iceni

Pendle Housing and Economic Development Needs Assessment

Final Draft Report

Iceni Projects Limited on behalf of

Pendle Borough Council

March 2023

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1. EXECUTIVE SUMMARY

1.1   Iceni Projects and Justin Gardner Consulting (JGC) have been appointed by Pendle Borough Council to undertake a Housing and Economic Development Needs Assessment (HEDNA).

1.2   The National Planning Policy Framework (NPPF) requires the preparation and review of local plans to be underpinned by relevant and up-to-date evidence, and take into account relevant market signals. It sets out a framework through which development needs should be assessed and this document responds to this framework and the related guidance.

1.3   The overall aim of the study is to provide robust and proportionate evidence to inform the review of the Pendle Local Plan with regards to housing and employment land needs and requirements, and related policies. The Local Plan covers the period 2021 to 2040.

1.4   **The two key findings are:**

- **The Standard Method for assessing housing need currently results in an annual housing need of 140 dwellings. This report details the exceptional circumstances that would support deviation from the Standard Method and recommends a figure in the region of 270 dwellings per annum when taking account of the range of evidence including economic growth.**
- **The report considers the office requirement to be planned for 13,200 sqm and the industrial and warehousing requirement to be 79,100 sqm.**

Demographic and Housing Baseline

1.5   The population of Pendle is around 96,000 people with the majority (65%) located in the M65 Corridor. That sub-area also has a notably younger population than the other two sub-areas.

1.6   There were 41,195 dwellings in Pendle in 2021. The vacancy rate in the borough in 2011 was 5.17%. The M65 Corridor has the highest number of dwellings and households, West Craven Towns the lowest.

1.7   Annual completions have varied since 2003/04 with a high of 342 dpa in 2020-21 and two years of net losses in 2008/09 (-46) and 2009/10 (-67). Average completions have been 164 dpa.

1.8   Owner occupation is the most prevalent tenure type at 68.5%, Private renting sits at 18.1% with social renting at 11.6%. The amount of Private Rented Sector (PRS) households increased between 2011 and 2019 by 4.15%.

1.9   Terraces were the most common dwelling type within Pendle at 56.1% of total dwelling stock, followed by Semi-detached (22.9%) and Detached (13.1%) properties.

1.10   Properties with three bedrooms are the most common in Pendle at 40.1%, followed by two bedrooms at 36.9%. Within Pendle sub-areas with a higher proportion of terraces (M65 Corridor) generally see a higher proportion of smaller homes.

1.11   There is a larger proportion of Over Occupied properties in Pendle (5.2%) than other benchmark areas. This can be a symptom of deprivation and a high Black Asian and Minority Ethnic (BAME) population.

Housing Market

1.12   In the year to September 2021 the median house price in Pendle was £128,975. This is below the median prices for the neighbouring districts of Ribble Valley and Craven and the wider North West (£185,000); but above Burnley (£118,000).

1.13   Pendle borough sees lower prices for all types of property than the wider North West and England. Within sub-areas the highest prices are in Rural Pendle, the lowest in the M65 Corridor.

1.14   House prices in Pendle are relatively more affordable compared to the national figure with an affordability ratio of 5.34.

1.15   The majority of rental properties have 2 bedrooms (43.6%) followed by 3 beds at 28.3%. Tenants are broadly younger with a total of 71.6% of tenants in the Borough under the age of 50.

1.16   Most rental households consist of one family only (53.2%) followed by single person households (38.5%), Lone Parents are also a large proportion (21.12%).

1.17   The number of housing benefit claimants has increased since 2018 primarily due the first COVID-19 lockdown. The number of claimants has remained high since this increase not falling below 7,000.

1.18   Estate agents working in the local sales market reported having been busy throughout the pandemic with many seeing increases in the number of people moving into the area.

1.19   All agents noted that activity and prices now are beginning to cool off compared to the peak witnessed after the pandemic and into 2021. This can be linked to increases in interest rates and the general cost of living crisis.

1.20   Agents commented that the rental market was not seeing the same 'cool down' as the sales market was starting to experience.

1.21   Lettings agents suggested that they were as busy as ever, with rents rising and no sign that they were coming down.

1.22   The rental market was popular with existing residents of Pendle, compared to the sales market which was slightly more varied and included buyers from outside of the Borough.

Economic Baseline

1.23   Overall, Pendle's economy is performing below par. This is underlined by a weak labour market with a low economic activity rate and poorly skilled population.

1.24   Pendle has weak business formation rates and low levels of pay and productivity. This is likely related to the fact that Pendle has a small office-based sector.

