throughout the main section of this HEDNA report.

Overview of Housing Stock

6.2 The housing stock profile of the City Region varies greatly across the six authority areas reflecting the nature of a City Region with the combination of a major City and urban core which includes Liverpool and Birkenhead with a surrounding suburban belt and a number of larger towns and smaller settlements beyond.

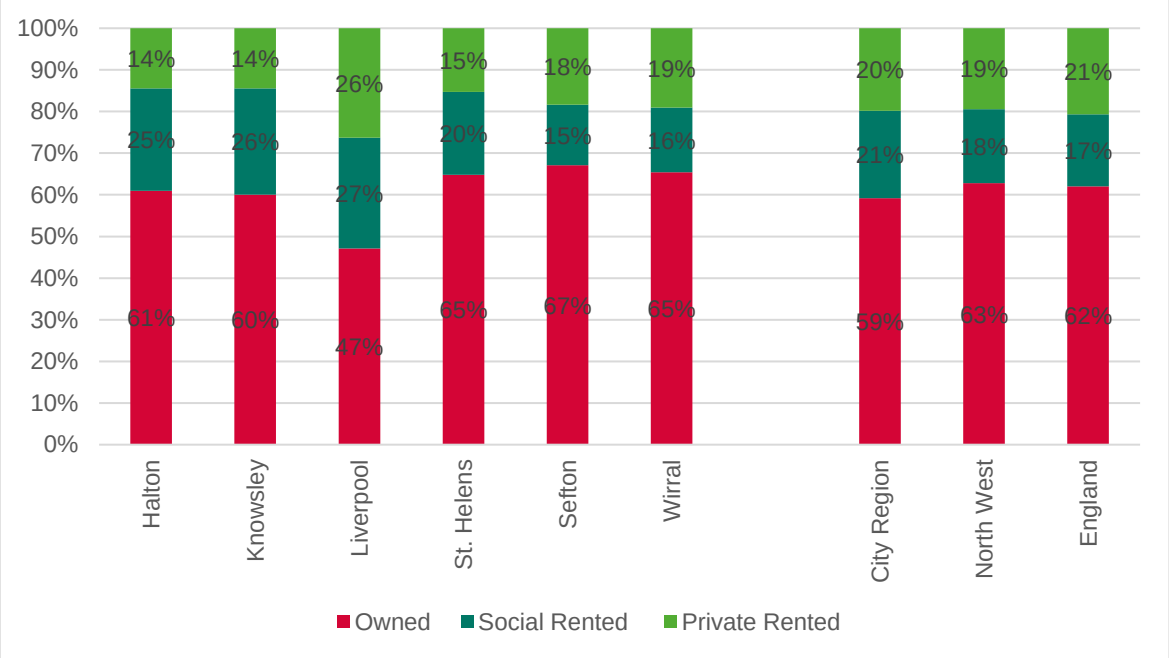
6.3 In order to draw out some of the key features of this housing profile, Iceni has drawn on a combination of Census data as well as more recent housing delivery trends. This data also enables us to consider the outlook moving forwards.

Tenure Profile

6.4 Drawing on the data available in the 2021 Census we are able to understand the broad tenure profile of households in the City Region. The 2021 Census showed that 59% of all households across the City Region were homeowners. This fell below the average proportion of households in the North West (63%) and England (62%).

6.5 At the City Region level, the difference was made up by social renters with just over a fifth (21%) of households living in social housing stock. At a local authority level, there were broad differences in the profile with a greater proportion of social renters in Halton, Knowsley and Liverpool, compared to St. Helens, Sefton and Wirral where ownership was higher than wider comparators. Liverpool had a particularly high proportion of private renters as well as social renters, attributable to its City status.

Figure 6.1: Tenure Profile, 2021



Source: 2021 Census

6.6 Between the 2011 and 2021 Censuses the proportion of homeowners in the City Region has decreased by 2.8 percentage points (pp). This mirrors the decrease in homeowners that has been seen across England, driven by house price growth that has significantly outpaced growth in earnings.

Profile of Social Housing Stock

6.7 In order to drill into social housing stock in the City Region, we have drawn on the latest data collected by the Regulator of Social Housing which provides a summary overview of social rented units by type for local authorities in England. The latest dataset for the period 2012 to 2021 published in February 2023, shows that there are 107 private registered providers ("PRP") operating across the City Region.

6.8 As a proportion of all social housing stock, 5% was owned by small PRPs[4] and 95% owned by large PRPs[5] on average. However, in Liverpool City and Wirral Borough, small PRPs own 6% and 14% of social housing stock respectively with a greater number of PRPs operating in these areas overall.

[4] <1,000 units owned

[5] 1,000+ units owned, PRPs refers to providers of social housing in England that are registered with the social housing regulator, but are not LAs (this is the definition of PRP in the 2008 Housing Act)

Table 6.1: Total PRP Social Rented Units by Provision Type, 2021

	General Needs	Supported / Older Persons Housing	Low Cost Home Ownership (LCHO)	Total	% of All Stock
Halton	13,360	961	357	14,678	24.7%
Knowsley	16,084	2,082	528	18,694	27.3%
Liverpool	52,181	6,262	969	59,412	25.4%
St. Helens	14,543	2,717	591	17,851	21.1%
Sefton	15,474	3,325	791	19,590	15.3%
Wirral	18,058	5,186	610	23,854	15.9%
City Region	129,700	20,533	3,846	154,079	21.3%
North West	433,630	75,840	18,996	528,466	16.9%
England	2,216,659	402,395	223,546	2,842,600	12.5%

Source: The Regulator of Social Housing, 2020 and ONS Housing Stock Estimates

6.9 As is clear from the analysis, there are a substantial number of social housing units across the LCR with over 150,000 units owned by PRPs operating across the six authority areas which supports the data drawn from the Census. Outside of stock owned by PRPs, the local authorities combined own a small number of additional units equal to around 169 properties.

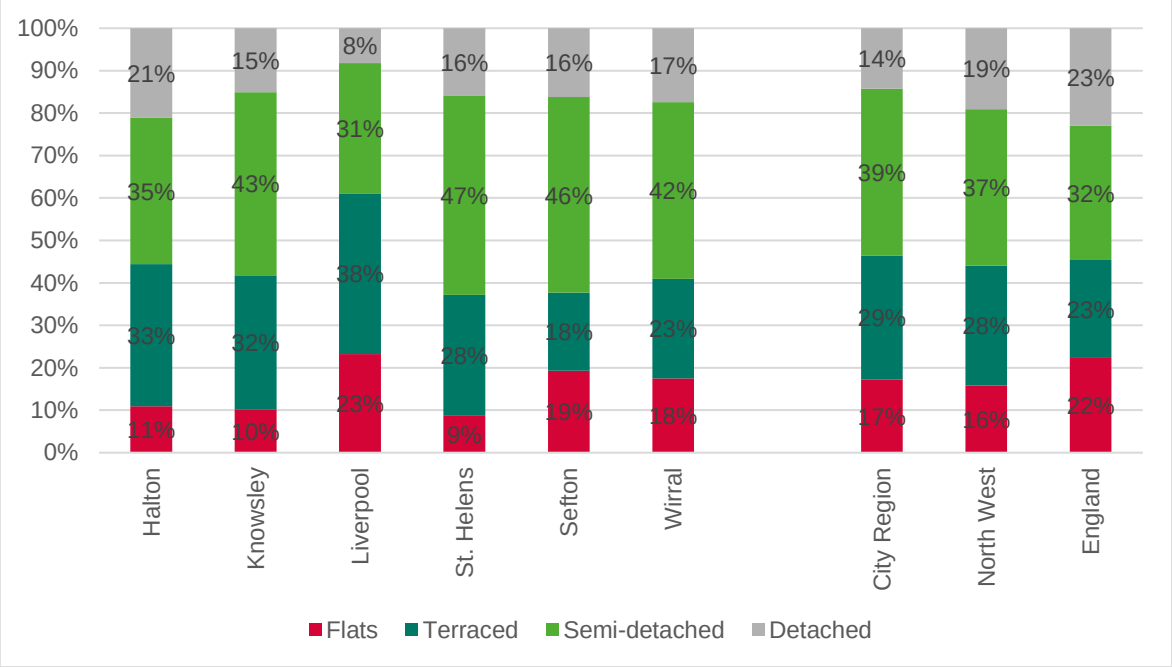
6.10 In comparison with the region and England as a whole, the LCR has a notably high proportion of all housing stock as social housing units; with this form of housing accounting for 21% of all stock. In Halton (25%), Liverpool (25%) and Knowsley (27%), around a quarter of housing stock is social rented – considerably higher than the national average of 12.5%.

House Types and Sizes

6.11 To assess the profile of homes of different sizes, we again draw on the 2021 Census data. The analysis is set out in Figure 6.2 and depicted spatially in Figure 6.3 across the six authority areas, which demonstrates the high proportion of flats in and around Liverpool City and Birkenhead seen in the 2021 Census results, as well as along the coastal areas of Southport and West Kirkby. Almost a quarter (23%) of households in Liverpool City lived in flatted homes at the time the 2021 Census was undertaken.

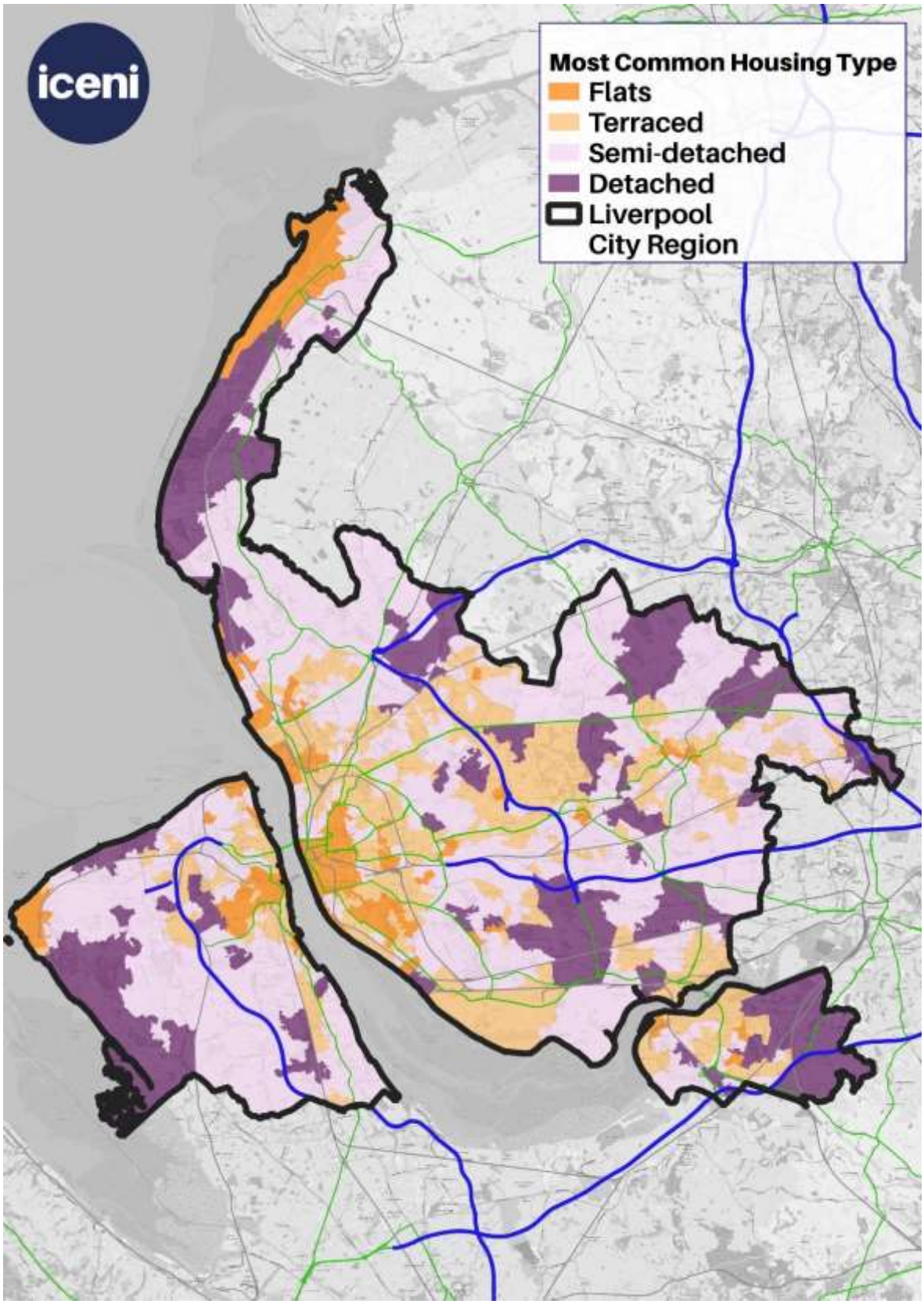
6.12 On the edge of the main urban areas the 2021 Census shows a predominance of households in terraced housing; with high proportions of households in semi and detached housing in the surrounding towns such as Formby and parts of Southport in Sefton Borough, Heswall in Wirral, Knowsley and more rural areas of St. Helens and Halton. The Boroughs of St. Helens and Sefton had the highest proportion of households in non-terraced housing, accounting for 63% and 62% of all stock in both districts respectively. The trends in household housing types across the City Region have remained consistent with that seen in the 2011 Census.

Figure 6.2: Households by Housing Type, 2021



Source: Census 2021

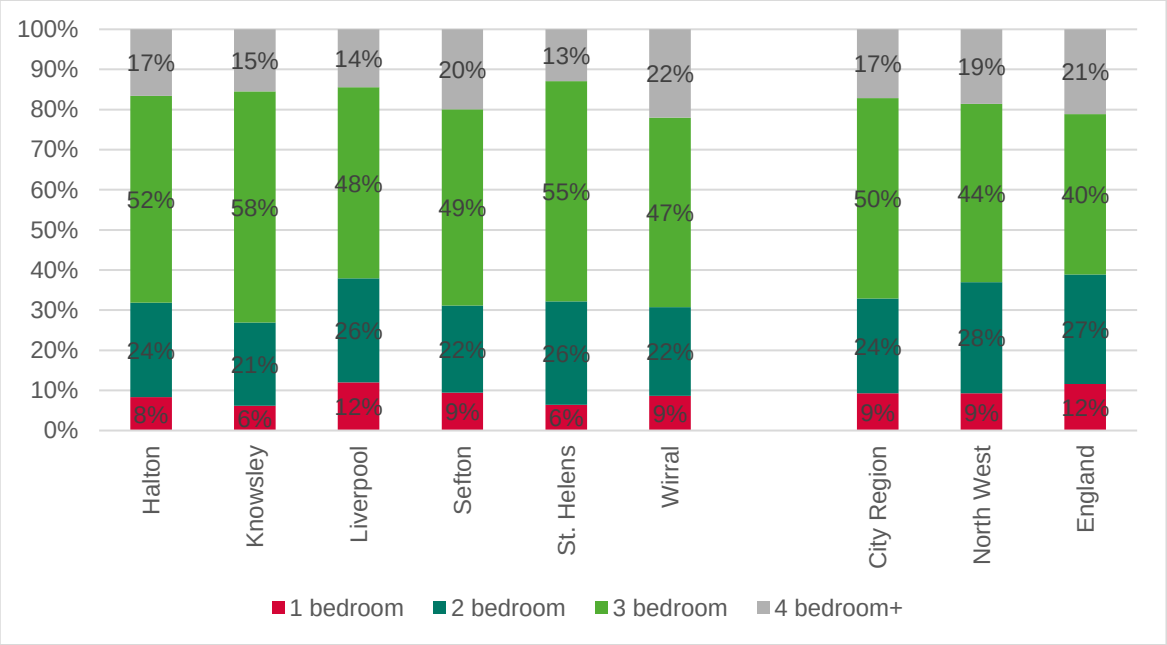
Figure 6.3: Geography of Households by Housing Type, 2021



Source: Census 2021

6.13 The 2021 Census results show that across the City Region as a whole, 68% of households live in family-sized (i.e. 3 or more bedrooms) homes, which is higher than both the regional and national averages. The profile of bedroom sizes by household across the City Region has again remained consistent with that seen in the 2011 Census.

Figure 6.4: Households by Number of Bedrooms, 2021



Source: 2021 Census

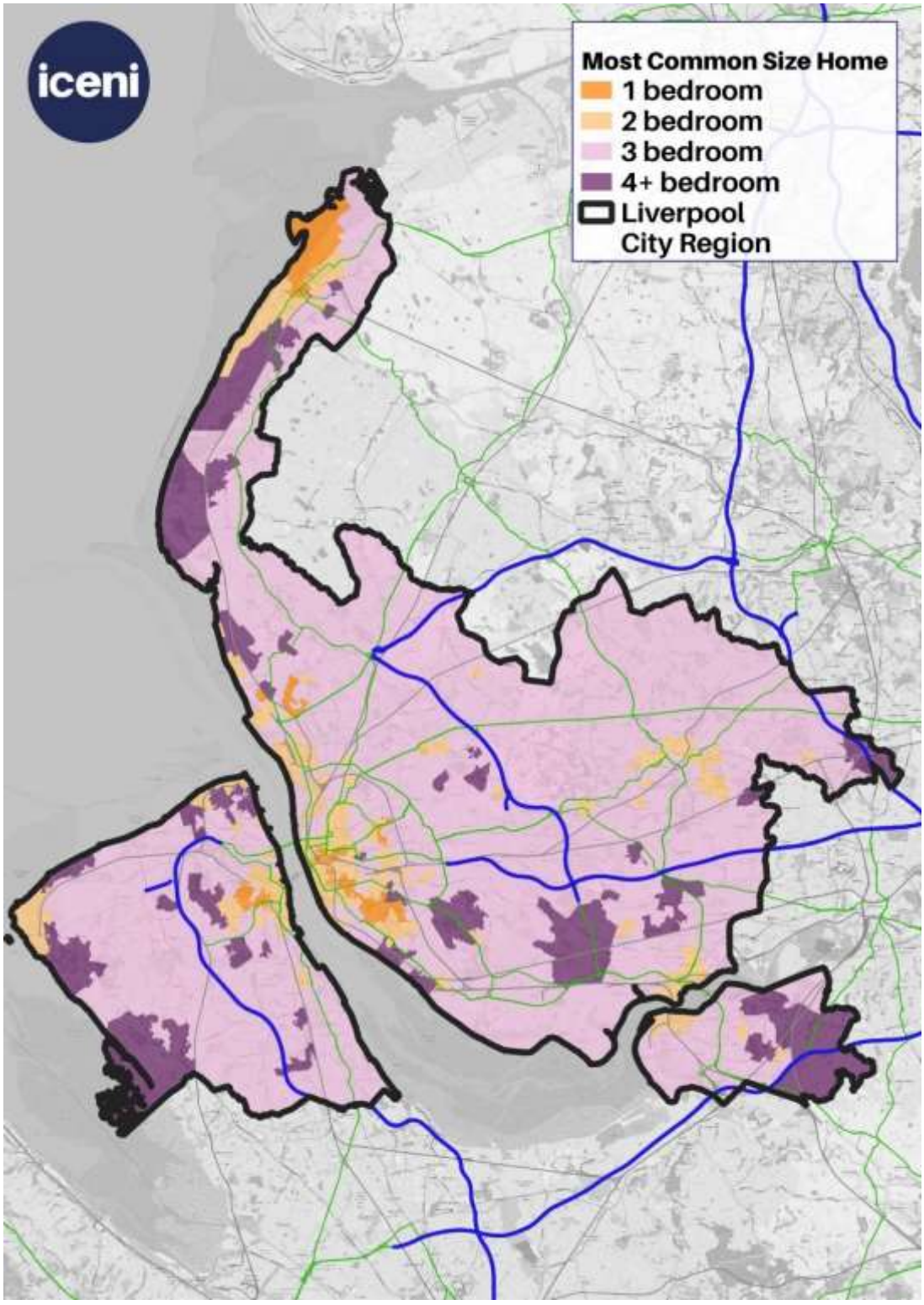
6.14 The Figure overleaf shows the most common size of property by household spatially, which largely follows the geography of house types by household with a high proportion of households living in family-sized housing in the Boroughs of Halton, Knowsley, Sefton, St Helens and Wirral. However, the Figure is also clear in showing the relatively small proportion of homes with four or more bedrooms across the City Region (larger aspirational housing). This is an issue which has been identified in the City Region's Housing Investment Strategy[6] as undermining the Combined Authority's objective of attracting and retaining economically active higher earners. The stock of larger homes in attractive neighbourhoods needs to be developed if the City Region is to successfully retain those with Level 4+ skills, particularly those in their 30s/40s.

6.15 The urban core of the LCR including Liverpool City and Birkenhead in Wirral is predominantly an area of smaller properties. In Liverpool City, around 38% of the households live in 1- or 2-bedroom

6 https://moderngov.merseytravel.gov.uk/documents/s49751/Enc.%201%20for%20Liverpool%20City%20Region%20Housing%20Investment%20Strategy.pdf

properties with pockets of households living in smaller properties – reflecting the type of stock – along the coastal front of Southport as well as in St Helens Town. Elsewhere, as set out above, there are proportionately fewer households in larger 4 or more-bedroom properties.

Figure 6.5: Geography of Households by Number of Bedrooms, 2021



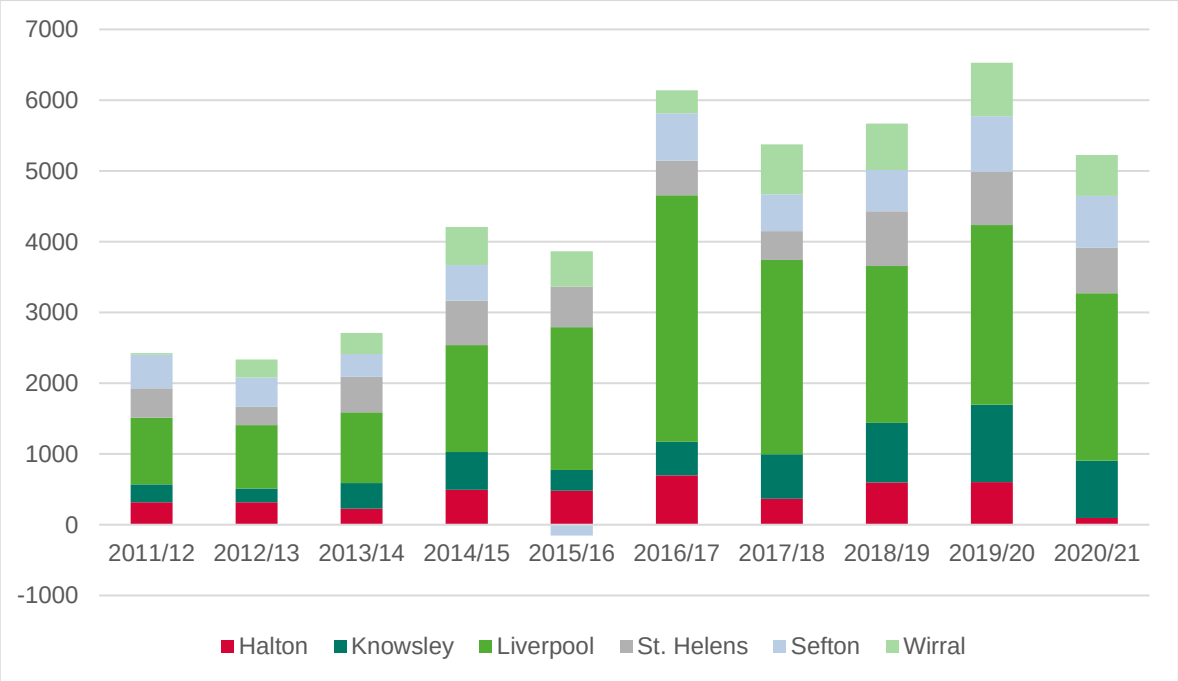
Source: Census 2021

Housing Delivery

6.16 Iceni has examined housing completions data for each authority in the City Region dating back to 2011. An average of 4,432 homes per annum have been delivered between 2011-2021; however, as is clear from the Figure below, housing delivery has increased notably over the period since 2014; reaching a completion peak of over 6,500 homes in 2019/20.

6.17 There is clearly an inter-relationship between the economic cycle and housing delivery. Average net housing delivery over the last 5 years (2016-21) has been 5,787 dwellings per annum.

Figure 6.6: Housing Completions across the LCR, 2011 - 2021

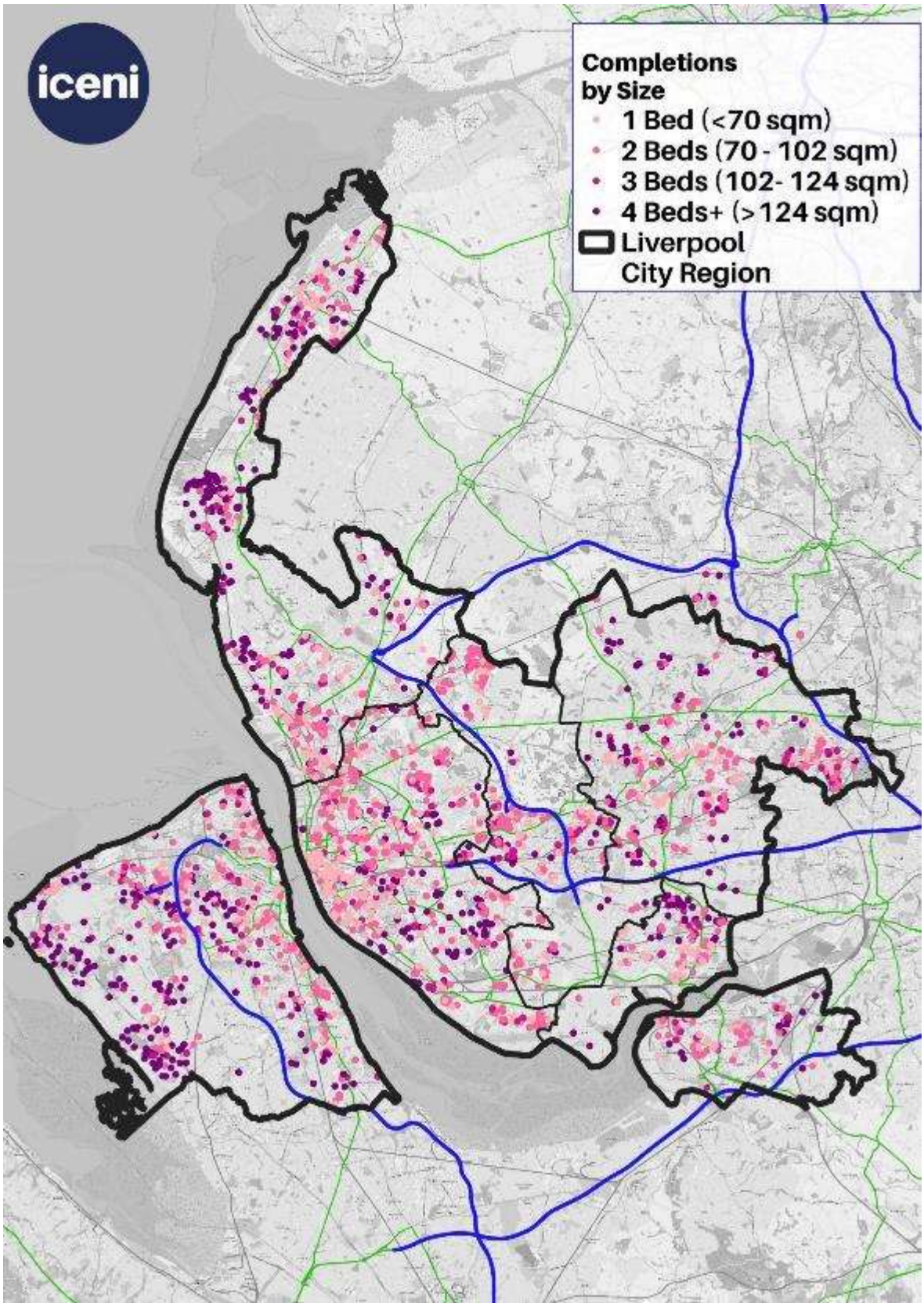


Source: Council Monitoring Data

6.18 The majority of housing delivery has been in Liverpool with 44% of all housing completions over this period accounted for by the City. The City has delivered an average of 1,972 homes per annum. Knowsley and Sefton are the second and third largest contributors to overall housing delivery.

6.19 In respect of the form of new build housing, the Figure below is helpful in demonstrating that the majority of development over the period since 2011 has been 1 and 2 bedroom properties in Liverpool City. The new build offer elsewhere is evidently very different with larger properties being delivered in the surrounding City Region Boroughs with particular concentrations in and around the areas of Heswall, Formby and West Kirkby.

Figure 6.7: New Build Delivery by Size, 2011 - 2021



Source: EPC. Note: sizes of properties based on national space standards

Housing Market Dynamics

6.20 This sub-section considers house prices, sales, rental values and overall trends in the City Region.

House Prices

6.21 The median value of house sales in the City Region in the year ending March 2022 was £170,000. This was 9% (£17,000) below the regional median (£187,000) and 38% (£102,000) below the national median (£272,000). Median values are consistently higher in Liverpool, Sefton and Wirral across all house types than the other districts and are more in line with the national median.

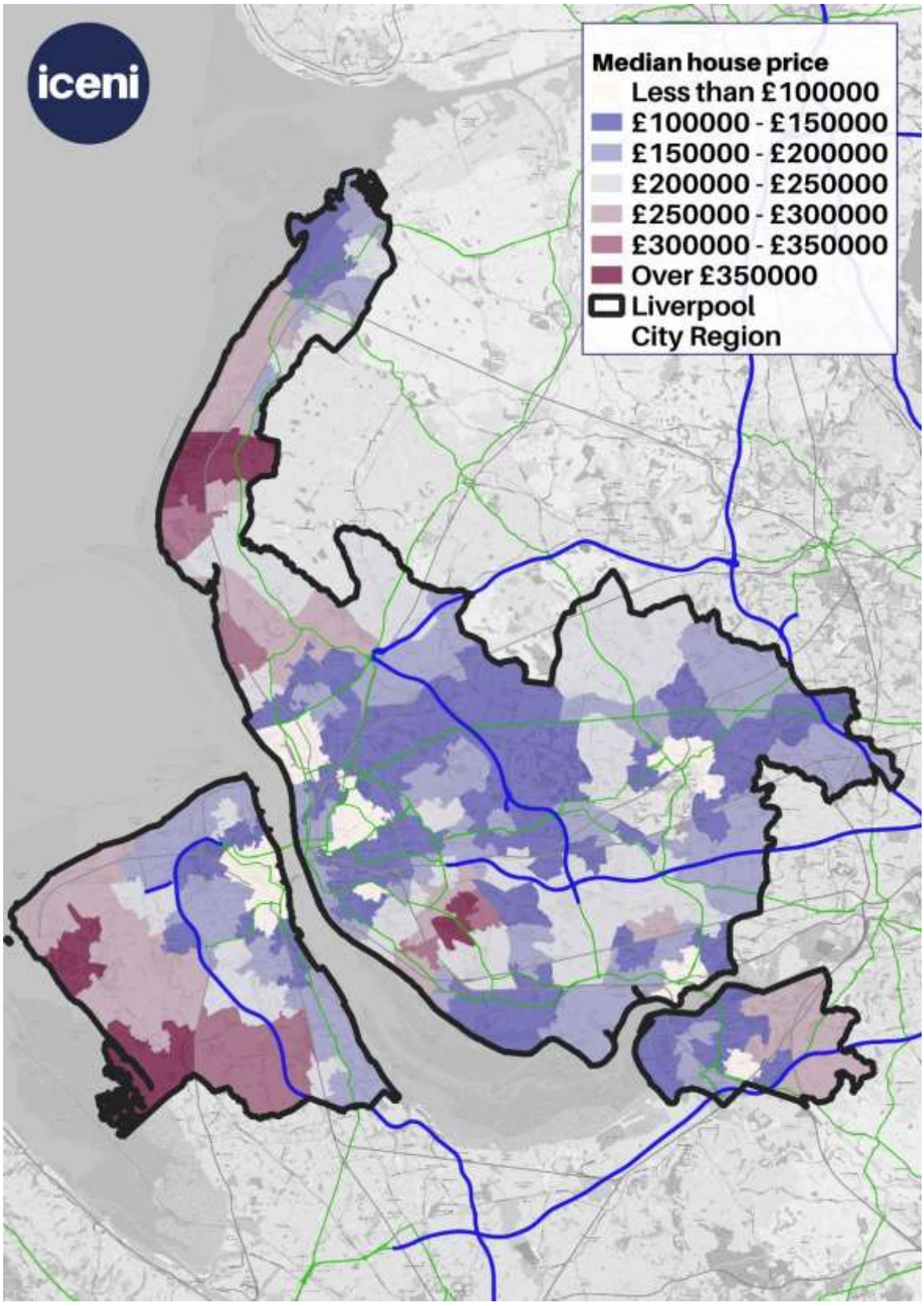
Table 6.2: Median House Prices, Year to March 2022

	Detached	Semi	Terraced	Flat	All Sales
Halton	£312,500	£170,000	£115,000	£92,500	£157,825
Knowsley	£250,000	£175,000	£120,000	£85,000	£160,000
Liverpool	£310,000	£193,333	£128,000	£130,000	£150,000
St. Helens	£273,995	£165,000	£115,000	£90,000	£155,000
Sefton	£336,000	£205,000	£138,000	£125,000	£195,000
Wirral	£357,500	£210,000	£137,000	£120,000	£190,000
City Region	£310,000	£190,000	£125,000	£120,000	£170,000
North West	£324,995	£195,075	£138,000	£137,000	£187,000
Differential	-£14,995	-£5,075	-£13,000	-£17,000	-£17,000
England	£400,000	£250,000	£223,500	£225,430	£272,000
Differential	-£90,000	-£60,000	-£98,500	-£105,430	-£102,000

Source: Iceni Analysis of ONS Small Area House Price Statistics, Year Ending March 2022

6.22 The Figure below provides an overview of the house price geography across the City Region using data up to the end of March 2022. Whilst acknowledging the influence of the housing stock profile, the Figure is clear in showing the disparity in house price values between the urban core of Liverpool City and Birkenhead, and the outer edges of the LCR where values are particularly high. This includes the coastal areas of Sefton and Wirral, as well as in and around Sefton Park in Liverpool.

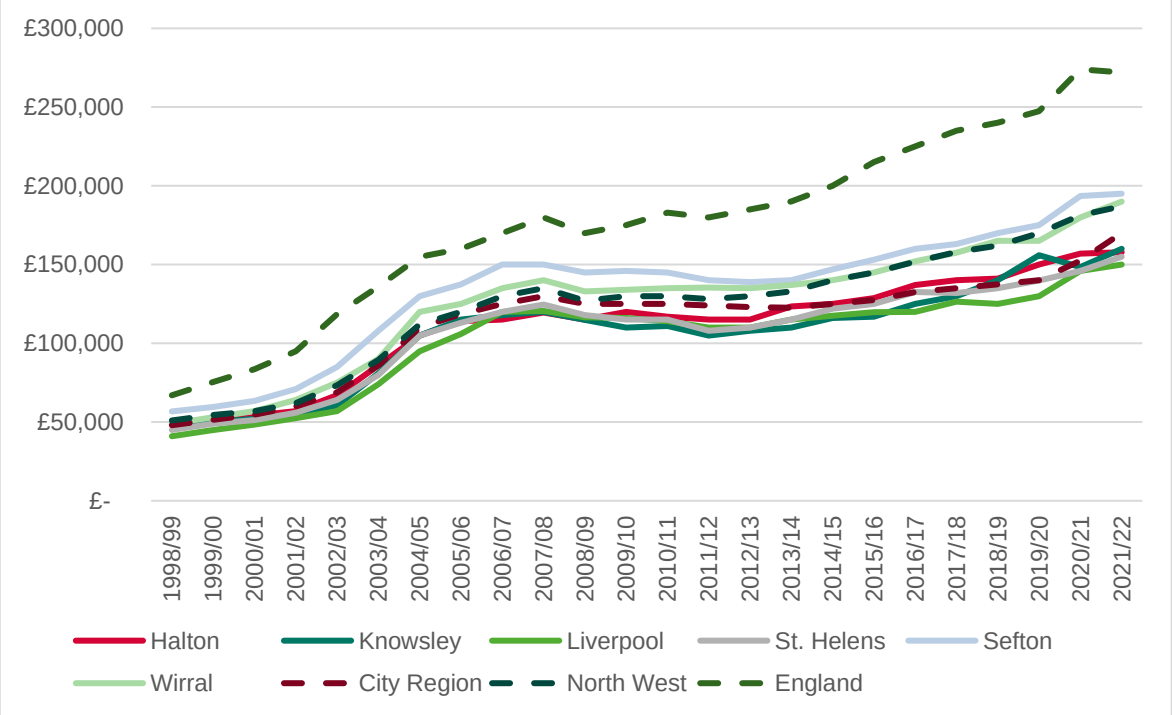
Figure 6.8: House Price Geography, City Region, Year to March 2022



Source: ONS

6.23 Iceni has also considered median house price change over time. As is shown in the Figure below, house price growth in the City Region has been weaker compared with the regional and national picture. This is particularly evident in the post-recessionary period since 2012. Since 2012, house prices have increased by 37% across the City Region as a whole compared with the national trend of 51% growth. However, at a local authority level, house price growth has been fairly strong in relative terms with Liverpool, Sefton and Wirral seeing particularly sharp rises in median house prices between 2020 and 2021, which have since cooled between 2021 and 2022.

Figure 6.9: Long-Term Median House Price Change, 1998-2022



Source: Iceni analysis of ONS Small Area House Price Statistics

6.24 An analysis of changes in the median house prices by type over different time periods provides greater context around the cyclical nature of the market. The Table below demonstrates that across the board, house price growth for all property types over the period 2009-14 was notably low or in decline with particularly notable declines in the values of flats.

6.25 The market bounced back over the period since 2015 with strong relative growth for all property types across the City Region. There has been particularly strong growth for non-terraced housing in Halton, Liverpool, Sefton and Wirral.

Table 6.3: Annual Growth in House Prices by Type[7]

		Detached	Semi	Terraced	Flats
Halton	Price Growth, 2015-21	£50,000	£30,050	£18,500	£9,500
	CAGR, 2015-21	3.4%	3.5%	3.3%	1.9%
	Price Growth, 2009-14	£12,995	£50	-£4,600	£1,375
	CAGR, 2009-14	1.8%	0.0%	-1.4%	0.4%
Knowsley	Price Growth, 2015-21	£40,000	£24,950	£27,950	£21,500
	CAGR, 2015-21	3.2%	3.1%	5.0%	5.1%
	Price Growth, 2009-14	£24,995	-£2,000	£1,000	-£7,000
	CAGR, 2009-14	3.6%	-0.4%	0.3%	-2.3%
Liverpool	Price Growth, 2015-21	£64,505	£35,005	£29,000	£30,000
	CAGR, 2015-21	4.3%	3.6%	4.8%	4.7%
	Price Growth, 2009-14	-£6,000	£4,000	-£3,950	-£17,600
	CAGR, 2009-14	-0.7%	0.7%	-1.1%	-3.9%
St. Helens	Price Growth, 2015-21	£40,000	£21,500	£24,500	£14,750
	CAGR, 2015-21	2.9%	2.5%	4.5%	3.1%
	Price Growth, 2009-14	-£8,225	-£1,000	-£5,750	£6,000
	CAGR, 2009-14	-1.0%	-0.2%	-1.8%	1.9%
Sefton	Price Growth, 2015-21	£63,750	£36,000	£ 27,625	£22,000
	CAGR, 2015-21	3.6%	3.5%	4.1%	3.4%
	Price Growth, 2009-14	-£4,450	-£4,000	-£5,025	-£16,000
	CAGR, 2009-14	-0.4%	-0.7%	-1.2%	-3.7%
Wirral	Price Growth, 2015-21	£95,000	£39,000	£19,750	-£1,750
	CAGR, 2015-21	5.2%	3.8%	3.0%	-0.3%
	Price Growth, 2009-14	£5,000	£1,750	-£2,025	-£13,973
	CAGR, 2009-14	0.5%	0.3%	-0.5%	-3.5%
City Region	Price Growth, 2015-21	£58,995	£30,005	£20,000	£18,550
	CAGR, 2015-21	3.8%	3.2%	3.6%	3.2%
	Price Growth, 2009-14	£2,000	-£3,000	-£7,000	-£17,500
	CAGR, 2009-14	0.2%	-0.5%	-2.0%	-4.3%

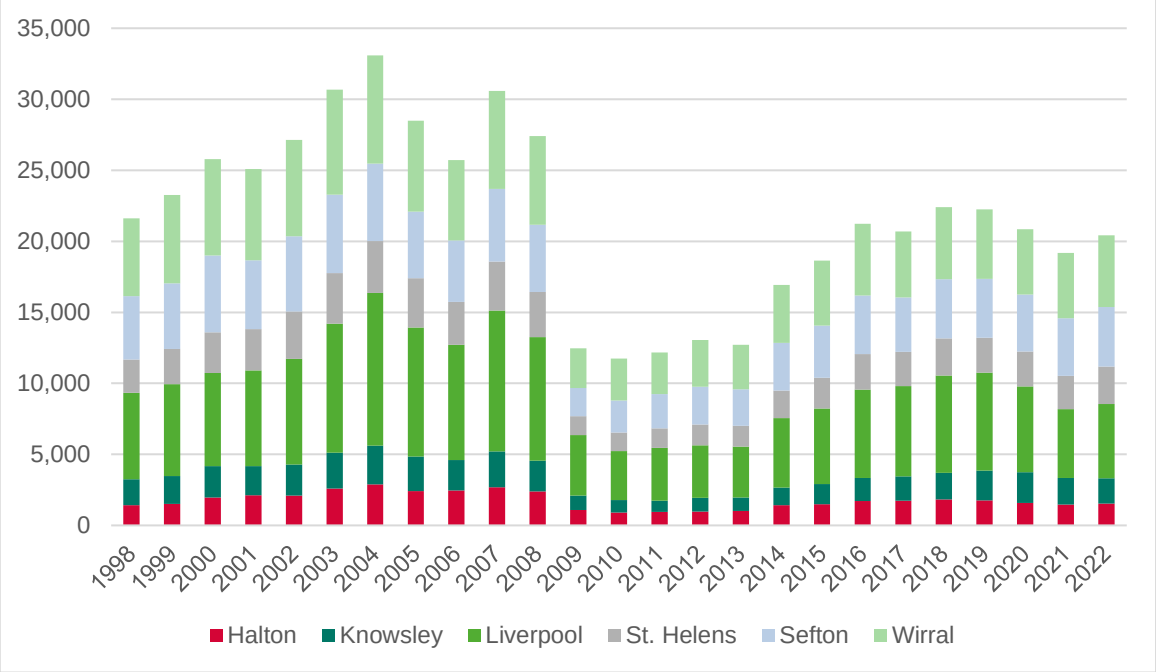
Source: Iceni analysis of ONS Small Area House Price Statistics

Sales

6.26 Turning to sales, we are able to understand the relative buoyancy of the market as these provide an indication of 'effective demand' for market housing. Iceni has drawn on data for market housing sales over the period 1998-2022 and this is shown in the Figure below.

[7] CAGR: compound annual growth rate, the annualized average rate of growth between two given years

Figure 6.10: Sales of Market Housing, LCR, Year to March 1998 - 2022



Source: Iceni analysis of ONS Small Area House Price Statistics

6.27 The Figure shows that sales volumes averaged out at around 27,722 over the 10-year period from 1998 - 2008. They fell dramatically to less than half of that at 12,429 per annum as a result of the economic downturn over the period 2009 - 2013 before picking up from 2013 onwards as availability of mortgage finance improved and as a result of Government support for the housing market.

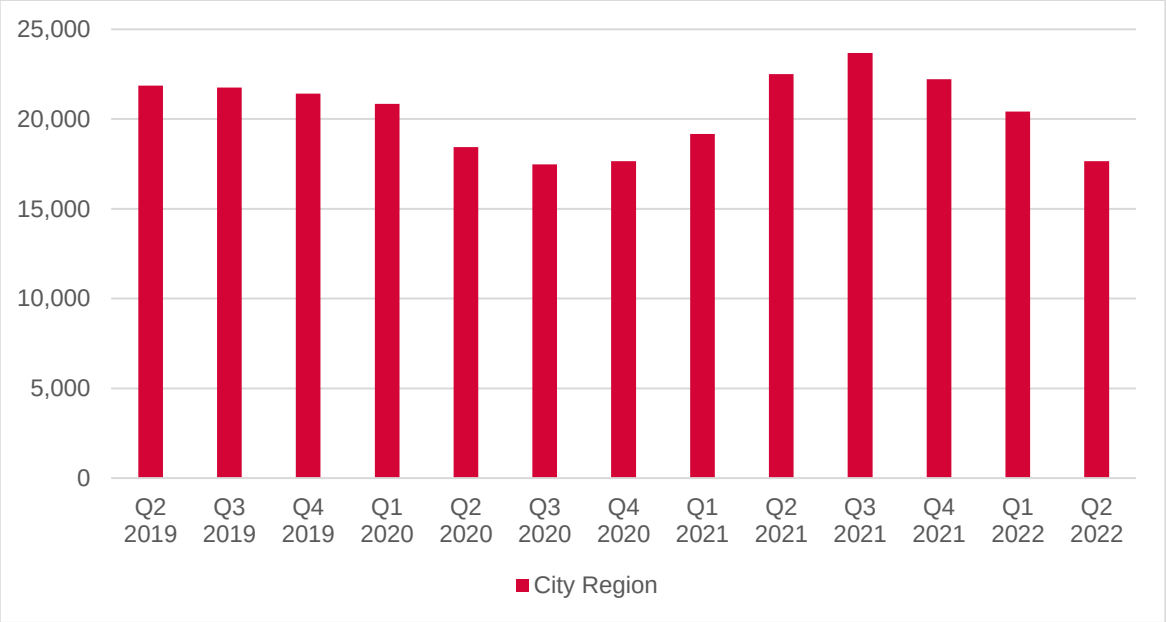
6.28 Since a peak in sales of market housing in the City Region in 2017/18, overall market sales gradually declined in all authority areas between 2019 and 2021 with a slight increase in 2022. The expectation is that market issues associated with the UK leaving the European Union and more recently the implications of lockdowns associated with COVID-19 had an impact on buyer confidence. Growth in housing costs has also made the process of moving more expensive; whilst there is also a growing older population (with demographic growth in ages less likely to move).

6.29 Sales volumes grew in 2021/22 for the first time since 2018, despite increasing interest rates and a cost-of-living crisis. The sales data represents the year to March so it may be that the growth in sales shown is related to sales in the period before the impact of interest rate increases making it more challenging to secure a mortgage took effect.

6.30 The impact of COVID-19 and recent interest rate rises is better understood when looking at sales data on a quarterly basis. The Figure below sets out annual sales volumes on a quarterly basis for the City Region as a whole over the period from 1st June 2019 (Q2 2019) to 1st June 2022 (Q2 2022). The impact of the lockdown in Q2 and Q3 of 2020 is evident with a significant drop in sales. The 'Stamp Duty' holiday introduced as part of the COVID-19 response appears to have had an

immediate impact, with sales rates recovering by Q1 2021 and peaking in Q3. More recently there has been a notable decline in sales volumes quarter on quarter since Q4 2021. This is likely linked to the impact of increasing interest rates and the cost-of-living crisis but also the withdrawal of the 'Stamp Duty holiday' which resulted in unusually high sales rates across the UK.

Figure 6.11: Short-Term Sales Trends across the City Region, Q2 2019 – Q2 2022

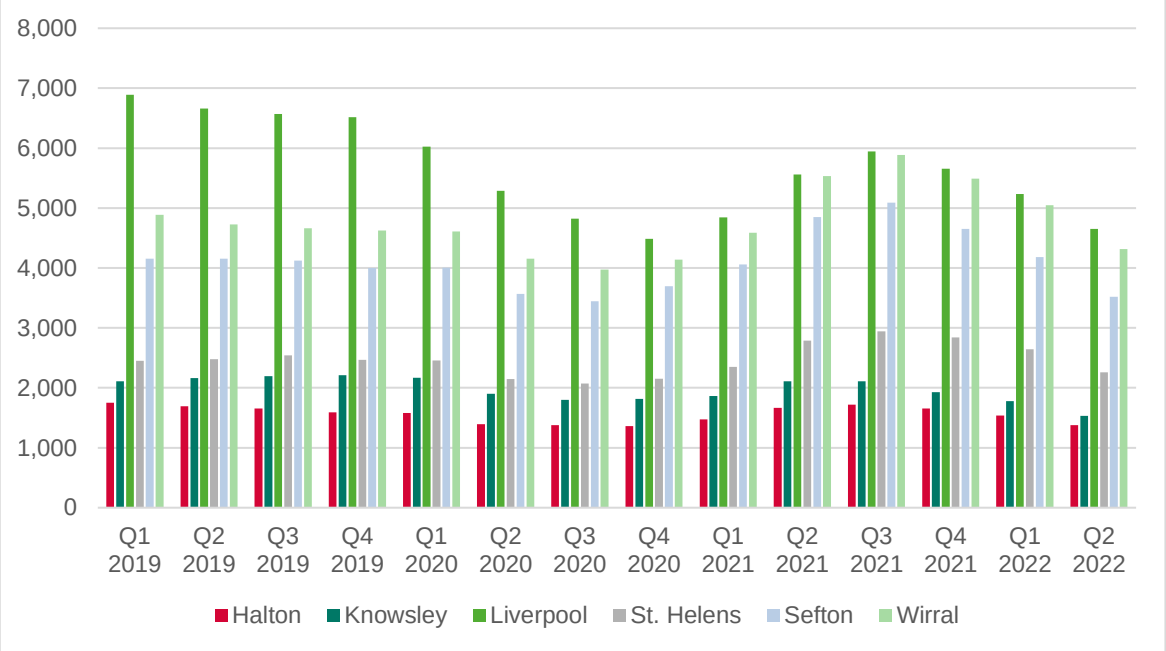


Source: Iceni analysis of ONS Small Area House Price Statistics

6.31 At the local authority level, the trends identified above continue to be evidence with a dip in sales volumes in Q2 and Q3 2020, recovery to Q1 2021 and increasing sales rates to Q3 2021, with a subsequent decrease in sales to Q2 2022. Other than Liverpool itself, all authorities in the City Region exhibit a similar trend in sales rates over the period Q2 2019 to Q2 2022.

6.32 In Liverpool, we see that there has been a significant decline in the volume of sales, which were notably higher before the COVIDCOVID-19 lockdown throughout 2019 and despite recovering sales rates from Q1 to Q3 2021 in line with wider trends, sales volumes have not returned to the levels seen in 2019. This is linked to a shift in buyer preferences away from flatted development, which is the dominant form of housing in Liverpool, to houses, particularly with garden space during and after the COVID-19 pandemic.

Figure 6.12: Short-Term Sales Trends by Local Authority, Q2 2019 – Q2 2022

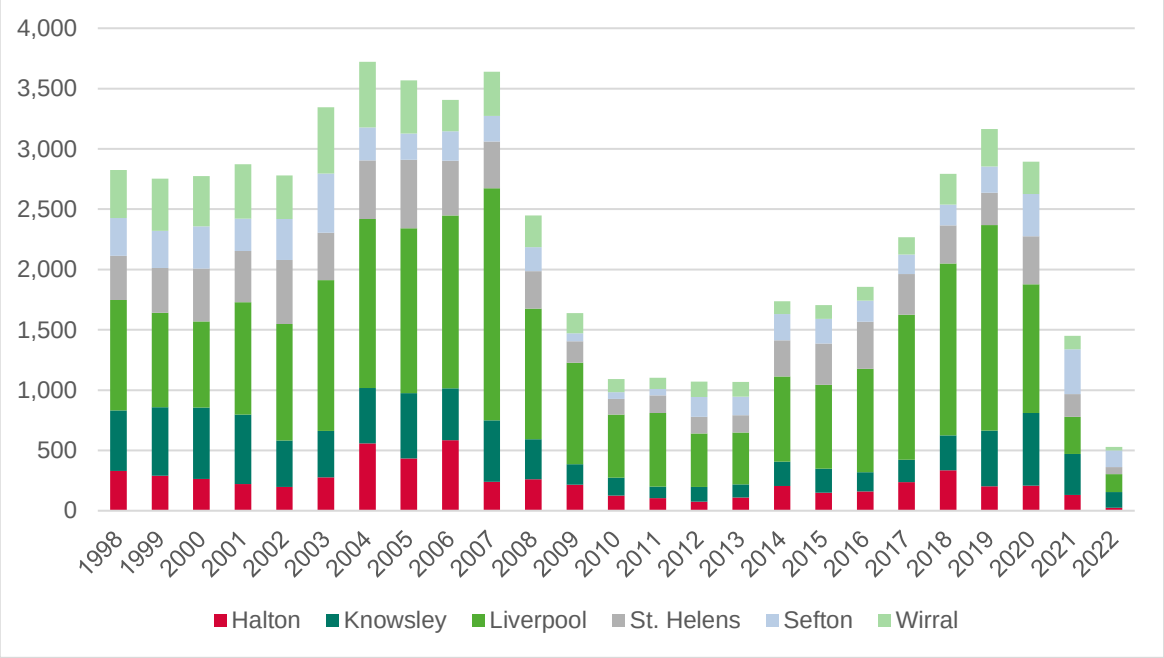


Source: Iceni analysis of ONS Small Area House Price Statistics

New Build Sales and Help to Buy

6.33 Influenced by Government support for the housing market, in many areas we have seen growth in the proportion of sales accounted for by new-build properties. In the LCR, new build sales were at their peak in 2018/19 where they accounted for 14% of all sales. However, the volume of new build sales has fallen notably since 2019/20 and were at an all-time low in 2022. This decrease in new build sales is due to the impact of macroeconomic factors, implications associated with the COVID-19 pandemic, increasing interest rates and the cost of living crisis, which have made it more difficult for prospective buyers to accumulate enough savings for a deposit and secure a mortgage.

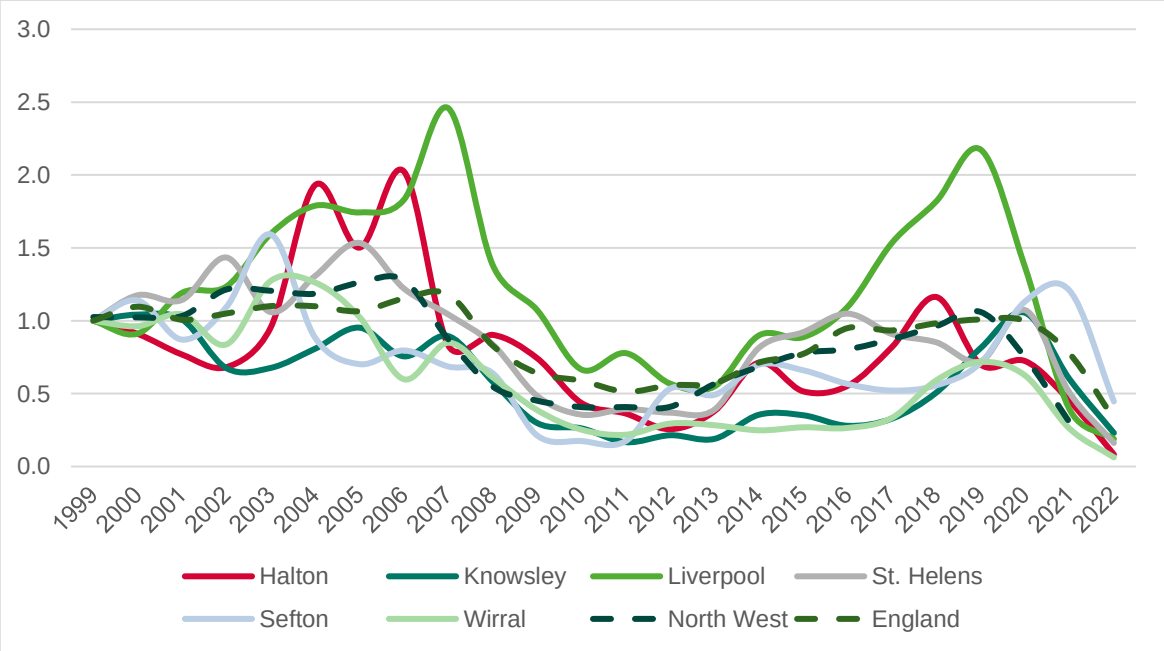
Figure 6.13: New-Build Sales Trends across the City Region, (Year to March) 1998 - 2022



Source: Iceni analysis of ONS Small Area House Price Statistics

6.34 If we compare the new-build sales rates to the North West and England, it is clear from the Figure below that the trend in each authority has broadly followed the pattern of wider comparators outside of fluctuations in Liverpool City which experienced notably higher levels of new-build sales rates in relative terms in the early 2000s and late 2010s before seeing a significant drop in 2020/21. There was also a high rate of new-build sales in Halton in the early 2000s.

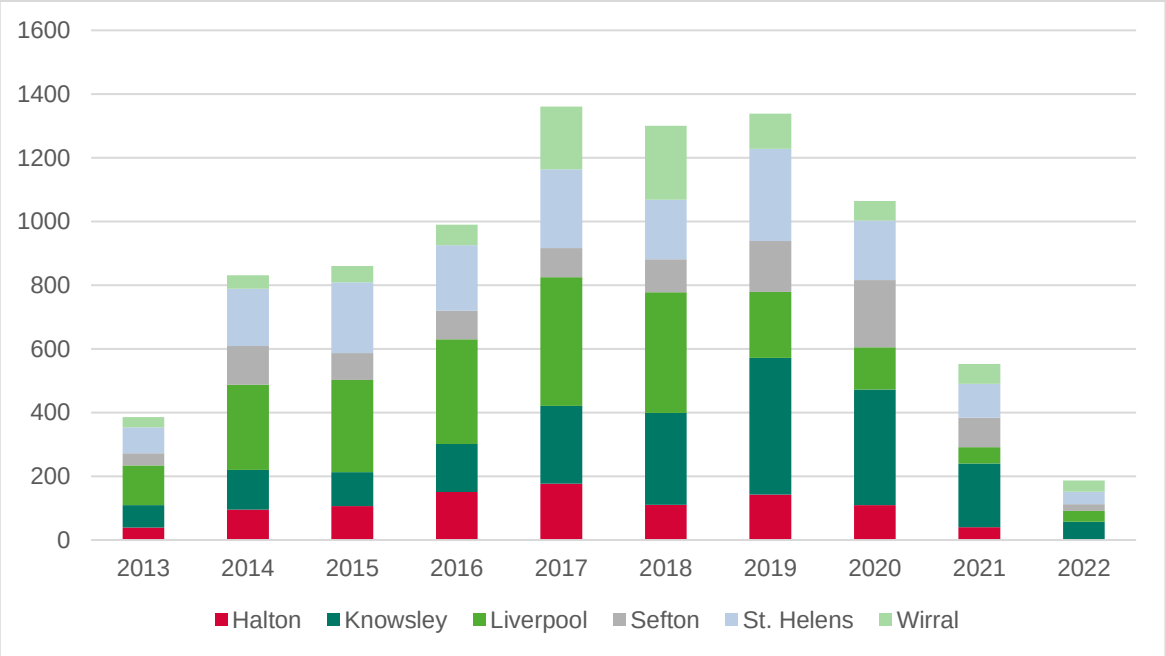
Figure 6.14: New-Build Sales Trend vs Wider Comparators, Year to March 1998 - 2022



Source: ONS Housing Transactions; Note: New-Build Sales Indexed to 1998/1999

6.35 Despite a decline in the volume of new-build sales trends in recent years, the Help to Buy scheme had a significant impact in all authority areas. The Help to Buy Loan scheme was first launched on 1st April 2013 with a revised scheme launched on 1st April 2021 and ended on 31st March 2023. Over the period since 2013, an average of 964 new-build sales per year have been supported by Help to Buy.

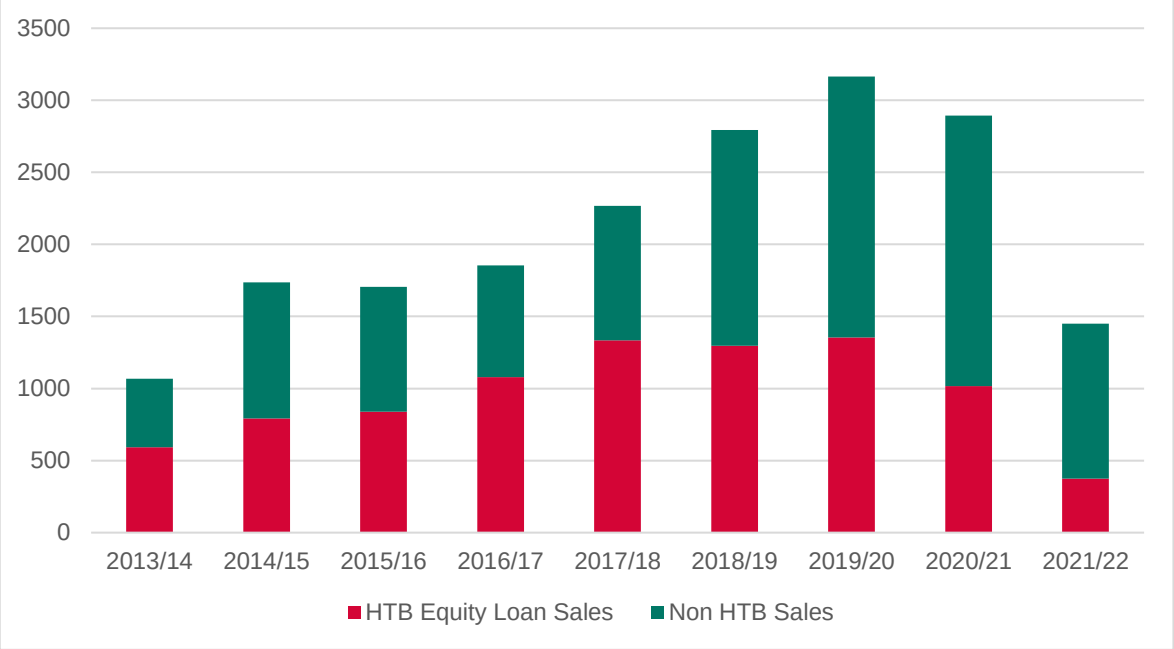
Figure 6.15: Help to Buy Equity Loans by Local Authority, 2013 - 2022



Source: DLUHC Help to Buy statistics

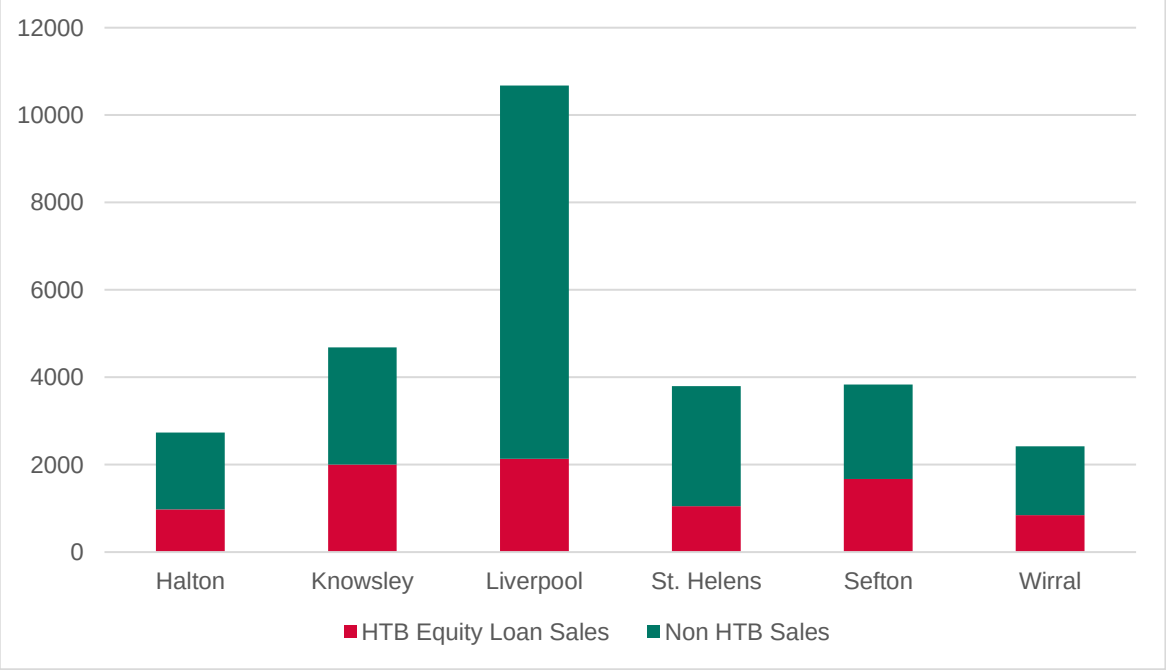
6.36 As a proportion of all new build sales, the Help to Buy scheme has supported 45% of transactions across the City Region as a whole. The Figures below show that the scheme's impact has increased for a greater volume of households with the impact particularly apparent in the Boroughs outside of Liverpool City.

Figure 6.16: Impact of Help to Buy on New Build Sales, 2013 - 2022



Source: DLUHC Help to Buy data

Figure 6.17: Impact of Help to Buy on New Build Sales by Local Authority, 2013 - 2022



Source: DLUHC Help to Buy statistics

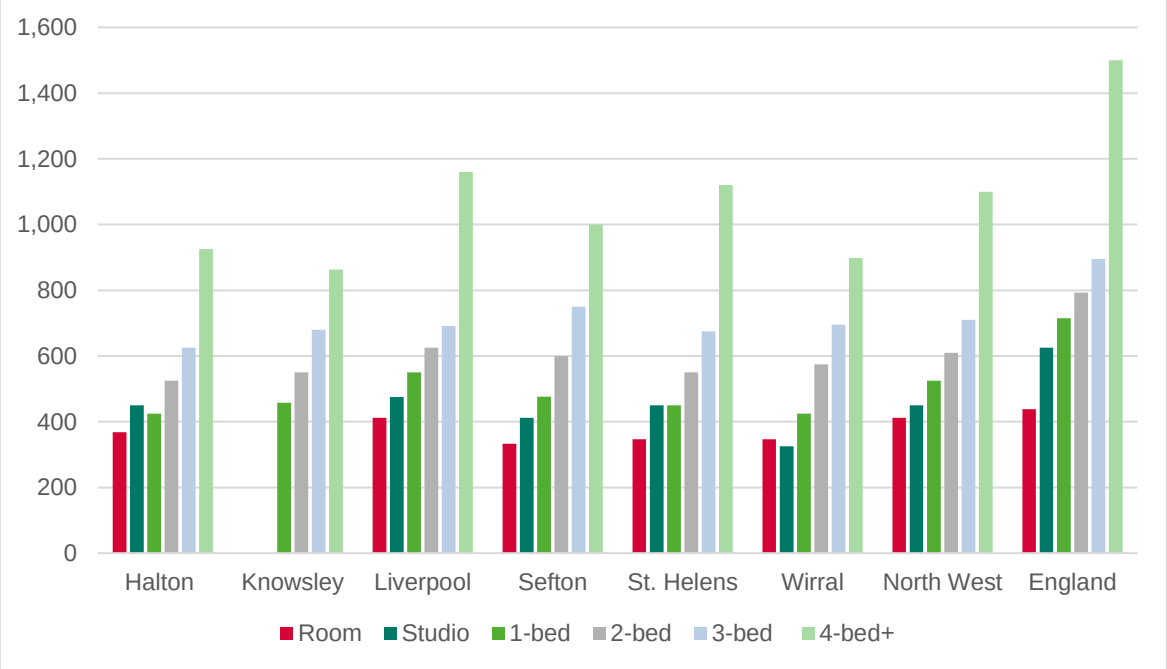
6.37 The Help-to-Buy Equity Loan programme came to an end on 31st March 2023. Given the significant role it has had in supporting the new-build market, there is a risk that market activity could be impacted one the programme ends. New build sales have performed better than the wider market over recent years; but with the Help-to-Buy scheme having ended we can expect some impact on sales rates (and thus build out rates for new-build developments).

Private Rental Values

6.38 Iceni have also reviewed current private rents in each authority area against the regional and national average. As is clear from the Figure below, median monthly rents vary markedly in each authority area depending on the size of property with median rents for all sizes falling below the national average.

6.39 The analysis shows there is a premium to be paid for rental properties in Liverpool City in comparison with other areas in the City Region and there is a notable disparity with the national median rental value achieved for larger properties of 4 or more bedrooms on the basis of data recorded in the year to September 2022. This is experienced across the North West; however, as we consider below, rental growth for larger family housing has been strong in the study area.

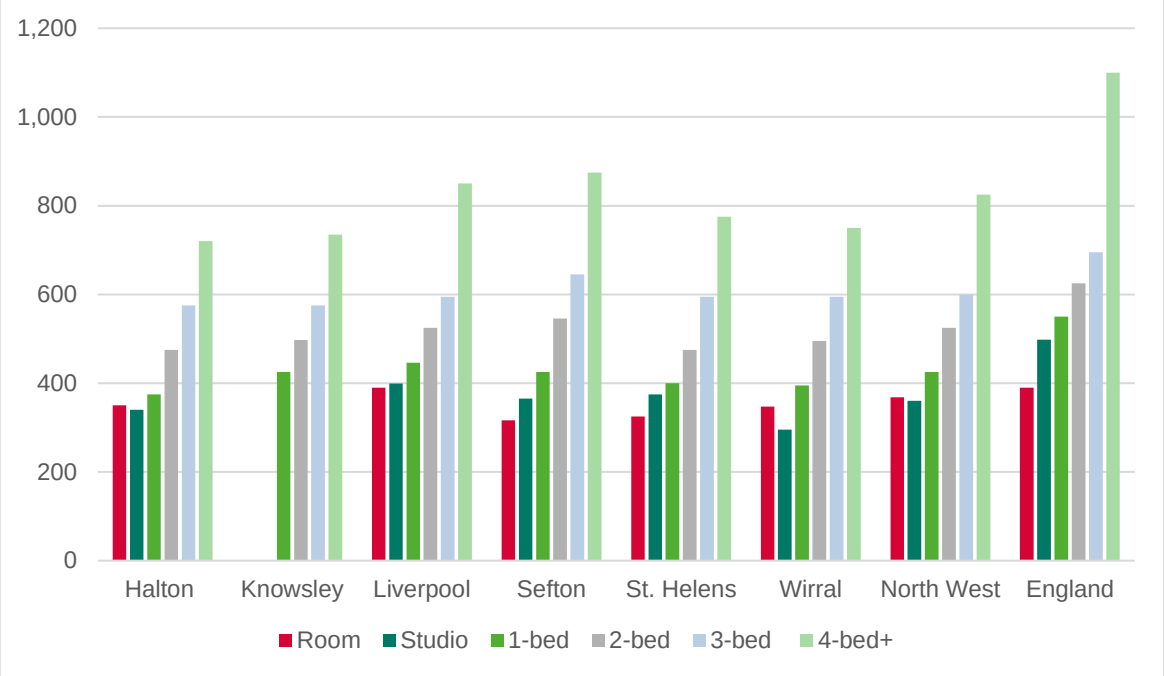
Figure 6.18: Monthly Median Rents in the City Region, Year to September 2022



Source: Iceni Analysis of ONS Private Rental Market Statistics

6.40 Similarly lower quartile rents across the City Region vary markedly in each authority area depending on the size of property and lower quartile rents for all sizes fall below the national average. In Liverpool City, entry-level rooms and studios attract a premium rental value with a strong flatted market in the City.

Figure 6.19: Monthly LQ Rents across the City Region, Year to September 2022



Source: Iceni Analysis of ONS Private Rental Market Statistics

6.41 Iceni have also considered rental trends over the 7 years from 2014 - 2021. The evidence indicates that in Knowsley, Wirral and St. Helens, there has been particularly strong rental growth for family-sized properties of 3 or more bedrooms with increases of over 20%. Liverpool City has seen notably strong rental growth in smaller properties over this period with studio rents increasing by 36%.

Table 6.4: Median Rental Growth in the City Region, 2014 - 2021

		2014	2021	Change	% Change
Halton	Studio	N.D.	N.D.	N.D.	N.D.
	1-bed	425	414	-11	-3%
	2-bed	475	500	25	5%
	3-bed	550	595	45	8%
	4+ bed	850	838	-12	-1%
Knowsley	Studio	N.D.	N.D.	N.D.	N.D.
	1-bed	398	455	57	14%
	2-bed	500	550	50	10%
	3-bed	575	700	125	22%
	4+ bed	750	885	135	18%
Liverpool	Studio	350	475	125	36%
	1-bed	445	495	50	11%
	2-bed	500	550	50	10%
	3-bed	550	600	50	9%
	4+ bed	800	950	150	19%
St. Helens	Studio	N.D.	N.D.	N.D.	N.D.
	1-bed	395	400	5	1%
	2-bed	450	495	45	10%
	3-bed	550	675	125	23%
	4+ bed	750	885	135	18%
Sefton	Studio	325	368	43	13%
	1-bed	425	450	25	6%
	2-bed	550	575	25	5%
	3-bed	650	684	34	5%
	4+ bed	850	900	50	6%
Wirral	Studio	295	325	30	10%
	1-bed	395	425	30	8%
	2-bed	495	535	40	8%
	3-bed	575	650	75	13%
	4+ bed	695	850	155	22%

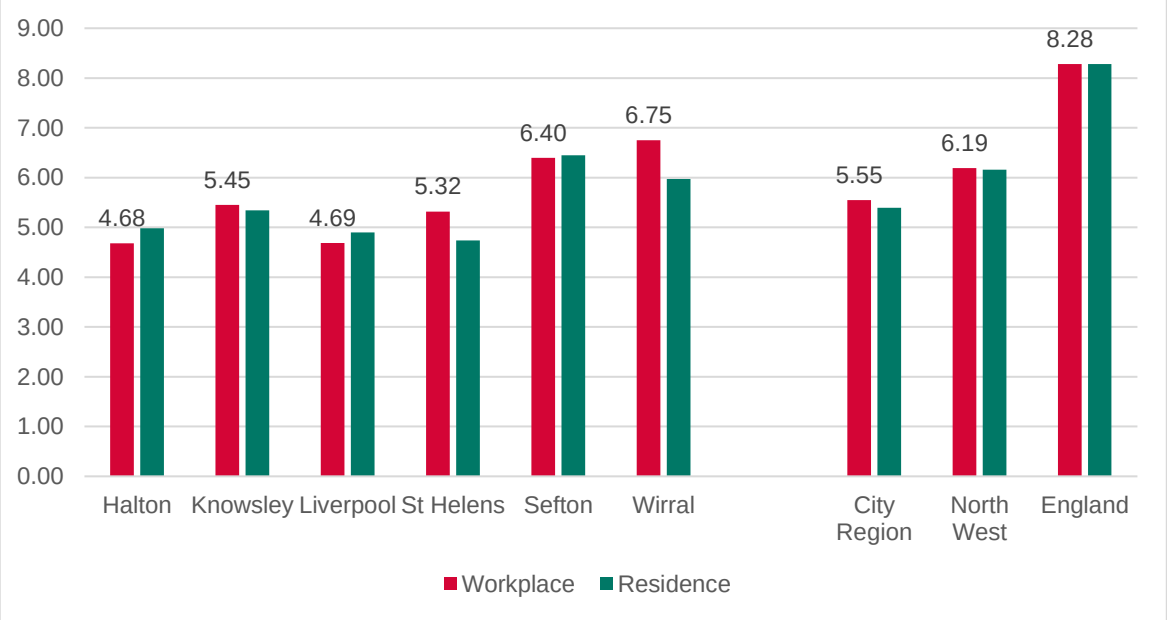
Source: Iceni analysis of ONS Private Rental Market Statistics. Note: room data not consistently available.

Housing Affordability

6.42 The average workplace-based median house price-to-earnings ratio across the City Region in 2022 at 5.55 is notably lower than the national equivalent at 8.28 as well as the regional equivalent at 6.19, pointing to lower relative affordability pressures for workers. If residents' earnings are taken into account as opposed to workforce earnings', the affordability ratio drops slightly to 5.40.

6.43 At the local authority level, Sefton and Wirral have the highest affordability pressures with a median workplace-based affordability ratio of 6.40 and 6.75 respectively, which reflects the house price geography of the City Region. Liverpool City's affordability ratios are significantly below the average with relative affordability therefore high for both workers and residents.

Figure 6.20: Median Affordability Ratios in City Region Authorities, 2022



Source: ONS House Price to Earnings Ratio

6.44 Over the last 15 years the median house price-to-earnings ratio in the City Region decreased by 0.2 points from 5.37 in 2005 to 5.15 in 2020, a notable contrast to the national position. At a local authority level, the Boroughs of Halton, St. Helens and Wirral saw a worsening affordability position between 2005 and 2020, with the majority of this shift occurring between 2015 and 2020 in both areas. Affordability ratios have improved between 2021-22.

Table 6.5: Trend in Workplace-Based Median Affordability Ratio

	2005	2010	2015	2020	5 Year Change	15 Year Change
Halton	4.87	4.68	4.55	4.84	0.29	-0.03
Knowsley	5.35	4.67	5.00	4.20	-0.80	-1.15
Liverpool	4.60	4.49	4.36	4.06	-0.30	-0.54
Sefton	5.34	4.76	5.24	5.16	-0.08	-0.18
St. Helens	6.33	6.66	6.19	6.46	0.27	0.13
Wirral	5.74	6.09	5.4	6.19	0.79	0.45
City Region	5.37	5.23	5.12	5.15	0.03	-0.22
North West	5.35	5.47	5.55	5.75	0.20	0.40
England	6.79	6.85	7.52	7.84	0.32	1.05

Source; ONS House Price to Earnings Ratio

6.45 As affordability is an input into the Government's standard method, this influences future housing needs. It is worth highlighting that affordability is not influenced by housing completions alone but rather a range of macro-economic factors.

Bringing the Evidence Together

6.46 The housing stock profile of the LCR varies greatly across the six authority areas reflecting the nature of a City Region with the combination of a major City and urban core which includes Liverpool and Birkenhead with a surrounding suburban belt and a number of larger towns and smaller settlements beyond.

6.47 The majority of households across the City Region are homeowners; however, there is a disproportionately high number of households living in the social rented sector in Halton, Liverpool, Knowsley and St. Helens. In and around the coastal areas of Sefton and Wirral where homeownership is higher, there is a predominance of larger semi-detached and detached properties which coincides with the areas of higher house prices. This contrasts with the urban core of the City Region of Liverpool City and Birkenhead where the stock profile is focussed on smaller flatted properties – an area where much of the new-build development since 2011 has been delivered.

6.48 Drawing on sales data over time and on a quarterly basis more recently, it is clear that the housing market was declining in recent years (between 2018 and 2021) with a drop in overall sales as well as new build sales despite a positive impact from the Help to Buy scheme in supporting first time buyers. 2021-22 saw growth in the sales market for the first time since 2018.

6.49 Overall, median house price growth has been fairly strong at a local authority level in relative terms with house price growth for larger properties particularly strong. Liverpool, Sefton and Wirral have experienced sharp rises in house price values, again for larger properties in particular, over the last year.

6.50 The market was particularly subdued for throughout the initial lockdown period of the COVID-19 pandemic. The introduction of the Stamp Duty Holiday appears to have had a significant impact, with sales rates across the City Region recovering quickly and reaching a peak in Q3 2021. However, the withdrawal of the Stamp Duty Holiday and the impact of rising interest rates, the cost of living crisis has resulted in decreasing sales volumes since Q4 2021.

6.51 Moving forward, there are clear questions about the city centre market with market for houses having recovered strongly compared with flats – particularly in the case of Liverpool City; where the volume of sales has fallen significantly since the COVID-19 pandemic owing to a preference among buyers for houses over flatted development. There are also risks that the performance of the new-build market could be negatively affected by the end of the Help-to-buy Equity Loan Programme.

PART B: FUTURE DEVELOPMENT NEEDS

SCENARIOS FOR ECONOMIC GROWTH

7.1 In this section we explore scenarios for how the economy in the City Region might perform, and the potential performance of its constituent local authorities. We have taken as a starting point a set of baseline economic forecasts from Oxford Economics (OE).

7.

Baseline Scenario

7.2 OE's baseline forecasts reflect their latest assessment and assumption on future economic performance. The forecasts were published in Spring 2023. They show expected growth of the City Region's economy (measured by Gross Value Added) by on average 1.3% per year between 2021-40.

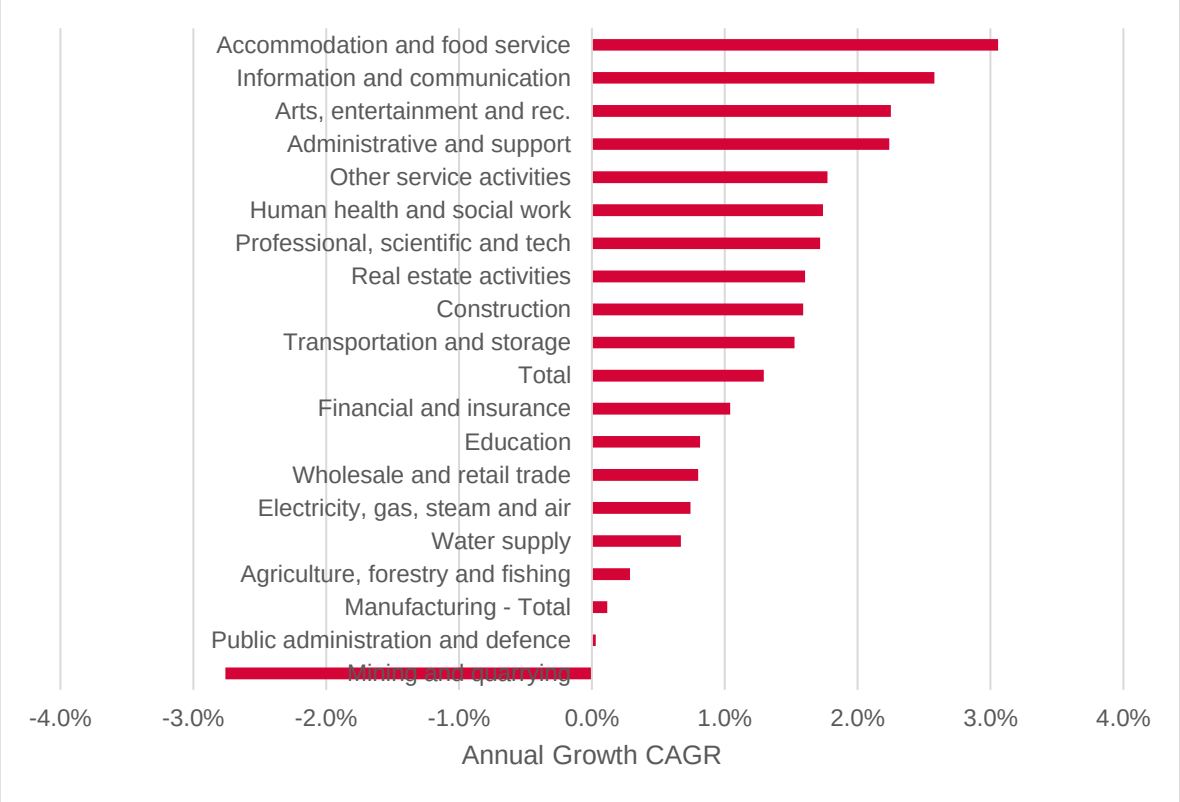
Table 7.1 Forecast Annual Growth in GVA (CAGR) – LCR and Authorities

	2021-40
Halton UA	1.3%
Knowsley	1.0%
Liverpool	1.5%
Sefton	1.0%
St Helens	1.2%
Wirral	1.2%
LCR	**1.3%**

Source: Iceni/Oxford Economics

7.3 Growth in GVA per sector is expected to be driven by service-sector activities including information and communications; health; tourism/ leisure; and professional, scientific and technical activities. Transport and storage is expected to grow; but the manufacturing sector is expected to remain stable overall but not see any substantive growth to 2040.

Figure 7.1: GVA Growth by Sector – Liverpool City Region, 2021-39



Source: Oxford Economics/Iceni

7.4 With productivity improvements, employment growth is relatively weak. Over the 2021-40 period, employment increases by 38,000 across the City Region with over 70% of the forecast employment growth expected to be in Liverpool City.

Table 7.2 Forecast Baseline Employment Growth, 2011-40

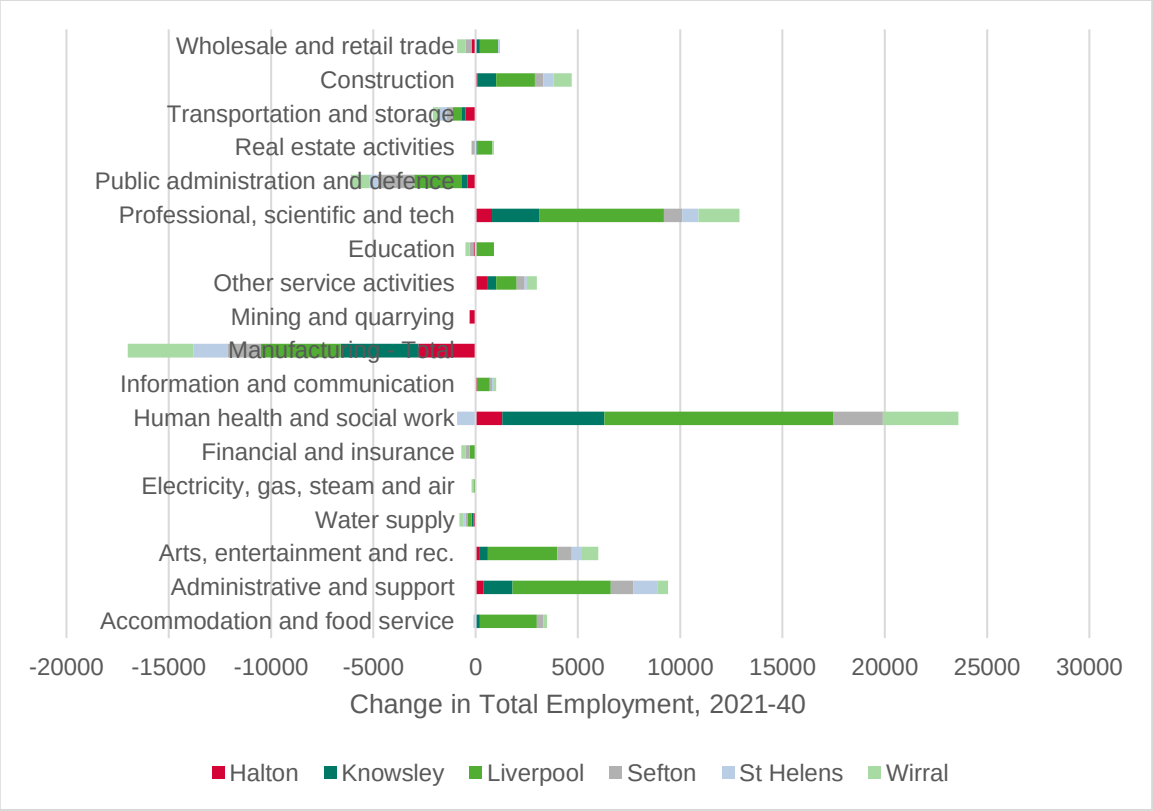
	Net Change in Total Employment, 2021-40	% CAGR
Halton	-900	-0.1%
Knowsley	6,400	0.4%
Liverpool	27,300	0.5%
Sefton	1,700	0.1%
St Helens	-100	0.0%
Wirral	3,500	0.2%
LCR	**38,000**	**0.3%**

Source: Iceni/Oxford Economics

7.5 The spatial distribution of employment growth is quite strongly focused towards Liverpool City which sees stronger relative employment growth. Knowsley sees the next strongest performance with growth of 6,400 jobs to 2040. The baseline scenario sees relatively modest growth rates in employment in the other City Region authorities; and expects employment to decline in net terms in Halton (and to a very modest extent in St Helens). Oxford Economics identify the need to improve

transport (and particularly public transport) connectivity to allow people to access employment opportunities which are focused particularly towards Liverpool City Centre.

Figure 7.2: Employment Growth by Sector – Liverpool City Region, 2021-40



Source: Oxford Economics forecasts

7.6 Oxford Economics expect jobs growth to be focused on those requiring higher skills. Jobs for those holding Level 4 (degree or equivalent) qualifications are expected to grow. Jobs that require any other level of qualification are expected to decline, with the exception of no-qualification jobs, which are set to slightly increase specifically in Liverpool; as well as those requiring trade apprenticeships. By implication, there is a need for joined-up education programmes bringing together businesses and education providers; and to retain graduates in the City Region.

Growth Scenario

7.7 Alongside the Baseline Scenario, Iceni has developed a 'Growth Scenario' which models the potential for stronger performance of the City Region's economy.

7.8 The Combined Authority Growth Platform[8] has identified a number of key sectors in the LCR economy which tally with those identified through the HEDNA's economic baseline and commercial property market analysis. These are:

- **Advanced Manufacturing** – with strengths in materials chemistry and fast moving consumer goods (FMCG), high value chemical industries and the associated supply chain;
- **Digital and Creative** – with links across to health and science technology, the education sector and gaming;
- **Health and Lifesciences** – with a particular focus on public sector research, development and innovation around infectious diseases research clustered around the Knowledge Quarter in Liverpool, Speke Biomedical Campus and Sci-Tech Daresbury;
- **Professional and Business Services** – with expertise in legal and accountancy (including maritime);
- **Visitor Economy** – in particular reflecting Liverpool's cultural offer, a coastal location and other assets across the City Region.

7.9 We see the 6th, **Clean Growth**, focusing on a transition to net zero, as a cross-cutting priority which transcends economics sectors.

7.10 To consider the growth potential of the City Region's economy and in particular to examine the potential spatial distribution of employment growth, Iceni has worked with the local authorities and the Combined Authority to examine potential catalyst development projects which provide the potential to support enhanced employment growth. Our focus has been on allocated sites which are of sub-regional significance; and we have sought to overlay these on the baseline forecast to consider the potential for enhanced growth performance in the relevant local authority.

7.11 The schemes or projects considered for each local authority are set out below. These were identified with input from the Combined Authority and from engagement with the individual LPAs.

[8] See https://growthplatform.org/ for details

Table 7.3 Key Strategic Development Projects

Local Authority	Key Schemes/ Projects Considered
Liverpool	Baltic Triangle Creative Quarter Littlewoods Film Studios Paddington Village Pall Mall Liverpool Waters
Sefton	Land East of Maghull Atlantic Park Senate Business Park North of Formby Industrial Estate Bootle Town Centre Regeneration
Knowsley	East of Knowsley Industrial & Business Parks Symmetry Park Mersyside JLR Halewood
Halton	Sci-tech Daresbury 3MG – HBC Field
St Helens	Parkside East Parkside West Omega Extension
Wirral	Wirral Waters MEA Park Wirral Waters Maritime Knowledge Hub National Packaging Innovation Centre

7.12 For each of the above schemes, Iceni calculated the expected job gross job creation and considered potential delivery timescales.

7.13 It is however inappropriate to simply 'add on' gross jobs which could be supported by such developments to the baseline forecasts, as a) some growth will already be included within the baseline; b) for most projects there are likely to be some displacement effects; and c) developments which support 'b class' jobs (office-based employment, R&D, industrial or distribution activities) are likely to have wider economic impacts through supply chain effects and local spending. Iceni has sought to take these factors into account.

7.14 In a 'supply led' assessment of development impacts, an assessment of displacement is appropriate. It can reasonably be assumed that development proposals are not all generating 'new' jobs, but that some are labour being drawn from other businesses in the area or businesses moving out of older premises and into new. The HCA Additionality Guide 2014 sets out that a medium rate of

displacement is 50% and low is 25%, however the average sub regional intervention displacement rate was around 20-40% for government research projects.