1.25   Like all areas Pendle's economy is threatened by high costs of doing business and reduced spending but Pendle's reliance on the manufacturing sector is likely to put the Borough in a more challenging position.

1.26   However, Pendle's large Manufacturing sector is also a strength, which can be capitalised on through growth and/or innovation.

1.27   Pendle also has high business survival rates suggesting the Borough has a good business environment – there is an opportunity to support business formation in order to grow the economy.

Commercial Property Market

1.28   The Pendle office market is small and has a current vacancy rate of 2.8%. According to the VOA the amount of floorspace has increased since 2000 by approximately 39,000 sq.m.

1.29   Rental costs in both Pendle and Lancashire are low in comparison to that of the UK, however Pendle's rental costs are consistently the lowest of all the benchmark areas and are currently £8.33.

1.30   The lowest vacancy rate is seen in 3 star stock at 1.5%, demonstrating a higher demand in Pendle for this mid-quality stock. Equally older stock, built prior to 1980, see low vacancies at less than 1%.

1.31   Leasing activity in the Borough is concentrated in smaller size bands with an average 5.8 deals per annum in the 0-100 sq. m. size band and 3.7 deals in the 100-500 sq. m. band. Owner occupation is similar with 21 sales in the 100-500 sq.m. band since 2007.

1.32   The industrial market is larger than the office market and currently contains 931,000 sq.m, 9.9% of total floorspace across the Lancashire sub-market.

1.33   Overall, demolitions have outpaced construction, leading to a drop of 193,000 sq.m. between 2000 and 2021. Industrial floorspace has continued to decline since 2016 and this contrasts with Lancashire and England where floorspace has increased.

1.34   Vacancy currently sits low at 3.2%, with the typical minimum 5%, suggesting a lack of suitable stock in the area, however this does match vacancy seen in the UK as a whole. Rental costs are also low at £3.41 per sq.ft.

1.35   Annual net deliveries have been low in comparison to net absorption[1], an average of 6,250 sq.ft of space has been delivered per annum since 2019, whereas average net absorption sits at -450 sq.ft.

1.36   There is no stock in Pendle rated at 5 stars by CoStar which demonstrates a low demand for industrial space of exceptionally high standard.

1.37   Stock rated 1 and 4 stars has 0% vacancy indicating that stock of both the highest (available) and lowest quality is in most demand. Similarly, vacancy is highest in stock built prior to 1940 (13.6%).

1.38   Most leasing activity takes place in the over 2,000 sq.m. band with a total of 103,875 sq.m. of space leased since 2006. Followed by the smaller mid-sized bands with most leases taken out in the 100-500 sq.m band, which has seen a total of 77 deals since 2006 and the 500-1000 band with 34 deals.

1.39   This is similar to the owner occupier market where sales in the +2,000 sq.m. band make up the most floorspace sold, but the greatest number of deals are made in the 100-500 band (24) since 2006.

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[1] Net absorption refers to the total floorspace occupied minus the total floorspace that becomes vacant within a given period.

Housing Need

1.40   The NPPF mandates the use of the 2014 subnational household projections (SNHP) in the Standard Method calculation. Following the relevant Planning Practice Guidance (PPG) the Standard Method shows a need for 140 dwellings per annum across the Borough.

1.41   The PPG does however allow for authorities to diverge from the Standard Method where this can be justified by exceptional local circumstances. Any alternative approach should reflect current and future demographic trends and market signals.

1.42   For Pendle there is a clear case to support exceptional local circumstances – the 2021 Census shows population growth in the Borough has been higher than had previously been estimated and this is likely to work through into population projections (given these are trend based). Population projections then work though into household projections and ultimately to estimates of need in the Standard Method.

1.43   That said, there are still question marks over the quality of demographic data. Where population trends are used to develop alternative projections, the associated levels of household growth typically look quite high. Therefore the report does not conclude on a level of need associated with demographic trends, but does consider that this should be above the current Standard Method.

1.44   Given difficulties with some of the demographic data for Pendle, it is recommended that the Council monitors new data releases from Office for National Statistics (ONS), including Mid-Year Estimates (MYE) and projections, as ONS will need to grapple with the issue of inaccuracies in the MYE in any future releases.

1.45   Analysis moved on from looking at demographic trends and what these might mean within the framework of the Standard Method to consider the link between jobs growth forecasts and housing need – essentially to estimate the number of additional homes likely to be required to house a growing workforce.