7.15 For LCR projects expected to see higher labour displacement rates, 40%-50% is reasonable. For projects less likely to see displacement then 20-25% is reasonable. Tighter labour markets with greater competition will see higher displacement rates, as will sectors likely to be looking for premises upgrades. Occasionally a 75% rate can be applied.

7.16 Specifically regarding large B8 premises, the MDS Transmodal model tends to assume replacement of older premises as a significant component of demand, implying a very high displacement rate at up to 90% on total demand (as jobs simply move from one premise to another) as a ratio of replacement to net growth. However, older vacated premises may also facilitate jobs if freed up for new business opportunities. It is estimated that 50% of the (notionally) vacated older stock might be utilised and that this utilisation carries a 50% displacement rate (so 50% is net growth). This is equivalent to a 75% displacement rate applied to the replacement demand component of the need. This 50% displacement rate was therefore applied to schemes expected to principally support B8 jobs. For manufacturing jobs, a 40% displacement rate was applied.

7.17 Multiplier effects relate to further economic activity (jobs, expenditure or income) associated with additional local income and local supplier purchases. There are different types of multiplier effects:

- a supply linkage multiplier (sometimes referred to as an indirect multiplier) due to purchases made as a result of the intervention and further purchases associated with linked firms along the supply chain.

- an income multiplier (also referred to as a consumption or induced multiplier) associated with local expenditure as a result of those who derive incomes from the direct and supply linkage impacts of the intervention.

7.18 A combined or composite multiplier captures both of above. For medium level linkages the HCA Guide advises regional multiplier is 1.5 (NW) and sub regional (i.e. LCR) closer to 1.25. Many business activities fall under this category, for example with manufacturing supply chain inputs and employee wage spend. Lower multiplier benefits may be closer to 1.1 at the subregional level.

7.19 Consideration has also been given to the relationship between the key development projects and the baseline forecast and the growth shown within the Baseline scenario. In Liverpool in particular, the baseline scenario already forecast significant growth in the sectors which were expected to be supported by the projects identified; and therefore a modest additional uplift in the Growth Scenario was shown.

7.20 Overlaying key development projects on the baseline forecasts, the Growth Scenario thus models the potential for stronger growth in total employment in the City Region. It represents and informed assessment of future growth potential taking account of local intelligence. It focuses on total employment, with a view to feeding into the consideration of housing need (and avoiding circularity issues with modelling of employment land provision).

7.21 The Growth Scenario shows growth in employment of 57,500 to 2040, which is 57% above the growth in the Baseline, and represents a growth rate of 0.4% per annum. This exceeds expected performance for the NW region.

Table 7.4 Forecast Employment Growth 2021-40, Baseline and Growth Scenario

Net Change in Total Employment, 2021-40	Baseline Scenario	Growth Scenario
Halton	-900	5,900
Knowsley	6,400	7,000
Liverpool	27,300	28,800
Sefton	1,700	3,800
St Helens	-100	7,100
Wirral	3,500	4,500
LCR	**38,000**	**57,000**

7.22 In this scenario, all authorities in the LCR are expected to see positive employment growth.

7.23 Halton and St Helens see notable stronger relative performance than in the baseline, approaching that forecast in Liverpool. Sefton and Wirral in this scenario see positive growth in employment, but at a relatively modest rate compared to the other parts of LCR.

Table 7.5 Growth Scenario Growth Rates – CAGR

% CAGR	2021-40
Liverpool	0.5%
Sefton	0.2%
Knowsley	0.4%
Halton	0.4%
St Helens	0.5%
Wirral	0.2%
LCR	**0.4%**

7.24 The economic scenarios feed into consideration of the overall housing need (in Section 8) and employment land needs (in Section 9).

OVERALL HOUSING NEED

8.1 This section considers parameters for overall housing need in the City Region. It considers the current position with regards to housing need in each authority area and then potential influences in assessing the (unconstrained) local housing need across all six authorities.

8.

8.2 In respect of scenarios relating to overall needs, the figures presented do not represent a housing requirement figure or targets to be taken forward in Local Plans – this will be influenced by a range of other plan-making considerations, including land availability, development constraints, infrastructure provision, the spatial strategy within the SDS and feedback from the consultation process. These are relevant influences on both the level and spatial distribution of development across the LCR.

Current Planning Assumptions

8.3 The six authorities comprising the combined authority area are all at varying stages of the Local Plan process. Liverpool City Council, Halton Borough Council and St Helens Borough Council have all recently adopted their respective Local Plan; Sefton is in the process of undertaking a five year review of its adopted Local Plan; and Wirral Borough Council published its Local Plan under Regulation 19 in May 2022 and it is now at Examination. Knowsley concluded a review of its Local Plan Core Strategy in 2021 and found it to be compliant with national policy.

8.4 In addition to the varying stages of the planning process, all six local authorities have used a different method for assessing local housing need. For instance, Liverpool has based its housing need on the LCR Strategic Housing and Employment Land Market Assessment ("SHELMA") prepared in 2018, whereas Wirral's Local Plan housing requirement is based on the Wirral SHMA which includes a modest adjustment above the standard method to support economic growth. In Halton, the Council has used the standard method as a starting point before undertaking a "light touch" review of the SHELMA to arrive at a higher figure in line with the PPG.

8.5 The Table below provides an overview of where each authority's Local Plan is currently at in preparation, the overall housing requirement and annual housing need and how the housing need figure has been derived. As is shown, collectively, the City Region is currently making provision for a total of 86,016 homes across different plan periods (equal to 4,500 homes per annum on average).

Table 8.1 Current and Emerging Local Plan Positions, City Region

Authority	Plan Period	Local Plan Stage	Housing Requirement	Homes (p.a.)	Basis
Halton	2014-37	Adopted	8,050	350	PPG/SHELMA
Knowsley	2010-28	No Action	8,100	450	Technical Report[9]
Liverpool	2013-33	Adopted	34,780	1,739	SHELMA
Sefton	2012-30	Review	11,520	640 (694 from 2017+)	Technical Report[10]
St Helens	2020-37	Adopted	10,206	486	SHMA Update[11]
Wirral	2020-37	Examination	13,360	835	PPG/ Standard Method
LCR			86,016	4,500-4554[12]	

Standard Method

8.6 In 2018, the Government amended the NPPF and released new Planning Practice Guidance to introduce the 'standard method' for calculating local housing need. This replaced the approach to defining Objectively Assessed Needs ("OAN") set out in the 2014 Planning Practice Guidance.

8.7 The Government's intention in doing so was to introduce a standardised approach using consistent data sources for all local authorities nationally to calculate housing need. Its ambitions were to make the process of doing so simpler, quicker and more transparent, with the intention of speeding up plan-making.

8.8 The 2021 NPPF (paragraph 61) sets out that to determine the minimum number of homes needed:

"strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any need that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for."

[9] Knowsley Local Plan: Core Strategy – Technical Report, Planning for Housing Growth in Knowsley (July 2013)

[10] Sefton Council Review of the Objectively Assessed Need for Housing (July 2015) with a 10% upward adjustment. There is a phased housing requirement, with the figure from 2017-30 being 694 dpa.

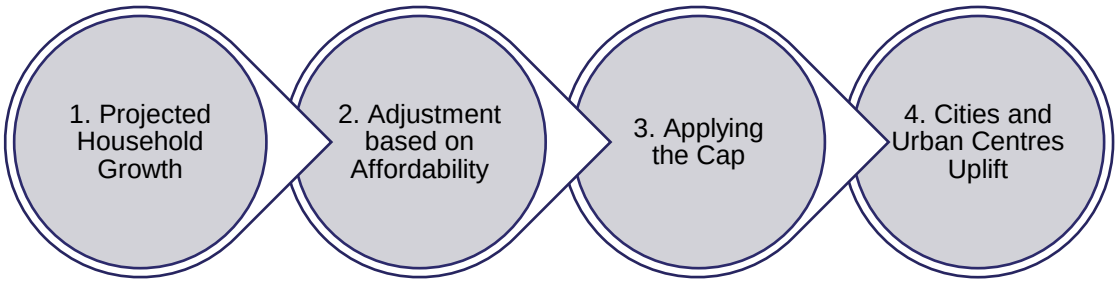
[11] St Helens Strategic Housing Market Assessment Update (January 2019)

[12] This is an indicative annual average, but should be treated with caution given the different stages of plan preparation and different plan periods

The Current Standard Method

8.9 The standard method set out at the time of writing in the Planning Practice Guidance adopts a four-stage approach. The four-step process is set out in the Figure below.

Figure 8.1: Overview of the Current Standard Method for Calculating Local Housing Need



8.10 Step One, in considering housing need against the standard method is to establish a demographic baseline. This baseline is drawn from the 2014-based Household Projections and should be the annual average household growth over a ten- year period, with the current year being the first year i.e. 2023 to 2033.

8.11 Step Two, is to consider the application of an affordability uplift to the demographic baseline, to take account of market signals (i.e. relative affordability of housing). The adjustment increases the housing need where house prices are high relative to workplace incomes. It uses the published ONS workplace-based median house price to median earnings ratio for the most recent year for which data is available. The latest workplace-based affordability data is for 2022; published by ONS in March 2023.

8.12 The PPG states that for each 1% increase in the ratio of house prices to earnings, where the ratio is above 4, the average household growth should be increased by a quarter of a per cent, with the calculation being as follows:

[Adjustment Factor = ((local affordability ratio – 4)/4) x 0.25]

8.13 Step Three is to consider whether a cap should be applied to the affordability adjustment to ensure that the figure which arises through the first two steps does not exceed a level which can be delivered. There are two situations where a cap is applied, and these are set out below. Across the City Region, we have applied the appropriate cap depending on the relevant local authority circumstances.

- The first is where an authority has reviewed its plan (including developing an assessment of housing need) or adopted a plan within the last five years. In this instance the need may be capped at 40% above the requirement figure set out in the Local Development Plan.

- The second situation affects plans and evidence that are more than five years old. In such circumstances, a cap may be applied at 40% of the higher of the projected household growth or the housing requirement in the most recent plan, where this exists.

8.14 The final step – Step Four – was introduced by the Government through an amendment to the standard method as set out in the PPG on 16th December 2020. This additional step applies only to Cities and urban centres which fall within the top 20 largest in England. As Liverpool City forms part of the City Region, the fourth step is therefore to incorporate an uplift of the figure for Liverpool generated by steps 1 to 3 by 35%.

8.15 The Table below works through the calculation of the minimum local housing need using the methodology above, as set out currently in the PPG, drawing on the four relevant steps for the City Region authorities.

Table 8.2 Minimum Local Housing Need, Standard Method

Local Authority	Halton	Knowsley	Liverpool	Sefton	St Helens	Wirral	LCR
Step 1: Projected Household Growth, 2023-33							
Household Growth (p.a.)	208	237	1551	510	368	640	3,515
Step 2: Affordability Adjustment							
Affordability Ratio, 2022	4.68	5.45	4.69	6.4	5.32	6.75	
Adjustment Factor	104%	109%	104%	115%	108%	117%	
Adjusted Housing Need (p.a)	217	259	1618	587	398	750	3,820
Step 3: Applying the Cap							
Date of Plan Adoption	02.03.22	06.01.16	07.01.22	20.04.17	12.07.22	No Plan	
>5 Years Old?	No	Yes	No	Yes	No	n.a.	
Local Plan Target (p.a.)	350	450	1,739	640	486	n.a.	
Application of 40% Cap (p.a.)	469	630	2,435	896	680	915	
Step 4: Cities and Urban Centres Uplift							
Liverpool Uplift (35%) (p.a.)	n.a.	n.a.	566	n.a.	n.a.	n.a.	
Minimum LHN (p.a.)	**217**	**259**	**2,184**	**587**	**398**	**750**	**4,395**

8.16 Drawing on the calculations detailed in the Table above, Table 8.3 below shows a minimum local housing need for 4,395 net additional homes in the City Region per annum. This is based on applying an affordability uplift as well as a City and Urban Centres uplift for Liverpool City to household growth

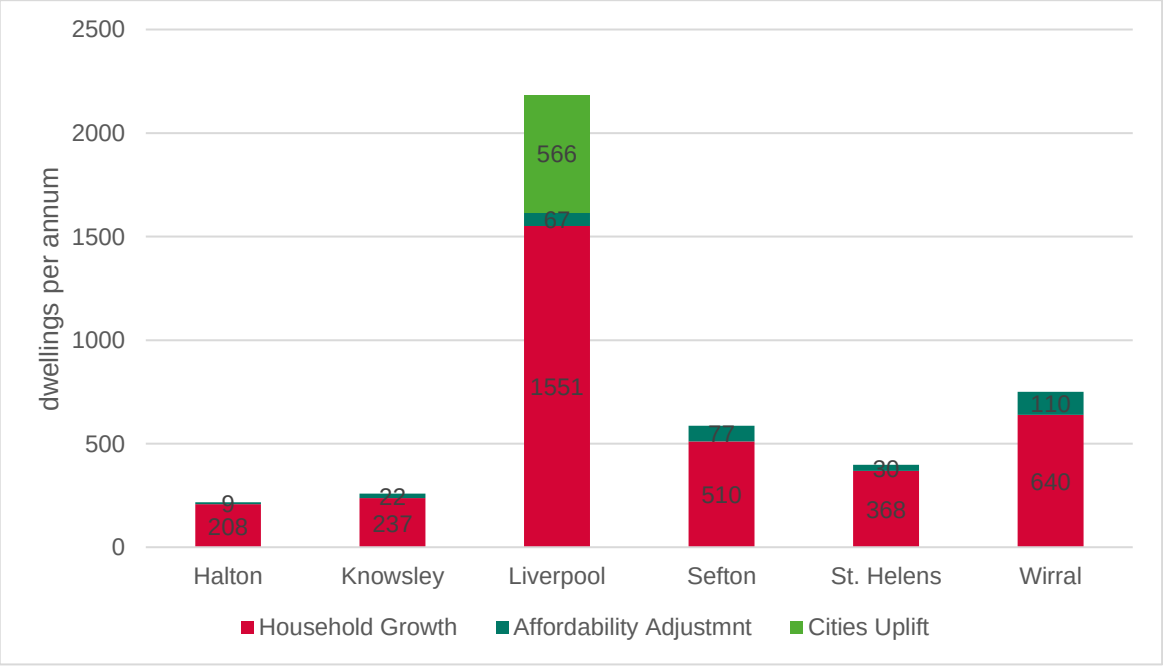
across the six authority areas. The effect of the City & Urban Centres uplift alone is to increase the housing need figure for Liverpool by 566 dpa, from 1618 dpa to 2184 dpa.

Table 8.3 City Region Standard Method Minimum Local Housing Need

Authority	Local Housing Need (p.a.)
Halton	217
Knowsley	259
Liverpool	2,184
Sefton	587
St Helens	398
Wirral	750
LCR	**4,395**

8.17 The chart below shows how the overall housing need shown by the standard method is made up, including the influence of the Cities and Urban Areas Uplift.

Figure 8.2: Standard Method Local Housing Need – LCR Authorities



8.18 The local housing need generated by the standard method of 4,395 homes per annum is broadly in line with the level of housing provision currently being planned for in current and emerging Local Plans across the City Region at 4,500 homes per annum on average. It compares to 5 year average delivery of 5,787 homes per annum, although it is important to recognise that this does not cover a full economic cycle.

8.19 Overall using the standard method, the 2014-based household projections expect household growth of 3,515 per year across the LCR; to which an uplift of 314 homes a year to improve affordability; with a further uplift of 566 homes a year then applied to Liverpool as one of the top 20 cities and urban areas across England. Government's Planning Practice Guidance sets out that this Cities uplift should be met within the cities and urban areas themselves, unless it would conflict with national policies or legal obligations with priority given to brownfield and other under-utilised urban sites.

8.20 At the time of writing, it should be noted that there is potential for the method of calculating local housing need to change during the course of the Spatial Development Strategy's preparation. The Government completed a consultation in March 2023 on *reforms to national planning policy* which set out that Government would review the implications of new household projections (based on the 2021 Census) which are due to be published in 2024. It also sought to consider circumstances in which councils might be able to show exceptional circumstances to deviate from the standard method. The outcomes of the consultation (and any associated changes to planning policies nationally) are awaited.

8.21 It should also be noted that the standard method figures will also change throughout the plan-making process as a result of (1) a change in the base year and (2) the publication of new affordability ratios. The local housing need figure should be kept under review and revised where appropriate.

Wider Considerations in Assessing Housing Need

8.22 The PPG sets out that the standard method does not predict the impact that future Government policies, changing economic circumstances or other factors may have. The PPG[13] states that there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates. The guidance is replicated below.

When might it be appropriate to plan for a higher housing need figure than the standard method indicates?

The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where

[13] Paragraph: 010 Reference ID: 2a-010-20190220

it is appropriate to consider whether actual housing need is higher than the standard method indicates.

This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:

- growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);
- strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or
- an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground

There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.

8.23 The PPG[14] also requires consideration to be given to the inter-relationship with the assessed need for affordable housing. It sets out that:

> *"The total affordable housing need [once assessed] can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes."*

8.24 All of these factors are considered in turn below.

Growth Funding

8.25 The City Region LEP has had a number of growth packages and funding programmes over recent years. The City Region has signed three Growth Deals with Government to date through the Local

[14] Paragraph: 024 Reference ID: 2a-024-20190220

Growth Fund which was a Government funding pot running from 2015/16 to 2020/21. In total, the City Region has secured £336m of Growth Deal funding through Local Growth Fund with the first Growth Deal signed in November 2014 and further funding rounds announced in March 2016 and January 2017. The 2014 Growth Deal set out to create 10,000 new jobs and allow 10,000 homes to be built by 2021.

8.26 More recently, the LCR Economic Recovery Plan (July 2020) titled "Building Back Better" outlined how through devolved recovery funding, the City Region would see investment of £1.4bn which could unlock £8.8bn worth of projects subject to Government approval. These projects would see the creation of 94,000 jobs as well as unlocking 19,000 new homes. At the time of writing, this funding has not been approved by Government although the Metro Mayor continues to lobby for investment. The jobs figures set out are gross rather than net.

8.27 This HEDNA considers key economic development/ investment projects which are taken into account through the Growth Scenario developed herein.

Strategic Infrastructure Improvements

8.28 The LCR forms part of the area covered by the Integrated Rail Plan for the North and Midlands or more simply, the Integrated Rail Plan ("IRP"). In November 2021, the Department for Transport published the IRP which sets out commitments to deliver HS2 to Manchester and the 'Core' Northern Powerhouse Rail ("NPR") route – two major strategic rail programmes delivering high speed railway lines – and provide upgrades to existing lines in and out of Liverpool including the Transpennine Route.

8.29 The Government' states that the projects will "dramatically improve connections between three of the great economic powerhouses of the North" including Liverpool, Manchester and Leeds. The Government has also set out that the NPR, when completely integrated with HS2, is expected to free up capacity on existing routes for local stopping and direct services and freight movements.

8.30 Overall, the IRP is expected to treble capacity between Liverpool and Birmingham, Nottingham, Manchester and Leeds and will decrease the journey time from London to Liverpool from 132 minutes to 92 minutes. However, it is noted that the IRP has taken an alternative approach to the preferred scheme set out by Transport for the North which favoured a full new railway line as opposed to upgrades. It is also noted that the proposed works are not expected to be completed in the City Region until the early-mid 2040s. They are thus unlikely to impact materially on the scale of housing need to 2040 being considered in this report.

8.31 In addition, the IRP includes enhancements to existing railway stations including Liverpool Lime Street but notes that any new station being considered by the LCR would need to be locally funded

in reference to the commission by the Metro Mayor for a new railway station in Liverpool City Centre capable of connecting to both the NPR and HS2 lines.

8.32 Further to the above, LCR received £710m in the March 2021 Budget for new and renovated stations in Liverpool and Runcorn as well as an interchange project in St Helens. The funding will also be spent on schemes such as the next generation Metrolink tram-train vehicles, and battery power for rolling stock to expand the Merseyrail network to areas including Skelmersdale, Wrexham and Warrington.

8.33 Funding from the Local Growth Fund has also been used to back Liverpool's City Centre Connectivity scheme and the construction of a new train station at Maghull North – the first new station on the Merseyrail network in a generation. Moving forward, there are also plans for a new station at Headbolt Lane in Kirkby, Knowsley.

8.34 Separate to strategic railway improvements, in the March 2021 Budget, the Port of Liverpool was designated as one of the eight places across England that have been granted Freeport status. The LCR Freeport is expected to include 310ha of land for development including 675,000 sq. m. of commercial floorspace and 14,000 gross direct and indirect jobs underpinned by £800m of total investment. This has been considered in the development of economic scenarios in the HEDNA.

8.35 As the preparation of the evidence progresses, there is potential for new evidence to emerge on the City Region Freeport, Levelling Up Agenda or the Integrated Rail Plan which could warrant further consideration. This will be monitored as the preparation of the Spatial Development Strategy progresses.

Affordable Housing Need

8.36 The PPG[15] outlines that an increase in the local housing need figure should be considered where it could help deliver the required number of affordable homes. Iceni has reviewed the evidence base for the six authorities to determine the most recent affordable housing need positions as well as the adopted policy requirements set out in Local Plans relating to securing affordable housing. In respect of the latter, a range is provided where relevant as some policy requirements are tailored to different circumstances (i.e. greenfield vs brownfield). This is set out in the table below.

[15] PPG ID: 2a-024-20190220

Table 8.4 Affordable Housing Policy Requirements, LCR

	Affordable Need (p.a.)	Basis	Policy Requirement (%)
Halton	119	Mid-Mersey SHMA[16]	20-25%
Knowsley	243	Knowsley HNA[17]	10-25%
Liverpool	386	Liverpool SHMA[18]	20%
Sefton	391	Sefton SHMA[19]	30%
St. Helens	117	St Helens SHMA[20]	10-30%
Wirral	374	Wirral SHMA[21]	10-20%

8.37 Based on the latest affordable needs position in each authority area and relating back to the local housing need generated by the standard method, Iceni would note that all authorities except for Liverpool City and St Helens would have to deliver a notably high proportion of overall housing need as affordable housing in order to meet the affordable housing need in full. In Liverpool, delivering the local housing need derived from the standard method would require 18% affordable delivery to meet the need in full (with the lower figure in particular reflecting the higher standard method housing need generated by applying the cities and urban areas uplift). In St. Helens, the requirement would be 29%. As is set out in the table above, both areas could achieve this if the affordable housing policy requirements are met.

8.38 Elsewhere, there would be a need to significantly exceed the policy requirements which have been assessed through each authority's viability evidence base. It is also the case that delivering over and above the policy requirement would ultimately constrain the delivery of market housing. An analysis of this is shown in the table below.

[16] Mid Mersey Strategic Housing Market Assessment, 2016

[17] Knowsley Housing Need Assessment, 2021

[18] Liverpool Strategic Housing Market Assessment, 2017

[19] Sefton Strategic Housing Market Assessment, 2019

[20] St Helens Strategic Housing Market Assessment Update, 2019

[21] Wirral Strategic Housing Market Assessment, 2021

Table 8.5 Delivering AH Need in Full, LCR

	Affordable Need (p.a.)	Standard Method	% of Standard Method
Halton	119	217	55%
Knowsley	243	259	94%
Liverpool	386	2,184	18%
Sefton	391	587	67%
St. Helens	117	398	29%
Wirral	374	750	50%

8.39 Furthermore, on the basis of the Councils' adopted policy requirements, the standard method derived local housing need would have to be increased significantly if the full extent of affordable housing need was to be met. The table below provides an overview of this analysis. As is clear, overall housing need would have to be increased to unrealistic levels except for Liverpool City which would be delivering in excess of the requirement if policy requirements are achieved.

Table 8.6 LHN to Meet AH Need in Full, LCR

	Policy Requirement (%)	Affordable Need (p.a.)	LHN to Meet AH Need in Full (p.a.)
Halton	20-25%	119	476-595
Knowsley	10-25%	243	972-2,430
Liverpool	20%	386	1,930
Sefton	30%	391	1,303
St. Helens	10-30%	117	390-1,170
Wirral	10-20%	374	1,870-3,740

8.40 Iceni considers that neither of these scenarios are realistic and ultimately, it is inappropriate to use a mechanical relationship to consider how affordable housing provision and overall housing need relate to one another. Affordable housing delivery is influenced by residential development viability and funding to support its delivery.

8.41 There are other delivery mechanisms for affordable housing outside of Section 106 provision including delivery on sites by Registered Providers, the purchase of existing housing stock to provide affordable housing (as opposed to new-build development), and the potential for Councils to directly deliver affordable housing themselves through their HRA Programmes (where applicable) or where Local Housing Companies are in place.

8.42 The potential to support affordable housing delivery is nonetheless an influence in setting housing requirements through the SDS and individual local plan processes.

8.43 The affordable housing need is a point-in-time assessment based on current housing costs relative to earnings and takes account of current supply. The reality is that many households with an affordable housing need, including those who aspire to own a home, are existing households living in the private rented sector and simply require an alternative form of housing.

8.44 It is also the case that the intention behind the affordability uplift in the standard method is to improve the affordability of market housing over time. This envisages reducing the cost of market housing relative to earnings, and in doing so would reduce the affordable housing need.

More Recent Demographic Projections

8.45 The standard method analysis above uses the 2014-based subnational household projections (SNHP) along with the latest affordability ratio available at the time of drafting (2022 data). However, the PPG does suggest that an alternative to the SM can be used. Specifically it sets out in PPG Para 2a-015[22]:

> *Where a strategic policy-making authority can show that an alternative approach identifies a need higher than using the standard method, and that it adequately reflects current and future demographic trends and market signals, the approach can be considered sound as it will have exceeded the minimum starting point.*
>
> *Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination.*
>
> *Any method which relies on using household projections more recently published than the 2014- based household projections will not be considered to be following the standard method as set out in paragraph 60 of the National Planning Policy Framework). As explained above, it is not considered that these projections provide an appropriate basis for use in the standard method.*

8.46 The PPG is clear that any method that does not use the 2014-based household projections will not be following the standard method. However, it is relevant to appraise more recent demographic trends and consider whether they might point to a different estimate of housing need and whether exceptional circumstances exist to support an alternative approach. More recent demographic

[22] Reference ID: 2a-015-20190220

information is clearly relevant in assessing housing need in a context in which NPPF Para 31 sets out that the preparation and review of plans should be underpinned by relevant and up-to-date evidence.

8.47 Exceptional circumstances must however be shown to justify housing provision below the standard method figures, which in reality in most instances provide a minimum benchmark. In the context of the SDS, this is particularly relevant across the LCR (as opposed to individual authorities) as the SDS can set out an appropriate distribution of housing provision within the city region.

Demographic Trends: MYE Timeseries

8.48 Initial analysis below looks at past trends in population growth, with the table below showing the population change in 5-year periods to 2014 (to broadly align with the 2014-based projections) and 2021 (the latest date for which population estimates have been made). It should be noted this information is largely based on ONS estimates of population prior to any consideration of 2021 Census data – we look at the implications of the Census later in this section.

Table 8.7 Past Population Change – LCR

Date	Halton	Knows-ley	Liverpool	Sefton	St. Helens	Wirral	LCR
2001	118,559	151,238	441,858	282,884	176,826	315,004	1,486,369
2002	118,788	150,506	443,784	280,866	176,295	315,050	1,485,289
2003	119,178	149,795	444,960	279,913	175,997	315,371	1,485,214
2004	119,960	149,216	448,091	278,853	175,738	315,130	1,486,988
2005	120,396	148,900	452,278	276,957	175,361	314,925	1,488,817
2006	121,275	148,788	453,055	275,852	175,199	315,350	1,489,519
2007	122,040	148,188	453,582	275,085	174,970	315,670	1,489,535
2008	122,907	147,822	454,468	274,735	175,106	316,711	1,491,749
2009	123,636	147,070	457,523	274,153	175,272	317,771	1,495,425
2010	124,802	146,398	461,403	273,820	175,203	319,078	1,500,704
2011	125,722	145,903	465,656	273,969	175,405	319,837	1,506,492
2012	125,781	145,942	470,191	273,798	176,124	320,389	1,512,225
2013	126,074	146,091	471,789	273,372	176,221	320,670	1,514,217
2014	126,501	146,429	474,569	273,856	177,191	321,503	1,520,049
2015	126,719	147,262	480,873	274,089	177,592	321,700	1,528,235
2016	127,306	148,001	487,605	274,853	178,480	322,216	1,538,461
2017	127,595	148,560	491,549	274,589	179,331	322,796	1,544,420
2018	128,432	149,571	494,814	275,396	180,049	323,235	1,551,497
2019	129,410	150,862	498,042	276,410	180,585	324,011	1,559,320
2020	129,759	152,452	500,474	275,899	181,095	324,336	1,564,015
2021	129,866	153,697	506,525	276,167	181,996	324,332	1,572,583
5 years to 2014	2,865	-641	17,046	-297	1,919	3,732	24,624
5 years to 2021	2,560	5,696	18,920	1,314	3,516	2,116	34,122

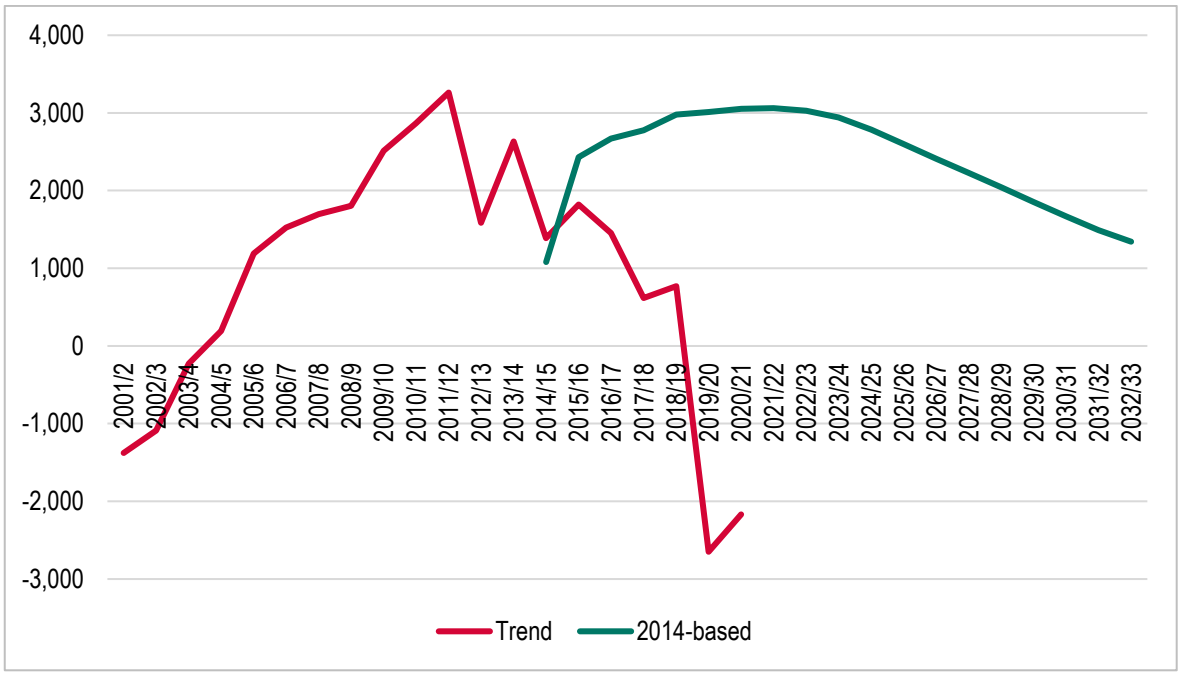
Source: ONS, Annual Population Survey

8.49 The analysis shows **a higher level of population growth across the City Region as a whole in the two most recent periods studied** and would point to potentially needing to consider alternative projections linking to these demographic trends.

8.50 The reasons for the higher population growth are interesting and are driven by increased net in-migration to the area. It is also notable that natural change (births minus deaths) have fallen notably from levels projected in the 2014-based projections. This figures below shows this data for the whole study area including the trend which is estimated by ONS.

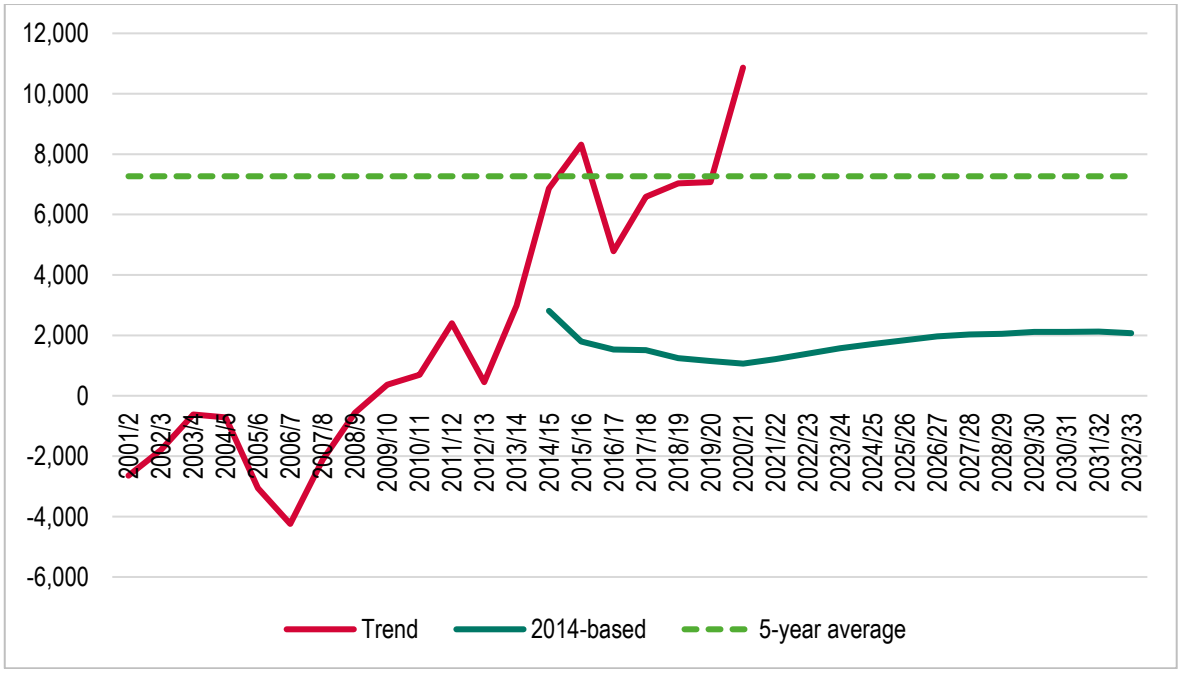
8.51 It should be noted that natural change has fallen as a result of both (1) declining birth rates and (2) mortality rates which are lower than anticipated compared with those projected at the time of the 2014-based SNPP – indeed mortality rates have been fairly flat over the past few years. It should be noted that these trends are not unique to the City Region with national data broadly showing the same pattern.

Figure 8.1: Past Trends and Future Projections of Natural Change – LCR



Source: ONS

Figure 8.1: Past Trends and Future Projections of Net Migration – LCR



Source: ONS

8.52 Overall, given the clear change in both migration and natural change, there is some merit in considering the potential impact on future projections. In addition, it is worthwhile considering the results and implications of data from the 2021 Census.

Reviewing the 2021 Census Results

8.53 The analysis below provided a series of statistics in relation to estimates of population and household growth. The key is to compare estimated changes with those now suggested by the 2021 Census. The analysis then moves on to looking at whether or not the Census may have over or under-counted population (either in the 2021 or previous Census) and whether there are specific issues for particular groups – namely the student population of Liverpool given the Census was carried out during a period which could have been impacted by the COVID-19 pandemic.

8.54 The analysis also looks at the data likely to be used by ONS for their next round of (2021-based) population and household projections and uses this to develop a trend-based projection, which can then be analysed within the framework of the Standard Method (i.e. to establish trend-based household growth and then make an adjustment for affordability).

Population

8.55 ONS annually publishes estimates of population change through mid-year population estimates (MYE) and then 'resets' population figures once Census data is available. The tables below firstly show the MYE for 2011 and 2021 and secondly the MYE data once adjusted for Census data.

Table 8.8 Estimated population change (2011-21) – mid-year population estimates

	2011	2021	Change	% change
Halton	125,722	129,866	4,144	3.3%
Knowsley	145,903	153,697	7,794	5.3%
Liverpool	465,656	506,525	40,869	8.8%
Sefton	273,969	276,167	2,198	0.8%
St. Helens	175,405	181,996	6,591	3.8%
Wirral	319,837	324,332	4,495	1.4%
LCR	1,506,492	1,572,583	66,091	4.4%

Source: ONS

Table 8.9 Estimated population change (2011-21) – mid-year population estimates (adjusted for 2021 Census data)

	2011	2021 (Census adjusted)	Change	% change
Halton	125,722	128,577	2,855	2.3%
Knowsley	145,903	154,974	9,071	6.2%
Liverpool	465,656	484,488	18,832	4.0%
Sefton	273,969	279,692	5,723	2.1%
St. Helens	175,405	183,391	7,986	4.6%
Wirral	319,837	320,600	763	0.2%
LCR	1,506,492	1,551,722	45,230	3.0%

Source: ONS

8.56 The table below then compares the change data from these two sources. This indicates a lower level of population growth shown by the Census for the Liverpool City Region than had previously been estimated by ONS. The main area where there is a difference is for Liverpool where Census population growth was some 22,000 people lower than in the MYE – suggesting population growth between 2011-21 being less than half the level previously estimated. For other areas there is a closer alignment between sources, although notable differences are seen in Sefton and Wirral in particular.

Table 8.10 Comparing estimated population change in mid-year population estimates and as adjusted for the 2021 Census (2011-21)

	MYE	Census adjusted	Difference
Halton	4,144	2,855	-1,289
Knowsley	7,794	9,071	1,277
Liverpool	40,869	18,832	-22,037
Sefton	2,198	5,723	3,525
St. Helens	6,591	7,986	1,395
Wirral	4,495	763	-3,732
LCR	66,091	45,230	-20,861

Source: ONS

8.57 The difference in estimates does mean it is necessary to consider other sources to see if a most likely scenario can be established. Two analyses have been conducted and considered in more detail below. In summary these can be described as:

- Accuracy of Census data – whilst the Census is generally considered to be the best source of information about population estimates, it is not without potential error (as the Census does not achieve a 100% response rate there is still a degree of estimation by ONS). If any errors in estimates from the Census differ for different collection dates (e.g. 2001, 2011 or 2021) then estimates of population change will be incorrect and may over- or under-estimate actual change between to Census dates.

- Patient Register – the Patient Register is a source of information about the number of people registered with a GP and living in an area. This is often a poor source of data about actual population numbers (as some people register when moving but don't deregister from a previous address) but is a good source for looking at relative population change – i.e. comparing one area with another.

Accuracy of Census Data

8.58 It is possible that Census data could be inaccurate and as a result the changes shown by Census data do not reflect the population change that has actually occurred. This might for example be the case if an area had its population over-estimated in 2011 but correctly estimated in 2021 – in such a

circumstance population growth shown by the 2021 Census would be lower than had actually happened. But equally there could be issues with the 2021 Census data.

8.59 It is difficult to know if Census data is wrong, and if it is for which years. However, it is possible to run an analysis that looks at corrections made to previous Census data, which across LCR were significant. For example, in 2011 ONS had enumerated the population of Liverpool to be around 445,000, but this was then increased by more than 20,000 following the Census to 465,700 – i.e. the Census showed the City's population to be 20,000 persons larger than ONS had been previously estimating.

8.60 The difference is known as Unattributable Population Change (UPC) as ONS are unsure whether it relates to inaccuracies in Census data or to their estimates on components of population change over the previous 10 years. Were the lower 445,000 population figure in 2011 to have actually been correct, and the 2021 Census figure also correct, then population growth between 2011 and 2021 would have been around 39,000 – close to the figure shown by ONS in the MYE.

8.61 The table below shows equivalent information for all local authorities, and it can be seen that across the LCR there a much closer alignment between figures, although differences for some local authorities are greater than seen in the previous analysis. For clarity, the figures in the MYE column show the population growth as monitored by ONS in its mid-year population estimates. The UPC adjusted column is the population change shown by the Census (2011-21) but without the Unattributable Population Change adjustments made by ONS in 2011.

Table 8.11 Comparing estimated population change (2011-21) in mid-year population estimates and with a UPC adjustment to 2011 data

	MYE	UPC adjusted	Difference
Halton	4,144	8,546	4,402
Knowsley	7,794	5,422	-2,372
Liverpool	40,869	39,430	-1,439
Sefton	2,198	3,617	1,419
St. Helens	6,591	3,951	-2,640
Wirral	4,495	10,149	5,654
LCR	66,091	71,115	5,024

Source: Derived from ONS data

8.62 The analysis questions whether Census data has been under- or over-estimated and logically a Census should only under-estimate figures as any non-response would lead to figures below a total population. In reality, this is not how the Census works: ONS recognises a degree of non-response and then estimates results for those people/households it has not received responses from. The extent to which ONS makes corrections will be a source of error in making overall population estimates.

8.63 The point about non-response is particularly relevant for Liverpool where the 2021 Census is reported by ONS as only having a 93% response rate – the Census enumerated 454,200 people and ONS have used that figure to estimate an actual population of 486,100. In the 2011 Census, ONS record an even lower response rate (88%) and enumerated 412,600 people (uprating this to 466,400). Interestingly the change in the number of people actually enumerated in the two Census was around 41,600 – a figure again close to the MYE change in this period.

8.64 Generally, response rates for other areas are higher than for Liverpool, and in all locations the response rate for 2021 is recorded as being higher than in 2011. Overall, the analysis in this report is not drawing much from the Census response rates, but it is noted as a reason why the Census can over-estimate population as well as under-estimate.

Patient Register Data

8.65 A second check on population growth is to look at Patient Register (PR) data. The PR measures the number of patients registered at NHS GP surgeries. Typically the PR shows higher estimates of population than other sources as some people are registered in more than one place (e.g. if they have moved home, registered with a new GP but not unregistered with a previous one). The PR can however be a good source to look at changes over time.

8.66 The table below shows estimated population growth in both the MYE and the PR for each area along with the North West region and England – the data for this analysis covers the 2011-20 period.

8.67 Focussing again on Liverpool, the data shows an increase in the number of people on the PR of 58,000 over the 9-year period, compared with 35,000 in the MYE, and a much lower figure again from Census data. This would again potentially point to issues with population change shown by the Census.

Table 8.12 Comparing ONS mid-year population estimates with estimates of population from the Patient Register

		2011	2020	Change	% change
Halton	MYE	125,750	129,780	4,030	3.2%
	Patient Register	130,350	136,250	5,900	4.5%
Knowsley	MYE	145,940	152,460	6,520	4.5%
	Patient Register	159,080	165,130	6,050	3.8%
Liverpool	MYE	465,700	500,520	34,820	7.5%
	Patient Register	482,710	540,900	58,190	12.1%
Sefton	MYE	273,970	275,930	1,960	0.7%
	Patient Register	286,240	291,220	4,980	1.7%
St.Helens	MYE	175,450	181,120	5,670	3.2%
	Patient Register	182,210	188,520	6,310	3.5%
Wirral	MYE	319,850	324,380	4,530	1.4%
	Patient Register	333,240	337,990	4,750	1.4%
LCR	MYE	1,506,660	1,564,190	57,530	3.8%
	Patient Register	1,573,830	1,660,010	86,180	5.5%
North West	MYE	7,055,990	7,367,470	311,480	4.4%
	Patient Register	7,387,610	7,915,360	527,750	7.1%
England	MYE	53,107,200	56,550,160	3,442,960	6.5%
	Patient Register	55,312,750	60,870,990	5,558,240	10.0%

Source: ONS

8.68 Taking the whole of LCR, the North West and England, it can be seen that growth shown in the PR is typically around 50% higher than shown in the MYE, although this does vary for individual areas. It is not entirely clear why proportionate growth in the PR is higher than the MYE, but is likely to be linked to people registered with multiple GPs – a point noted earlier in this section. For the purposes of comparison the table below shows (adjusted) PR population growth at two thirds of the level recorded (i.e. consistent with regional and national difference from MYE) which is again compared with the change recorded in the ONS MYEs.

8.69 These estimates, based on adjusted patient register data, shows a closer alignment with MYE than the Census data, although with some differences for specific authorities – in interpreting the data below it needs to be remembered the PR data is for a 9- and not a 10-year period. A further year of PR data at the same rates of change shown would show an even closer alignment between PR and MYE.

Table 8.13 Comparing estimated population change in mid-year population estimates and with adjusted Patient Register data (note different time periods)

	MYE (2011-21)	PR (adjusted) – 2011-20	Difference
Halton	4,144	3,933	-211
Knowsley	7,794	4,033	-3,761
Liverpool	40,869	38,793	-2,076
Sefton	2,198	3,320	1,122
St. Helens	6,591	4,207	-2,384
Wirral	4,495	3,167	-1,328
LCR	66,091	57,453	-8,638

Source: Derived from ONS data

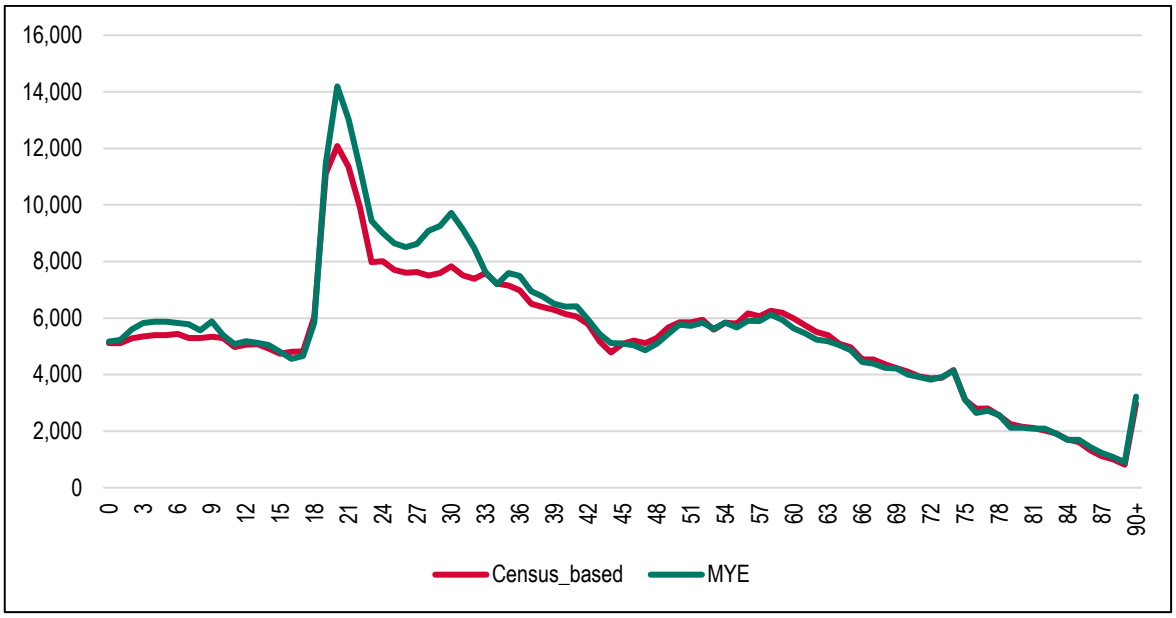
8.70 Overall, it is difficult to accurately identify where any errors in the data lie and the extent to which these impact on individual areas. The analysis does however point to **the possibility that population growth shown between the two Census points of 2011 and 2021 has been under-estimated – particularly for Liverpool**. This conclusion is drawn as a range of sources (including MYE and Patient Register data) point to stronger population growth than has been recorded by the Census.

8.71 The next point is to consider where this analysis takes us and it seems as it however it is looked at there are potential issues with the levels of population change shown by the Census, whereas MYE data in the round looks to be broadly reasonable. In developing trend based projections the data sitting behind the MYE (notably regarding migration) will be used, with no adjustments to take account of Census data. This is likely to be the same approach as taken by ONS when they develop the next set of projections as they have not previously taken account of discrepancies between the Census and their own data monitoring.

8.72 There is however also an issue about base populations, notably if the 2021 Census has accurately captured size and age structure. One way to look at this is to compare the age structure of the population for 2021 in each of the Census and the MYE (prior to any Census-based adjustments) – this is particularly an issue for Liverpool where there was a notable difference (of over 20,000 people) between the population estimated by the Census (484,500) and the MYE (506,500).

8.73 The figure below shows the age structure in each of these two sources with a clear pattern that the main discrepancies are in age groups of people in their 20s – the Census showing a lower number of people than the MYE. Given these age groups are likely to capture students it may be the case that the Census has under-estimated students or the MYE has over-estimated them.

Figure 8.3: Comparing Population Age Structure (2021) – Census and MYE data



Source: ONS

8.74 For the purposes of this study it has been assumed that the differences shown above are due to the MYE over-estimating population. The analysis cannot be certain this is correct although ONS does have issues in some locations in tracking students, particularly those leaving an area following study. The main reason for accepting the Census based data is because ONS is likely to use 2021 Census data as a base for the next set of projections and so the analysis in this report does the same. Were we to try to calculate an alternative base position, it is likely we would be showing an inconsistent position to national statistics.

8.75 Taking account of the above, **the approach used for developing projections in this HEDNA is therefore similar to that which ONS can be expected to use in developing its next set of Sub-National Population Projections** – i.e. we focus on the MYE (including its components of change) but rebase information to 2021 on the basis of Census data.

Growth in Households

8.76 A second analysis from the Census looks at the estimated change in households. To make a comparison with secondary data sources, information about net completions has been provided as this is likely to be a reasonable proxy for household growth, assuming most newbuild homes are occupied and there are no substantial changes to vacancy rates.

8.77 As with population data, the analysis shows a significantly *lower* level of household growth when compared with net completions, and again with a particularly notable difference for Liverpool. This does point to an under-estimate of population growth in the Census for the 2011-21 period. Given the analysis above that suggests the Census has underestimated population change in the 2011-21 period it seems likely the same error is applicable to Census household change figures.

Table 8.14 Comparing estimated household change in the 2021 Census and net completions (2011-21)

2011-21	Net completions	Census household change	Difference
Halton	4,641	2,688	-1,953
Knowsley	5,459	4,777	-682
Liverpool	19,718	985	-18,733
Sefton	5,515	5,264	-251
St. Helens	4,400	5,170	770
Wirral	4,607	2,717	-1,890
LCR	44,340	21,601	-22,739

Source: ONS and DLUHC Live Tables

8.78 For the purposes of developing projections the number of households shown by the 2021 Census is taken as a starting point – this being likely to be consistent with the approach to be taken by ONS when they next develop projections. It is however worth briefly checking household numbers with other sources: ONS as part of their Census releases provide a comparison between households and estimates of occupied dwellings from Council Tax records (CTR) – this is shown in the table below.

8.79 This shows all areas have more occupied homes shown by CTR than recorded by the 2021 Census. This is to be expected as not all vacant homes would be recorded in the Council Tax data (as the owners of some vacant properties may not apply for CTX discounts). Indeed, with the exception of Liverpool, the differences between the two sources are pretty modest and point to household estimates as being broadly accurate.

8.80 For Liverpool there is however a notable difference between the sources (nearly 16,000) and **this could point to an under-estimation of households in Liverpool in the 2021 Census** (also lending credence to the possibility that Liverpool's population has been under-estimated), although there may also be a greater number of vacant homes in the City than recorded on the Council Tax Register. As noted, the approach in this report is to use the Census household base as a start point and so the finding of a difference between sources does not impact on analysis. It is however worth noting the figures for Liverpool.

Table 8.15 Comparing estimated household numbers in 2021 with Council Tax occupied dwellings

	2021 Census households	CTR occupied dwellings	Difference
Halton	56,000	57,100	1,100
Knowsley	66,100	67,900	1,800
Liverpool	207,500	223,300	15,800
Sefton	123,100	123,900	800
St. Helens	81,000	82,200	1,200
Wirral	143,300	145,000	1,700
LCR	677,000	699,400	22,400

Source: ONS

Developing a Trend-Based Projection

8.81 The analysis above has looked at population data from mid-year population estimates (MYE) and also the 2021 Census. It has been concluded that data from the MYE is better relied on in terms of population change and is therefore taken forward into developing trend-based projections. The purpose of the analysis below is to develop a trend-based population and household projection that broadly follows the methodology used by ONS. This will allow an indication of what a 2021-based projection might say.

8.82 The projections take account of the publication of new (2021) Census data which has essentially reset estimates of population (size and age structure) compared with previous mid-year population estimates (MYE) from ONS. It is also the case the 2014-based projections from which the Standard Method is based are now over eight years old and even more recent projections (2018-based being the most recent) pre-date the Census (and MYE data to 2021).

8.83 Analysis earlier in this section also showed stronger population growth in the last five years for which we have data (2016-21) when compared with the five year period to 2014 – this period being one in which ONS would have studied trends to develop the 2014-based projections.

8.84 The analysis seeks to provide projections rebased to 2021 (Census data) and draws on ONS MYE data up to 2021 – including data about births, deaths and migration. The projection developed looks at estimated migration trends over the past 5-years. A 5-year period has been chosen as it is consistent with the time period typically used by ONS when developing subnational population projections.

8.85 Below the general method used for each of the components and the outputs from a trend based projection are set out. For comparison, equivalent data is provided from the 2014-based projections, this helps to emphasise the notable changes seen in demographic dynamics since the 2014-based projections were published. The latest ONS projections are a 2018-based set of SNPP and whilst

these are not directly used in the analysis, data has been taken from these to help provide a view about population dynamics (such as the age/sex profile of fertility, mortality and migration).

Natural Change

8.86 Natural change is made up of births and deaths and analysis above has shown a general downward trend over time. To project trends forward the analysis looks at each of births and deaths separately and compares projected figures in the 2018-SNPP with actual recorded figures in the MYE. The analysis also takes account of differences between the estimated population size and structure in 2021 (in the 2018-SNPP) and the ONS MYE (as revised to take account of Census data). Overall, it is estimated recent trends in fertility are lower than figures in the 2018-SNPP with mortality rates typically being slightly higher.

Migration

8.87 When looking at migration our starting point is to consider levels of migration over the past 5-years (2016-21). Analysis also seeks to determine a baseline start position for each of in- and out-migration and to do this data from MYE up to 2021 has been used. To be consistent with the methodology used by ONS when developing SNPP data for the previous five years has been studied. Information about migration estimates is shown in the table below with average figures provided for 2016-21 (latest 5-years).

Table 8.16 Past trends in net migration – LCR

	Internal (domestic)	International	All net migration
2011/12	-1,239	3,644	2,405
2012/13	-2,339	2,787	448
2013/14	-429	3,416	2,987
2014/15	1,596	5,271	6,867
2015/16	3,118	5,201	8,319
2016/17	2,793	1,994	4,787
2017/18	3,717	2,870	6,587
2018/19	1,740	5,291	7,031
2019/20	3,342	3,730	7,072
2020/21	7,337	3,528	10,865
Average (2016-21)	3,786	3,483	7,268

Source: ONS

8.88 As with fertility and mortality data, the information above has been used to make adjustments to the 2018-based SNPP to reflect recent trends – this has been done separately for both internal and international migration.

Borough-wide Population Projection Outputs

8.89 The above estimates of fertility, mortality and migration (including changes over time) have been modelled to develop projections for the period to 2033 (and on to 2040) – this date being chosen as

it is possible to develop an equivalent estimate of housing need using the framework of the Standard Method. Across the Liverpool City Region, the projection developed indicates population growth of 3.3% to 2033. The table below shows projected population growth for each local authority. These show population increases of between 0% and 7%.

Table 8.17 Projected Population Growth – Trend-based projection (2023-33)

	2023	2033	Change	% change
Halton	129,328	131,916	2,588	2.0%
Knowsley	157,062	166,776	9,714	6.2%
Liverpool	491,385	525,416	34,031	6.9%
Sefton	279,743	279,830	87	0.0%
St. Helens	184,406	189,127	4,722	2.6%
Wirral	320,718	320,908	190	0.1%
LCR	1,562,642	1,613,973	51,331	3.3%

Source: Demographic projections

8.90 The table below shows the same data but for a different time period (2021-40). In this case population growth is projected to be around 6% with particularly strong growth projected in Liverpool and Knowsley. Both Sefton and Wirral are projected to see modest population decline over the period studied.

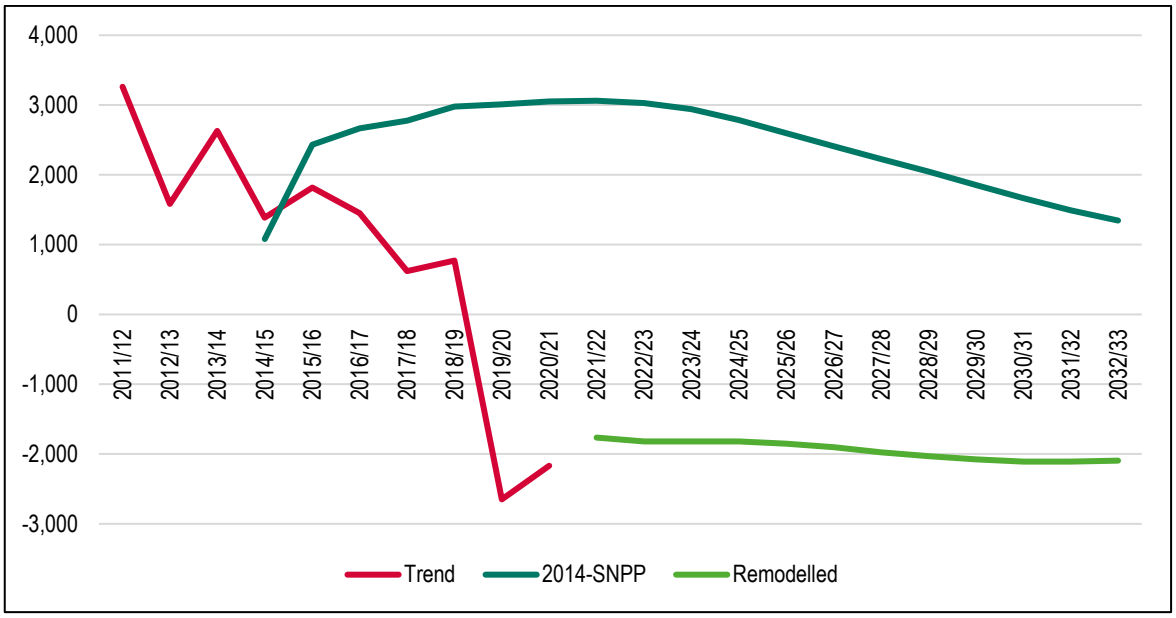
Table 8.18 Projected Population Growth – Trend-based projection (2021-40)

	2021	2040	Change	% change
Halton	128,577	132,968	4,391	3.4%
Knowsley	154,974	172,832	17,858	11.5%
Liverpool	484,488	549,136	64,648	13.3%
Sefton	279,692	279,234	-458	-0.2%
St. Helens	183,391	192,078	8,687	4.7%
Wirral	320,600	320,079	-521	-0.2%
LCR	1,551,722	1,646,327	94,605	6.1%

Source: Demographic projections

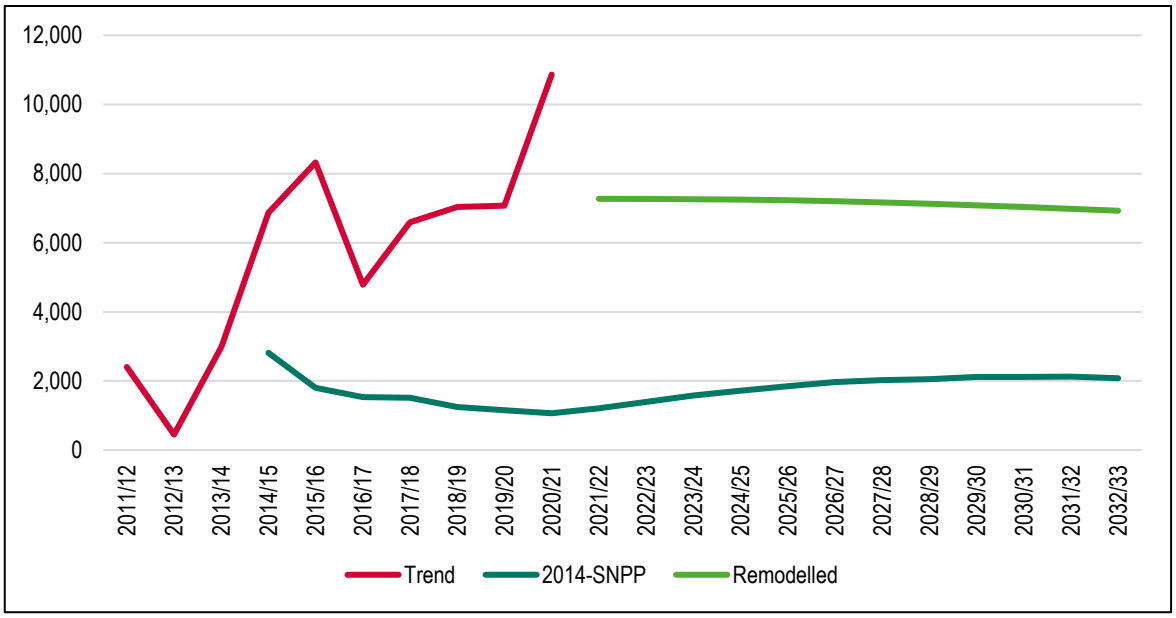
8.91 Below are a series of charts showing key components of change. For contrast, data is compared with that from the 2014-based SNPP, that being the projection used in the 2014-based household projections (and therefore for the Standard Method).

Figure 8.4: Past trends and projected natural change – LCR



Source: ONS and demographic projections

Figure 8.5: Past trends and projected net migration – LCR



Source: ONS and demographic projections

8.92 The figures above clearly identify when compared with the 2014-based projections that natural change is projected to be much lower and net migration much higher – both findings consistent with more up-to-date trends.

Household Projections

8.93 The final part of the projection is to convert population estimates into households by discounting the communal population (to give a household population) and then applying household representative rates (HRR). The first analysis is however to estimate the number of households as of 2021.

8.94 The 2021 Census showed a total of 677,000 households and this has been used as a base figure. However, it should be noted that the Census figure is for March whereas the projections typically use mid-year as a data point. This is only a small difference but does mean that the actual estimate of households in 2021 will be slightly different. For the purposes of projecting forward, this will however have a negligible impact on figures.

8.95 By applying the population age structure (by sex) to HRRs (taken from the 2018-SNHP) it is possible to estimate households, the HRRs are then adjusted to match the 677,000 estimate (rolled forward to mid-year) and then these revised HRRs can be applied to the population projections. The analysis projects an increase of 3,245 households per annum over the 2023-33 period with Liverpool seeing over 40% of this increase.

Table 8.19 Projected change in households – Revised Trend-based Projections and 2018 SNHP Household Representative Rates – LCR

	Households 2023	Households 2033	Change in households	Per annum
Halton	56,720	59,783	3,064	306
Knowsley	67,076	71,423	4,347	435
Liverpool	210,229	224,770	14,541	1,454
Sefton	123,809	126,659	2,849	285
St. Helens	81,862	85,509	3,647	365
Wirral	144,224	148,221	3,998	400
LCR	683,919	716,365	32,446	3,245

8.96 The table shows the resultant housing need if the 2014-based household projections are replaced with the trend-based figures shown above and then affordability adjustments applied (in line with the standard method framework). This actually shows a lower level of need that the Standard Method across the City Region as a whole, despite the projections showing higher levels of population growth. This in particular reflects the assumptions on age-specific household formation in the 2018-based Household Projections which are used in this initial modelling.

Table 8.20 Standard Method Housing Need Using Revised Trend-based Projections and 2018 SNHP Household Representative Rates – LCR

	Halton	Know-sley	Liver-pool	Sefton	St. Helens	Wirral	LCR
Households 2023	56,720	67,076	210,229	123,809	81,862	144,224	683,919
Households 2033	59,783	71,423	224,770	126,659	85,509	148,221	716,365
Change	3,064	4,347	14,541	2,849	3,647	3,998	32,446
Annual change	306	435	1,454	285	365	400	3,245
Ratio	4.68	5.45	4.69	6.40	5.32	6.75	
Uplift	104%	109%	104%	115%	108%	117%	
Initial Need	319	474	1,517	328	395	469	3,502
City uplift	0%	0%	35%	0%	0%	0%	
Total need	319	474	2,048	328	395	469	4,033

Source: Derived from a range of ONS sources

8.97 The lower LCR-wide need shown above has been driven by the 2018-based household projections seemingly building in a greater suppression of household formation (or at least a less positive view about future formation rates) – and this is one key reason why the PPG does not support the use of more up-to-date household projections as part of the Standard Method.

8.98 The issue of supressed household formation can be discussed in more detail with the figure below showing a comparison between the household representative rates in the 2014- and 2018-based projections (data for 2008 is also added for context). Household representative rates ("HRR") can be described in their most simple terms as the number of people in an age band who are counted as the head of household (or in this case the more widely used Household Reference Person ("HRP")).

8.99 The latest HRRs are as contained in the ONS 2018-based SNHP. It would be fair to say that recent SNHP (since the 2016-based release) have come under some criticism, this is largely because they are based only on data in the 2001-11 Census period which would suggest that it builds in the suppression of household formation experienced in that time – influenced by declining affordability and increased difficulties for younger households to form in partiuclar.

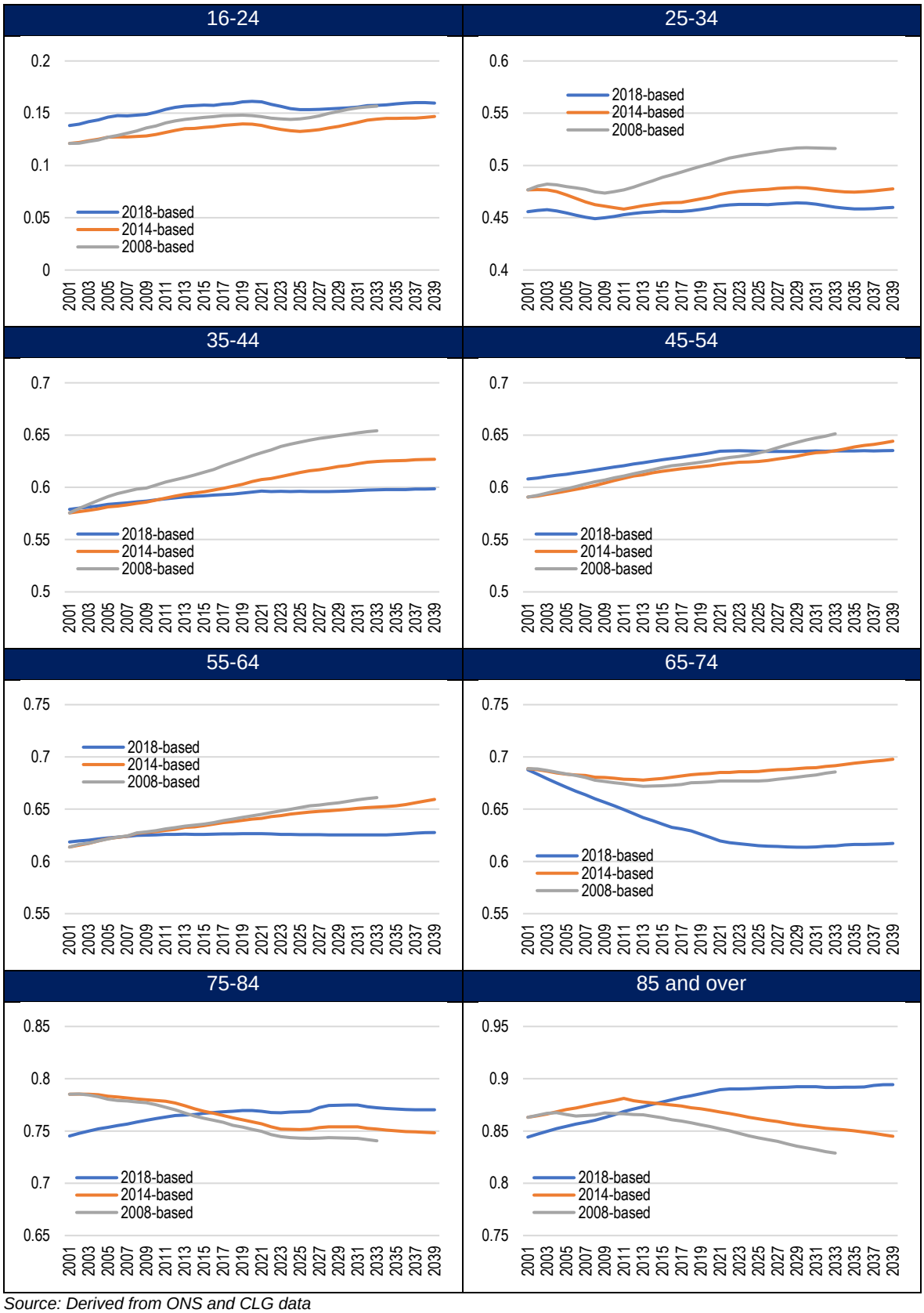
8.100 For the LCR, there is less evidence of suppression than in many areas, with for example the 25-34 age group seeing a fairly flat trend from 2001 and the 35-44 age group actually seeing some increase. However, it is the case that generally the 2018-based rates are lower than for 2014 and show lower levels of increase or greater declines.

8.101 The only exceptions are for older age groups (aged 75+). The 2018-based figures (for younger age groups) are typically above other projections; however, it is arguable that these are slightly unrealistic (for say the 25-34 and 35-44 age groups) as the rates do reach levels (by 2033 when the source end) which have not been seen historically and are much higher than national equivalents.

8.102 Generally, it is considered that using rates from the 2014-based projections are likely to be the most robust approach to take across the area when looking at potential household formation and any conversion of population data into household estimates. The 2014-based data has the advantage of using more data points for analysis (looking at a time series back to 1971). On the basis of current national policy and guidance at the time off writing, Iceni do not consider that the use of the household formation rate assumptions would be justified or contribute to exceptional circumstances for deviation from the standard method.

8.103 It should however be noted that the 2018-based figures do take a slightly different approach to establishing the households reference person when compared with 2014-based data. In the 2014-SNHP, a male is taken as a default HRP where there is a couple household (of different sexes) whereas the 2018-SNHP uses the Census definition of a HRP which takes account of the economic activity and age of people in a household.

Figure 8.4: Projected Household Representative Rates by age of head of household – LCR (2008-, 2014- and 2018-based SNHP)



Source: Derived from ONS and CLG data

8.104 Further analysis has therefore been developed. This takes population data from our 2021-trend-based projection (which does better reflect the recent trends of higher migration and lower natural change) but applies the household representative rates from the 2014-based SNHP (suitably adjusted to household estimates in 2021). This then shows an overall *higher* need than the Standard Method (using 2014-based household projections) as can be seen in the table below. This is consistent with the stronger projected population growth.

Table 8.21 Alternative Housing Need Calculations Using trend-based population projection and HRR data from 2014-based projections – LCR

	Halton	Know-sley	Liver-pool	Sefton	St. Helens	Wirral	LCR
Households 2023	56,641	67,268	211,161	124,082	81,912	144,465	685,528
Households 2033	59,436	72,285	228,398	128,294	86,093	149,799	724,306
Change	2,795	5,018	17,237	4,212	4,181	5,335	38,778
Annual change	280	502	1,724	421	418	533	3,878
Ratio	4.68	5.45	4.69	6.40	5.32	6.75	
Uplift	104%	109%	104%	115%	108%	117%	
Initial Need	291	547	1,798	484	453	625	4,198
City uplift	0%	0%	35%	0%	0%	0%	
Total need	291	547	2,427	484	453	625	4,827

Source: Derived from a range of ONS sources

8.105 Applying the framework of the standard method (of applying an affordability and cities uplifts to a projection of household growth), but taking account of more up-to-date population trends, a higher need is generated for 4,828 homes per annum across the LCR as a whole compared with 4,385 homes per annum with the standard method (using 2014-based household projections).

8.106 It is not concluded from this analysis that the need *per se* is for 4,828 homes per annum. It is however the case that demographic trends in the recent past look to have been stronger than in the period to 2014. It is however notably that the higher housing need results in particular from stronger projected growth in Liverpool, to which both the affordability and cities uplifts are applied.

8.107 The Cities' uplift however has no specific basis or grounding in local demographics, market circumstances or affordability pressures. The policy test in the NPPF (Para 61) is that an alternative approach should reflect current and future demographic trends and market signals. It is arguable therefore that the need shown without the Cities uplift – which is of 4,198 dpa – is a more appropriate reflection of the need shown by adopting more recent demographic trends. At the City Region level, this remains below the standard method figures at the current time (4,395 dpa across LCR).

8.108 Overall, the analysis based on the current information points to a housing need across the City Region as being somewhere in the range of 4,395 homes per annum (Standard Method) to 4,827 homes per annum based on more up-to-date demographic projections, using our own methodology

however we have particular concerns about the robustness of the higher end figure given the impact of the Cities uplift is not grounded in local evidence. It should also be noted that the figures do each have a different spatial distribution with the impact of the updated projections varying for individual local authorities within the LCR.

Economic Growth and Housing Need

8.109 The next level of analysis undertaken has looked at the likely population growth and hence housing need to ensure sufficient growth in the resident labour supply for a range of job growth forecasts to be met. The analysis drew on the forecast by Oxford Economics (OE) and associated modelling of a Growth Scenario as set out in Section 6. Two specific forecasts are considered as parameters for economic growth:

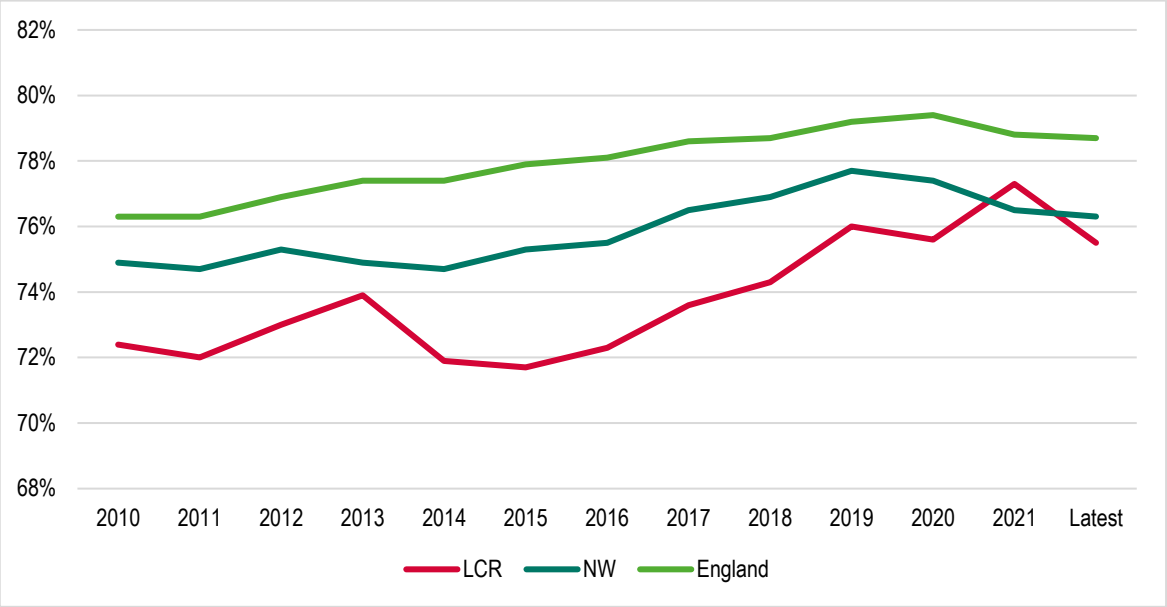
- Baseline;
- Growth Scenario;

8.110 Our modelling therefore takes forecasts for employment and makes estimates of changes to the resident labour supply required to fill additional jobs (which will include a view about commuting) and applies a set of assumptions about economic activity and unemployment and how these might work through to labour supply growth, overall population growth, and converted into estimates of housing need.

Economic Activity Rates

8.111 One key aspect is to look at economic activity rates and consider what improvements might be possible. The figure below shows trends in economic activity rates back to 2010 – this data is for the population aged 16-64. This shows typically lower rates in LCR than the North West and England, however the gap has been closing over time with most recent data suggesting little difference between LCR and the region.

Figure 8.4: Trends in economic activity rate (since 2010) – proportion of population aged 16-64



Source: Annual Population Survey

8.112 Given the general improvement in EARs a start point position for each local authority has been based on data for the last three data points shown above which will essentially provide a 2021 estimate. Moving forward our modelling assumes that (age/sex specific) economic activity rates will track those set out in the OBR Fiscal Sustainability Report of Summer 2018 – this is a standard source of information for analysis of this nature.

Unemployment

8.113 The discussion above looked at economic activity and to complete the picture around the number of people working it is necessary to also consider unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs. The table below shows trends in unemployment back to 2010 – this data is again for the population aged 16-64. The data shows a high level of unemployment in 2010 (over 10%) but that this has fallen notably over the last decade or so. The most recent data shows an unemployment rate of around 3% and this would point to there being very limited latent labour supply that could be brought back into work. Therefore no adjustments are made in the modelling for unemployment.

Table 8.22 Number of people unemployed and the unemployment rate – data from 2010 - LCR

Year	Number unemployed	Unemployment rate
2010	70,700	10.1%
2011	70,900	10.1%
2012	70,600	10.0%
2013	70,300	9.9%
2014	66,000	9.5%
2015	40,200	5.8%
2016	38,200	5.5%
2017	35,800	5.0%
2018	25,300	3.5%
2019	30,600	4.2%
2020	26,100	3.6%
2021	34,500	4.7%
Latest	24,100	3.3%

Source: Annual Population Survey

Double jobbing

8.114 The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the area divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) suggests across LCR that typically about 3% of workers have a second job. For the purposes of this assessment it has been assumed that around 3% of people will have more than one job moving forward. A double jobbing figure 3% gives rise to a ratio of 0.97 (i.e. the number of jobs supported by the workforce will be around 3% higher than workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time.

Household Representative Rates

8.115 The only other point to note is in converting estimates of population growth into households (and hence housing need) is in the case of Halton where the 2014-based SNHP are suggesting some suppression of household formation within the 25-34 age group.

8.116 For this age group, and just in Halton an uplift to HRRs has been applied on a '*part-return to trend basis'* – this essentially moves the HRR back towards that in the previous 2008-based SNHP and is an approach that has been used in many studies when evidence of suppression can be seen (it was an approach originally discussed by the Local Plans Expert Group). Additionally, a 3% vacancy allowance has been added when converting household growth into housing need. This is to allow for a level of frictional turnover of homes in a functioning market (such as some empty properties between moves or to facilitate repair/ alterations to homes).

Projections Linked to Forecast Location of Job Growth

8.117 The analysis below takes estimated job change in each local authority and estimates the change required to the resident labour supply for there to be a sufficient workforce for jobs to be filled. To establish the locations where workers might live a commuting matrix has been developed (from 2011 Census data) looking at the interaction between areas. 2021 commuting data is not yet available and in any case will not reflect 'normal' conditions given the effect of the COVID-19 lockdown in place at the time. It is recognised that some workers could commute from outside of the City Region, but for the purposes of this analysis the area is essentially treated as closed – so that the housing need estimates would mean providing sufficient homes for all of the required labour supply.

8.118 For this analysis one further (minor) adjustment is made, that being in relation to double jobbing – essentially recognising that some workers will have more than one job and so the number of people in employment needed to fill a given number of jobs will be slightly lower than the number of jobs.

8.119 The table below shows the commuting matrix used in analysis. This includes people working mainly from home as living and working in the same local authority area but excludes those with no fixed workplace and those working abroad or offshore. The analysis shows for example that 202,281 people in the City Region work in Liverpool, but only 163,142 workers are resident in the area (therefore net in-commuting).

Table 8.23 LCR commuting matrix (2011)

	Place of residence						
Place of work	Halton	Knowsley	Liverpool	Sefton	St. Helens	Wirral	LCR TOTAL
Halton	31,011	1,738	2,890	819	2,265	868	39,591
Knowsley	2,043	22,082	11,549	3,886	5,725	1,305	46,590
Liverpool	4,518	19,655	130,753	24,208	5,053	18,094	202,281
Sefton	474	2,966	11,542	65,949	1,411	1,918	84,260
St. Helens	1,500	2,593	2,213	1,324	38,069	431	46,130
Wirral	348	1,065	4,195	1,194	259	85,921	92,982
LCR	39,894	50,099	163,142	97,380	52,782	108,537	511,834

Source: 2011 Census

8.120 To calculate where labour supply might live, it is more useful to turn this data into percentages, as shown in the table below. This shows for example that 78% of LCR residents who work in Halton also live in Halton, with just 4.4% living in Knowsley.

Table 8.24 LCR commuting matrix (2011) – percentages

	Place of residence						
Place of work	Halton	Knowsley	Liverpool	Sefton	St. Helens	Wirral	LCR TOTAL
Halton	78.3%	4.4%	7.3%	2.1%	5.7%	2.2%	100.0%
Knowsley	4.4%	47.4%	24.8%	8.3%	12.3%	2.8%	100.0%
Liverpool	2.2%	9.7%	64.6%	12.0%	2.5%	8.9%	100.0%
Sefton	0.6%	3.5%	13.7%	78.3%	1.7%	2.3%	100.0%
St. Helens	3.3%	5.6%	4.8%	2.9%	82.5%	0.9%	100.0%
Wirral	0.4%	1.1%	4.5%	1.3%	0.3%	92.4%	100.0%

Source: 2011 Census

8.121 The row percentages are then multiplied by the number of jobs forecast for each area with a further adjustment for double jobbing to estimate the change in labour supply required for jobs to be met. This calculation is shown in the tables below (the first table for the Baseline Scenario and the second for the Growth Scenario). The tables show how the commuting adjustment places more residents in areas that typically see net out-commuting (which is all locations apart from Liverpool). This recognises Liverpool's role as the largest economic centre within the City Region but also its location, and particularly that of the City Centre, at the centre of the public transport system. It also recognises that different parts of the area provide a different housing and quality of place offer.

Table 8.25 Estimated labour supply requirement to meet baseline forecast (2021-40)

	Jobs	Labour Supply Required with Commuting adjustment	Double jobbing (labour supply)
Halton	-850	245	238
Knowsley	6,440	5,759	5,586
Liverpool	27,260	19,542	18,956
Sefton	1,710	5,162	5,008
St. Helens	-90	1,388	1,346
Wirral	3,480	5,854	5,678
LCR	37,950	37,950	36,812

Source: Derived from a range of sources

Table 8.26 Estimated labour supply requirement to meet Growth Scenario forecast (2021-40)

	Jobs	Labour Supply Required with Commuting adjustment	Double jobbing (labour supply)
Halton	5,902	5,840	5,665
Knowsley	6,987	6,949	6,741
Liverpool	28,786	21,827	21,172
Sefton	3,751	7,347	7,127
St. Helens	7,079	7,833	7,598
Wirral	4,517	7,226	7,009
LCR	57,022	57,022	55,312

Source: Derived from a range of sources

8.122 A final 'sensitivity' projection has been carried out linking to the growth scenario. For this the commuting patterns from the 2011 Census are applied on an authority-by-authority basis. This means the modelling also assumes a degree of commuting to- and from- areas outside of the City region (rather than treating it as a self-contained area) – overall this shows a slightly lower need for change in the economically active population across the whole City region. This scenario has been labelled as 2011 Commuting Patterns in the table below.

Table 8.27 Estimated labour supply requirement to meet Growth Scenario forecast (2021-40) – 2011 Commuting Patterns

	Jobs	Commuting ratio	Labour Supply Required with Commuting adjustment	Double jobbing (labour supply)
Halton	5,902	1.00	5,915	5,738
Knowsley	6,987	1.08	7,529	7,303
Liverpool	28,786	0.83	23,990	23,270
Sefton	3,751	1.19	4,446	4,313
St. Helens	7,079	1.21	8,556	8,299
Wirral	4,517	1.25	5,626	5,458
LCR	57,022	-	56,063	54,381

Source: Derived from a range of sources

8.123 The analysis then takes these figures forward to estimate the number of homes that might be needed to house a growing/changing economically active population. The process for working from an estimate of job growth through to housing need can be summarised as following the following steps:

- Start with estimated job growth;
- Estimate the change in the number of economically active people required to fill the change in jobs (taking account of commuting and double jobbing);

- Look at trend-based population projection and the change projected in the economically active population;

- Where this is lower than the change need to meet job forecasts, net migration is increased until the point at which the two figures are the same (projected change in economically active and required change in the forecasts) – migration is changed by both increasing in-migration and decreasing out-migration. Note: net migration would be reduced where the trend-based projection shows an excess of economically active people;

- The population profile generated from matching economically active population then has estimates of the communal population and household representative rates applied (based on 2014-based projections other than for Halton where a further uplift is applied to take account of supressed household formation);

- This then generates an estimate of the number of households – and the change in households from 2021. To this a vacancy allowance of 3% has been applied to reflect the likelihood that not all homes will be occupied. This final figure is the estimated housing need.

8.124 The table below shows housing need under each of these scenarios. The Baseline scenario sees a need for 3,332 homes per annum across the LCR and the Growth Scenario is equal to 4,036 homes per annum. The growth scenario with the 2011 commuting sensitivity applied is very slightly lower at 3,993 homes per annum. Notably all of these economic-led scenarios are below the standard method (4,395 dpa). There are however distributional differences for different local authorities which are influenced by a range of factors including historic population growth, relative affordability, the city and urban areas uplift applied to Liverpool, age structure and relative economic performance/structure.

Table 8.28 Estimated Annual Housing Need Set Against a Range of Forecasts (dpa) – 2021-40

	Halton	Knows-ley	Liver-pool	Sefton	St.-Helens	Wirral	LCR
Baseline Scenario	219	407	1,091	656	257	702	3,332
Growth Scenario	429	450	1,172	737	493	756	4,036
Growth Scenario (2011 Commuting)	431	471	1,248	630	519	693	3,993

Source: Derived from a range of sources. NB Totals don't sum due to rounding

8.125 The application of the City and Urban Areas uplift within the standard method, together with its younger population structure, for instance mean that the standard method generates higher figures for Liverpool than the economic-led scenarios. In contrast, for Sefton higher growth in the economic-

led scenarios is influenced by its relatively older population profile which means stronger in-migration is necessary to support economic growth than in some other areas; as well as relatively weaker population growth in the trend-based demographic projections.

8.126 **For modelling purposes only, Iceni has used the trend-based projection (with 2014 headship rates) in considering housing mix in Sections 10 and 11 of this report**. This does not however mean that this is an appropriate level of housing provision to plan for. It should be stressed that this report does not draw conclusions on the appropriate "housing requirement" or preferred option nor the appropriate distribution of housing provision across the LCR - this will be influenced by a range of other plan-making considerations (including land supply, development constraints, infrastructure provision, appraisal of alternative options for the distribution of housing and feedback from the consultation process).

Conclusions and Summary

8.127 The table below summarises the outputs from the various scenarios developed (all for housing need on a per annum basis). Below are some of the key points to note:

- The standard method (using 2014-based projections) suggests a need for 4,395 dwellings per annum;

- There is evidence that demographics have changed since the 2014-based projections and can be considered when looking at housing need (migration has been up and natural change down). The alternative approach using up-to-date demographic trends shows a need for 3,502 dwellings per annum and the next ONS projections may therefore point towards a lower level of housing need. However we consider that these build in assumptions which could constrain household formation, and consider that the 2014-based household formation rates should be used: the resultant projections suggests a need of 4,198 homes per annum. As more recent headship rates build in a degree a suppression, the latter scenario (4,198 dpa) is more appropriate for planning purposes. In these alternative approach calculations we have set aside the Cities and Urban Areas Uplift which has no clear basis in local demographic or affordability evidence.

- Modelling likely housing need set against economic forecasts points to a need for up to 4,036 homes per annum. This is lower than the need shown by the demographic evidence and therefore there is not a case for adjusting upwards housing need at a City-region level to meet economic growth. However there are distributional differences at a district level;

- Addressing the evidence for individual authorities:

    - In Halton, the updated demographic evidence points to a higher need than the standard method. The baseline economic scenario generates a housing need similar to the standard method (219 dpa), with the need shown in the Growth Scenario higher (429-

431 dpa). The current plan requirement (350 dpa) broadly aligns to the midpoint of the economic scenarios;

- For Knowsley, the updated demographic evidence generates the highest housing need of 547 dpa. This is higher than the economic scenarios and the current plan requirement at 450 dpa. The current plan provision is above the minimum standard method figure;

- More recent demographic trends point to a higher housing need in Liverpool, but we would note that the updated projections of household growth with an affordability uplift (1,798 dpa) still generate a lower need than the standard method figure. Higher need is shown only when the Cities' uplift of 35% is overlaid;

- For Sefton, the updated demographic evidence points to a lower need than the standard method figure. However the economic scenarios point to a higher level of housing need. The higher economic-led figures in particular are influenced by the modest population growth in the trend-based projections and age structure changes. The residual plan provision (694 dpa) is towards the top end of the range of scenarios;

- For St Helens, the updated demographic evidence points to a scale of need which is relatively similar to the current Plan's provision (486 dpa), and this is in broad alignment with the higher of the economic scenarios as well (493-519 dpa).

- For Wirral, the demographic evidence points towards a lower level of housing need than the standard method, with all scenarios falling broadly within that provided for in the emerging Plan (835 dpa).

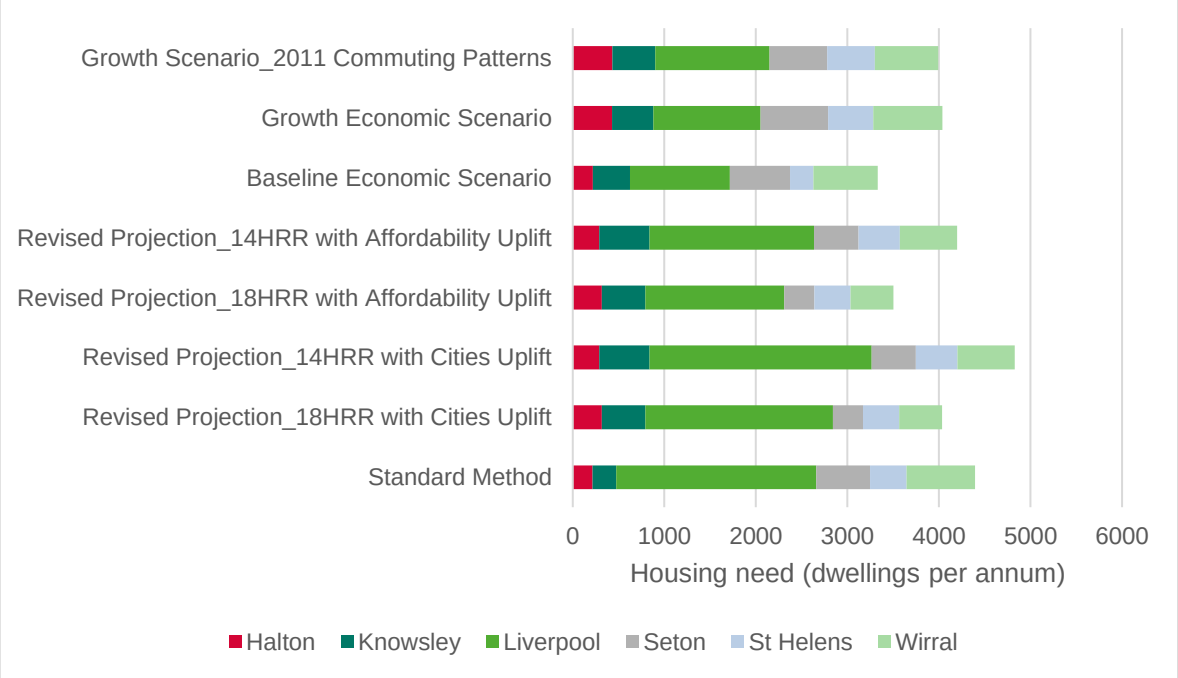
8.128 A full overview of the local housing need generated by each scenario and for each authority area is set out in the table below. It is for the preparation of the SDS to consider what level of housing provision to plan for, and the appropriate distribution of housing provision within the LCR and any phasing of housing provision.