1.46   The analysis takes account of forecast changes to economic activity, commuting patterns, the proportion of people with more than one job and the impact of COVID-19 on unemployment (and people returning to work moving out of the pandemic).

1.47   A jobs forecast showed potential job growth (2022-32) of just over 2,100 – this number of jobs is in excess of the number potentially supported by the Standard Method (140 dpa), and points to **the need for the Council needing to seek higher levels of housing delivery (around 270 dpa) to support economic growth** (2,135 jobs).

Affordable Housing Need

1.48   Analysis has been undertaken to estimate the need for affordable housing in the 2022-32 period to
        be consistent with the main period studied in the demographic projections (a ten-year period from
        2022 to 2032). The analysis is split between a need for social/affordable rented accommodation. It
        is based on households unable to buy or rent in the market and the need for affordable home
        ownership (AHO) – this includes housing for those who can afford to rent privately but cannot
        afford to buy a home and will include the potential market for First Homes.

1.49   The analysis has taken account of local housing costs (to both buy and rent) along with estimates
        of household income. Additionally, when looking at rented needs, consideration is given to
        estimates of the supply of social/affordable rented housing. For AHO, consideration is given to the
        potential supply of resales of low-cost home ownership properties and lower quartile sales of
        existing homes.

1.50   When looking at rented needs, the analysis suggests a need for 288 affordable homes per annum
        across the Borough, with a need shown for all individual sub-areas; the Council is therefore justified
        in seeking to secure additional affordable housing.

Table 1.1   Estimated Need for Social/Affordable Rented Housing by sub-area (per annum)

	Current need	Newly forming house-holds	Existing house-holds falling into need	Total Gross Need	Relet Supply	Net Need
M65 Corridor	88	191	88	367	173	194
Rural Pendle	9	40	8	57	18	39
West Craven Towns	15	53	15	83	29	54
Borough-wide	**112**	**284**	**111**	**507**	**220**	**288**

Source: Derived from a range of sources as set out below

1.51   Despite the level of need being high (288 affordable dwellings per annum), it is not considered that
        this would necessarily point to any requirement for the Council to increase the Local Plan housing
        requirement due to affordable needs. The link between affordable need and overall need (of all
        tenures) is complex and in trying to make a link it must be remembered that many of those picked
        up as having an affordable need are already in housing (and therefore do not generate a net
        additional need for a home).

1.52   Additionally, most of the affordable need is already part of the demographic projections which are
        used to drive overall housing need calculations and so any additional provision would arguably be
        double counting. That said, the level of affordable need across areas can form part of the

consideration of the distribution of housing for different locations, along with an understanding of demographic trends and economic growth.

1.53   The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and also for some households who claim full Housing Benefit. On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required.

1.54   When looking at AHO products, the analysis does not definitively show a need. Whilst there are a modest number of households with an income in the 'gap' between buying and renting, the potential supply to meet these needs is far greater. In addition, due to the pricing of housing to buy and rent, there is no need shown in the M65 Corridor area. Generally, the analysis points to the Council needing to prioritise the delivery of rented affordable housing where possible.

1.55   Despite the lack of need for AHO, the analysis does suggest that there are many households in Pendle who are being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the size of the PRS). This suggests that a key issue in the Borough is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than the cost of housing to buy.

1.56   The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.

1.57   In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options). Delivery of AHO products may also help to diversify the stock in some locations (such as those dominated by 2/3 bedroom terraced houses).

1.58   Overall, the analysis identifies a notable need for rented affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence

does however suggest that affordable housing delivery should be maximised where opportunities arise.

Housing Mix

1.59   The proportion of households with dependent children in Pendle is average with around 30% of all households containing dependent children in 2011 (compared with 29% regionally and nationally). Households in the M65 Corridor are more likely to contain dependent children and in particular this area sees a higher proportion of lone parent households. There are notable differences between the types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas lone parents are particularly likely to live in social or PRS accommodation.

1.60   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 demographic change concludes that the following represents an appropriate mix of affordable and market homes. 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 in Pendle are high in the market sector).

Table 1.2   Suggested Mix of Housing by Size and Tenure – Pendle

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10-15%	45-50%	30-35%	5-10%
Affordable home ownership	25-30%	50-55%	15-20%	0-5%
Affordable housing (rented)	25-30%	35-40%	20-25%	10-15%

Source: Derived from a range of sources

1.61   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-bedroom 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.

1.62   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 (AHO) 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 Council should also monitor the mix of housing delivered.

1.63   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). Additionally, the Council 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.

1.64   Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bedroom properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.