8.129 The appropriate level of housing provision the SDS should plan for, will need to be reviewed and sense checked as the SDS preparation progresses, including to take account of further data releases and changes in economic circumstances. It should be stressed that no conclusions have been drawn on the appropriate housing requirement at this stage.

Table 8.29 Summary of range of Housing Need Estimates Under Different Scenarios (dpa, 2021-40)

	Halton	Knows-ley	Liver-pool	Sefton	St.-Helens	Wirral	LCR
Standard Method	217	259	2,184	587	398	750	4,395
Trend-based (2018 HRRs) with affordability adjustment	319	474	1,517	328	395	469	3,502
Trend-based (2014 HRRs) with affordability adjustment	291	547	1,798	484	453	625	4,198
Trend-based (2018 HRRs) with Urban Uplift	319	474	2,048	328	395	469	4,033
Trend-based (2014 HRRs) with Urban Uplift	291	547	2,427	484	453	625	4,827
Baseline Economic	219	407	1,091	656	257	702	3,332
Growth Economic	429	450	1,172	737	493	756	4,036
Growth Economic with 2011 Commuting Patterns	431	471	1,248	630	519	693	3,993

Figure 8.5: Housing Need Estimates under Different Scenarios, dpa



EMPLOYMENT LAND NEEDS

National Planning Policy and Guidance

9. 9.1 The NPPF sets out that planning policies and decisions should help create the conditions in which businesses can invest, expand and grow. It outlines that significant weight should be placed on the need to support economic growth and productivity (Para 81). Through the plan-making process, local planning authorities (LPAs) need to set out an economic vision and strategy which positively and proactively encourages sustainable economic growth having regard to Local Industrial Strategies and other policies for economic development and regeneration; and to set criteria for, or identify strategic sites, for local and inward investment (Para 82).

9.2 Para 83 in the NPPF states that planning policies and decisions should recognise and address the specific locational requirements of different sectors or clusters, including knowledge or data-driven sectors, creative or high-tech industries, and for storage and distribution at a variety of scales and at suitably accessible locations.

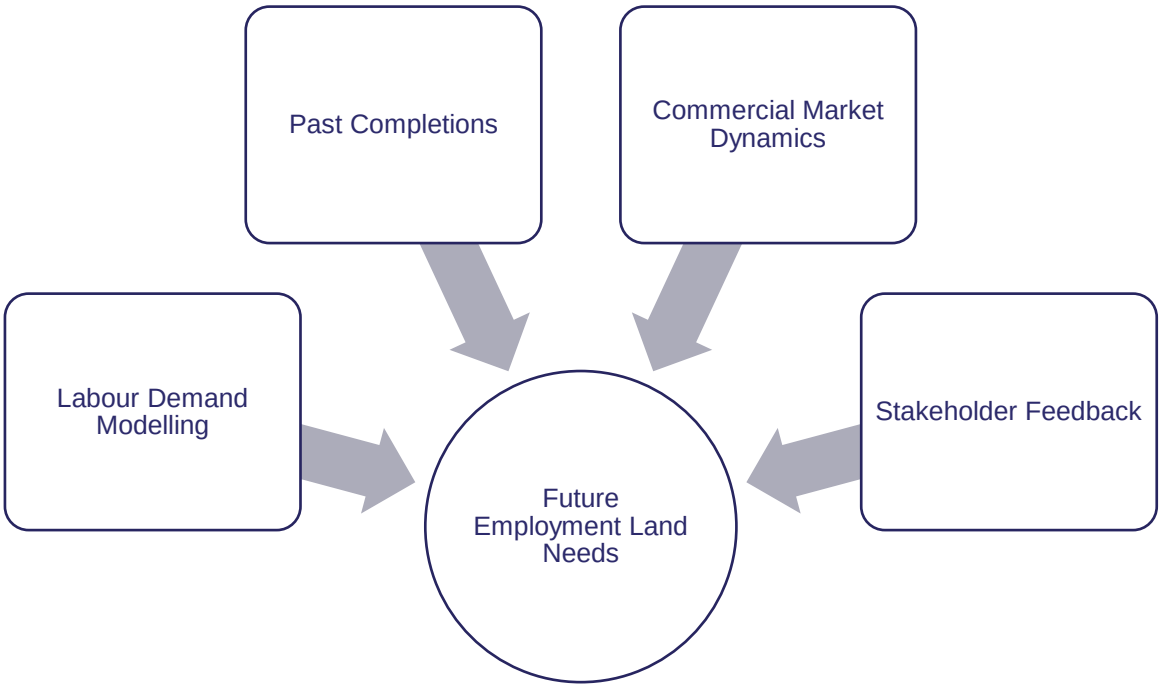
9.3 Planning Practice Guidance (PPG) on *Housing and economic needs assessment* requires policy-making authorities to prepare (and keep under review) evidence to understand business needs and encourages such assessments to be undertaken across Functional Economic Market Areas (FEMA) which in this case relates to the LCR.

9.4 In assessing future needs, PPG Para 2a-027 outlines a number of different techniques:

- sectoral and employment forecasts and projections which take account of likely changes in skills needed (labour demand)
- demographically derived assessments of current and future local labour supply (labour supply techniques)
- analysis based on the past take-up of employment land and property and/or future property market requirements
- consultation with relevant organisations, studies of business trends, an understanding of innovative and changing business models, particularly those which make use of online platforms to respond to consumer demand and monitoring of business, economic and employment statistics.

9.5 Iceni has had regard to these different approaches in preparing this Section. Iceni's approach has been to consider and triangulate different methodologies and evidence in drawing conclusions on future employment floorspace and land needs which is summarised in the Figure below.

Figure 9.1: Triangulating Different Forecasting Approaches



9.6 Different forecasting techniques have their advantages and disadvantages. Econometric forecasts take account of differences in expected economic performance moving forward relative to the past. However, a detailed model is required to relate net forecasts to use classes and estimate gross floorspace and land requirements.

9.7 For office-based sectors consideration needs to be given to the impacts of trends in home working. For industrial sectors however the relationship between floorspace needs and employment trends may be weak – influenced by productivity improvements. In contrast, past take-up is based on actual delivery of employment development; but does not take account of implications of growth in labour supply or housing growth nor any differences in economic performance relative to the past. It is also potentially influenced by past land supply and/or policies.

9.8 Ultimately therefore an appropriate approach is therefore to utilise a range of different forecasting techniques alongside local intelligence and an understanding of the merits of different approaches in drawing conclusions. This approach of triangulating different approaches and testing findings, which Iceni adopts, is consistent with the PPG.

9.9 PPG Para 2a-031 specifically addresses how to assess need and allocate land for logistics. The logistics/ distribution sector is an important component of the sub-regional economy and the sub-region has a competitive advantage in this sector reflecting its location with good access to the motorway network. Para 2a-031 outlines that:

> *"The logistics industry plays a critical role in enabling an efficient, sustainable and effective supply of goods for consumers and businesses, as well as contributing to local employment opportunities, and has distinct locational requirements that need to be considered in formulating planning policies (separately from those relating to general industrial land).*
>
> *Strategic facilities serving national or regional markets are likely to require significant amounts of land, good access to strategic transport networks, sufficient power capacity and access to appropriately skilled local labour. Where a need for such facilities may exist, strategic policy-making authorities should collaborate with other authorities, infrastructure providers and other interests to identify the scale of need across the relevant market areas."*

9.10 It encourages analysis of market signals, including the take-up and availability of land; analysis of economic forecasts to identify potential changes in demand; and engagement – including with LEPs, logistics developers and occupiers in assessing demand.

9.11 The need for strategic distribution and warehousing space are influenced by different factors, including the growth in e-retailing, traffic/ freight growth, the replacement of older warehousing space and economies of scale.

9.12 It should be noted that a specific forecasting exercise has been undertaken for large-scale B8 warehousing units (defined as over 9,000 sq.m / 100,000 s.qft) which is detailed in a separate standalone Paper prepared by Iceni, with inputs from MDS Transmodal, and should be read alongside the HEDNA. This is termed the Strategic B8 Land Use Forecasts Paper.

Current Planning Assumptions

9.13 As per the previous section on housing needs, Iceni has sought to provide an overview of the latest planning assumptions regarding employment land targets. The table below provides a summary of each area's confirmed position based on an adopted Local Plan or an emerging Local Plan that has reached an advanced stage.

Table 9.1 Current and Emerging Employment Land Needs

Authority	Plan Period	Local Plan Stage	Employment Land Need (ha)	Office (ha)	Industrial (ha)	Basis
Halton	2014-37	Adopted	180	28.1 – 63.0	20.9 - 62.3	SHELMA
Knowsley	2010-28	No Action	164	164		Joint ELS
Liverpool	2013-33	Adopted	145	27	117.5	Liverpool ELS
Sefton	2012-30	Review	81.6	Total: 81.6		Sefton ELS Refresh[23]
St Helens	2012-37	Adopted	190 – 239	10 – 15	55 - 70	Technical Study[24]
Wirral	2020-37	Examination	65.6	65.6		Technical Study[25]

Note: No breakdown in employment use class provided for Knowsley or Sefton

9.14 The current set of local plans across the LCR have been prepared at different points in time, using different evidence-based studies. The preparation of the HEDNA provides an opportunity to provide a consistent approach.

Labour Demand Modelling

9.15 Using the baseline employment forecasts from Oxford Economics, Iceni has developed a set of employment floorspace requirements. These relate to the space required to accommodate net changes in jobs. The Growth Scenario considered within the HEDNA is focused on overall employment (labour supply) provision and not considered in assessing employment land needs, to avoid circularity issues. However wider commercial data and information on past take-up is considered.

9.16 Oxford Economics forecasts provide a sectoral breakdown of employment growth over time. Iceni has used the forecasts for changes in Full-time Equivalent (FTE) jobs as a starting point. This is based on applying sectoral-specific data on hours worked. This is shown in Table 9.2.

[23] Sefton Employment Land and Premises Study Refresh, 2015

[24] St Helens Employment Land Needs Study Addendum Report, 2019

[25] Wirral Employment Land and Premises Study, 2021

Table 9.2 Change in FTE Jobs by Use Class, 2021-40

	Halton	Knowsley	Liverpool	Sefton	St Helens	Wirral	LCR
Office	600	2,000	5,400	200	700	1,200	10,100
R&D	300	300	1,900	100	100	300	3,100
Industrial	-2,400	-3,100	-2,900	-1,300	-1,400	-2,600	-13,600
Warehouse/Distribution	-300	-100	-100	-200	-200	-200	-1,100
Sui Generis	-300	-100	0	-100	-100	-100	-700
Non-B/WFH	1,300	7,300	23,000	3,000	700	4,900	40,200
Total FTEs[26]	-1,200	4,900	21,900	1,100	-200	2,500	29,000

9.17 Iceni has a standard model which considers how sectors relate to use classes which is used to estimate the proportion of employment in different broad use classes – offices (Eg(i) and E(g)(ii)), industrial (E(g)(iii) and B2) and warehousing (B8). We have calibrated this to the structure of employment at 3-digit SIC level and for individual local authorities within the LCR.

9.18 A home-working adjustment is included to reflect the proportion of workers by sector who normally worked at home based on the pre-COVID position in 2019. A sensitivity analysis is then undertaken at a later stage to consider the effects of COVID / technological change on potential growth of this in the longer-term (and thus consequential implications for office floorspace needs).

9.19 It is next necessary to convert FTE employment to net change in floorspace. To do this, Iceni has used the following employment density assumptions[27]:

- Offices: 14 sq.m GEA per FTE job
- R&D: 28 sq.m GEA per FTE job
- Industrial: 40 sq.m GEA per job
- Warehousing: 80 sq.m GEA per job
- Sui Generis: 80 sq.m GEA per job

9.20 Under the *sui generis* category, we have considered employment-generating uses which typically take place on industrial land, including car showrooms; waste and recycling activities.

[26] Numbers may not sum due to rounding

[27] Informed by HCA Employment Densities Guide (3rd Edition) and market review. For R&D the modelling reflects in particular growth potential in key sectors such as lifesciences. See Para 9.23 below.

9.21 The employment density assumptions are broadly consistent with those adopted in the SHELMA (with appropriate conversion factors to relate to Gross External Area figures).

9.22 The modelling generates the following results for net floorspace changes by use class in the Baseline Scenario. A need is shown for 142,000 sq. m (net) of office floorspace to 2040, together with 86,500 sq. m of R&D floorspace.

9.23 The decline in manufacturing jobs results in a negative net requirement for industrial space; whilst for warehousing/distribution overall employment is expected to fall - influenced in part by assumptions on productivity growth/automation driving changes in employment numbers.

Table 9.3 Net Change in Floorspace by Use Class, sq. m 2021-40

	Halton	Knowsley	Liverpool	Sefton	St Helens	Wirral	LCR
Office	8,200	28,300	75,800	2,900	9,400	17,300	142,000
R&D	8,700	9,200	53,200	3,800	3,400	8,200	86,500
Industrial	-94,700	-123,800	-116,100	-52,500	-54,200	-104,500	-545,700
Warehouse/ Distribution	-25,800	-6,200	-6,800	-18,400	-14,300	-19,000	-90,400
Sui Generis	-25,300	-5,000	-2,000	-5,100	-4,400	-11,200	-53,000

Note: totals may not add exactly due to rounding

9.24 The growth in R&D floorspace relates to growth in a number of key sectors: scientific research and development; architectural and engineering; other professional/scientific; and the healthcare sector where we have assumed that 20% of jobs growth is associated with R&D activities in Liverpool and Halton (rather than in primary or secondary health facilities such as GP practices, hospitals etc).

9.25 The modelled reduction in industrial floorspace (including warehouse / distribution) is however not considered reliable because of a weak relationship between employment trends and future floorspace needs influenced by productivity changes. The economic forecasts expect manufacturing GVA to grow, albeit modestly, over the forecast period – with growth particularly focused beyond Liverpool and Knowsley as the table below shows. As set out in the Strategic B8 Paper, in this sector a major component of demand is replacement demand generating a need for modern floorspace.

Table 9.4 Forecast Manufacturing GVA – LCR

	GVA Change, 2021-40(£million)	% Change
Halton	89	10.3%
Knowsley	-21	-1.6%
Liverpool	-29	-2.5%
Sefton	-2	-0.6%
St Helens	28	9.9%
Wirral	70	10.8%
LCR	134	3.0%

Source: OE Forecasts

9.26 In contrast for office space there is the potential that the scenarios outlined will over-estimate physical space requirements because of growth in home working. A sensitivity analysis has therefore been run which reduces the physical floorspace requirements by 30% (see box below). The sensitivity analysis assumes that office market was in equilibrium at the beginning of the forecast period but that the effects of home working is to reduce the proportion of employees working in offices in relevant sectors by 30% over the forecast period. In this scenario the net need for office space across the LCR falls on average by just under 20% between 2021-40 across the LCR.

Table 9.5 Sensitivity Analysis, Office Floorspace 2021-40

	Halton	Knowsley	Liverpool	Sefton	St Helens	Wirral	LCR
2021-40 (sq. m)	-38,100	-17,000	-159,600	-73,700	-29,300	-57,900	-375,600
% Net Reduction in Stock	16%	15%	16%	29%	21%	26%	19%

9.27 **This analysis does not imply that there is not a need for new office development**. What it means is that future losses of office space can be expected, in the sensitivity analysis, to be larger in quantitative terms than new office development; so that over the period to 2040 the net stock of office space falls overall. There will continue to be a need for delivery of new Grade A office development, particularly in the context of the low existing proportion of Grade A stock. However older, poorer quality space can be expected to be lost.

Impacts of Growth in Home and Hybrid Working

The pandemic has clearly seen an increase in home-working – in particular in office-based sectors – as well as hybrid working, whereby workers spend part of the week in the office, and part at home, with the emergence of 3/2 and 2/3 working patterns. The situation has however been evolving and there is little concrete research on where trends will settle.

Nonetheless we are likely to have seen a structural shift towards greater home/hybrid working in office-based activities, which is likely to have some impact on the need for office floorspace. Office market trends are responding and will potentially reinforce around good quality space designed to facilitate interaction and collaboration between staff; and locations which support social and leisure activities. Offices may contain specific spaces for teams/zoom calls and businesses may need to consider floorspace needs on the more popular, mid-week days. There is local evidence of office occupiers downsizing and some movement of businesses, such as from Bootle Town Centre to Liverpool City Centre. The evolving market means that it is difficult to precisely quantify the impact on floorspace needs, and this is an area which will need to be monitored over time and kept under review.

Projection of Floorspace Trends

9.28 The second main modelling approach is to project forwards trends in total floorspace. Using data from the VOA, we have derived net change in floorspace trends to model a future trend based need. This incorporates all units as it is not possible to separate large and small scale industrial units for historic VOA data; or industrial from warehouse/distribution floorspace.

9.29 Three periods have been used to derive projections based on an annualised average need on the last 5, 10 and 15 years change (ie from three alternate starts to present being 2015/16, 20010/11, 2005/06 and running to 2021).

9.30 For industrial, the most recent trends see a fast growth in industrial floorspace particularly in St Helens and Halton, but offset by losses in other areas. The 10 year trend is for overall growth except in Sefton, Wirral and Knowsley.

Table 9.6 Projections of Net Change in Industrial Floorspace, sq. m 2021-40

	Based on 5 Yr Trend	Based on 10 Yr Trend	Based on 15 Yr Trend
Halton	125,400	148,200	-12,700
Knowsley	-235,600	-7,600	-171,000
Liverpool	-163,400	89,300	-102,600
Sefton	45,600	-134,900	-101,300
St. Helens	444,600	218,500	-106,400
Wirral	-224,200	-72,200	-205,200
LCR	-7,600	241,300	-699,200

Note: totals may not add exactly due to rounding

9.31 Based on the market evidence and factors such as the Freeport designation, we would expect there to be a positive need for additional industrial space. However it is important to remember that replacement demand is an important component of the need for additional floorspace/land which influences the trends shown.

9.32 For offices, historic growth has been followed by a period of decline. Recent office trends are likely to have been influenced by Permitted Development Rights which may have had an excessive influence on floorspace losses; but also increasing office densities and growth in home working.

9.33 It is notable that there has been a net reduction in office floorspace based on trends over both the 5 years (2016-21) and 10 years (2011-21). Iceni do not consider that it is appropriate to rely on 2006-21 (15 year) trends given different market conditions and structural changes which have occurred since. As identified above and through the market analysis, there is a clear need for new Grade A office floorspace – i.e. for the delivery of good quality office space – albeit that this may be offset by losses of older, poorer quality space.

Table 9.7 Projections of Net Change in Office Floorspace, sq. m 2021-40

	Based on 5 Yr Trend	Based on 10 Yr Trend	Based on 15 Yr Trend
Halton	-7,600	13,300	21,500
Knowsley	-19,000	-3,800	27,900
Liverpool	-345,800	-95,000	-39,300
Sefton	-95,000	-47,500	-32,900
St. Helens	-22,800	-5,700	3,800
Wirral	-53,200	-5,700	-7,600
LCR	-543,400	-144,400	-26,600

Completions Trend

9.34 In addition to the VOA data considered above, total employment completions have been provided by the LCR authorities. We have set out below a projection of floorspace needs based on past development trends (using the gross completions data). This has involved reviewing data provided directly or through AMRs to consider completions 2007 – 2022 and projecting that forward as an annualised average.

9.35 It is also of note that these are gross trends (rather than net completions having regard to losses) – theoretically the VOA data provides an indication of net floorspace changes.

Table 9.8 Projections of Gross Completions 2021-40 based on 5 Year Trends, sq. m (2017-22)

	Office, R&D	Industrial	Warehouse/ Distribution	Mixed B-Class	Total
Halton	34,700	120,000	299,000	20,900	474,600
Knowsley	47,800	159,700	209,300	0	416,800
Liverpool	86,100	1,300	104,200	178,400	370,000
Sefton	17,600	52,900	45,900	16,200	132,700
St. Helens	61,800	45,800	625,300	34,100	766,900
Wirral	30,800	99,700	26,700	0	157,100
LCR	278,800	479,400	1,310,500	249,600	2,318,200

Note: totals may not add exactly due to rounding

Table 9.9 Projections of Gross Completions 2021-40 based on 10 Year Trends, sq. m (2012-22)

	Office, R&D	Industrial	Warehouse/ Distribution	Mixed B-Class	Total
Halton	36,000	78,900	178,600	46,200	339,700
Knowsley	57,100	127,400	211,500	0	396,000
Liverpool	103,800	38,800	245,100	107,700	495,400
Sefton	23,900	38,800	83,500	11,800	158,000
St. Helens	33,700	47,000	284,800	21,200	386,700
Wirral	54,600	103,500	24,100	0	182,100
LCR	309,000	434,300	1,027,600	187,000	1,957,900

Note: totals may not add exactly due to rounding

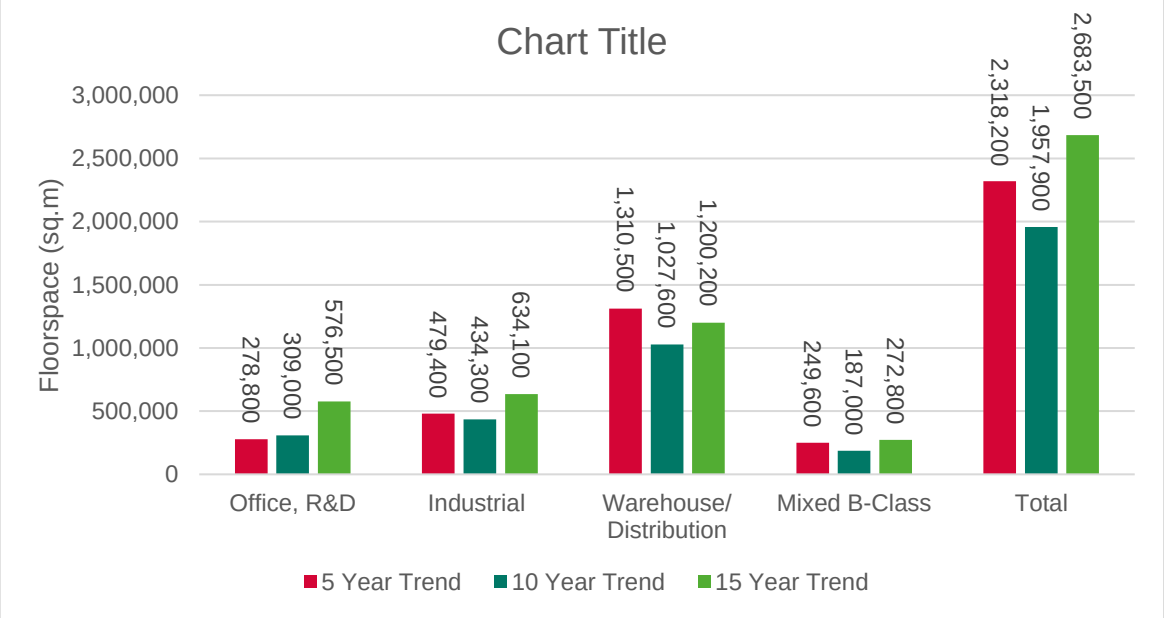
Table 9.10 Projections of Gross Completions 2021-40 based on 15 Year Trends, sq. m (2007-22)

	Office, R&D	Industrial	Warehouse/ Distribution	Mixed B-Class	Total
Halton	74,100	86,900	299,000	20,900	480,800
Knowsley	76,600	142,500	244,800	55,500	519,400
Liverpool	259,100	125,900	348,100	147,900	881,000
Sefton	37,700	53,600	59,300	24,700	175,300
St. Helens	74,500	85,500	208,400	23,800	392,200
Wirral	54,600	139,600	40,600	0	234,900
LCR	576,500	634,100	1,200,200	272,800	2,683,500

Note: totals may not add exactly due to rounding

9.36 The chart below shows the headline results across the City Region. The projections of gross completions show significantly greater relative need for industrial and warehouse/distribution floorspace (than in the labour demand modelling). This is likely to represent a more realistic basis for considering future trends for these uses.

Figure 9.3: Projection of Gross Employment Floorspace Completions, LCR (2021-40)



Trends in Losses

9.37 Gross employment floorspace development trends are shown above in the completions analysis, but other components of the modelling in this section relate to net changes in employment floorspace. Some employment development takes place on existing employment sites through redevelopment of older premises.

9.38 It is however also relevant to note that some employment land is lost to other uses and to consider trends in losses. The most appropriate means of doing this is through individual LPA employment land studies which can consider in detail historical losses and the reasons for them; and can consider whether it is appropriate to remove existing employment sites from the employment land portfolio. As part of this process, consideration can be given to whether this might result in a need for business relocations and then provision made in the employment to be planned for to take this into account.

9.39 Nonetheless it is helpful in the HEDNA to provide an overview of trends in losses. Most of the LPAs within the Liverpool City Region monitor employment land lost (ha) rather than floorspace. We have set out trends in losses based on monitoring data below. There is not any robust data for Halton available.

9.40 It is clear that there is a notable level of employment land which is lost year-on-year to other uses though redevelopment of employment sites. This is of particular significance when considering future land requirements, as if losses continue at historic rates for some sectors/ areas there may be a need for land provision to support business relocations. These issues should however be considered through individual employment land studies by the relevant LPAs.

Table 9.11 Trends in Annual Loss of Employment Land to Other Uses (Ha)

	Annual Losses, 2012-22	Annual Losses, 2016-22
Halton	Not Known	Not Known
Knowsley	0.7	1.4
Liverpool	Not Known	1.8
Sefton	3.1	2.2
St Helens	4.1	3.7
Wirral	6.7	6.7

Source: LPA Monitoring Data

Bringing the Results Together

Office & R&D

9.41 The table below brings together key scenarios for office floorspace changes, in net terms. We consider that net changes in floorspace are likely to be negative overall having regard to the impact of changing working patterns. However the quality of stock is weak and there is a strong case for seeking to deliver new office floorspace where it is viable to do so to meet modern business needs. It is reasonable to expect this to be counter-balanced with loss of older, poorer quality stock. Individual LPA employment land reviews will be relevant in identifying what stock should be protected.

Table 9.12 Scenarios for Net Change in Office/ R&D Floorspace, sq. m 2021-40

	Halton	Knowsley	Liverpool	Sefton	St Helens	Wirral	LCR
Labour Demand – Core Scenario	16,900	37,500	129,000	6,700	12,800	25,500	228,500
10 Yr Net Floorspace Trend	13,300	-3,800	-95,000	-47,500	-5,700	-5,700	-144,400
Labour Demand – Home Working Sensitivity	-29,400	-7,800	-106,400	-69,900	-25,900	-49,700	-289,100
5 Yr Net Floorspace Trend	-7,600	-19,000	-345,800	-95,000	-22,800	-53,200	-543,400

9.42 New office development can be expected to be focused in higher quality locations, in particular Liverpool City Centre, but also potentially other town centres and selected high quality business parks such as Sci-Tech Daresbury.

9.43 **For Liverpool, it would be sensible to plan on the basis of the delivery of the Core Scenario, not least to support provision of Grade A office space and the development/growth of the tech and lifesciences sectors**. Provision for R&D floorspace should be made in line with the forecasts in Table 9.3.

9.44 The market is expected to increasingly orientate towards high quality office stock in attractive locations. In these terms, it would be advisable **to plan on the basis of the Core Scenario in considering allocations in local plans**.

9.45 However in monitoring future provision, it is reasonable to expect the quantum of office floorspace to fall in a range of areas within the City Region; and we would advise that the monitoring and management of stock is undertaken using the Home Working Sensitivity Scenario. Local plans should seek to ensure that the net change in stock does not exceed that shown in this scenario over the plan period.

Industrial

9.46 For industrial floorspace, our view is that greater weight should be given to the completions scenarios in drawing strategic conclusions. For the reasons explored in this section, there is a weak relationship between employment trends and commercial floorspace needs, and development needs are influenced by business growth as well as demand for high quality modern floorspace. Whilst employment might decline, there will be a continuing need for land to support growing businesses and provide modern floorspace (as a result of replacement demand).

9.47 Iceni consider that it would be sensible to use the gross completions trend as a starting point in considering what level of land supply to provide for. This will include some provision for business relocations (in line with historical trends in losses). It may however be appropriate that individual local planning authorities test the conclusions on industrial demand further through individual local studies to take account of local market dynamics and the nature and growth potential of their individual local economies.

Table 9.13 Projections of Gross Completions – Industrial and Warehouse/Distribution, sq. m 2021-40

	5 Year Trend (sq.m)	10 Year Trend (sq.m)	5 Year Trend (Ha)	10 Year Trend (Ha)
Halton	439,900	303,700	110.0	75.9
Knowsley	369,000	338,900	92.3	84.7
Liverpool	283,900	391,600	71.0	97.9
Sefton	115,000	134,100	28.8	33.5
St. Helens	705,200	353,000	176.3	88.3
Wirral	126,400	127,600	31.6	31.9
Liverpool City Region	2,039,500	1,648,900	509.9	412.2

9.48 The use of the 10 year trend is preferable as it covers different points within an economic cycle and provides greater stability in forecasting forwards over 19 years. It represents a more positive framework for planning for industrial development overall.

9.49 In addition, we consider that a 5 year margin should be added to reflect a combination of the strength of the market, low current availability and to provide a flexible supply. This can however be tested as appropriate through more local employment land studies considering the dynamics in individual areas.

9.50 Calculating the industrial land need on this basis, an overall need for 521 ha of industrial land is shown to 2040, inclusive of the margin. The strongest need shown is in Liverpool, Knowsley and St Helens.

Table 9.14 Local Industrial Land Need (including Margin), 2021-40

	Need based on 10 Year Trend (sq.m)	5 Year Margin	Total industrial need (sq.m)	Land (ha)
Halton	303,700	79925	383,625	95.9
Knowsley	338,900	89183	428,083	107.0
Liverpool	391,600	103054	494,654	123.7
Sefton	134,100	35293	169,393	42.3
St. Helens	353,000	92898	445,898	111.5
Wirral	127,600	33560	161,160	40.3
Liverpool City Region	1,648,900	433912	2,082,812	520.7

Strategic B8 Warehousing and Logistics Development

9.51 The separate Strategic B8 Needs Paper prepared by Iceni, with input from MDS Transmodal, indicates a need to provide for 1.4 million sq.m of strategic B8 development requiring between 293 – 343 ha of land across the LCR for this market segment. This overlaps with the industrial land needs shown in Table 9.14.

Table 9.15 Recommended Land Needed for Strategic B8 to 2040 – Liverpool City Region

	Need to 2040 (19 yrs)
Need using Midpoint Replacement (sq.m)	1,117,400
5 Year Margin (sq.m)	294,000
Total Floorspace Need (sq.m)	1,411,400
Land Requirement at 0.4 plot ratio (ha)	353
Land Requirement at 0.35 plot ratio (ha)	403
Recycling of Existing Sites (ha)	60
Land Supply Needed (ha)	293-343

9.52 Set against the need for c. 1.4 million sq.ft to 2040, Iceni estimate supply position from extant commitments and allocations (as at Spring 2023) of up to 1.4 million sq.m. This balances with the need identified. Given that c. 60 ha of the land could be made available over the period to 2040 through the recycling of existing sites, there is some flexibility of supply.

9.53 It seems likely that the delivery of Parkside East will need to be brought forward through securing Development Consent for the site as a Nationally-Significant Infrastructure Project (NSIP). There are however evident uncertainties. If Parkside East is excluded, the supply position falls to c. 1m sq.m. We have assumed c. 74% of this site is delivered to 2040. Making this adjustment, the supply position to 2040 is 1.31 million sq.m.

9.54 Our assumptions on pipeline supply above do not take account of Omega South. This site has the potential to accommodate up to 70 ha of development. St Helens Local Plan outlines that 31.2 ha of land at the site is allocated to meet Warrington's needs; however planning permission has been granted for a significantly greater development of 75 ha that lies within St Helens and it is therefore assumed that this site contributes c. 118,000 sqm to the LCR supply (44ha). Taking account of both this and the Parkside adjustment would point towards an identified supply capable of accommodating 1.42 million sq.m of space to 2040.

9.55 In terms of land, the potential supply if all sites are included is around 450 ha from the identified sites with a potential contribution of 60 ha from recycling of existing land. The total potential supply is thus of c. 510 ha. This quantitatively exceeds the potential need to 2040 shown in Table 5.3, but if more detailed consideration is given:

- This is reliant on c. 60 ha of need being met through the recycling of existing land through redevelopment to provide strategic B8 floorspace;
- It assumes that all sites which have the potential to provide strategic B8 floorspace are delivered on this basis. In reality some of the sites have open consent for a range of B-class uses and could well be built out for smaller units.

9.56 Iceni's view is that a 20% discount on the supply position should be applied on the basis that of the potential sites that could accommodate strategic B8 development, a fifth might be developed for a manufacturing use and/or smaller B8 or other types of employment uses. It particular takes into account that many sites are allocated and/or have consent for a range of different employment uses, and not just strategic B8, and therefore parts of the land supply identified in reality may come forward for industrial development and/or smaller-sized units.

9.57 This would result in a supply position of around 359 ha based on the current analysis, with the potential for 60 ha of the need to be met through recycling of existing sites providing an indicative supply total of 419 ha. This supply position is in excess of that required to meet the need identified to 2040 (353-403ha)-.

9.58 There does not therefore appear to be a need to identify further land at the current time for strategic B8 development; although this is dependent on the granting of development consent at Parkside

East and will need to be kept under review over time in line with a ‘plan, monitor and manage’ approach.

PART C: THE NEEDS OF SPECIFIC GROUPS

THE NEED FOR SPECIALIST HOUSING

10.1 This section studies the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. It responds to Planning Practice Guidance on *Housing for Older and Disabled People* published by Government in June 2019. It includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

10.

Understanding the Implications of Demographic Change

10.2 The population of older persons is increasing, and this will potentially drive a need for housing which is capable of meeting the needs of older persons. Initially below a series of statistics about the older person population of LCR are presented.

Current Population of Older People

10.3 The table below provides baseline population data about older persons in LCR and compares this with other areas. The population data has been taken from the published 2021 ONS mid-year population estimates (MYE). The table shows that LCR has a similar age structure when compared with other areas; 19% of the population being aged 65 and over, this compares with 19% regionally and nationally.

Table 10.1 Older Persons Population, 2021

	LCR	North West	England
Under 65	80.7%	81.2%	81.5%
65-74	10.6%	10.2%	9.8%
75-84	6.3%	6.3%	6.2%
85+	2.4%	2.3%	2.5%
Total	100.0%	100.0%	100.0%
Total 65+	19.3%	18.8%	18.5%
Total 75+	8.7%	8.6%	8.7%

Source: ONS Mid-Year Population Estimates

10.4 The table below shows the same information for each local authority, this shows a higher proportion of people aged 65 and over in Sefton and Wirral, with a much lower proportion in Liverpool and to a lesser extent Knowsley.

Table 10.2 Older Persons Population, 2021 – local authorities

	Halton	Knowsley	Liverpool	Sefton	St. Helens	Wirral
Under 65	81.2%	82.9%	84.5%	76.7%	79.4%	77.9%
65-74	11.2%	9.8%	8.8%	12.0%	11.1%	11.9%
75-84	5.6%	5.1%	4.8%	7.9%	7.1%	7.3%
85+	2.0%	2.1%	1.8%	3.4%	2.4%	2.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total 65+	18.8%	17.1%	15.5%	23.3%	20.6%	22.1%
Total 75+	7.6%	7.2%	6.7%	11.3%	9.5%	10.2%

Source: ONS Mid-Year Population Estimates

Projected Future Change in the Population of Older People

10.5 Population projections can next be used to provide an indication of how the number of older persons might change in the future with the table below showing that LCR is projected to see a notable increase in the older person population. Using the trend-based demographic projection the increase in the population aged 65 and over is around 27% - the population aged Under 65 is in contrast projected to increase by just 1.2%.

10.6 In total population terms, the projections show an increase in the population aged 65 and over of 79,400 people. This is against a backdrop of an overall increase of 94,605 – population growth of people aged 65 and over therefore accounts for 84% of the total projected population change.

Table 10.3 Projected Change in Population of Older Persons, 2021 to 2040 – LCR (trend-based projection)

	2021	2040	Change in population	% change
Under 65	1,252,444	1,267,696	15,252	1.2%
65-74	164,250	181,385	17,135	10.4%
75-84	97,117	143,406	46,289	47.7%
85+	37,911	53,839	15,928	42.0%
Total	1,551,722	1,646,327	94,605	6.1%
Total 65+	299,278	378,631	79,353	26.5%
Total 75+	135,028	197,245	62,217	46.1%

Source: Demographic projections

10.7 The table below shows projected percentage change for each local authority – this clearly shows a notable projected increase in the older person population in all locations, with the highest projected increase in those in older age groups in Knowsley. The data also shows a projected decrease in the population aged Under 65 in all areas apart from Liverpool and Knowsley.

Table 10.4 Projected Change in Population of Older Persons, 2021 to 2040 – local authorities (trend-based projection)

	Halton	Knowsley	Liverpool	Sefton	St. Helens	Wirral
Under 65	-3.7%	6.5%	11.2%	-7.7%	-0.7%	-7.0%
65-74	9.9%	18.3%	8.0%	10.4%	14.6%	8.0%
75-84	65.8%	72.1%	52.0%	42.2%	35.0%	41.5%
85+	83.1%	31.5%	35.4%	34.4%	48.9%	45.3%
Total	3.4%	11.5%	13.3%	-0.2%	4.7%	-0.2%
Total 65+	34.2%	36.2%	25.0%	24.7%	25.6%	24.0%
Total 75+	70.3%	60.4%	47.5%	39.9%	38.5%	42.6%

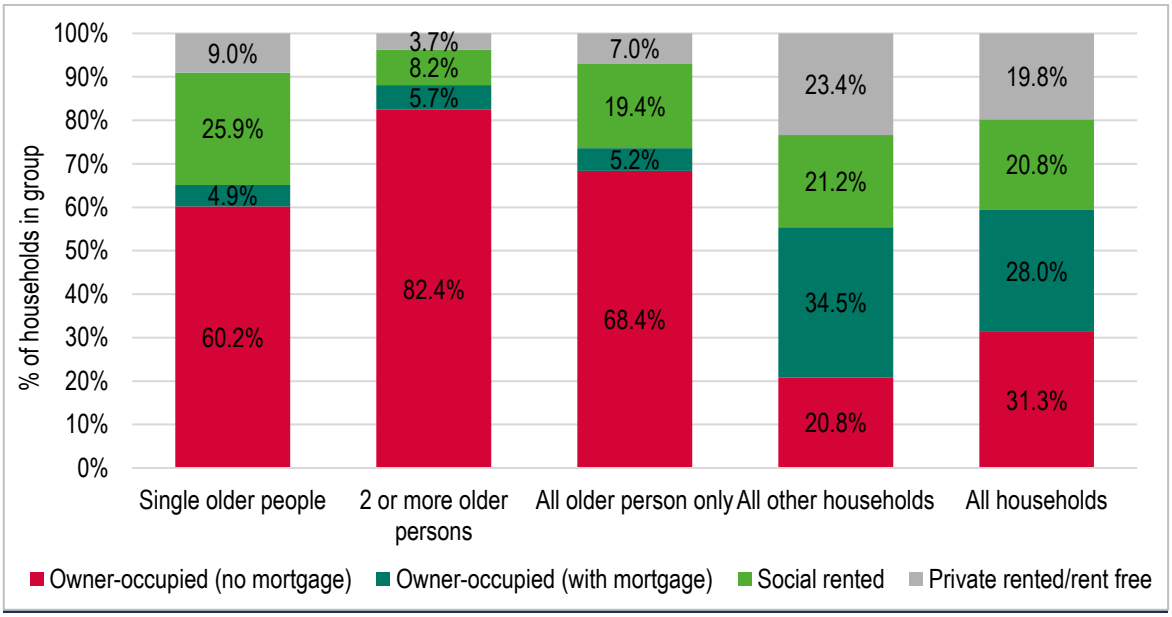
Source: Demographic projections

Characteristics of Older Person Households

10.8 The figure below shows the tenure of older person households. The data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that the majority of older persons households are owner occupiers (74% of older person households), and indeed most are owner occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home. Some 19% of older persons households across the study area live in the social rented sector; the proportion of older person households living in the private rented sector is relatively low (about 7%).

10.9 There are also notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

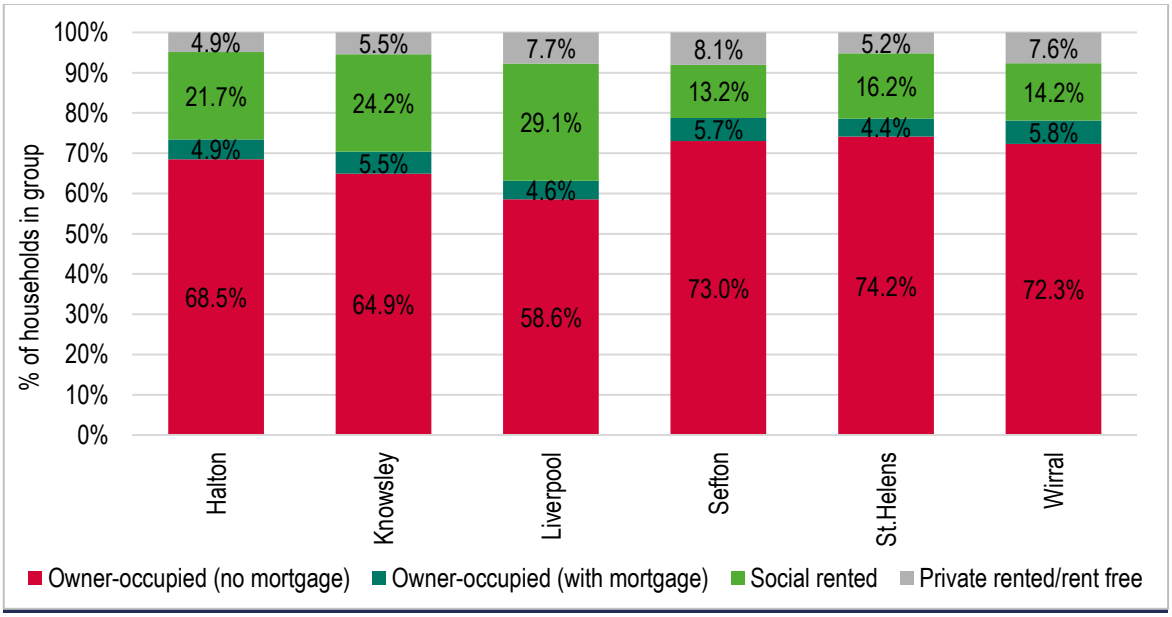
Figure 10.1: Tenure of Older Persons Households in LCR, 2021



Source: 2021 Census

10.10 The figure below shows the same information for local authorities – the data is provided for all older person households. The data shows that the tenure profile of older person households varies across the study area; a key observation is the lower level of owner-occupation amongst older people in Liverpool and the higher proportion in the social rented sector – 29% of older person households in Liverpool are social renters.

Figure 10.2: Tenure of Older Persons Households in LCR, 2021 – local authorities



Source: 2021 Census

Prevalence of Disabilities

10.11 The table below shows the proportion of people with a long-term health problem or disability (LTHPD) drawn from 2011 Census data, and the proportion of households where at least one person has a LTHPD. The data suggests that some 40% of households in LCR contain someone with a LTHPD. This figure is higher than seen in other areas (compares with a figure of 33% across England). The figures for the population with a LTHPD also typically show a proportion above other areas – some 23% of the population having a LTHPD.

Table 10.5 Households and People with a Long-Term Health Problem or Disability, 2011

	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
LCR	262,983	40.1%	341,763	22.7%
North West	1,100,812	36.6%	1,426,805	20.2%
England	7,217,905	32.7%	9,352,586	17.6%

Source: 2011 Census

10.12 The analysis also shows some differences between different parts of the study area, with Knowsley seeing a higher proportion of the population and households with a LTHPD.

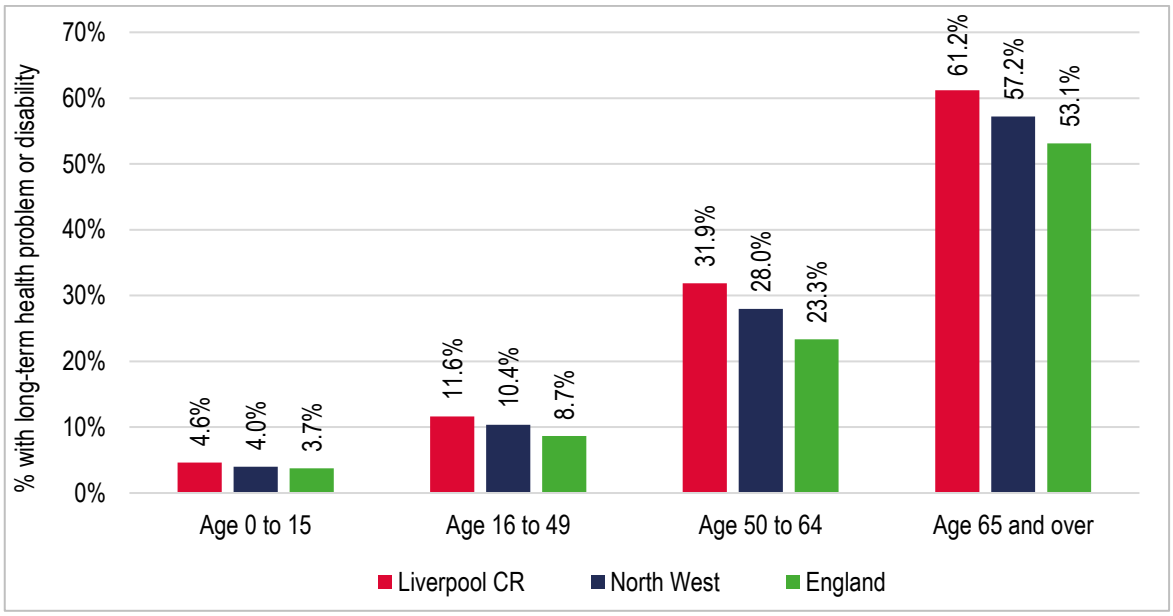
Table 10.6 Households and People with a Long-Term Health Problem or Disability, 2011 – local authorities – LCR

	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
Halton	20,716	38.9%	26,865	21.4%
Knowsley	27,328	44.6%	35,751	24.5%
Liverpool	81,443	39.4%	104,620	22.4%
Sefton	47,020	39.9%	62,061	22.7%
St. Helens	30,742	40.6%	40,262	23.0%
Wirral	55,734	39.6%	72,204	22.6%
TOTAL	262,983	40.1%	341,763	22.7%

Source: 2011 Census

10.13 It is likely that the age profile will impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. The figure below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD. The analysis also typically shows higher levels of LTHPD in each age band within LCR when compared with the regional and national position.

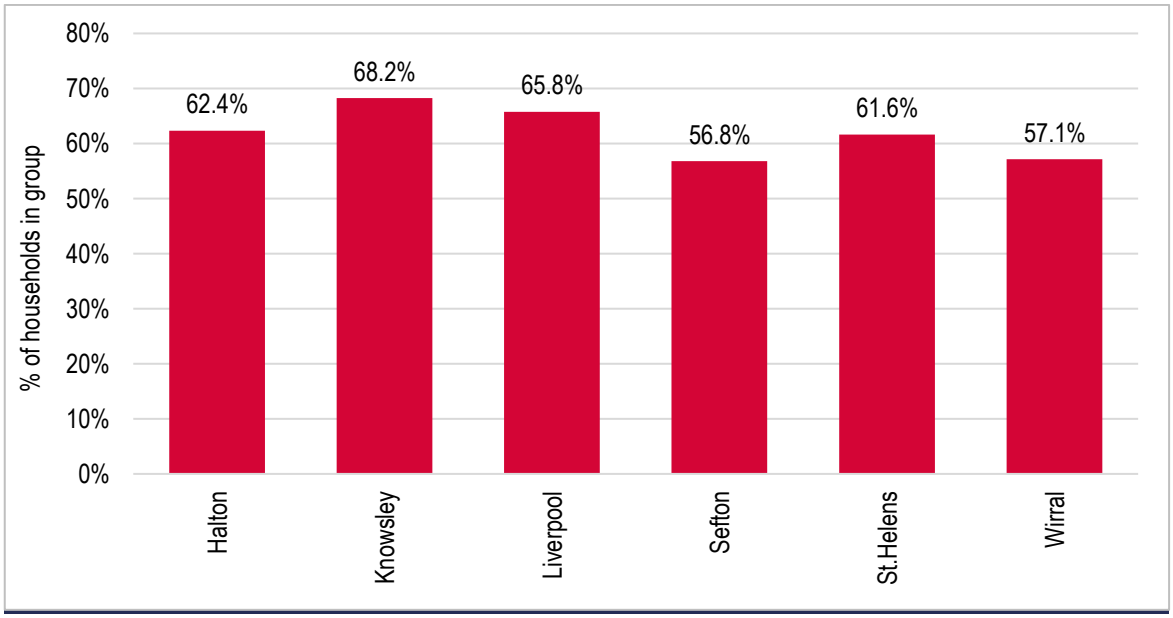
Figure 10.3: Population with Long-Term Health Problem or Disability by Age



Source: 2011 Census

10.14 The figure below shows the proportion of the population aged 65 and over with a LTHPD by local authority – this shows notably higher levels of disability in Knowsley and to a lesser extent Liverpool, with lower figures in Sefton and Wirral.

Figure 10.4: Proportion of population aged 65 and over with a Long-Term Health Problem or Disability – LCR – local authorities



Source: 2011 Census

Health Related Population Projections

10.15 The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population.

10.16 The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. Adjustments have been made to take account of the age specific health/disabilities previously shown.

10.17 Of particular note are the large increases in the number of older people with dementia (increasing by 38% from 2021 to 2040) and mobility problems (up 33% over the same period). Changes for younger age groups are smaller (negative for some disabilities), reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related back to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents 22% of total projected population growth.

Table 10.7 Projected Changes to Population with a Range of Disabilities – LCR (linked to trend-based projection)

Disability	Age Range	2021	2040	Change	% Change
Dementia	65+	23,143	31,918	8,775	37.9%
Mobility problems	65+	62,103	82,677	20,574	33.1%
Autistic Spectrum Disorders	18-64	12,567	12,902	335	2.7%
	65+	3,194	4,071	877	27.5%
Learning Disabilities	15-64	33,152	33,892	740	2.2%
	65+	7,188	9,061	1,873	26.1%
Challenging behaviour	15-64	609	621	12	2.0%
Impaired mobility	16-64	71,096	68,128	-2,968	-4.2%

Source: POPPI/PANSI and Demographic Projections

10.18 The table below shows the same data for each local authority – focussing on dementia and mobility problems.

Table 10.8 Projected Changes to Population with a Range of Disabilities – local authorities (linked to trend-based projection)

	Disability	Age Range	2021	2040	Change	% Change
Halton	Dementia	65+	1,717	2,757	1,039	60.5%
	Mobility problems	65+	4,802	7,155	2,353	49.0%
Knowsley	Dementia	65+	2,201	3,165	964	43.8%
	Mobility problems	65+	6,008	8,427	2,419	40.3%
Liverpool	Dementia	65+	6,014	8,116	2,102	34.9%
	Mobility problems	65+	16,344	21,451	5,107	31.2%
Sefton	Dementia	65+	5,052	6,737	1,685	33.3%
	Mobility problems	65+	13,176	17,044	3,868	29.4%
St. Helens	Dementia	65+	2,888	3,958	1,070	37.0%
	Mobility problems	65+	7,821	10,288	2,467	31.5%
Wirral	Dementia	65+	5,271	7,186	1,915	36.3%
	Mobility problems	65+	13,952	18,313	4,360	31.3%

Source: POPPI/PANSI and Demographic Projections

10.19 Invariably, there will be a combination of those with disabilities and long-term health problems that continue to live at home with family, those who chose to live independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.

10.20 The projected change shown in the number of people with disabilities provides clear evidence justifying delivering 'accessible and adaptable' homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability. The Councils should ensure that the viability of doing so is also tested as part of drawing together its evidence base although the cost of meeting this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.

Need for Specialist Accommodation for Older Persons

10.21 Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options moving forward. The box below shows the different types of older persons housing which are considered.

Definitions of Different Types of Older Persons' Accommodation

Age-restricted general market housing: This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.

Retirement living or sheltered housing (housing with support): This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest

room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24-hour on-site assistance (alarm) and a warden or house manager.

Extra care housing or very sheltered housing (housing with care): This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24-hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.

Residential care homes and nursing homes (care bedspaces): These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

Source: Planning Practice Guidance [63-010]

10.22 The need for specialist housing for older persons is typically modelled by applying prevalence rates[28] to current and projected population changes and considering the level of existing supply. There is no standard methodology for assessing the housing and care needs of older people. The current and future demand for elderly care is influenced by a host of factors including the balance between demand and supply in any given area and social, political, regulatory and financial issues. Additionally, the extent to which new homes are built to accessible and adaptable standards may over time have an impact on specialist demand (given that older people often want to remain at home rather than move to care) – this will need to be monitored.

10.23 There are a number of 'models' for considering older persons' needs, but they all essentially work in the same way. The model results are however particularly sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged over 75 who could be expected to live in different forms of specialist housing. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.

10.24 Whilst there are no definitive rates, the PPG [63-004] notes that *'the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example SHOP@ for Older People Analysis Tool)'*. The PPG does not specifically mention

[28] Prevalence is the proportion of a population who have a specific characteristic in a given time period

any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the SHOP@ online toolkit although the base rates used for analysis are known.

10.25 The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publications). In 2016, Housing LIN published a review document which noted that the 2008 rates are 'outdated' but also noting that the rates from 2011/12 were 'not substantiated'. The 2016 review document therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website.

10.26 Whilst the 2016 review rates do not appear to have ever led to an update of the website, it does appear from reviewing work by Housing LIN over the past couple of years as if it is these rates which typically inform their own analysis (subject to evidence based localised adjustments).

10.27 For clarity, the table below shows the base prevalence rates set out in the various documents described above. For the analysis in this report the age-restricted and retirement/sheltered have been merged into a single category (housing with support).

Table 10.9 Range of suggested baseline prevalence rates (per 1,000 population aged 75+) from a number of tools and publications

Type/Rate per 1000 population aged 75+	SHOP@ (2008)[29]	Housing in Later Life (2012) [30]	2016 Housing LIN Review
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 ('proactive range')
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: Range of sources as identified

10.28 In interpreting the different potential prevalence rates it is clear that:

[29] Based on the More Choice Greater Voice publication of 2008 (https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf). It should be noted that although these rates are from 2008, they are the same rates as were being used in the online toolkit when it was taken offline in 2019.

[30] https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf

- The prevalence rates used should be considered and assessed taking account of an authority's strategy for delivering specialist housing for older people. The degree for instance which the Councils want to require extra care housing as an alternative to residential care provision would influence the relative balance of need between these two housing types;

- The Housing LIN model has been influenced by existing levels of provision and their view on what future level of provision might be reasonable taking account of how the market is developing, funding availability etc. It is more focused towards publicly commissioned provision. There is a degree to which the model and assumptions within it may not fully capture the growing recent private sector interest and involvement in the sector, particularly in extra care; and

- The assumptions in these studies look at the situation nationally. At a more local level, the relative health of an area's population is likely to influence the need for specialist housing with better levels of health likely to mean residents are able to stay in their own homes for longer

10.29 Iceni and JGC have therefore sought to consider these issues and the appropriate modelling assumptions for assessing future needs. Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focussing where possible on providing households with care in their own home. This could however be provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing.

10.30 We consider that the prevalence rates shown in the 2016 Housing LIN Review is an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).

10.31 Rather than simply taking the base prevalence rates, an initial adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 65 and over who have a long-term health problem or disability (LTHPD) compared with the England average. All authorities in the study area show slightly worse health in the older person population and so the prevalence rates used have been increased slightly (by up to 28% in the case of Knowsley).

10.32 The calculations are based on comparing the proportion of people aged 65 and over with a LTHPD (65.8% in the case of Liverpool) with the equivalent figure for England (53.1%). The table below also

shows data from the Index of Multiple Deprivation (IMD) which is used to determine the local tenure split (discussed below).

Table 10.10 Data on health adjustments and Index of Multiple Deprivation

	% 65+ with LTHPD	Health adjustment	2019 IMD (rank of 317)
Halton	62.4%	117.4%	39
Knowsley	68.2%	128.5%	3
Liverpool	65.8%	123.8%	4
Sefton	56.8%	107.0%	89
St. Helens	61.6%	116.0%	40
Wirral	57.1%	107.6%	77

Source: 2011 Census and Index of Multiple Deprivation

10.33 A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Using 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests all authorities are in the range of 3rd (Knowsley) and 89th (Sefton) most deprived local authorities in England (out of 317). This suggests a greater proportion of affordable housing than for an authority in the middle of the range - this is market housing within the categories described above (e.g. housing with support and housing with care).

10.34 The table below shows the prevalence rates used in analysis with adjustments for health and deprivation.

Table 10.11 Prevalence rates used in analysis of older person needs – LCR (rates per 1,000 population aged 75+)

	Housing with support		Housing with care		Residential care	Nursing care
	Market	Affordable	Market	Affordable		
Halton	36	110	18	35	47	53
Knowsley	33	128	15	43	51	58
Liverpool	32	123	14	41	50	56
Sefton	41	92	22	26	43	48
St. Helens	36	109	18	34	46	52
Wirral	40	95	21	28	43	48

Source: Range of sources as referenced in paragraphs 9.31 to 9.35

10.35 The table below shows estimated needs for different types of housing linked to the population projections. The analysis is separated into the various different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation).

10.36 Overall, the analysis suggests that there will be a notable need for housing with support (particularly in the affordable sector) and housing with care (again, mainly for affordable housing), as well as some additional nursing and residential care bedspaces (although the analysis suggests a current balance of nursing care bedspaces).

Table 10.12 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-40 – LCR (linked to trend-based projection)

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/ surplus (-ve)	Addition-al demand to 2040	Shortfall /surplus by 2040
Housing with support	Market	37	3,264	4,965	1,701	2,266	3,967
	Affordable	107	13,717	14,419	702	6,733	7,435
Total (housing with support)		144	16,981	19,384	2,403	8,999	11,402
Housing with care	Market	18	788	2,498	1,710	1,133	2,842
	Affordable	33	1,292	4,480	3,188	2,107	5,295
Total (housing with care)		52	2,080	6,978	4,898	3,240	8,138
Residential care bedspaces		46	5,453	6,203	750	2,880	3,629
Nursing care bedspaces		52	6,992	6,978	-14	3,240	3,226
Total bedspaces		98	12,445	13,181	736	6,119	6,855

Source: Derived from Demographic Projections and Housing LIN/EAC. Supply aligned to base date 1st April 2021

10.37 The series of tables below show the same information for each local authority. Generally similar patterns can be seen across areas, although there are some examples where the stock of housing does point to a current surplus (notably for affordable housing with support (sheltered housing) in Sefton and Wirral).

Table 10.13 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-40 – Halton

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/ surplus (-ve)	Addition-al demand to 2040	Shortfall /surplus by 2040
Housing with support	Market	36	58	353	295	248	542
	Affordable	110	557	1,075	518	755	1,273
Total (housing with support)		147	615	1,427	812	1,003	1,815
Housing with care	Market	18	36	175	139	123	262
	Affordable	35	101	339	238	238	476
Total (housing with care)		53	137	514	377	361	738
Residential care bedspaces		47	416	457	41	321	362
Nursing care bedspaces		53	253	514	261	361	622
Total bedspaces		100	669	971	302	682	983

Source: Derived from Demographic Projections and Housing LIN/EAC. Supply aligned to base date 1st April 2021

Table 10.14 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-40 – Knowsley

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/ surplus (-ve)	Addition-al demand to 2040	Shortfall /surplus by 2040
Housing with support	Market	33	130	364	234	220	454
	Affordable	128	1,038	1,435	397	867	1,264
Total (housing with support)		161	1,168	1,799	631	1,087	1,718
Housing with care	Market	15	70	165	95	100	195
	Affordable	43	378	483	105	292	396
Total (housing with care)		58	448	648	200	391	591
Residential care bedspaces		51	402	576	174	348	521
Nursing care bedspaces		58	668	648	-20	391	371
Total bedspaces		109	1,070	1,224	154	739	892

Source: Derived from Demographic Projections and Housing LIN/EAC. Supply aligned to base date 1st April 2021

Table 10.15 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-40 – Liverpool

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/ surplus (-ve)	Addition-al demand to 2040	Shortfall /surplus by 2040
Housing with support	Market	32	563	1,018	455	483	938
	Affordable	123	3,473	3,978	505	1,889	2,394
Total (housing with support)		155	4,036	4,996	960	2,372	3,332
Housing with care	Market	14	86	462	376	220	596
	Affordable	41	306	1,336	1,030	634	1,664
Total (housing with care)		56	392	1,799	1,407	854	2,261
Residential care bedspaces		50	1,232	1,599	367	759	1,126
Nursing care bedspaces		56	2,008	1,799	-209	854	645
Total bedspaces		105	3,240	3,397	157	1,613	1,770

Source: Derived from Demographic Projections and Housing LIN/EAC. Supply aligned to base date 1st April 2021

Table 10.16 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-40 – Sefton

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/ surplus (-ve)	Addition-al demand to 2040	Shortfall /surplus by 2040
Housing with support	Market	41	1,325	1,308	-17	522	505
	Affordable	92	3,015	2,927	-88	1,168	1,079
Total (housing with support)		134	4,340	4,235	-105	1,689	1,585
Housing with care	Market	22	260	701	441	279	720
	Affordable	26	11	824	813	329	1,142
Total (housing with care)		48	271	1,525	1,254	608	1,862
Residential care bedspaces		43	1,741	1,355	-386	541	155
Nursing care bedspaces		48	1,599	1,525	-74	608	534
Total bedspaces		91	3,340	2,880	-460	1,149	689

Source: Derived from Demographic Projections and Housing LIN/EAC. Supply aligned to base date 1st April 2021

Table 10.17 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-40 – St. Helens

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/ surplus (-ve)	Addition-al demand to 2040	Shortfall /surplus by 2040
Housing with support	Market	36	74	626	552	241	793
	Affordable	109	1,601	1,895	294	730	1,024
Total (housing with support)		145	1,675	2,520	845	971	1,816
Housing with care	Market	18	193	311	118	120	238
	Affordable	34	324	596	272	230	502
Total (housing with care)		52	517	907	390	350	740
Residential care bedspaces		46	538	807	269	311	579
Nursing care bedspaces		52	572	907	335	350	685
Total bedspaces		99	1,110	1,714	604	660	1,264

Source: Derived from Demographic Projections and Housing LIN/EAC. Supply aligned to base date 1st April 2021

Table 10.18 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-40 – Wirral

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/ surplus (-ve)	Addition-al demand to 2040	Shortfall /surplus by 2040
Housing with support	Market	40	1,114	1,296	182	552	734
	Affordable	95	4,033	3,110	-923	1,325	402
Total (housing with support)		134	5,147	4,406	-741	1,877	1,135
Housing with care	Market	21	143	683	540	291	832
	Affordable	28	172	903	731	384	1,115
Total (housing with care)		48	315	1,586	1,271	676	1,947
Residential care bedspaces		43	1,124	1,410	286	601	886
Nursing care bedspaces		48	1,892	1,586	-306	676	370
Total bedspaces		91	3,016	2,996	-20	1,276	1,256

Source: Derived from Demographic Projections and Housing LIN/EAC. Supply aligned to base date 1st April 2021

10.38 It can be seen by 2040 there is an estimated need for 19,500 additional dwellings with support or care across the whole study area. In addition, there is a need for 6,900 additional nursing and residential care bedspaces. Typically for bedspaces it is conventional to convert to dwellings using a standard multiplier (1.80 bedspaces per dwelling for older persons accommodation) and this would therefore equate to around 3,800 dwellings. In total, the older persons analysis points towards a need for around 23,300 units over the 2021-40 period (1,230 per annum) – the older person need equates to some 25% of all homes needing to be some form of specialist accommodation for older people (based on linking to alternative housing need calculations using a trend-based projection).

10.39 The table below summarises this information for local authorities. This shows a higher older person need in those areas where the population/household projections are more modest (notably Halton and Sefton). That said, all areas clearly see a need for provision of additional older persons housing.

Table 10.19 Estimated proportion of overall housing need which is for older persons housing – linking to trend-based projections (2021-40)

	Housing with care/support	Bedspace allowance	Total need	Dwelling need	% as older persons
Halton	2,553	546	3,099	5,536	56.0%
Knowsley	2,309	496	2,805	10,398	27.0%
Liverpool	5,593	984	6,576	46,120	14.3%
Sefton	3,447	383	3,829	8,664	44.2%
St.Helens	2,556	702	3,259	9,135	35.7%
Wirral	3,082	698	3,780	11,878	31.8%
LCR	19,540	3,808	23,348	91,731	25.5%

Source: Derived from a range of sources

10.40 The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'rightsize' which can help improve their quality of life.

10.41 It should also be noted that within any category of need there may be a range of products. For example, many recent market extra-care schemes have tended to be focused towards the 'top-end' of the market and may have significant service charges (due to the level and quality of facilities and services). Such homes may therefore only be affordable to a small proportion of the potential market, and it will be important for the Councils to seek a range of products that will be accessible to a wider number of households if needs are to be met.

Older Persons' Housing, Planning Use Classes and Affordable Housing Policies

10.42 The issue of use classes and affordable housing generally arises in respect of extra care/ assisted living development schemes. The Planning Practice Guidance defines extra care housing or housing with care as follows:

> *"This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24 hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses".*

10.43 There is a degree to which different terms can be used for this type of development inter-changeably, with reference sometimes made to extra care, assisted living, continuing care retirement communities, or retirement villages. Accommodation units typically include sleeping and living accommodation, bathrooms and kitchens; and have their own front door. Properties having their own front doors is not however determinative of use.

10.44 The distinguishing features of housing with care is the provision of personal care through an agency registered with the Care Quality Commission, and the inclusion of extensive facilities and communal space within these forms of development, which distinguish them from blocks of retirement flats.

Use Classes

10.45 Use classes are defined in the Town and Country Planning (Use Classes) Order 1987. Use Class C2: Residential Institutions is defined as *"use for the provision of residential accommodation and care to people in need of care (other than a use within class C3 (dwelling houses)*." C3 (dwelling houses) are defined as "*use as a dwelling house (whether or not as a sole or main residence) a) by a single person or by people living together as a family; or b) by no more than 6 residents living together as a single household (including a household where care is provided for residents)*."

10.46 Care is defined in the Use Class Order as meaning "personal care for people in need of such care by reason of old age, disablement, past or present dependence on alcohol or drugs or past or present mental disorder, and in class C2 also includes the personal care or children and medical care and treatment."

10.47 Personal care has been defined in Regulations[31] as "the provision of personal care for persons who, by reasons of old age, illness or disability are unable to provide it for themselves, and which is provided in a place where those persons are living at the time the care is provided."

10.48 Government has released new Planning Practice Guidance of *Housing for Older and Disabled People* in June 2019. In respect of Use Classes, Para 63-014 therein states that:

> *"It is for a local planning authority to consider into which use class a particular development may fall. When determining whether a development for specialist housing for older people falls within C2 (Residential Institutions) or C3 (Dwelling house) of the Use Classes Order, consideration could, for example, be given to the level of care and scale of communal facilities provided."*

10.49 The relevant factors identified herein are the level of care which is provided, and the scale of communal facilities. It is notable that no reference is made to whether units of accommodation have separate front doors. This is consistent with the Use Class Order, where it is the ongoing provision of care which is the distinguishing feature within the C2 definition. In a C2 use, the provision of care is an essential and ongoing characteristic of the development and would normally be secured as such through the S106 Agreement.

10.50 A range of appeal decisions have addressed issues relating to how to define the use class of a development. These are fact specific, and there is a need to consider the particular nature of the

[31] Schedule 1 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010.

scheme. What arises from this, is that schemes which have been accepted as a C2 use commonly demonstrate the following characteristics:

- Occupation restricted to people (at least one within a household) in need of personal care, with an obligation for such residents to subscribe to a minimum care package. Whilst there has been debate about the minimum level of care to which residents must sign-up to, it is considered that this should not be determinative given that a) residents' care needs would typically change over time, and in most cases increase; and b) for those without a care need the relative costs associated with the care package would be off-putting.

- Provision of access to a range of communal areas and facilities, typically beyond that of simply a communal lounge, with the access to these facilities typically reflected in the service charge.

NPPF Policies on Affordable Housing

10.51 For the purposes of developing planning policies in a new Local Plan, use class on its own need not be determinative on whether affordable housing provision could be applied. In all cases we are dealing with residential accommodation. But nor is there a clear policy basis for seeking affordable housing provision or contributions from a C2 use in the absence of a development plan policy which seeks to do so.

10.52 The NPPF (July 2021) sets out in paragraph 34 that Plans should set out the contributions expected from development, including levels of affordable housing. Such policies should not undermine the deliverability of the Plan. Paragraph 63 states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless off-site provision or a financial contribution can be robustly justified; and the agreed approach contributes to the objective of creating mixed and balanced communities.

10.53 Paragraph 64 states that affordable housing should not be sought from residential developments that are not major developments. Paragraph 65 sets out that specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students) are exempt from the requirement for 10% of homes (as part of the affordable housing contribution) to be for affordable home ownership. But neither of these paragraphs set out that certain types of specialist accommodation for older persons are exempt from affordable housing contributions.

10.54 The implication for LCR is that:

- The ability to seek affordable housing contributions from a C2 use at the current time is influenced by how the current development plan policies of individual districts were constructed and evidenced; and

- If policies in a future development plan at district level are appropriately crafted and

supported by the necessary evidence on need and viability, affordable housing contributions could be sought from a C2 use through policies in a new Local Plan.

10.55 Within an individual District's local plan, it would be possible to craft a policy in such a way that affordable housing could be sought on extra care housing from both C2 and C3 use classes and it should be noted that in July 2020 the High Court rejected claims that 'extra care' housing should not contribute affordable homes because it falls outside C3 use (CO/4682/2019). It is however important to recognise that the viability of extra care housing will differ from general mixed tenure development schemes, and there are practical issues associated with how mixed tenure schemes may operate.

Viability

10.56 There are a number of features of a typical extra care housing scheme which can result in substantively different viability characteristics relative to general housing. In particular:

- Schemes typically include a significant level of communal space and on-site facilities, such that the floorspace of individual units might equate to 65% of the total floorspace, compared to 100% for a scheme of houses and perhaps 85% for typical flatted development. There is a significant proportion of space from which value is not generated through sales (although individual units may be smaller);

- Higher construction and fit out-costs as schemes need to achieve higher accessibility requirements and often include lifts, specially adapted bathrooms, treatment rooms etc. In many instances, developers need to employ third party building contractors that are not able to secure the same economies of scale as the larger volume housebuilders;

- Sales rates are also typically slower for extra care schemes, not least as older residents are less likely to buy 'off plan.' The combination of this and the limited ability to phase flatted schemes to sales rates can result in higher finance costs for a development.

10.57 There are a number of implications arising from this. Firstly, there is a need for viability evidence to specifically test and consider what level of affordable housing could be applied to different forms of older persons accommodation, potentially making a distinction between general market housing; retirement living/sheltered housing; and extra care/housing with care. It may well be that a differential and lower affordable housing policy is justified for housing with care.

10.58 Secondly, developers of extra care schemes can struggle to secure land when competing against mainstream housebuilders or strategic land promoters. One way of dealing with this is to allocate sites specifically for specialist older persons housing, and this may be something that the LCR Districts may wish to consider through the preparation of their new Local Plans. There could be benefits of doing this through achieving relatively high-density development of land at accessible locations, and in doing so, releasing larger family housing elsewhere as residents move out.

Practical Issues

10.59 In considering policies for affordable housing provision on housing with care schemes, there is one further factor which warrants consideration relating to the practicalities of mixed-tenure schemes. The market for extra care development schemes is currently focused particularly on providers at the affordable and higher ends of the market, with limited providers currently delivering within the 'mid-market.' At the higher ends of the market, the level of facilities and services/support available can be significant, and the management model is often to recharge this through service charges.

10.60 Whilst recognising the benefits associated with mixed income/tenure development, in considering whether mixed tenure schemes can work it is important to consider the degree to which service charges will be affordable to those on lower incomes and whether Registered Providers will want or be able to support access to the range of services/facilities on site. In a range of instances, this has meant that authorities have accepted off-site contributions to affordable housing provision.

Wheelchair User Housing

10.61 The analysis below draws on a range of secondary data sources to estimate the number of current and future wheelchair users and to estimate the number of wheelchair accessible/adaptable dwellings that might be required in the future. Estimates of need produced in this report draw on data from the English Housing Survey (EHS) which provides a range of relevant data, but often for different time periods. The EHS data used includes the age structure of wheelchair users, information about work needed to homes to make them 'visitable' for wheelchair users and data about wheelchair users by tenure.

10.62 The analysis below sets out estimates of the number of wheelchair users in the study area; this has been based on estimating prevalence rates from the 2011-12 EHS (Annex Table 6.11) combined with Census data. At the time, the EHS showed there were 184,000 households with a wheelchair user (in England) and the oldest person in the household was aged under 60; the 2011 Census showed a household population of around 40.6 million people aged under 60 and therefore a base prevalence rate of 0.005 has been calculated for this group – essentially for every 1,000 people aged under 60 there are around 5 wheelchair user households. The table below shows data for a full range of age groups; it should be noted that whilst the prevalence rates mix households and population they will provide a reasonable estimate of the number of wheelchair user households.

Table 10.20 Baseline prevalence rates by age used to estimate wheelchair user households – England

	Number of wheelchair user households	Household population	Prevalence (per 1,000 population)
Under 60 years	184,000	40,562,000	5
60 - 74 years	205,000	7,668,000	27
75 - 84 years	191,000	2,832,000	68
85 years or over	146,000	997,000	146

Source: Derived from EHS (2011-12) and 2011 Census

10.63 The analysis also considers the relative health of the population of LCR. For this, data has been taken from the 2011 Census for the household population with 'day to day activities limited a lot' by their disability. The table below shows this information by age in LCR and England, and also shows the adjustment made to reflect differences in heath between the areas. Due to the age bands used in the Census, there has been some degree of adjustment for the under 60 and 60-74 age groups. The data shows higher levels of disability for all age groups in LCR, pointing to a slightly higher than average proportion of wheelchair user households.

Table 10.21 Proportion of people with day to day activities limited a lot (by age) – 2011 – LCR

	% of age group with day to day activities limited a lot		LCR as % of England	Prevalence rate (per 1,000 population)
	LCR	England		
Under 60 years	6.8%	4.2%	163.4%	7
60-74 years	22.8%	13.9%	163.7%	44
75-84 years	37.9%	29.1%	130.4%	88
85 years or over	56.3%	52.3%	107.5%	157

Source: 2011 Census

10.64 The local prevalence rate data can be brought together with information about the population age structure and how this is likely to change moving forward. The data estimates a total of 33,200 wheelchair user households in 2021, and that this will rise to 39,800 by 2040 (an increase of about 6,600).

Table 10.22 Estimated number of wheelchair user households (2021-40) – LCR – linked to trend-based projection

	Prevalence rate (per 1,000 population)	Household population 2021	Household population 2040	Wheelchair user households (2021)	Wheelchair user households (2040)
Under 60 years	7	1,136,395	1,165,126	8,438	8,718
60 - 74 years	44	261,855	265,511	11,490	11,649
75 - 84 years	88	93,663	137,782	8,212	12,153
85 years or over	157	32,347	46,469	5,089	7,319
TOTAL		1,524,260	1,614,888	33,230	39,839

Source: Derived from a range of sources

10.65 The finding of an estimated current number of wheelchair user households does not indicate how many homes might be needed for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation, or a move to an alternative home. Data from the EHS (2014-15) shows that of the 814,000 wheelchair user households, some 200,000 live in a home that would either be problematic or not feasible to make fully 'visitable' – this is around 25% of wheelchair user households. Applying this to the current number of wheelchair user households and adding the additional number projected forward suggests a need for around 14,800 additional wheelchair user homes in the 2021-40 period – this equates to 16% of all housing need (as set out in the table below).

Table 10.23 Estimated need for wheelchair user homes, 2021-40

	Current need	Projected need (2021-40)	Total current and future need	Housing need (2021-40)	% of Housing Need
Halton	659	761	1,421	5,536	25.7%
Knowsley	917	877	1,794	10,398	17.3%
Liverpool	2,502	1,973	4,475	46,120	9.7%
Sefton	1,432	997	2,429	8,664	28.0%
St. Helens	1,013	823	1,836	9,135	20.1%
Wirral	1,640	1,179	2,820	11,878	23.7%
LCR	8,165	6,609	14,774	91,731	16.1%

Source: Derived from a range of sources

10.66 Furthermore, information in the EHS (for 2017/18) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair uses, compared with 2.7% of market households (owner-occupiers and private renters). Applying these national figures to the demographic change and need (as shown above) it is possible to estimate the potential need by tenure, as shown in the table below. This shows a need for around 13% of market homes to be M4(3) along with 33% of affordable.

Table 10.24 Estimated need for wheelchair user homes by tenure, 2021-40

	Market	Affordable
Halton	20%	53%
Knowsley	14%	35%
Liverpool	8%	20%
Sefton	22%	58%
St. Helens	16%	41%
Wirral	19%	49%
LCR	13%	33%

Source: Derived from demographic projections and EHS prevalence rates

10.67 To meet the identified need, the LCR districts could seek a proportion (maybe 10-15%) of all new market homes to be M4(3) compliant and potentially around a third in the affordable sector. These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.

10.68 As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore, provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build out costs (see table below).

10.69 It is worth noting that the Government has recently reported on a consultation on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds[32].

10.70 The key outcome is: *'Government is committed to raising accessibility standards for new homes. We have listened carefully to the feedback on the options set out in the consultation and the government response sets out our plans to mandate the current M4(2) requirement in Building Regulations as a minimum standard for all new homes'*. This change is due to shortly be implemented though a change to building regulations.

10.71 The consultation outcome still requires a need for M4(3) dwellings to be evidenced, stating *'M4(3) (Category 3: Wheelchair user dwellings) would continue as now where there is a local planning policy in place in which a need has been identified and evidenced. Local authorities will need to continue to tailor the supply of wheelchair user dwellings to local demand'*.

[32] https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes

10.72 As well as evidence of need, the viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target. The table below shows estimated costs for different types of accessible dwellings, taken from research sitting behind the initial PPG on accessible housing – these costings are now 8-year old but do still provide an indication of the relative costs of different options.

Table 10.25 Access Cost Summary

	1-Bed Apartment	2-Bed Apartment	2-Bed Terrace	3-Bed Semi Detached	4-Bed Semi-Detached
M4(2)	£940	£907	£523	£521	£520
M4(3)(A) – Adaptable	£7,607	£7,891	£9,754	£10,307	£10,568
M4(3)(B) – Accessible	£7,764	£8,048	£22,238	£22,791	£23,052

Source: EC Harris, 2014

10.73 However, local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.

10.74 A further option for the Councils would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which they have nomination rights. This would address any under delivery from other schemes (including schemes due to their size e.g. less than 10 units or 1,000 square metres) but also recognise the fact that there is a higher prevalence for wheelchair use within social rent tenures. This should be considered when setting policy.

Summary

10.75 A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability.

10.76 The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

10.77 The data shows that LCR has a similar age structure and higher overall levels of disability compared with the national average – age specific rates of disability are notably higher than seen nationally. The older person population has some distinct characteristics, including a high representation in the owner-occupied sector and is projected to increase notably in the future. An ageing population means

that the number of people with disabilities is likely to increase substantially. Key findings for the 2021-40 period include:

- A 27% increase in the population aged 65+ (potentially accounting for around 84% of total population growth);
- A 38% increase in the number of people aged 65+ with dementia and a 33% increase in those aged 65+ with mobility problems;
- A need for around 11,400 housing units with support (sheltered/retirement housing) – around two-thirds in the affordable sector;
- A need for around 8,100 additional housing units with care (e.g. extra-care) – again around two-thirds as affordable housing;
- A need for additional residential and nursing care bedspaces; and
- a need for around 14,800 dwellings to be for wheelchair users (meeting technical standard M4(3)).

10.78 This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the LCR districts could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and around 10% of homes meeting M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector).

10.79 Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

10.80 The LCR districts should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.

10.81 In seeking M4(2) compliant homes, the Councils should also be mindful that such homes could be considered as ‘homes for life’ and would be suitable for any occupant, regardless of whether or not they have a disability at the time of initial occupation.

10.82 In framing policies for the provision of specialist older persons accommodation, the LCR Districts will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for.

THE NEED FOR DIFFERENT SIZES OF HOMES

11.1 This section considers the appropriate mix of housing across the study area, with a particular focus on the sizes of homes required in different tenure groups for new development. This section looks at a range of statistics in relation to families (generally described as households with dependent children) before moving on to look at how the number of households in different age groups are projected to change moving forward.

11.

Background Data

11.2 The number of families in LCR (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 180,400 as of the 2021 Census, accounting for 27% of households; this proportion is similar to the regional and national average (both 28%). LCR sees a higher proportion of lone parent households and lower proportions of married couple households (with dependent children) when compared with other areas.

Table 11.1 Households with dependent children (2021)

		Households with dependent children						
		Married couple	Cohabiting couple	Lone parent	Other household (with dependents)	Total with dependent children	All other households (no dependent children)	Total
LCR	No.	74,652	32,742	58,631	14,344	180,369	496,480	676,849
	%	11.0%	4.8%	8.7%	2.1%	26.6%	73.4%	100.0%
North West	%	13.1%	4.9%	7.7%	2.3%	28.0%	72.0%	100.0%
England	%	14.4%	4.5%	6.9%	2.7%	28.5%	71.5%	100.0%

Source: Census (2021)

11.3 The table below shows the same information for each local authority. The analysis shows relatively few family households in Sefton (25%) and a higher proportion in Halton and Knowsley.

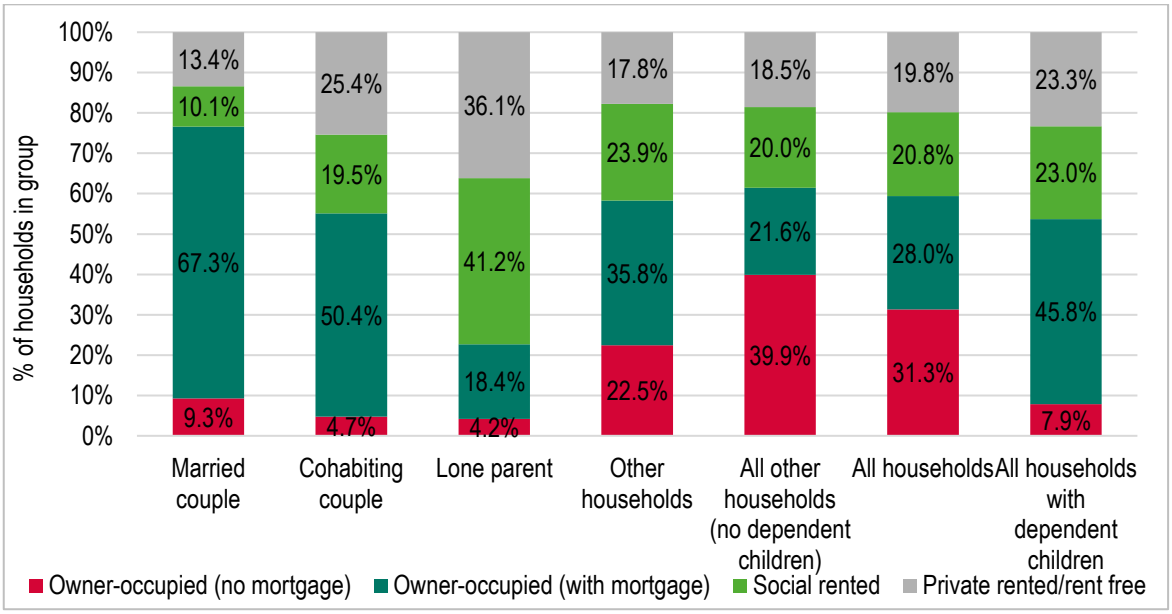
Table 11.2 Households with dependent children (2021) – local authorities

	Households with dependent children				Total with dependent children	All other households	Total
	Married couple	Cohabiting couple	Lone parent	Other households			
Halton	11.7%	5.8%	9.2%	1.9%	28.6%	71.4%	100.0%
Knowsley	10.3%	6.0%	11.1%	2.6%	29.9%	70.1%	100.0%
Liverpool	10.1%	4.2%	9.1%	2.4%	25.8%	74.2%	100.0%
Sefton	11.3%	4.7%	7.1%	2.1%	25.1%	74.9%	100.0%
St. Helens	11.8%	5.5%	8.0%	1.8%	27.0%	73.0%	100.0%
Wirral	11.7%	4.6%	8.4%	1.8%	26.6%	73.4%	100.0%
LCR	11.0%	4.8%	8.7%	2.1%	26.6%	73.4%	100.0%

Source: Census (2021)

11.4 The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. In total, only 22% of lone parent households are owner-occupiers compared with 77% of married couples with children.

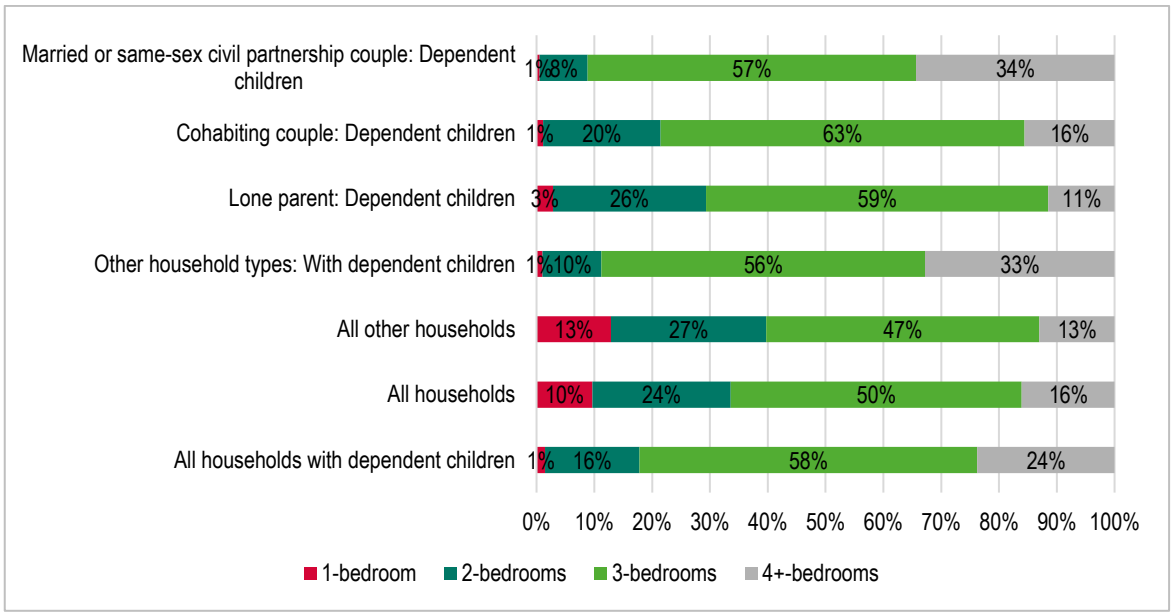
Figure 11.1: Tenure of households with dependent children (2021) – LCR



Source: Census (2021)

11.5 The figure below shows the number of bedrooms for family households at the point of the 2011 Census. The analysis shows the differences between married, cohabiting and lone parent families. Across the study area, the tendency is for family households to occupy 3-bedroom housing with varying degrees of 2-and 4+-bedroom properties depending on the household composition. The data also, unsurprisingly, highlights the small level of 1-bed stock occupied by families across the board. As a result, we could expect continued demand for 3+-bedroom homes from family households.

Figure 11.2 Number of Bedrooms by Family Household Type, 2011 – LCR



Source: Census (2011)

Local Housing Mix Evidence

11.6 Iceni and JGC recognise that in each authority area, there have been individual and authority-specific assessments prepared which in some instances remain recent and up-to-date. Invariably, these authority assessments conclude with differing recommendations to what is concluded in this assessment; as the methods used differ to the method detailed below for assessing housing mix in this HEDNA.

11.7 Ultimately however, this HEDNA must follow a consistent approach to assessing housing mix across the board and it is not appropriate to simply draw together existing evidence from local studies which were prepared at different times and in some instances using different methodologies. That said, it has been acknowledged upfront in the introduction to this HEDNA that that local evidence will reflect a more fine-grain assessment taking account of specific factors which this strategic level assessment does not.

11.8 As a result, where up-to-date local needs assessments indicate an alternative mix should be followed, those should represent the starting point for plan making and decision-taking with due regard had to the conclusions in this strategic assessment.

The Mix of Housing

11.9 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections it is possible to see which age groups are expected to change in number, and by how much.

11.10 On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to assess the profile of housing needed is over the assessment period to 2040 (from 2021).

11.11 An important starting point is to understand the current balance of housing in the area – the table below profiles the sizes of homes in different tenure groups across areas. The data shows market sector dominated by 3+-bedroom homes, with 58% of homes having 3-bedrooms compared with 46% nationally. The social rented sector also sees a high proportion of 3-bedroom homes compared with other locations whilst the profile of the private rented sector is similar to that seen in other locations (although again a higher proportion of 3-bedroom accommodation. Observations about the current mix feed into conclusions about future mix later in this section.

Table 11.3 Number of Bedrooms by Tenure, 2021

		LCR	North West	England
Owner-occupied	1-bedroom	2%	2%	4%
	2-bedrooms	16%	21%	21%
	3-bedrooms	58%	51%	46%
	4+-bedrooms	24%	26%	29%
	Total	100%	100%	100%
Social rented	1-bedroom	23%	28%	29%
	2-bedrooms	31%	34%	36%
	3-bedrooms	41%	34%	31%
	4+-bedrooms	5%	4%	4%
	Total	100%	100%	100%
Private rented	1-bedroom	17%	16%	21%
	2-bedrooms	38%	43%	39%
	3-bedrooms	37%	33%	29%
	4+-bedrooms	9%	9%	11%
	Total	100%	100%	100%

Source: Census (2021)

11.12 The table below shows the same information for each of the local authorities in LCR – this shows broadly similar patterns across areas although there are a few notable differences; this includes a high proportion of 3-bedroom homes in Knowsley (across all sectors), although all locations tend to see a high proportion of 3-bedroom homes when compared with the national position.