Older and Disabled People

1.65   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.

1.66   The data shows that Pendle 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.

1.67   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.

1.68   An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2022-32 period include:

- A 14% increase in the population aged 65+ (potentially accounting for in excess of 100% of total population growth given the potential for overall population decline);

- A 18% increase in the number of people aged 65+ with dementia and a 16% increase in those aged 65+ with mobility problems;

- **A need for around 970 housing units with support (sheltered/retirement housing) – split about a third market and a two-thirds affordable housing;**

- **A need for around 480 additional housing units with care (e.g. extra-care) – the majority (two-thirds) in the affordable sector;**

- A need for around 270 additional nursing care bedspaces over the period; and

- A need for around 600 dwellings to be for wheelchair users (meeting technical standard M4(3)).

1.69   However, County Council strategy is to reduce the reliance on extra-care and shift this towards more preventative typologies including extra-care. Therefore the need identified above may be reallocated accordingly.

1.70   This would also 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 Council should require all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards) and have a requirement for around 10% of homes to meet M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector).**

1.71   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.

1.72   The Council 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.

1.73   In seeking M4(2) compliant homes, the Council 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.

1.74   In framing policies for the provision of specialist older persons accommodation, the Council 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.

Other Specific Groups

1.75   The Council is required to grant sufficient planning permissions to meet the demand for custom and self-build housing as identified on the Register as per the 2015 Act (as amended). **Should these trends continue then the Council will need to permit an average of 37 custom and self-build plots per annum.**

1.76   The most popular locations for this type of housing where Barrowford, Fence and Nelson, all of which had at least 100 enquiries.

1.77   72% of people on the register required a single plot and 78% were interested in a detached home. Over half (51%) wanted at least four bedrooms.

1.78   The Current Core Strategy does indicate some broad support for self and custom build however this should be more clearly set out in policy including whether larger sites should make a contribution.

1.79   On average 116 households have approach Pendle Council per quarter for homelessness support since June 2018. Of these 51% where owed a prevention duty while 49% were actually homeless and owed a relief duty.

1.80   Homelessness support is being stretched due to higher presentations and dwindling supply. As a result the council are increasingly reliant on temporary accommodation.

1.81   There are no higher education providers/facilities in the Borough and the last Census only reported three all student households.

1.82   Pendle and Colne College informed us that their student numbers are static but there is an intention to growth this number modestly over the next few years. However, they said that all students were drawn from the local population and most live with their parents therefore the impact on the wider housing market is negligible.

1.83   The latest evidence in relation to Gypsy and Travellers needs within Pendle is set out in the Housing Needs Assessment which suggested there was no need for additional pitches in Pendle by 2026.

1.84   MOD statistics report that there are no military or civilian personnel in Pendle. Therefore it is unlikely that there will be any significant demand from this group.

Employment Land Supply

1.85   Iceni Projects have undertaken a review of all existing and proposed employment sites in the Borough. The summary of which lies herein. In total the supply of employment land across the Borough can be summarised into the following categories:

Table 1.3   Type of supply across the Borough

Type of site	Gross floorspace (GEA, sq.m)	Site area (Ha)
Unimplemented planning permissions on allocated sites	77,426	32.12
Unimplemented planning permissions on non-allocated sites	13,654	18.06
Vacant land on existing safeguarded employment sites	7,140	1.86
Unallocated sites with no extant planning permission	48,140	13.46
Total	**146,360**	**65.5**

Employment Growth

1.86   We have considered employment growth in Pendle using a range of models. Cambridge Econometrics baseline forecast shows employment growth at a rate of 215 jobs per annum between 2021 and 2040. However, these are only off the shelf forecasts and do not take account of local knowledge on investment and policy. It also does not take into account the structure of some economic sectors locally and we have included this understanding when deviating from the top down baseline forecasts.

1.87   Historic growth-based models forecast a range of growth rates depending on the time period projected forward. We have also forecast growth from peak to peak and trough to trough of recent economic cycles.

1.88   Our 1989-2020 and 2010-2021 based models forecast extreme jobs growth (low and high respectively) and were hence discounted from further analysis.

1.89   Our 2008-2020 based models forecasts growth slightly above the CE forecast (a rate of 233 jobs per annum) and our 1999-2021 based model forecasted growth significantly above the CE forecast (a rate of 317 jobs per annum).

1.90   We then considered employment growth by sector. This showed that whilst the 2008-2020 based model forecasted only slightly more overall employment growth than the CE Forecast, it forecasted significantly more employment growth in key employment floorspace based sectors.