Table 11.4 Number of Bedrooms by Tenure, 2021 – local authorities in LCR

		Halton	Knows-ley	Liverpool	Sefton	St. Helens	Wirral
Owner-occupied	1-bedroom	1%	1%	2%	2%	1%	2%
	2-bedrooms	17%	14%	16%	16%	20%	16%
	3-bedrooms	58%	64%	60%	55%	61%	52%
	4+-bedrooms	23%	21%	22%	27%	18%	30%
	Total	100%	100%	100%	100%	100%	100%
Social rented	1-bedroom	23%	18%	21%	28%	23%	28%
	2-bedrooms	29%	30%	32%	31%	29%	31%
	3-bedrooms	42%	45%	41%	37%	46%	36%
	4+-bedrooms	5%	7%	5%	4%	3%	4%
	Total	100%	100%	100%	100%	100%	100%
Private rented	1-bedroom	12%	7%	21%	21%	8%	15%
	2-bedrooms	41%	32%	38%	36%	46%	37%
	3-bedrooms	40%	54%	31%	37%	40%	39%
	4+-bedrooms	6%	8%	11%	7%	6%	9%
	Total	100%	100%	100%	100%	100%	100%

Source: Census (2021)

Overview of Methodology

11.13 The method to consider future housing mix looks at the ages of the Household Reference Persons and how these are projected to change over time. The sub-sections to follow describe some of the key analysis.

Understanding How Households Occupy Homes

11.14 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.

11.15 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units.

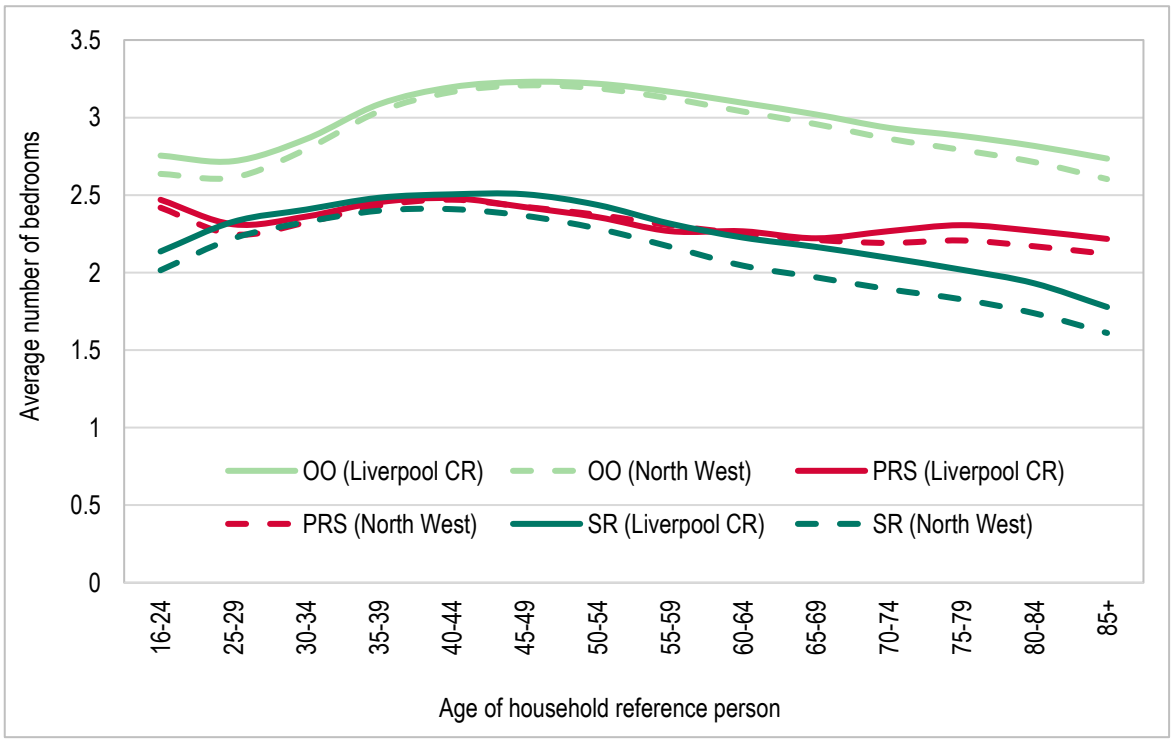
11.16 That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller bungalows (say 2-bedrooms) would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.

11.17 The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the spare room subsidy ('bedroom tax')).

11.18 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table CT0621 which provides relevant data for all local authorities in England and Wales from the 2011 Census) – equivalent data from the 2021 Census had not been published at the time of this report being drafted.

11.19 The figure below shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for LCR and the North West. In the owner-occupied sector the average size of accommodation rises over time to typically reach a peak around the age of 45-50; a similar pattern (but with smaller dwelling sizes and an earlier peak) is seen in both the social and private rented sector. After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The analysis identifies some small differences between LCR and the North West region, with LCR typically having slightly larger dwelling sizes across all sectors.

Figure 11.3 Average Bedrooms by Age and Tenure in LCR and the North West



Source: Census (2011)

11.20 Replicating the existing occupancy patterns at a local level would however result in the conclusions being skewed by the existing housing profile. On this basis a further model has been developed that applies regional occupancy assumptions for the North West region. Assumptions are applied to the projected changes in Household Reference Person by age discussed below.

11.21 The analysis has been used to derive outputs for three broad categories. These are:

- **Market Housing** – which is taken to follow the occupancy profiles in the owner-occupied sector;
- **Affordable Home Ownership** – which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government's desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and
- **Rented Affordable Housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

11.22 The tables below present the projected change in households by age of household reference person, this clearly shows particularly strong growth as being expected in older age groups (and to some extent some younger age groups e.g. those aged 40-49). The number of households headed by someone aged 55-64 is projected to see a decline over the period studied. The tables show estimated change using the trend-based projection previously developed.

Table 11.5 Projected Change in Household by Age of HRP in LCR – linking to trend-based projection

	2021	2040	Change in Households	% Change
16-24	23,705	27,993	4,288	18.1%
25-29	38,803	44,171	5,369	13.8%
30-34	54,088	55,235	1,147	2.1%
35-39	57,074	59,956	2,881	5.0%
40-44	52,484	59,157	6,673	12.7%
45-49	54,217	62,136	7,919	14.6%
50-54	63,712	64,177	465	0.7%
55-59	67,949	62,125	-5,823	-8.6%
60-64	62,157	54,576	-7,580	-12.2%
65-69	54,161	58,631	4,470	8.3%
70-74	53,771	63,314	9,543	17.7%
75-79	38,634	56,811	18,176	47.0%
80-84	29,992	42,713	12,721	42.4%
85 & over	27,159	37,865	10,706	39.4%
Total	677,904	748,860	70,956	10.5%

Source: Demographic Projections

Initial Modelled Outputs

11.23 By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level. Two tables are provided, considering both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and function of the local area, whilst the regional data will help to establish any particular gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.

11.24 The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need. The data has been taken from the Local Authority Housing Statistics ("LAHS") and shows a pattern of need which is focussed on 1- and 2-bedroom homes but also showing some 16% of households as requiring 3+- bedroom homes.

Table 11.6 Breakdown of Housing Register by Current Bedroom Need, 2020

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Halton	53%	31%	13%	3%
Knowsley	50%	33%	14%	3%
Liverpool	46%	35%	15%	4%
Sefton	58%	28%	11%	3%
St. Helens	53%	30%	13%	4%
Wirral	58%	27%	12%	3%
LCR	52%	31%	13%	3%

Source: Local Authority Housing Statistics, 2021

11.25 The tables below show the modelled outputs of need by dwelling size in the three broad tenures. Tables are providing by linking to local and regional occupancy patterns with a further table combining the outputs from the two models.

Table 11.7 Modelled Mix of Housing by Size and Tenure in LCR (linked to local occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	**3%**	**23%**	**58%**	**15%**
Affordable home ownership	**19%**	**38%**	**34%**	**9%**
Affordable housing (rented)	**34%**	**28%**	**34%**	**4%**

Source: Housing Market Model

Table 11.8 Modelled Mix of Housing by Size and Tenure in LCR (linked to regional occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	**3%**	**36%**	**45%**	**15%**
Affordable home ownership	**18%**	**48%**	**25%**	**8%**
Affordable housing (rented)	**46%**	**33%**	**19%**	**2%**

Source: Housing Market Model

Table 11.9 Modelled Mix of Housing by Size and Tenure in LCR (combining methodologies)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	3%	30%	52%	15%
Affordable home ownership	19%	43%	29%	9%
Affordable housing (rented)	40%	31%	26%	3%

Source: Housing Market Model

Adjustments for Under-Occupation and Overcrowding

11.26 The analysis above sets out the potential need for housing if occupancy patterns remained the same as they were in 2011 (with differences from the current stock profile being driven by demographic change). It is however worth also considering that the 2011 profile will have included households who are overcrowded (and therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).

11.27 Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this over time. Indeed, in the future there may be a move away from current (2011) occupancy patterns due to affordability issues (or eligibility in social rented housing) as well as the type of stock likely to be provided (potentially a higher proportion of flats). Further adjustments to the modelled figures above have therefore been made to take account of overcrowding and under-occupancy (by tenure).

11.28 The table below shows a cross-tabulation of a household's occupancy rating and the number of bedrooms in their home (for owner-occupiers) in LCR. For clarity the figure used in the tables below are:

- +2 – household has two or more spare bedrooms
- +1 – household has one spare bedroom
- 0 – household has the same number of bedrooms as required for family members
- -1 – household is overcrowded with one bedroom too few
- -2 – household is overcrowded with at least two bedroom too few

11.29 In particular, this shows a higher number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms (which have a positive occupancy rating). There are also a small number of overcrowded households (which are shown as having a negative occupancy rating). Overall, in the owner-occupied sector in 2011, there were 335,000 households with some degree of under-occupation and just 8,400 overcrowded households.

Table 11.10 Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector) – LCR

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	125,005	67,274	192,279
+1	0	55,035	71,629	16,070	142,734
0	7,682	14,826	31,514	3,647	57,669
-1	571	2,170	3,985	647	7,373
-2	195	243	484	130	1,052
LCR	8,448	72,274	232,617	87,768	401,107

Source: Census (2011)

11.30 For completeness the tables below show the same information for the social and private rented sectors. In both cases there are more under-occupying households than overcrowded, but differences are less marked than seen for owner-occupied housing.

Table 11.11 Cross-tabulation of occupancy rating and number of bedrooms (social rented sector) – LCR

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	22,138	2,411	24,549
+1	0	26,056	19,860	3,061	48,977
0	31,799	12,766	14,000	1,474	60,039
-1	1,927	1,981	2,725	192	6,825
-2	233	201	387	37	858
LCR	33,959	41,004	59,109	7,176	141,248

Source: Census (2011)

Table 11.12 Cross-tabulation of occupancy rating and number of bedrooms (private rented sector) – LCR

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	15,953	3,738	19,691
+1	0	27,072	13,127	5,003	45,202
0	18,984	14,348	8,041	1,280	42,653
-1	1,791	1,696	1,213	190	4,890
-2	245	178	154	31	608
LCR	21,020	43,294	38,489	10,241	113,044

Source: Census (2011)

11.31 In using this data in the modelling an adjustment is made to move some of those who would have been picked up in the modelling as under-occupying into smaller accommodation. Where there is under-occupation by 2 or more bedrooms, the adjustment takes 25% of this group and assigns to a '+1' occupancy rating and a further 12.5% (i.e. an eighth) to a '0' rating. For households with one spare bedroom, 12.5% are assigned to a '0' rating (with the others remaining as '+1').

11.32 These do need to be recognised as assumptions but can be seen to be reasonable as they do retain some degree of under-occupation (which is likely) but does also seek to model a better match between household needs and the size of their home. For overcrowded households a move in the other direction is made, in this case households are moved up as many bedrooms as is needed to resolve the problems.

11.33 The adjustments for under-occupation and overcrowding lead to the suggested mix as set out in the following tables. It can be seen that this tends to suggest a smaller profile of homes as being needed (compared to the initial modelling) with the biggest change being in the market sector – which was the sector where under-occupation is currently most notable.

Table 11.13 Adjusted Modelled Mix of Housing by Size and Tenure – LCR

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	7%	37%	44%	13%
Affordable home ownership	20%	45%	26%	8%
Affordable housing (rented)	41%	33%	23%	3%

Source: Housing Market Model (with adjustments)

Adjustments to Outputs at Authority Level

11.34 The tables below show the same outputs for each of the local authorities in the study area. For most authority areas, the figures show similar patterns, although there are variations due to the current stock profile, projected future demographic change and levels of over- and under-occupation. There is also an important consideration in Liverpool City in particular where the need to deliver family

housing is set against a pipeline supply position focussed principally on studios, one bedroom apartments and two bedroom homes.

11.35 This issue was recognised by the Inspector examining the Liverpool Local Plan in his report[33] in October 2021. The report (paragraph 77) made clear that:

> *"A particular issue for Liverpool is the need to deliver family housing and larger homes with the SHMA recommending 30-50% as three bedrooms and 5-25% as 4 or more bedrooms in order to help balance the housing market. Matters are brought into focus by the fact that such a significant proportion of the housing requirement is already built or consented, meaning the ability to improve the supply of family and larger homes is somewhat limited. As of the 1 April 2019 nearly half of the consented supply was either studio or one-bedroom apartments (over 8,000 units). A further 27% were two-bedroom dwellings, leaving around 20% of supply at 3 bedrooms or more."*

11.36 The Inspector also recognised the role in achieving a balanced market at the City Region level, setting out in his report that:

> *"ensuring that a balanced housing market is delivered across the wider LCR geography may be more appropriately considered as a strategic matter at SDS level that in turn informs a plan review for the city"*

11.37 These are policy issues which need to be considered and addressed through the Duty to Cooperate taking into account the housing market geographies within the LCR. Our discussions with local estate and lettings agents which have all indicated that the majority of sales are for new-build Build-to-Rent development (i.e. smaller flatted stock) as well as flats more generally in Liverpool City Centre, we have made slight adjustments to the mix at a local authority level to ensure a balance is achieved across the City Region and recognise the different housing market characteristics in different areas.

Table 11.14 Adjusted Modelled Mix of Housing by Size and Tenure – Halton

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	8%	38%	43%	11%
Affordable home ownership	25%	43%	24%	7%
Affordable housing (rented)	50%	31%	17%	2%

Source: Housing Market Model (with adjustments)

[33] Report on the Examination of the Liverpool Local Plan 2013-2033, October 2021

Table 11.15 Adjusted Modelled Mix of Housing by Size and Tenure – Knowsley

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	8%	34%	44%	15%
Affordable home ownership	22%	45%	25%	8%
Affordable housing (rented)	40%	33%	23%	4%

Source: Housing Market Model (with adjustments)

Table 11.16 Adjusted Modelled Mix of Housing by Size and Tenure – Liverpool

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	35%	35%	25%	5%
Affordable home ownership	20%	45%	25%	10%
Affordable housing (rented)	35%	33%	27%	5%

Source: Housing Market Model (with adjustments)

Table 11.17 Adjusted Modelled Mix of Housing by Size and Tenure – Sefton

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	7%	39%	43%	11%
Affordable home ownership	20%	46%	27%	7%
Affordable housing (rented)	44%	30%	23%	3%

Source: Housing Market Model (with adjustments)

Table 11.18 Adjusted Modelled Mix of Housing by Size and Tenure – St. Helens

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10%	35%	42%	13%
Affordable home ownership	26%	38%	28%	8%
Affordable housing (rented)	47%	30%	20%	3%

Source: Housing Market Model (with adjustments)

Table 11.19 Adjusted Modelled Mix of Housing by Size and Tenure – Wirral

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	15%	40%	35%	10%
Affordable home ownership	22%	44%	27%	7%
Affordable housing (rented)	45%	31%	21%	3%

Source: Housing Market Model (with adjustments)

Indicative Targets for Different Sizes of Properties by Tenure

11.38 The analysis below provides some indicative targets for different sizes of home (by tenure). The conclusions take account of a range of factors, including the modelled outputs and an understanding of the stock profile in different locations. The analysis (for rented affordable housing) also draws on the Housing Register data as well as taking a broader view of issues such as the flexibility of homes to accommodate changes to households (e.g. the lack of flexibility offered by a 1-bedroom home for a couple looking to start a family).

Social/Affordable Rented Housing

11.39 Bringing together the above, a number of factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is possible that households with a need for larger homes will have greater priority (as they are more likely to contain children). That said, there is also a possible need for 1-bedroom social housing arising due to homelessness (typically homeless households are more likely to be younger single people); that said this group might also be expected to need other forms of accommodation (e.g. foyer or supported housing). In taking any recommendations forward, the LCR districts will therefore need to consider any specific issues in their local area including other relevant and up-to-date local studies.

11.40 As noted, the conclusions also consider the Housing Register, but recognises that this will be based on a strict determination of need using the bedroom standard; there will be some households able to afford a slightly larger home or who can claim benefits for a larger home than they strictly need (i.e. are not caught by the spare room subsidy ('bedroom tax') – this will include older person households). The conclusions also take account of the current profile of housing in this sector (which for example shows a varying proportion of 1-bedroom homes in the current stock across areas).

11.41 In taking account of the modelled outputs, the Housing Register and the discussion above, it is suggested that the following mix of social/affordable rented housing (which is close to the modelled outputs) would be appropriate.

Table 11.20 Suggested Mix of Social/Affordable Rented Housing by area

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Halton	45%	30%	20%	5%
Knowsley	40%	35%	20%	5%
Liverpool	35%	33%	27%	5%
Sefton	40%	30%	25%	5%
St. Helens	45%	30%	20%	5%
Wirral	45%	30%	20%	5%
LCR	40%	30%	25%	5%

Source: Conclusions drawn on a variety of sources as discussed

11.42 Regarding 1-bedroom homes, Councils will need to also be mindful of what social housing providers will deliver as it is possible for management purposes (and due to issues about turnover) that a smaller proportion might be sought in some circumstances.

Affordable Home Ownership (inc. First Homes)

11.43 In the affordable home ownership and market sectors a profile of housing that closely matches the outputs of the modelling is suggested (with some adjustments to take account of student households in Liverpool). It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households. Based on this

analysis, it is suggested that the following mix of affordable home ownership would be appropriate, and it can be noted that there really is very little difference in the recommendations across areas.

11.44 It can be seen that the profile of housing in this sector is generally for slightly larger homes than for the social/affordable rented sector – this will in part reflect the fact that some degree of under-occupation would be allowed in such homes. For 1-bedroom units, it needs to be recognised that the figures are driven by the modelling linked to demographic change; again Councils may need to consider if the figures are appropriate in a local context. For example, in some areas Registered Providers find difficulties selling 1-bedroom affordable home ownership homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. Equally demand for shared ownership properties is likely to be more limited for larger property sizes.

Table 11.21 Suggested Mix of Affordable Home Ownership Housing by area

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Halton	25%	45%	25%	5%
Knowsley	20%	45%	25%	10%
Liverpool	20%	45%	25%	10%
Sefton	20%	45%	30%	5%
St. Helens	25%	40%	30%	5%
Wirral	20%	45%	30%	5%
LCR	20%	45%	25%	10%

Source: Conclusions drawn on a variety of sources as discussed

Market Housing

11.45 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile (as well as observations about the current mix when compared with other locations and also the potential to slightly reduce levels of under-occupancy). This sees a slightly larger recommended profile compared with other tenure groups – again there is relatively little variation across areas.

Table 11.22 Suggested Mix of Market Housing by area

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Halton	5%	40%	45%	10%
Knowsley	5%	35%	45%	15%
Liverpool	35%	35%	25%	5%
Sefton	5%	40%	45%	10%
St. Helens	10%	35%	40%	15%
Wirral	15%	40%	35%	10%
LCR	10%	40%	40%	10%

Source: Conclusions drawn on a variety of sources as discussed

11.46 Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be

used for plan-making (although it will be useful to include an indication of the broad mix to be sought across the study area) – demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.

11.47 The suggested figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area. The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Councils could expect justification for a housing mix on such sites which significantly differs from that modelled herein.

11.48 Site location and area character are also however relevant considerations the appropriate mix of market housing on individual development sites. In addition, as noted upfront, there may be local evidence which is up-to-date with conclusions which differ from these guidelines – in these instances, local evidence should be used as a starting point for plan-making and decision-taking whilst having due regard to the conclusions in this strategic assessment.

Smaller-area Housing Mix

11.49 The analysis above has focussed on overall study area-wide and local authority needs with conclusions very much at the strategic level. It should however be recognised that there will be variations in the need within areas due the different role and function of a location and the specific characteristics of local households (which can also vary over time). This report does not seek to look at smaller-area needs, and this would be best suited to individual projects for local authorities; however, below are some points for consideration when looking at needs in any specific location.

a) Whilst there will be differences in the stock profile in different locations this should not necessarily be seen as indicating particular surpluses or shortfalls of particular types and sizes of homes;

b) As well as looking at the stock, an understanding of the role and function of areas is important. For example, higher priced rural areas are typically sought by wealthier families and therefore such areas would be expected to provide a greater proportion of larger homes;

c) That said, some of these areas will have very few small/cheaper stock and so consideration needs to be given to diversifying the stock;

d) The location/quality of sites will also have an impact on the mix of housing. For example, brownfield sites in the centre of towns may be more suited to flatted development (as well as recognising the point above about role and function) whereas a rural site on the edge of

an existing village may be more appropriate for family housing. Other considerations (such as proximity to public transport) may impact on a reasonable mix at a local level;

11.50 Overall, it is suggested that Councils should broadly seek the same mix of housing in all locations, rather than setting more locally specific policies for different parts of individual Districts, but could consider a different mix where specific local characteristics suggest. The Councils should also monitor what is being built to ensure that a reasonable mix is provided in a settlement overall.

11.51 Additionally, in the affordable sector it may be the case that Housing Register data for a smaller area identifies a shortage of housing of a particular size/type which could lead to the mix of housing being altered from the overall suggested requirement.

Built Form

11.52 A final issue is a discussion of the need/demand for different built-forms of homes. In particular this discussion focusses on bungalows and the need for flats vs. houses.

Bungalows

11.53 The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the City Region and constituent authorities as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. Data from the Valuation Office Agency (VOA) does however provide estimates of the number of bungalows (by bedrooms) although no tenure split is available.

11.54 The table below shows the proportion of homes in the City region that are bungalows (6% of all flats and houses) with around half of these having 2-bedrooms (and most of the rest having 3-bedrooms); a slightly higher proportion (9%) of homes across England are bungalows.

Table 11.23 Number of dwellings by property type and number of bedrooms (March 2020) – LCR

	Number of bedrooms					All
	1	2	3	4+	Not Known	
Bungalow	5,990	20,270	12,370	2,290	40	40,960
Flat/Maisonette	63,980	64,240	7,900	4,280	270	140,650
Terraced house	1,040	58,190	157,970	20,120	90	237,400
Semi-detached house	520	20,920	179,280	28,650	50	229,420
Detached house	60	1,660	27,390	40,910	270	70,250
All flats/houses	71,590	165,280	384,910	96,250	720	718,680
Annexe	-	-	-	-	-	190
Other	-	-	-	-	-	630
Unknown	-	-	-	-	-	1,420
All properties	-	-	-	-	-	720,910

Source: Valuation Office Agency

11.55 For individual local authorities the proportion of the stock that is bungalows is shown below. Generally, across the study area there is some variation, with the proportion varying from 2.7% in Liverpool, up to 9.5% in Halton:

- Halton – 9.5%;
- Knowsley – 4.0%;
- Liverpool – 2.7%;
- Sefton – 7.0%;
- St. Helens – 6.7%;
- Wirral – 8.0%;
- LCR – 5.7%

11.56 In general, discussions with local estate agents find that there is a demand for bungalows and in addition, analysis of survey data (in other locations) points to a high demand for bungalows (from people aged 65 and over in particular). Bungalows are often a first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available (this is different from specialist accommodation for older people which would have some degree of care or support).

11.57 As a new build option, there can be challenges to the delivery of bungalows (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.

11.58 There is also the possibility of a wider need/demand for retirement accommodation. Retirement apartments can prove very popular if they are well located in terms of access to facilities and services, and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.

11.59 Overall, the Councils should consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize; and bungalows can deliver wheelchair-accessible homes for those who need them.

11.60 Bungalows are likely to see a particular need and demand in the market sector and also for rented affordable housing (for older people as discussed in the next section of the report). Bungalows are likely to particularly focus on 2-bedroom homes, including in the affordable sector where such housing may encourage households to move from larger 'family-sized' accommodation (with 3+-bedrooms).

Flats vs. Houses

11.61 Although there are some 1-bedroom houses and 3-bedroom flats, it is considered that the key discussion on built-form will be for 2-bedroom accommodation, where it might be expected that there would be a combination of both flats and houses. At a national level, 81% of all 1-bedroom homes are flats, 35% of 2-bedroom homes and just 4% of homes with 3-bedrooms.

11.62 The table below shows (for 2-bedroom accommodation) the proportion of homes by tenure that are classified as a flat, maisonette or apartment in each local authority and England. This shows a relatively low proportion of flats in many areas (Liverpool and Sefton being the exceptions) and this would point to the majority of 2-bedroom homes in the future also being houses. The analysis does however show a higher proportion of flats in the social and private rented sectors. Iceni consider that greater emphasis should be given to mix by dwelling size than type recognising the potential for built-form to vary in different locations.

11.63 This analysis is based on considering the current built-form in different tenures. Any decisions about the types of dwelling to be provided will need to take account of factors such as households type of those likely to occupy dwellings (where for example households with children will be more suited to a house than a flat). However, site characteristics may also play a role in deciding the most suitable built-form (e.g. city/town centre developments may be more suited to flats).

Table 11.24 Proportion of 2-bedroom homes that are a flat, maisonette or apartment (by tenure)

	Owner-occupied	Social rented	Private rented	All (2-bedroom)
Halton	7%	32%	37%	20%
Knowsley	7%	32%	35%	21%
Liverpool	23%	34%	56%	39%
Sefton	29%	57%	58%	42%
St. Helens	4%	28%	23%	13%
Wirral	25%	50%	52%	38%
LCR	16%	36%	49%	31%
England	21%	48%	50%	35%

Source: 2011 Census

11.64 As noted, this analysis would suggest that most 2-bedroom homes should be built as houses (or bungalows) rather than flats. However, any decisions will still have to take account of site characteristics, which in some cases could point towards flatted development as being most appropriate. This will be invariably the case in Liverpool City where the vast majority of new-build housing delivery coming forward is for Build-to-Rent properties and flatted stock.

Summary

11.65 The proportion of households with dependent children is similar to the regional and national average with around 26% of all households containing dependent children in 2021. The study area does however have a greater proportion of lone parent households and relatively few married couples (with dependent children) – this is particularly the case in Knowsley and Liverpool.

11.66 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to long-term demographic change (2021-40) concludes that the following represents an appropriate mix of affordable and market homes for new development, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which are particularly high in the market sector):

Table 11.25 Suggested Mix of Housing by Size and Tenure – LCR

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10%	40%	40%	10%
Affordable home ownership	20%	45%	25%	10%
Affordable housing (rented)	40%	30%	25%	5%

11.67 The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.

11.68 The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in some areas Registered Providers find difficulties selling 1-bedroom affordable home ownership homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Councils should also monitor the mix of housing delivered.

11.69 Analysis also suggests that the majority of units should be houses rather than flats, although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to flatted development). This is evidently the case in Liverpool City where there is a significant quantity of studios, one bedroom flats and two bedroom homes already in the development pipeline.

11.70 Additionally, the LCR districts should consider the role of bungalows within the mix – such housing can be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into the market.

11.71 Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bed properties for most areas. In Liverpool City, the position is more nuanced. The City has an aspiration to diversity its housing stock across the city and create mixed communities; however, current supply and expected future delivery will see much of its completions focussed on the City Centre which in turn will bring forward more 1 and 2 bedroom apartments. In the City, it is therefore about balancing the demand for smaller apartments with larger family housing on appropriate sites in line with the Local Plan's objectives. The Local Plan aims to diversity the housing offer across the City and provide mixed and balanced communities, including in the City Centre; and the Council is aiming to provide more 2+ bed dwellings in the City Centre and an appropriate mix across the City including larger family-sized dwellings. Other parts of the City Region will equally play a complimentary role in providing larger family-sized homes. Overall, the mix outputs across the board are aimed at achieving a balance across the City Region.

11.72 Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households

downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.

THE NEEDS OF SPECIFIC GROUPS

12.1 This section considers the needs of specific groups – private renters and students. Iceni considers the dynamics of the private rented sector and the potential for Build-to-Rent development to be supported through a policy response; and review the position around students – an issue principally relating to Liverpool City

12.

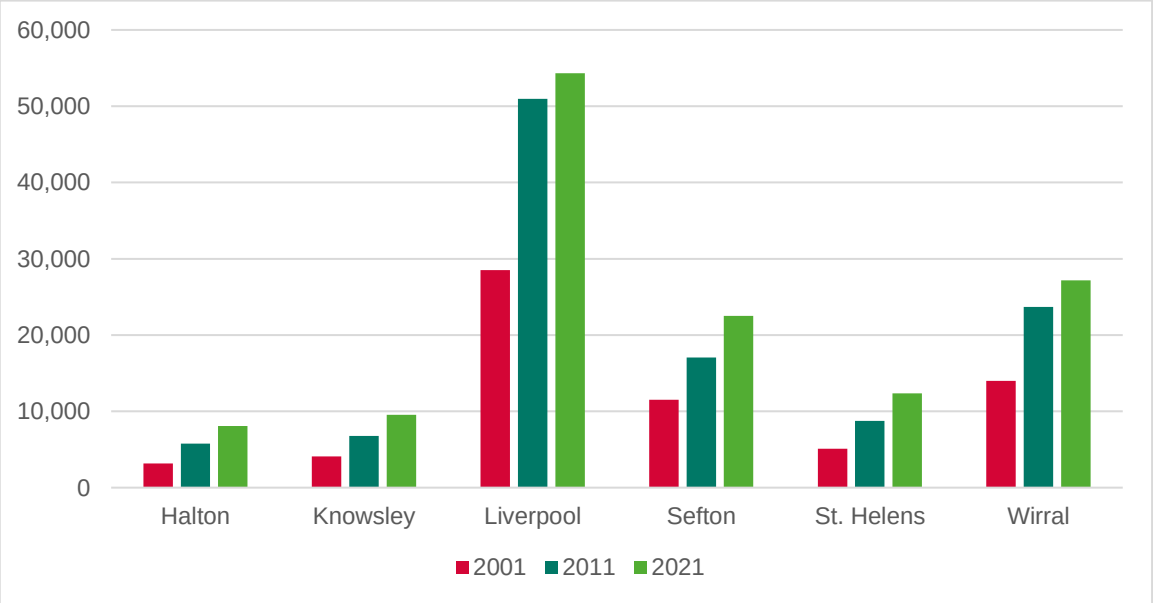
Private Rented Sector: Overview

12.2 As a starting point, it is important to consider the profile of renters living in the area, the size of the private rented sector and dynamics associated with values and affordability.

The Size of the Sector

12.3 The 2021 Census showed that there were 133,400 households living in the Private Rented Sector in the City Region, of which 41% were in Liverpool City. The number of households living in the sector has increase by around 21,000 over the 2011-21 period, with growth in all areas – but particularly in Liverpool, followed by Wirral and Sefton – areas at the core of the City Region.

Table 12.1 Households in Private Rented Sector



Source: Census data

12.4 The sector now accommodates 26% of households in Liverpool, and 21% across the City Region. Outside of Liverpool, the highest concentrations of stock are in Sefton and Wirral (18-19%).

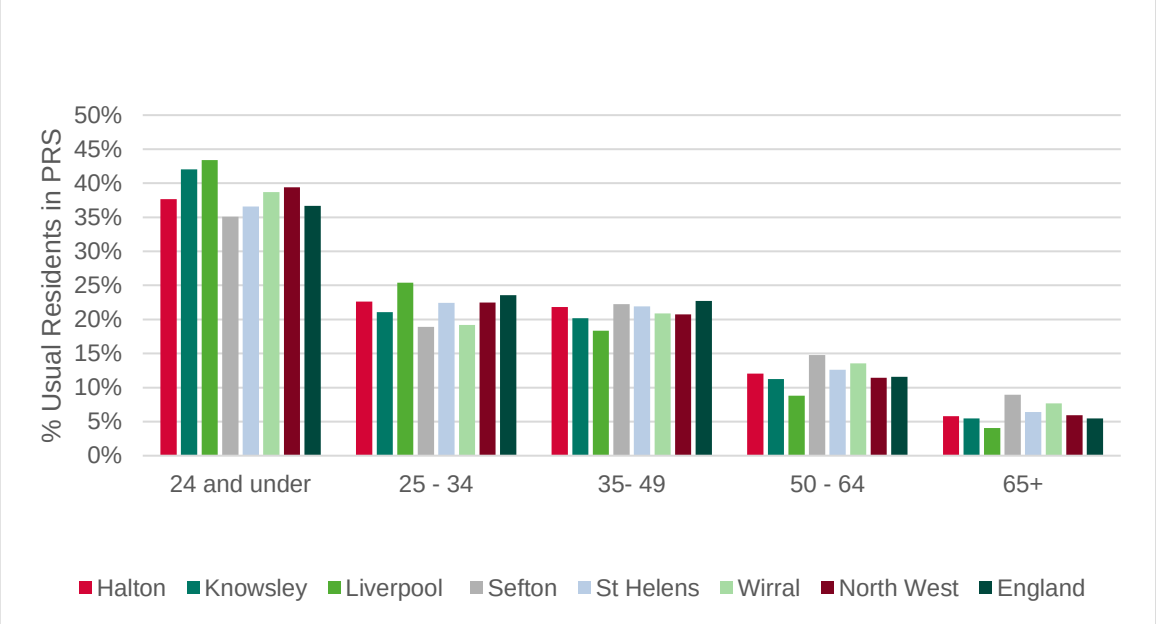
Figure 12.1: Growth in the Private Rented Sector, 2001-2021

12.5 Overall, it is clear that the sector has grown substantially over the last two decades and plays a key role in the market, particularly in Liverpool City.

The Profile of Renters

12.6 As is shown in the Figure below, the age of those renting at the point of the 2021 Census across the study area was skewed towards those aged 20-34 in line with the regional and national average. The proportion of those aged in their 20s was substantial in Liverpool City compared with all other areas. Overall 47% of residents in the private rented sector in Liverpool were aged under 34, with 31% aged under 24. In contrast, Sefton stands out as having a higher proportion of residents in the PRS aged over 50.

Figure 12.3: Age Profile of Private Rented Sector Tenants, LCR



Source: 2021 Census

12.7 Turning to household composition, the Table below identifies the profile of each household living in the private rented sector and how this varies across the study area. Across all areas the largest group is single persons aged under 65. However there are a higher number of 'other households' in Liverpool as well, influenced by the City's student population. Knowsley shows a comparatively high proportion of lone parent households in the PRS.

Table 12.2 Household Composition of Private Renters (%)

	Halton	Knowsley	Liverpool	Sefton	St. Helens	Wirral
One Person Aged 66+	5%	6%	4%	9%	6%	8%
One Person Aged <65	34%	28%	35%	32%	30%	32%
Couple Aged 66+	2%	1%	1%	2%	2%	2%
Couple No Children	14%	12%	15%	12%	15%	12%
Couple Dep. Children	16%	16%	11%	14%	17%	15%
Couple Non-Dep.	2%	2%	1%	2%	3%	2%
Lone Parent Dep.	8%	8%	4%	7%	9%	7%
Lone Parent Non-Dep.	3%	5%	3%	4%	4%	4%
Other household types	5%	4%	15%	6%	5%	4%
Households	8,062	9,559	54,314	22,501	12,344	27,184

Source: Census 2021

12.8 Based on the analysis in the Table below, it is clear in showing that there was a higher proportion of lower skilled and lower earning PRS residents in all authority areas in the LCR compared with the national position. This is a particularly notable for areas including Halton (58% of all HRPs), Knowsley (57%) and Sefton (57%) – a contrast to the typical profile of the private rented sector which has a relatively high proportion of professionals. This is a reflection of the characteristics of the City Region's economy.

12.9 The situation was different In Liverpool City however as around 43% of HRPs worked in the top three occupational tiers which is in line with the national average (44%). All other areas had notably low proportions of professional tenants ranging from 32% to 35% of all HRPs suggesting the PRS plays a different role in supporting a greater proportion of lower-income households in areas outside of Liverpool City.

Table 12.3 Occupation of Private Renters

	Halton	Knowsley	Liverpool	Sefton	St. Helens	Wirral	*England*
Managers and Directors	9%	8%	8%	9%	9%	9%	*12%*
Professional	11%	14%	22%	13%	14%	14%	*19%*
Associate Professional	12%	10%	13%	10%	11%	11%	*13%*
Admin and Secretarial	7%	8%	8%	9%	7%	9%	*7%*
Skilled Trades	10%	11%	8%	11%	12%	11%	*12%*
Caring and Leisure	10%	15%	10%	14%	13%	15%	*9%*
Sales and Custom Service	11%	9%	9%	9%	9%	10%	*7%*
Process and Machine	14%	11%	8%	11%	12%	8%	*9%*
Elementary	16%	14%	14%	14%	15%	12%	*13%*

Source: Census 2021

12.10 Turning to the mix of stock in the private rented sector, we have considered the profile of household by bedroom size across the study area. This analysis is set out in the Table below and this shows that the private rented stock profile has a balanced profile across sizes, with 55% across the LCR comprising 1- and 2-bed properties; and 45% having 3 or more bedrooms. However, there is a higher proportion of smaller properties (i.e. 2 bedrooms or less) in Liverpool City when compared with the other authorities at reflecting a higher volume of flatted housing stock. In Liverpool City, around 58% of the private rented stock is 1 or 2 bedroom properties compared to 39% in Knowsley and a range of 52% to 56% in the other authority areas.

Table 12.4 Bedroom Mix of the Private Rented Homes

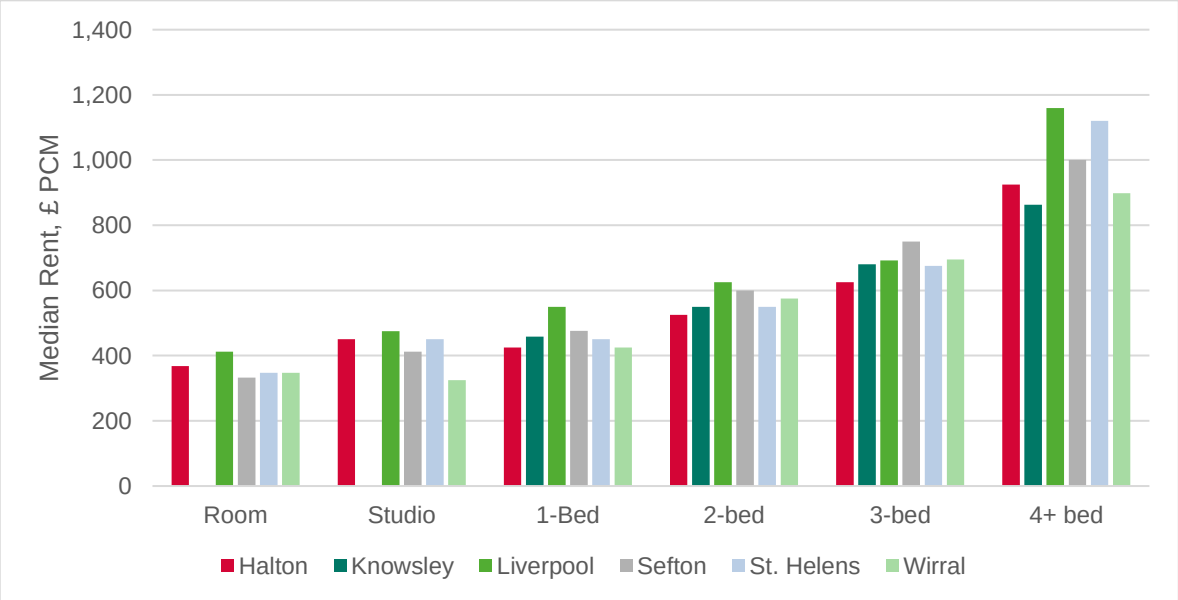
	Halton	Knowsley	Liverpool	Sefton	St. Helens	Wirral
1 Bedroom	12%	7%	21%	21%	8%	15%
2 Bedrooms	41%	32%	38%	36%	46%	37%
3 Bedrooms	40%	54%	31%	37%	40%	39%
4+ Bedrooms	6%	8%	11%	7%	6%	9%

Source: Census 2021

Rental Market Statistics

12.11 A full review of the private rental market is considered in Section 5 of this report. Our analysis finds that across the study area, median rents are notably below the national average for all property sizes. It is however notable that (a) there is a premium to be paid for rental properties in Liverpool City in comparison with other areas in the City Region and (b) LQ rents are more in line with the national average. An overview of median rents is set out in the Figure below for reference.

Figure 12.4: Monthly Median Rents in the City Region, Year to Sept 2022



Source: Iceni Analysis of ONS Private Rental Market Statistics

Affordability of the PRS and Housing Benefit Claimants

12.12 Affordable rents as well as securing the initial rental deposit constitute a key barrier to accessing housing for some households, particularly as private rents have grown faster than household incomes and above housing benefit allowances. The relative unaffordability of larger, family sized, homes for rent can often result in distortions and inefficiency in the market limiting the development of larger properties despite evident local needs.

12.13 The Local Housing Allowance ("LHA") sets the amount of housing benefit or Universal Credit housing element that households in the private rented sector can claim. It is intended to reflect the lowest 30th percentile of local private rents to allow welfare claimants access to the market. On 1st April 2020, LHA rates were increased – following a five year freeze – to ensure that the rates covered the 30th percent of market rents in each area. They have since been frozen once more.

12.14 Housing allowances rates by bedroom size are set out in the Table below for the various Broad Rental Market Areas ("BRMA") which cover the six authorities in the study area. The rates for 1 bedroom properties up to 4 bedroom properties are shown.

Table 12.5 Monthly LHA Rate[34] by Broad Rental Market Area by Size

BRMA	Authorities Covered	1 Bed	2 Beds	3 Beds	4 Beds
Greater Liverpool	Liverpool, Halton, Knowsley and Sefton	£399	£469	£524	£676
North Cheshire	Halton, Knowsley and St. Helens	£424	£499	£593	£873
St Helens	Knowsley and St. Helens	£374	£439	£549	£743
Southport	Sefton	£407	£539	£663	£823
Wirral	Wirral	£374	£449	£549	£723

Source: VOA, 2022

12.15 If we then set these LHA rates against private rental values and focus on the lower quartile (LQ) rents (i.e. the lowest 25% or "entry-level rents") for the study area authorities, it is clear that LHA has fallen below market rents for certain property sizes in a number of areas despite the LHA rate being increased on 1st April 2020. The Table below shows the difference between the LHA cap and entry-level rents.

[34] LHA Rate correct in March 2023

Table 12.6 LQ Rents set against LHA Rates by Authority Area

		1 Bed	2 Beds	3 Beds	4 Beds
Halton	**LQ Rent**	**£375**	**£475**	**£575**	**£720**
	Greater Liverpool BRMA	£399	£469	£524	£676
	Difference	£24	-£6	-£51	-£44
	North Cheshire BRMA	£424	£499	£593	£873
	Difference	£49	£24	£18	£153
Knowsley	**LQ Rent**	**£425**	**£497**	**£575**	**£735**
	Greater Liverpool BRMA	£399	£469	£524	£676
	Difference	-£26	-£28	-£51	-£59
	North Cheshire BRMA	£424	£499	£593	£873
	Difference	-£1	£2	£18	£138
	St Helens BRMA	£374	£439	£549	£743
	Difference	-£51	-£58	-£26	£8
Liverpool	**LQ Rent**	**£446**	**£525**	**£595**	**£850**
	Greater Liverpool BRMA	£399	£469	£524	£676
	Difference	-£47	-£56	-£71	-£174
Sefton	**LQ Rent**	**£425**	**£546**	**£645**	**£875**
	Greater Liverpool BRMA	£399	£469	£524	£676
	Difference	-£26	-£77	-£121	-£199
	Southport BRMA	£407	£539	£663	£823
	Difference	-£18	-£7	£18	-£52
St. Helens	**LQ Rent**	**£400**	**£475**	**£595**	**£775**
	North Cheshire BRMA	£424	£499	£593	£873
	Difference	£24	£24	-£2	£98
	St. Helens BRMA	£374	£439	£549	£743
	Difference	-£26	-£36	-£46	-£32
Wirral	**LQ Rent**	**£395**	**£495**	**£595**	**£750**
	Wirral BRMA	£374	£449	£549	£723
	Difference	-£21	-£46	-£46	-£27

Source: Private Rental Market Statistics, Year to Sept 2022

12.16 As the analysis shows, there are differences between LHA rates in certain authority areas when set against entry-level rents - which points to particular challenges for both single households and family households who are trying to access the sector on lower incomes in these areas. There are particularly notable differences in Knowsley, Liverpool, Sefton and Wirral for larger family-sized housing.

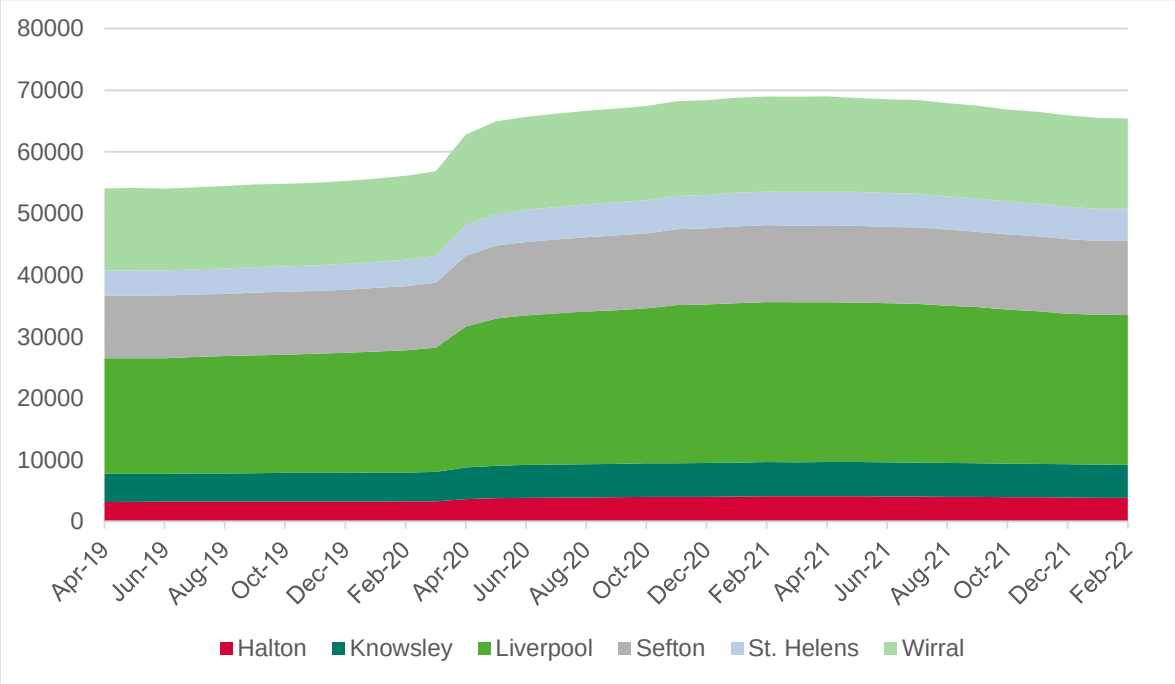
12.17 The changing nature of welfare benefits payments, particularly housing benefits and the introduction and shift to Universal Credit have direct implications for lower earning and economically inactive households.

12.18 The operation of the welfare benefit cap has been in place now for a number of years, restricting the total amount of benefit - including housing benefits - which in turn serves to restrict housing choice and opportunity for those family households affected as is evident from our analysis. The maximum amount of welfare and housing benefit is capped currently at £384.62 per week or £1,666.67 per month outside of London for families with children and couples.

12.19 It is possible to drill into the number of private rented sector households supported by Housing Benefit or Universal Credit. In February 2022, a total of 178,183 households in the study area claimed housing benefit or Universal Credit with a housing element. Out of these households, around 65,427 lived in private rented accommodation (equal to 37% of all households) with Sefton and Wirral having the highest proportion of households living in the PRS (46% of all in both areas).

12.20 The Figure below shows how the number of households living in private rented accommodation has changed over time. Combined, the total number of households in the PRS increased from 54,050 in April 2019 to 65,247 in February 2022 which is equal to an increase of 21%. As is clear, there was a notable increase following the introduction of lockdown measures in March 2020 in relation to the COVID-19 pandemic – with a significant increase seen in Liverpool (30%) St. Helens (29%) which are two areas where the LHA is notably below the LQ rent across almost all property sizes.

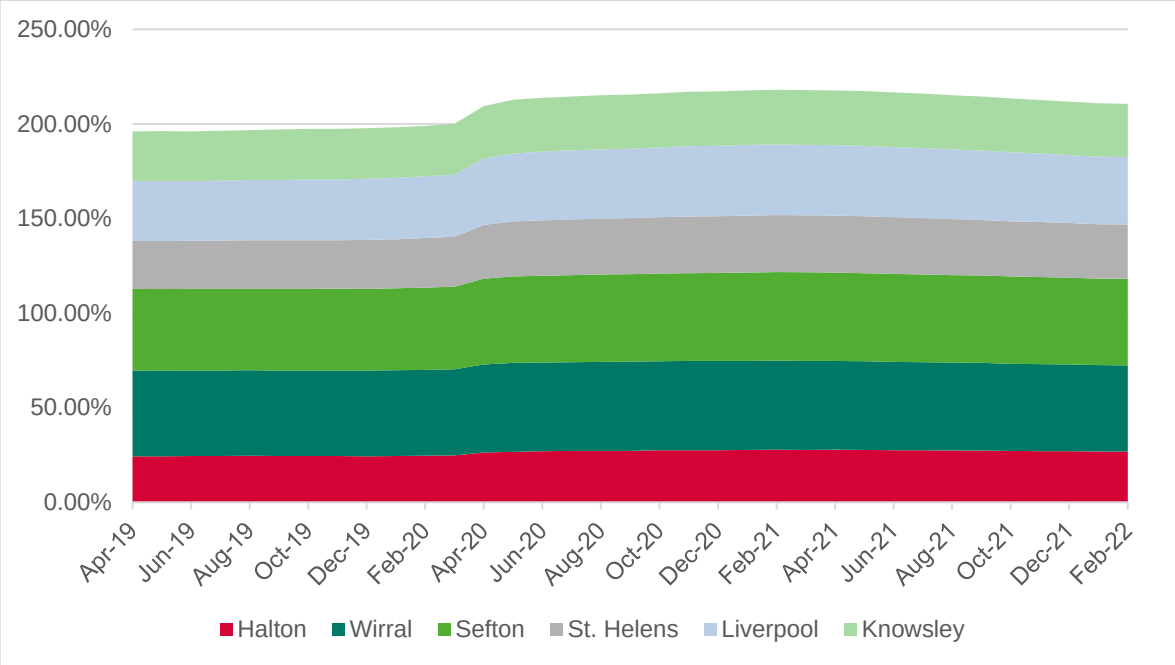
Figure 12.5: Households in Private Rented Sector Supported by Housing Benefits or UC



Source: DWP

12.21 Over the same period, the proportion of claimants living in the private rented sector increased from 34% to 37%. As is shown in the Figure below, at a local authority level, Liverpool City experienced the largest increases of claimants in the PRS from 32% to 36%. The sector has clearly played a key role in supporting households claiming Universal Credit particularly in Sefton, Wirral and Liverpool.

Figure 12.6: Proportion of Households Claiming Housing Benefit in PRS



Source: DWP

12.22 It is the case that for many living in the PRS, barriers to households becoming homeowners are less likely to relate to income and/or the cost of housing and more about other factors such as saving for a deposit or difficulties obtaining a mortgage. However, it should also be noted that some households will choose to rent privately as this can be a more flexible option. Nevertheless, there is clearly a significant number of households claiming benefits reliant on the PRS across the City Region.

12.23 Finally, it is possible to estimate the make-up of the PRS with regards to housing benefit claimants at a point in time based on the data considered thus far. Drawing on a combination of (a) the latest ONS tenure estimates for 1st April 2020 and (b) the DWP data on housing benefit claimants living in the PRS on 1st April 2020, we are able to estimate how much of the PRS in each authority area is occupied by those claiming housing benefit.

12.24 The analysis in the table below shows that in the authority areas of Knowsley, Halton, Sefton and Wirral, there is a significant proportion of PRS households claiming housing benefit. In Knowsley, it is estimated that a substantial 77% of households claim housing benefit. This contrasts with Liverpool City where only around 44% of PRS households are claiming housing benefit – aligning with our analysis of household characteristics of private renters across the City Region where this is a higher proportion of younger professionals and higher earners living in the PRS in Liverpool City.

Table 12.7 % of PRS Households claiming Housing Benefits, 1st April 2020

	PRS Claimants	Total PRS Households	% of PRS Households
Halton	3,638	5,729	64%
Knowsley	5,119	6,690	77%
Liverpool	22,855	51,457	44%
St. Helens	4,961	9,031	55%
Sefton	11,505	17,289	67%
Wirral	14,719	23,750	62%

Source: British Property Federation, November 2021

Build-to-Rent

12.25 In the context of the private rented sector's growth over the last 20 years and a national housing shortage, successive Governments have looked to the private rented sector to play a greater role in providing more new build housing and have sought to encourage "Build-to-Rent" development.

The Policy Context

12.26 In respect of Build-to-Rent, the Housing White Paper (February 2017) was clear in 2017 that the Government wanted to build on earlier initiatives to attract new investment into large-scale scale housing which is purpose-built for market rent (i.e., Build-to-Rent).

12.27 At that time, the Government set out that this would drive up overall housing supply, increase choice and standards for people living in privately rented homes and provide more stable rented accommodation for families – particularly as access to ownership has become more challenging.

12.28 This was realised through the publication of the revised Framework (February 2019) which recognises the emergence of the strength of the private rented sector. The Framework (paragraph 61) says the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including those people who rent their homes (as separate from those in affordable housing need). The Framework's glossary also introduces a definition for Build-to-Rent development, thus recognising it as a sector:

> "Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses but should be on the same site and/or contiguous with the main development".

12.29 It represents development which is constructed with the intention that it will be let rather than sold. The benefits of Build-to-Rent are strong and are best summarised in the Government's A Build-to-Rent Guide for Local Authorities which was published in March 2015. The Guide notes the benefits are which ranging but can include:

- Helping local authorities to meet demand for private rented housing whilst increasing tenants' choice "as generally speaking tenants only have the option to rent from a small-scale landlord".

- Retaining tenants for longer and maximising occupancy levels as Build-to-Rent investment is an income focused business model;

- Helping to increase housing supply, particularly on large, multiple phased sites as it can be built alongside build for sale and affordable housing; and

- Utilising good design and high-quality construction methods which are often key components of the Build-to-Rent model.

12.30 This Build-to-Rent Guide provides a helpful overview of the role that Build-to-Rent is intended to play in the housing market, offering opportunities for those who wish to rent privately (i.e. young professionals) and for those on lower incomes who are unable to afford their own home.

12.31 Over recent years there has been a rapid growth in the Build-to-Rent sector backed by domestic and overseas institutional investment. Turning to the present and the latest market insight on Build-to-Rent as it begins to mature and strengthen as a development sector, the Savills UK Build-to-Rent Market Update[35] for Q4 2021 states that the market now had 70,785 completed units, 42,100 under construction and 99,300 in the development pipeline, a total of 212,200 units.

12.32 The report notes that the sector continues to rebalance and shift towards regional cities with strong fundamentals as opposed to the historic focus on London only. Around 39% of local authorities are now planning for Build-to-Rent as opposed to 18% in Q1 2017. The report notes that against the backdrop of falling rental supply, Build-to-Rent is fast becoming an important part of UK housing delivery – completions were 15% higher in 2021 compared with the 2019-21 average.

12.33 The Savills work also noted that the sector had bounced back from a Pandemic related slowdown. A lack of rental supply overall however has fuelled strong rental growth in nearly all locations across the country including Liverpool which is defined as a core City for Build-to-Rent.

The Profile of Tenants

12.34 The British Property Federation ("BPF"), London First and UK Apartment Association ("UKAA") recently published (November 2021) a report[36] profiling those who live in Build-to-Rent across

[35] https://www.savills.co.uk/research_articles/229130/323830-0

[36] https://bpf.org.uk/media/4592/who-lives-in-build-to-rent-november-2021.pdf

England. It is the largest study undertaken of Build-to-Rent residents in England and considers 89 schemes across the country totalling 20,000 residents in over 15,000 homes.

12.35 The study found that the most common age band for residents in both Build-to-Rent and the PRS is 25 to 34 years old with these age groups representing over 40% of tenants. The survey data found that Build-to-Rent houses similar numbers in each age band to the PRS although it has more 16-24 year olds (31%) than the PRS (24%). The Build-to-Rent sector also has more couples and sharers and a comparable umber of single households.

12.36 The survey based data found that Build-to-Rent residents' incomes are broadly similar to those in the PRS – in the urban sample, 32% of residents earn between £19,000-32,000 per year and in the PRS it is 37% of residents. In terms of spending, on average Build-to-Rent residents spend a smaller proportion of their monthly income on rent that those in the PRS.

12.37 Notably, ONS considers housing to be affordable if tenants spend 30% of their income on rent. The study found that monthly rental costs for couples and sharers living in Build-to-Rent are 30%, aligning with the ONS' affordability benchmark, compared to 33% of monthly income in the wider PRS. For single renters, living in Build-to-Rent housing is on average fractionally more affordable than the PRS at 32% of monthly income set against 33%. The results are shown in the table below.

Table 12.8 Residents Affordability – BTR vs PRS

	Build-to-Rent	Private Rented Sector
Couples	30%	29%
Singles	32%	33%
Families	30%	33%

Source: British Property Federation, November 2021

12.38 The report also identified that Build-to-Rent residents are professionally diverse and employed in many different industries. The survey data indicated that Build-to-Rent houses the same proportion of public sector workers as the PRS at 18% providing an evidential basis to show that Build-to-Rent is suitable for key workers.

12.39 In terms of overall delivery, the study also notes that in the 3 years to Q2 2021, 24% of Liverpool's new build completions have been for Build-to-Rent development. Around 1,500 Build-to-Rent homes were delivered over this period in the City indicating the product is already supporting the sector in the City Region. It is notable that the profile of tenants surveyed in the BPF study aligns with the profile of the PRS in Liverpool City in particular.

The Existing Build-to-Rent Provision

12.40 The authority areas in the study area currently have no planning policy in place to deal with planning applications which are submitted for Build-to-Rent development; although this in part reflects the

recent emergence of the sector and changes to national planning policies concerning the status and importance of Build-to-Rent as part of the private rental market.

12.41 However, as noted above, this has not hindered Build-to-Rent coming forward in Liverpool City. As is clear from the Table below, there have already been a number of schemes which have come through the planning system. A total of 6,586 Build-to-Rent units are either permitted, under construction or have already been delivered across the City Region as of 1st April 2022. Around 85% of this provision is coming forward in Liverpool City – a relatively substantial 5,600 units in total.

Table 12.9 Build-to-Rent Provision, 2022

	Consented	UC	Completed	Total
Halton	0	0	0	0
Knowsley	0	0	277	277
Liverpool	1,059	2,755	1,059	5,597
Sefton	0	0	0	0
St Helens	0	0	112	112
Wirral	0	600	0	600
Total	**1,059**	**3,355**	**1,448**	**6,586**

Source: LPA Monitoring

12.42 The Build-to-Rent market in Liverpool has been evolving for a number of years and was identified as a hotspot for the private rented sector in research[37] from CBRE in 2020 – placing the City in the top 10 towns and cities for Build-to-Rent growth potential. CBRE estimated that the City would see more than 50,000 households living in the PRS by 2028 bolstered by a high concentration of young people and student population. Our review of ONS tenure estimates in Table 10.8 suggests this figure has already been comfortably exceeded.

12.43 In addition, through our engagement with the City Council, we understand that, at present, the majority of housing coming forward in Liverpool City Centre at the moment is for Build-to-Rent. Discussions with local agents have confirmed this, setting out that the market is being bolstered not just by younger professionals – as is seen in cities such as Manchester or Birmingham – but older households and overseas students.

12.44 A number of key strategic development schemes for Build-to-Rent have come forward around Liverpool's waterfront otherwise known as Liverpool Waters. There are two notable schemes which have been recently completed on the waterfront including:

[37] UK Multifamily Report, which towns and cities will see the strongest demand for rental accommodation in the future? CBRE, 2020

- The Lexington: developed and managed by Moda Living, the 34 storey building provides for 325 Build-to-Rent homes.

- Plaza 1821: developed by Peel Land and Property for Redwing Living, the development provides for 105 one and two bedroom Build-to-Rent apartments.

12.45 It should be noted that there is a wide range of Build-to-Rent products like any form of housing types. This includes a range from lower-end, affordable products aimed at families looking to rent to higher-end, high-spec purpose-built blocks aimed at younger professionals and couples. There is evidence of both of these extremes across the City Region.

12.46 Taking the Lexington as an example of high-end Build-to-Rent provision in Liverpool City Centre as well as a Build-to-Rent development on the outskirts of Liverpool at Woodbine Road, we have reviewed the rental values for various property sizes against the median rent in the City. It should however be noted that the rent for the Lexington includes a wide range of facilities and amenities such as a gym, wi-fi, games room, co-working space and parking and there is no deposit required.

12.47 The analysis in the table below is clear in showing the significance of the rents achieved from a Build-to-Rent scheme in the City Centre compared with the median rent across the City as a whole. This indicates that, in line with our analysis around household characteristics, there is a two-tier rental market in Liverpool City which differs to some other authority areas in the City Region.

Table 12.10 The Lexington vs Liverpool Median Rent, 2021

	Lexington	Median Rent
Studio	£950	£475
1 Bedroom	£1,200	£495
2 Bedrooms	£1,580	£550

12.48 In other words, although there is a very large housing claimant driven sector in a number of the authority areas including Sefton and Knowsley – and indeed some sub-areas of Liverpool – there is also a professional, flatted, city centre focussed market in Liverpool who are evidently able to pay more to rent but will not purchase a home. Invariably, there will also be a premium to be paid for a scheme such as the Lexington which is based on the waterfront.

12.49 If we compare this to a recently completed Build-to-Rent scheme in Knowsley – an area with a high proportion of claimant households living in the PRS and where rents are more likely to be influenced by LHA levels, the picture is notably different. The table below considers the rents for a scheme known as Highfield Place which was delivered by Simple Life and comprises 95 rental units with more of a focus on family-sized homes as opposed to flats. Notably, the Build-to-Rent offer is below the median rent for Knowsley for 3 bedroom properties.

Table 12.11 Highfield Place vs Knowsley Median Rent, 2021

	Highfield Place	Median Rent
2 Bedrooms	£615	£550
3 Bedrooms	£675	£700

12.50 There is also evidence of an emerging Build-to-Rent market in Wirral District with one scheme in the pipeline: the Wirral Waters Legacy development project at the junction of Dock Road and Duke Street which commenced in February 2022 funded by PIC and backed by Wirral Borough Council. The development will deliver 500 Build-to-Rent homes for market as well as 100 homes at discounted market rent; and is expected to be completed in 2024/25. The site is allocated in the Local Plan within the Wirral Waters Regeneration Area and will enable the authority to test the market with scheme rents still to be confirmed.

The Recommended Policy Response

12.51 It is evident that the private rented sector is growing and there is a particular age profile and household group that it caters for which are factors all in line with the target tenant of the Build-to-Rent product based on recent market research. The PPG on Build-to-Rent recognises that where a need is identified that local planning authorities should include a specific plan policy relating to the promotion and accommodation of Build-to-Rent.

12.52 Iceni consider there will be an ongoing need and a role for Build-to-Rent provision to continue to support these household groups for years to come moving forward. Having looked in detail at the sector across the study area, there is evidence of the typical characteristics of target tenants as well as an emerging strong market in Liverpool City and to a lesser extent in Wirral. As a result, it is recommended that a specific policy is developed covering both of these authorities. Liverpool City have already noted the need for consideration of a Build-to-Rent policy as part of its Local Plan Review.

12.53 Liverpool City is already seeing significant numbers of Build-to-Rent development come forward in the City Centre. Local agents have noted that a significant number of Build-to-Rent units came to market in 2021 with most catering to tenants working in the professional sector. Employment forecasts expect professional jobs to increase, it is reasonable to assume this trend will continue moving forward. In Wirral, it is considered that there is an opportunity to see some additional Build-to-Rent development around key transport nodes as well as the key regeneration sites.

12.54 There is evidence of a new-build rental stock in other areas such as Knowsley and St. Helens; however, this development is less aligned to the product of Build-to-Rent and at this stage, there is no indication that a specific policy is required for these areas. In addition, Halton and Sefton has seen no activity in the market and the household characteristics of the PRS do not warrant a specific policy.

12.55 A Local Plan policy could set out parameters regarding how schemes would be considered, and how affordable housing policies would be applied. In considering the dwelling mix proposed in relation to a Build-to-Rent scheme; we would expect the focus to be on 1, 2 and some 3-bed properties given the occupancy profile associated with Build-to-Rent accommodation. However, given that this is still a relatively embryonic sector, the Councils need not be overly prescriptive.

12.56 The Framework's definition of Build-to-Rent development sets out that schemes will usually offer tenancy agreements of three or more years and will typically be professionally managed stock in single ownership and management control. It would be appropriate for the Council to adopt a consistent definition.

12.57 The Councils will need to consider affordable housing policies specifically for the Build-to-Rent sector. The viability of Build-to-Rent development will however differ from that of a typical mixed tenure development: returns from the Build-to-Rent development are phased over time whereas for a typical mixed tenure scheme, capital receipts are generated as the units are completed.

12.58 In general terms, it is expected that a proportion of Build-to-Rent units will be delivered as 'Affordable Private Rent' housing. The PPG[38] states that:

> *"The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided by default in the form of affordable private rent, a class of affordable housing specifically designed for build to rent. Affordable private rent and private market rent units within a development should be managed collectively by a single build to rent landlord.*
>
> *20% is generally a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme. If local authorities wish to set a different proportion, they should justify this using the evidence emerging from their local housing need assessment, and set the policy out in their local plan. Similarly, the guidance on viability permits developers, in exception, the opportunity to make a case seeking to differ from this benchmark.*
>
> *National affordable housing policy also requires a minimum rent discount of 20% for affordable private rent homes relative to local market rents. The discount should be calculated when a discounted home is rented out, or when the tenancy is renewed. The rent on the discounted*

[38] ID: 60-002-20180913

homes should increase on the same basis as rent increases for longer-term (market) tenancies within the development"

12.59 The Councils should have regard to the PPG on Build-to-Rent development with the starting point for affordable housing therefore being that 20% of units would be Affordable Private Rented units at a discount of 20% to local market rents (subject to viability).

Student Households

12.60 At the point of the 2011 Census, there were around 71,000 full-time students aged 18 and over across the City Region. Almost two thirds (65%) lived in Liverpool City equal to over 46,000 students; as is shown in the table below. As a result, this sub-section focusses on Liverpool City.

Table 12.12 Age Profile of Full Time Students Aged 18 and Over, 2011

	Halton	Knowsley	Liverpool	Sefton	St Helens	Wirral
Aged 18-19	1,573	2,072	13,599	3,568	102	3,759
Aged 20-24	978	1,486	24,676	2,821	43	2,467
Aged 25 and Over	776	1,033	7,952	1,897	69	2,193
Total (No.)	3,327	4,591	46,227	8,286	214	8,419

Source: 2011 Census

12.61 The 2021 Census data is not arranged in quite the same way, with statistics available only for those aged 16-24 (rather than 18+). It continues to shw the largest student population being in Liverpool.

Table 12.13 Age Profile of Full Time Students Aged 16 and Over, 2021

	Halton	Knowsley	Liverpool	Sefton	St Helens	Wirral
Aged 16-24	4,983	6,126	52,587	11,013	6,696	12,970
Aged 25+	865	1,205	8,573	2,143	1,146	2,271
Total	5,848	7,331	61,160	13,156	7,842	15,241

Source: 2021 Census

12.62 In terms of the accommodation profile of students in all authority areas, the table below is clear in showing that Liverpool City has very different dynamics with a greater spread across a range of accommodation including student halls, all student households and other households (i.e. students sharing with non-students). In the other areas, the majority of students live with parents.

12.63 The City Region has five higher education ("HE") establishments which are relevant to this assessment. They are all based in Liverpool: University of Liverpool, Liverpool John Moores University, Liverpool Hope University, The Liverpool Institute for Performing Arts ("LIPA") and the Liverpool School of Tropical Medicine ("LSTM"). There are also a number of colleges such as The

City of Liverpool College; however, it is HE students which principally impact on the housing market. The accommodation profile in Liverpool City is typical of a University City.

Table 12.14 Accommodation Profile of Full Time Students Aged 18 and Over (%)

	Halton	Knowsley	Liverpool	Sefton	St Helens	Wirral
Living with parents	70%	75%	21%	74%	61%	70%
University Halls	0%	0%	22%	0%	0%	0%
Other Communal	0%	0%	1%	1%	0%	0%
All Students	6%	4%	32%	5%	9%	6%
Living Alone	4%	3%	10%	3%	4%	5%
Other	20%	18%	14%	17%	26%	19%
Total (No.)	3,327	4,591	46,227	8,286	214	8,419

12.64 The City's latest evidence on student housing needs was prepared in 2015[39]; however, through the preparation of the Council's Local Plan, a range of updated information was submitted by the individual Universities.

12.65 By way of context, the table below shows how student numbers have changed over the period from 2015/16 when the latest evidence base document was published to the latest data publicly available in 2020/21. As is clear, there was an increase of 10,555 students (an average of 2,111 per annum).

[39] The Future of Student Accommodation in Liverpool, Liverpool Mayor Review.

Table 12.15 Higher Education Student Population in Liverpool City, 2015-2021

	2015/16	2020/21	Difference
The University of Liverpool	24,775	29,185	4,410
Liverpool John Moores University	21,880	27,200	5,320
Liverpool Hope University	4,940	5,685	745
The Liverpool Institute for Performing Arts	720	955	235
Liverpool School of Tropical Medicine	425	270	-155
Total	52,740	63,295	10,555

12.66 Set against this increase in student numbers, there has been substantial growth in the provision of purpose-built student accommodation ("PBSA"). Over the same period, around 8,605 bedspaces were delivered; however, the delivery of PBSA has slowed and there are less bedspaces in the pipeline than in recent years.

Table 12.16 PBSA Provision in Liverpool, 2022

	Completions	Pipeline
2015/16	2,286	
2016/17	2,662	
2017/18	248	
2018/19	757	
2019/20	2,495	
2020/21	157	
2021/22		967
2022/23		1,222
2023/24		1,206
Total	**8,605**	**3,395**

12.67 Through our discussions with local agents, this slowing has been recognised on the ground. In addition, agents have set out that:

- The City remains an attractive, vibrant place to study and offers some of the lowest rent levels for PBSA across the UK. The demand has returned to normal after COVID-19 impacts.
- There is a continuing absence of international students in the market which have been replaced by domestic students. This has had an impact on the higher end of the market (including Build-to-Rent); however, the overall strength of the market has alleviated the pressure;
- Overall, demand is strong, and rents are affordable coupled with the dramatically lower volume of PBSA coming on stream which bodes well for the market balancing out following a

period of notably high supply. There is no sign of the new-build PBSA market returning to pre-COVID levels.

12.68 In terms of growth ambitions, the Council have recently approached all five Universities to understand their growth aspirations in terms of students and accommodation provision. In summary, all further education establishments have indicated to the City Council that no significant change is expected in student numbers requiring accommodation provision notwithstanding COVID-19.

12.69 The University of Liverpool have had clear year-on-year growth over the last five years; however, based on the current growth projections, there is no planned growth which will directly increase the need for student bedspaces. In addition, the University's Estates Masterplan does not include any PBSA schemes nor any plans to repurpose existing student halls.

12.70 Liverpool John Moores University do not own any operational Halls of Residence and have confirmed that they do not have any capital plans in respect of student accommodation. The University has not set out any intention to increase student numbers. In addition, Hope University have not set out any intention to increase student numbers and for LTSM, many of the students are studying post-graduate courses and will often take up occupancy in flats or studios within the city centre.

12.71 The Council also consulted Liverpool Student Homes ("LSH") which is a service owned and managed by University of Liverpool, Liverpool John Moores University, Liverpool Hope University, LIPA and their respective student unions. LSH set out that they are registering and accrediting between 18,500 – 19,000 bedspaces in the PBSA sector and between 7,500 – 8,000 in the traditional housing sector. As a result, there is a considerably supply of accommodation; although availability is now increasing which chimes with the commentary from local agents as well as the slowing of the PBSA market.

12.72 Taken together, it does not appear that there is any need for intervention from the CA with regards to policy – it is an issue for Liverpool City Council rather than a strategic issue. Furthermore, there is no indication that student numbers are expected to change in the context of a need and there has been an overall slowdown in the delivery of PBSA. It is expected that demand and supply should therefore be balanced in the short-term with no need to increase overall housing need.

12.73 There is invariably some uncertainty associated with the student market following on from the impact of COVID-19; however, local agents have noted that the market has largely returned to normal. This should continue to be monitored at a local authority level.

SUMMARY AND CONCLUSIONS

13.1 This section sets out a summary of the analysis and conclusions. It is structed around the core research areas addressed in the HEDNA.

13.

Local Housing Need

13.2 The Government's current standard method for assessing housing need takes 2014-based Household Projections and applies an upward adjustment based on the median house price to earnings ratio. The median workplace-based ratio for 2022 has been used in calculating local housing need for the City Region. A further uplift of 35% is applied to Liverpool City's local housing need to reflect Cities and Urban Centres adjustment introduced by Government through an amendment to the PPG in December 2020. The standard method generates a need for 4,395 homes per annum across the City Region. The figures for individual authorities are as below.

Table 13.1 City Region Minimum Local Housing Need, Standard Method (2023)

Authority	Local Housing Need (p.a.)
Halton	217
Knowsley	259
Liverpool	2,184
Sefton	587
St Helens	398
Wirral	750
LCR	**4,395**

13.3 The HEDNA then considers wider evidence. There is evidence that demographics have changed since the 2014-based projections and can be considered when looking at housing need (migration has been up and natural change down). Revised demographic projections prepared as part of the HEDNA indicate household growth of 3,878 homes a year, which with an affordability uplift applied would generate a need for 4,198 dpa. At the City Region level this is below the standard method illustrating that the level of growth implied by the standard method is sufficient to accommodate demographic growth and support affordability improvements.

13.4 A higher need (4827 dpa) is generated at a City Region level only if applying the more recent demographic projections, and then applying the urban uplift to the higher projections for Liverpool. Iceni consider that there is not however a clear basis for taking this scenario forward in the SDS when considered against the wider evidence: and this scenario sits as an outlier against the other scenarios, including the economic scenarios within the HEDNA.

13.5 Modelling likely housing need set against economic forecasts and the growth potential of sub-regionally significant employment sites points to a need for up to 4,036 homes per annum (influenced by assumptions made on commuting). This is lower than the need shown by the demographic evidence and therefore there is not a case for adjusting upwards housing need at a City-region level to meet economic growth. However there are distributional differences at a district level which may feed into the appropriate spatial distribution of housing provision within the City Region through the SDS preparation.

13.6 Addressing the evidence for individual authorities:

- In Halton, the updated demographic evidence points to a higher need than the standard method. The baseline economic scenario generates a housing need similar to the standard method (219 dpa), with the need shown in the Growth Scenario higher (429-431 dpa). The current plan requirement (350 dpa) broadly aligns to the midpoint of the economic scenarios;

- For Knowsley, the updated demographic evidence generates the highest housing need of 547 dpa. This is higher than the economic scenarios and the current plan requirement at 450 dpa. The current plan provision is above the minimum standard method figure;

- More recent demographic trends point to a higher housing need in Liverpool, but we would note that the updated projections of household growth with an affordability uplift (1,798 dpa) still generate a lower need than the standard method figure. Higher need is shown only when the Cities' uplift of 35% is overlaid;

- For Sefton, the updated demographic evidence points to a lower need than the standard method figure. However the economic scenarios point to a higher level of housing need. The higher economic-led figures in particular are influenced by the modest population growth in the trend-based projections and age structure changes. The residual plan provision (694 dpa) is towards the top end of the range of scenarios;

- For St Helens, the updated demographic evidence points to a scale of need which is relatively similar to the current Plan's provision (486 dpa), and this is in broad alignment with the higher of the economic scenarios as well (493-519 dpa).

- For Wirral, the demographic evidence points towards a lower level of housing need than the standard method, with all scenarios falling broadly within that provided for in the emerging Plan (835 dpa).

Table 13.2 Summary of range of Housing Need Estimates Under Different Scenarios (dpa, 2021-40)

	Halton	Knows-ley	Liver-pool	Sefton	St.-Helens	Wirral	LCR
Standard Method	217	259	2,184	587	398	750	4,395
Trend-based (2018 HRRs) with affordability adjustment	319	474	1,517	328	395	469	3,502
Trend-based (2014 HRRs) with affordability adjustment	291	547	1,798	484	453	625	4,198
Trend-based (2018 HRRs) with Urban Uplift*	319	474	2,048	328	395	469	4,033
Trend-based (2014 HRRs) with Urban Uplift*	291	547	2,427	484	453	625	4,827
Baseline Economic	219	407	1,091	656	257	702	3,332
Growth Economic	429	450	1,172	737	493	756	4,036
Growth Economic with 2011 Commuting Patterns	431	471	1,248	630	519	693	3,993

* these scenarios including the Cities and Urban Areas Uplift applied to Liverpool

13.7 It should be stressed that in respect of scenarios relating to overall needs, the figures presented do not represent requirements or targets to be taken forward in Local Plans – this will be influenced by a range of other plan-making considerations including development constraints, land availability and infrastructure provision and feedback from the consultation process. It is for the SDS to consider both the level and distribution of housing provision across the LCR.

Employment Land Requirements

13.8 Iceni has had regard to a range of different approaches set out in the PPG on Housing and Economic Development Needs Assessments in preparing this HEDNA. Iceni's approach has been to consider and triangulate different methodologies and evidence in drawing conclusions on future employment floorspace and land needs. This includes taking account of:

- Labour Demand Modelling
- Past Completions
- Commercial Market Dynamics; and
- Stakeholder Feedback

13.9 This HEDNA report deals specifically with the need for office-based sectors and industrial sectors by adopting an approach which utilises a range of different forecasting techniques alongside local intelligence and an understanding of the merits of different approaches in drawing conclusions. This

approach of triangulating different approaches and testing findings, which Iceni adopts, is consistent with the PPG.

13.10 It should be noted that a specific forecasting exercise has been undertaken for large-scale B8 warehousing units (defined as over 9,000 sq.m / 100,000 sq. ft) and should be read alongside the HEDNA. This has been undertaken by MDS Transmodal alongside Iceni and is set out in a separate Paper.

13.11 The HEDNA has used the Oxford Economics forecasts to develop a set of employment floorspace requirements by use class for each area before (1) projecting forward trends in total floorspace based on an annualised average need on the last 5, 10 and 15 years change and (2) projecting forward based on past development trends.

13.12 Drawing the analysis together for office floorspace, Iceni consider that net changes in floorspace are likely to be negative overall having regard to the impact of changing working patterns. However the quality of stock is weak and there is a strong case for seeking to deliver new office floorspace where it is viable to do so to meet modern business needs. It is reasonable to expect this to be counter-balanced with loss of older, poorer quality stock. Individual LPA employment land reviews will be relevant in identifying what stock should be protected.

Table 13.3 Scenarios for Net Change in Office/ R&D Floorspace, sq. m 2021-40

	Halton	Knowsley	Liverpool	Sefton	St Helens	Wirral	LCR
Labour Demand – Core Scenario	16,900	37,500	129,000	6,700	12,800	25,500	228,500
Labour Demand – Home Working Sensitivity	-29,400	-7,800	-106,400	-69,900	-25,900	-49,700	-289,100

13.13 New office development can be expected to be focused in higher quality locations, in particular Liverpool City Centre, but also potentially other town centres and selected high quality business parks such as Sci-Tech Daresbury.

13.14 The market is expected to increasingly orientate towards high quality office stock in attractive locations. In these terms, it would be advisable **to plan on the basis of the Core Scenario in considering allocations in local plans**. Provision for R&D floorspace should be made in line with the forecasts in Table 9.4.

13.15 However in monitoring future provision, it is reasonable to expect the quantum of office floorspace to fall in a range of areas within the City Region; and we would advise that the monitoring and management of stock is undertaken using the Home Working Sensitivity Scenario. Local plans

should seek to ensure that the net change in stock does not exceed that shown in this scenario over the plan period.

13.16 For Liverpool more specifically, it would be sensible to plan and monitor changes on the basis of the delivery of the Core Scenario, not least to support provision of Grade A office space and the development/growth of the tech and lifesciences sectors.

Industrial

13.17 For industrial floorspace, our view is that greater weight should be given to the completions scenarios. For the reasons explored in this section, there is a weak relationship between employment trends and commercial floorspace needs, and development needs are influenced by business growth as well as demand for high quality modern floorspace. Whilst employment might decline, there will be a continuing need for land to support growing businesses and provide modern floorspace (as a result of replacement demand).

13.18 Iceni recommend provision for local industrial needs should be met in line with a 10 year projection of past completions trends, together with the inclusion of a 5 year margin added to reflect a combination of the strength of the market, low current availability and to provide a flexible supply. An overall need for 521 ha of industrial land is shown to 2040, inclusive of the margin. The strongest need shown is in Liverpool, Knowsley and St Helens.

Table 13.4 Local Industrial Land Need (including Margin), 2021-40

	Need based on 10 Year Trend (sq.m)	5 Year Margin	Total industrial need (sq.m)	Land (ha)
Halton	303,700	79925	383,625	95.9
Knowsley	338,900	89183	428,083	107.0
Liverpool	391,600	103054	494,654	123.7
Sefton	134,100	35293	169,393	42.3
St. Helens	353,000	92898	445,898	111.5
Wirral	127,600	33560	161,160	40.3
Liverpool City Region	1,648,900	433912	2,082,812	520.7

13.19 The separate Strategic B8 Needs Paper indicates a need, within this, to provide for 1.4 million sq.m of strategic B8 development requiring between 293 – 343 ha of land across the LCR for this market segment over the 2021-40 period. This overlaps with, and essentially forms part of, the industrial land needs shown in Table 13.4 and includes a 5 year margin. This is expected to require provision of between 353 – 403 ha of land.

Table 13.5 Recommended Land Needed for Strategic B8 to 2040 – Liverpool City Region

	Need to 2040 (19 yrs)
Need using Midpoint Replacement Scenario (sq.m)	1,117,400
5 Year Margin (sq.m)	294,000
Total Floorspace Need (sq.m)	1,411,400
Land Requirement at 0.4 plot ratio (ha)	353
Land Requirement at 0.35 plot ratio (ha)	403
Recycling of Existing Sites (ha)	60
Land Supply Needed (ha)	293-343

Specialist Housing Needs

13.20 This HEDNA has assessed a range of data sources and statistics to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability.

13.21 The data shows that LCR has a similar age structure and higher overall levels of disability compared with the national average – age specific rates of disability are notably higher than seen nationally. The older person population has some distinct characteristics, including a high representation in the owner-occupied sector and is projected to increase notably in the future. An ageing population means that the number of people with disabilities is likely to increase substantially.

13.22 The analysis in this report has shown a notable growth in the population of older persons aged 65 and over across the City Region, of 79,400 over the period to 2040; with this age group expected to account for around 84% of total population growth. Within this, the number of people with a limiting long-term health problem or disability is projected to increase across the board. The specific projections undertaken show an expected increase of those with dementia by 38% and with mobility problems by 33% to 2040.

13.23 Some older households, particularly those aged over 75, will require specialist housing provision. The analysis in this section points to a need for 11,400 units of housing with support to 2040 and 8,100 units of housing with care. In considering extra-care schemes, there is a need to carefully consider the viability and practical feasibility of delivering affordable housing on-site. The provision of this form of specialist housing is not additional to the local housing need derived from the standard method. A full breakdown by local authority is set out in Section 9.

Table 13.6 Specialist Housing Needs, City Region, 2021-40

Specialist Housing Need		Shortfall/Surplus
Housing with Support	Market	3,967
	Affordable	7,435
	Total	11,402
Housing with Care	Market	2,842
	Affordable	5,295
	Total	8,138

13.24 A need for 6,900 additional care and nursing home bedspaces to 2040 is also identified. These will fall within a C2 use class and should be treated as maximum figures – any provision of bedspaces also falls outside of the local housing need derived from the standard method; however, the bedspaces can be included in five year housing land supply (with the appropriate multiplier) and should therefore not be seen as additional.

13.25 In addition, a need for 14,800 homes for wheelchair users across the City Region is identified. Iceni consider that it would be appropriate to seek provision as part of major new-build schemes, subject to support from viability evidence studies and evaluation on a site-by-site basis.

13.26 Taken together, this analysis would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Councils could consider, as a start point, requiring all homes (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and around 10% of homes meeting M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector).

13.27 Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

13.28 The Councils should also consider if a different approach is prudent for market housing and affordable homes, recognising that Registered Providers may already build to higher standards, and that households in the affordable sector are more likely to have some form of disability.

Needs for Different Sizes of Homes

13.29 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to long-term demographic change (2021-40) concludes that the following represents an appropriate mix of affordable and market homes for new development, this takes account of both household changes and the ageing of the population – the analysis also models for there to be a modest decrease in levels of under-occupancy (which are particularly high in the market sector):

Table 13.7 Suggested Mix of Housing by Size and Tenure – LCR

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10%	40%	40%	10%
Affordable home ownership	20%	45%	25%	10%
Affordable housing (rented)	40%	30%	25%	5%

Source: 2011 Census

13.30 The strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing a supply of smaller properties for other households. Also recognised is the limited flexibility which 1-bed properties offer to changing household circumstances, which feed through into higher turnover and management issues. The conclusions also take account of the current mix of housing by tenure and also the size requirements shown on the Housing Register.

13.31 The mix identified above, alongside other local evidence-base studies as appropriate, could inform strategic policies although a flexible approach should be adopted. For example, in some areas Registered Providers find difficulties selling 1-bedroom affordable home ownership homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Councils should also monitor the mix of housing delivered.

13.32 Analysis also suggests that the majority of units should be houses rather than flats, although consideration will need to be given to site specific circumstances (which may in some cases lend themselves to flatted development).

13.33 Additionally, the Councils should consider the role of bungalows within the mix – such housing can be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into the market.

13.34 Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.

Private Rented Sector and Build-to-Rent

13.35 The private rented sector has been the key growth sector in the housing market for the last 15 years and now makes up over 21% of all households across the Liverpool City Region (and 26% in Liverpool). Since 2011, the private rented sector has been the second largest housing tenure in England behind owner-occupation, overtaking social housing.

13.36 Across the City Region, the private rented sector grew significantly between since 2001. Iceni has reviewed the sector on an authority level and determined that the sector plays a significant role across the board; however, the household characteristics are nuanced with a high proportion of households living in the sector working in lower skilled roles as well as claiming housing benefit in all areas outside of Liverpool City.

13.37 In Liverpool, based on the latest ONS estimates, the sector is home to around 26% of households. Although there is also a high proportion of claimant households in Liverpool supported by the sector, there is essentially a two-tier market with a high proportion of professional tenants and overseas students also supporting the sector. It has been noted by local agents that the market is not as clear cut as other cities such as Manchester or Birmingham; however, the sector clearly plays a key role in supporting a much higher proportion of young, single professionals in relative terms as well as those seeking out more affordable homes to rent.

13.38 Over recent years, successive Governments have looked to the private rented sector to play a greater role in providing more new build housing and have sought to encourage “Build-to-Rent” development. The authority areas in the study area currently have no planning policy in place to deal with planning applications which are submitted for Build-to-Rent development; although this in part reflects the recent emergence of the sector and changes to national planning policies concerning the status and importance of Build-to-Rent as part of the private rental market.

13.39 This, however, has not hindered Build-to-Rent coming forward in Liverpool City. A total of 6,586 Build-to-Rent units are either permitted, under construction or have already been delivered across the City Region as of 1st April 2022. Around 85% of this provision is coming forward in Liverpool City – a relatively substantial 5,600 units in total. There is also a forthcoming Build-to-Rent scheme on Wirral Waters for 500 units.

13.40 On the basis of our analysis, It is evident that the private rented sector is growing and there is a particular age profile and household group that it caters for which are factors all in line with the target tenant of the Build-to-Rent product based on recent market research. The PPG on Build-to-Rent recognises that where a need is identified that local planning authorities should include a specific plan policy relating to the promotion and accommodation of Build-to-Rent.

13.41 Iceni consider there will be an ongoing need and a role for Build-to-Rent provision to continue to support these household groups for years to come moving forward. Having looked in detail at the sector across the study area, there is evidence of the typical characteristics of target tenants as well as an emerging strong market in Liverpool City and to a lesser extent in Wirral. As a result, it is recommended that a specific policy is developed covering both of these authorities.

13.42 A Local Plan policy could set out parameters regarding how schemes would be considered, and how affordable housing policies would be applied. In considering the dwelling mix proposed in relation to a Build-to-Rent scheme; we would expect the focus to be on 1, 2 and some 3-bed properties given the occupancy profile associated with Build-to-Rent accommodation. However, given that this is still a relatively embryonic sector, the Councils need not be overly prescriptive.

13.43 The Framework's definition of Build-to-Rent development sets out that schemes will usually offer tenancy agreements of three or more years and will typically be professionally managed stock in single ownership and management control. It would be appropriate for the Councils to adopt a consistent definition.

13.44 The Councils will need to consider affordable housing policies specifically for the Build-to-Rent sector. The viability of Build-to-Rent development will however differ from that of a typical mixed tenure development: returns from the Build-to-Rent development are phased over time whereas for a typical mixed tenure scheme, capital receipts are generated as the units are completed. The Councils should have regard to the PPG on Build-to-Rent development with the starting point for affordable housing therefore being that 20% of units would be Affordable Private Rented units at a discount of 20% to local market rents (subject to viability).

Student Housing Needs

13.45 There are a number of higher education establishments in the City Region all located in Liverpool City.

13.46 In terms of the accommodation profile of students, our analysis is clear in showing that Liverpool City has very different dynamics with a greater spread across a range of accommodation including student halls, all student households and other households (i.e. students sharing with non-students) which is typical of a University City. The City's latest evidence on student housing needs was

prepared in 2015; however, through the preparation of the Council's Local Plan, a range of updated information was submitted by the individual Universities which has been considered in this HEDNA.

13.47 Over the period since the evidence base document was prepared, there has been an increase of around 10,555 students in the City. Set against this, there has been substantial growth in the provision of PBSA. However, delivery has slowed and there are less bedspaces in the pipeline than in recent years. Through our discussions with local agents, this slowing has been recognised on the ground. In addition, agents have set out that:

- The City remains an attractive, vibrant place to study and offers some of the lowest rent levels for PBSA across the UK. The demand has returned to normal after COVID-19 impacts.
- There is a continuing absence of international students in the market which have been replaced by domestic students. This has had an impact on the higher end of the market (including Build-to-Rent); however, the overall strength of the market has alleviated the pressure;
- Overall, demand is strong, and rents are affordable coupled with the dramatically lower volume of PBSA coming on stream which bodes well for the market balancing out following a period of notably high supply. There is no sign of the new-build PBSA market returning to pre-COVID levels.

13.48 In terms of growth ambitions, the Council have recently approached all five Universities to understand their growth aspirations in terms of students and accommodation provision. In summary, all further education establishments have indicated to the City Council that no significant change is expected in student numbers requiring accommodation provision notwithstanding COVID-19.

13.49 Taken together, it does not appear that there is any need for intervention from the CA with regards to policy. Furthermore, there is no indication that student numbers are expected to change in the context of a need and there has been an overall slowdown in the delivery of PBSA. It is expected that demand and supply should therefore be balanced in the short-term with no need to increase overall housing need. It will be important that the City Council continues to monitor student trends.