1.91   The 1999-2021 based model also forecast a significantly different pattern of employment growth between sectors than the CE Forecast.

1.92   We concluded that:

- The 2008-2021 based model is likely to best represent the future industrial employment growth which should be planned for given this is the only model to forecast growth in the Manufacturing sector which is very strong in Pendle and should be capitalised upon.

- It was unclear which model best represented the warehouse based employment growth which should be planned for.

- The CE Forecast is likely to best represent the future office and R&D based employment growth which should be planned for given that the office market is subdued and office-based sectors are weak in the area.

Employment Land Requirements

1.93   We have forecasted employment floorspace requirement using a range of different techniques in line with Planning Practice Guidance which are as follows:

1.94   Labour Demand based modelling - applying sector to use class conversions and employment density assumptions to the jobs forecasts presented in the Employment Growth chapter.

1.95   Past take-up of employment land – projecting forward the rate of past completions of floorspace on a gross and net basis.

1.96   Past take-up of property – projecting forward the rate of past take-up of floorspace on a net basis (i.e. termed net absorption).

1.97   An allowance for replacement demand (i.e. replacement of existing stock) and a 'margin for flexibility' have also been included. For each office forecast, we also produced a Working from Home scenario to account for reduced post-pandemic office occupancy.

1.98   **We consider that the office requirement planned for should be in line with the Post Pandemic WFH scenario (13,200 sqm) given that there has not been a full return to the office since the pandemic.** Although a pragmatic response may be to monitor this issue and work with a range (13,200 to 24,300 sqm).

1.99   For industrial uses, we consider the completions and net absorption-based projections to be most appropriate. As the net absorption forecast falls between these, **we conclude that it is**

reasonable basis (79,100 sqm) for estimating future requirements of industrial and warehousing floorspace.

1.100   Once the core supply figures are netted off from the need we conclude that there is a small requirement for additional land to be allocated for Office use. In addition, if pre-pandemic levels of office working returns then this need might increase.

1.101   However we have also identified a secondary supply which may well address this need although further investigation is required to ensure these sites are suitable.

2.   INTRODUCTION

2.1   Iceni Projects and Justin Gardner Consulting (JGC) have been appointed by Pendle Borough Council to undertake a Housing and Economic Development Needs Assessment (HEDNA).

2.2   The National Planning Policy Framework (NPPF) requires the preparation and review of local plans to be underpinned by relevant and up-to-date evidence, and take into account relevant market signals. It sets out a framework through which development needs should be assessed and this document responds to this framework and the related guidance.

2.3   The overall aim of the study is to provide robust and proportionate evidence to inform the review of the Pendle Borough Local Plan with regards to housing and employment land needs and requirements, and related policies. The Local Plan covers the period 2021 to 2040.

2.4   The study is based on a sound understanding of the housing and economic markets in East Lancashire and provides evidence of housing and economic need for the whole of Pendle Borough.

2.5   In addition we have also provided outputs, where possible for the best fit of sub-areas within the Borough. This principally focuses on the need for affordable housing and also the mix of housing which is to be planned for.

Functional Market Areas

2.6   Although this report only examines the need for Pendle Borough it is produced on the understanding that Pendle forms part of an East Lancashire Housing Market Area and Functional Economic Market Area.

2.7   Most of the data required to examine these functional geographies has not been updated since the 2011 census thus the definitions are unlikely to have changed.

2.8   One area where the data has been updated is migration. As the data below shows in the last four years Pendle's closest relationship remains Burnley. Indeed the link is around five times stronger than the next closest local authority, Craven. The relationship is also has a broadly comparable flow in both directions.

Table 2.1   Average Annual Migration Flow to and from Pendle (2017-2020)

Gross Migration Per 1,000		In Migration		Out Migration	
Burnley	9.95	Burnley	833	Burnley	973
Craven	2.32	Craven	191	Ribble Valley	223
Ribble Valley	2.13	Bradford	162	Craven	156
Hyndburn	1.41	Manchester	144	Manchester	151
Rossendale	1.07	Blackburn with Darwen	122	Bradford	131
Blackburn with Darwen	1.03	Leeds	119	Hyndburn	129

Source: ONS, Mid-Year Population Estimates.

2.9   House prices and house price change are another indicator of housing market areas. As illustrated in Figure 2.1 Pendle and Burnley house price change have tracked each other over the last 20 years. This includes a spike in the last two years which didn't extend to neighbouring Ribble Valley. This again reaffirms the two as a functional market.
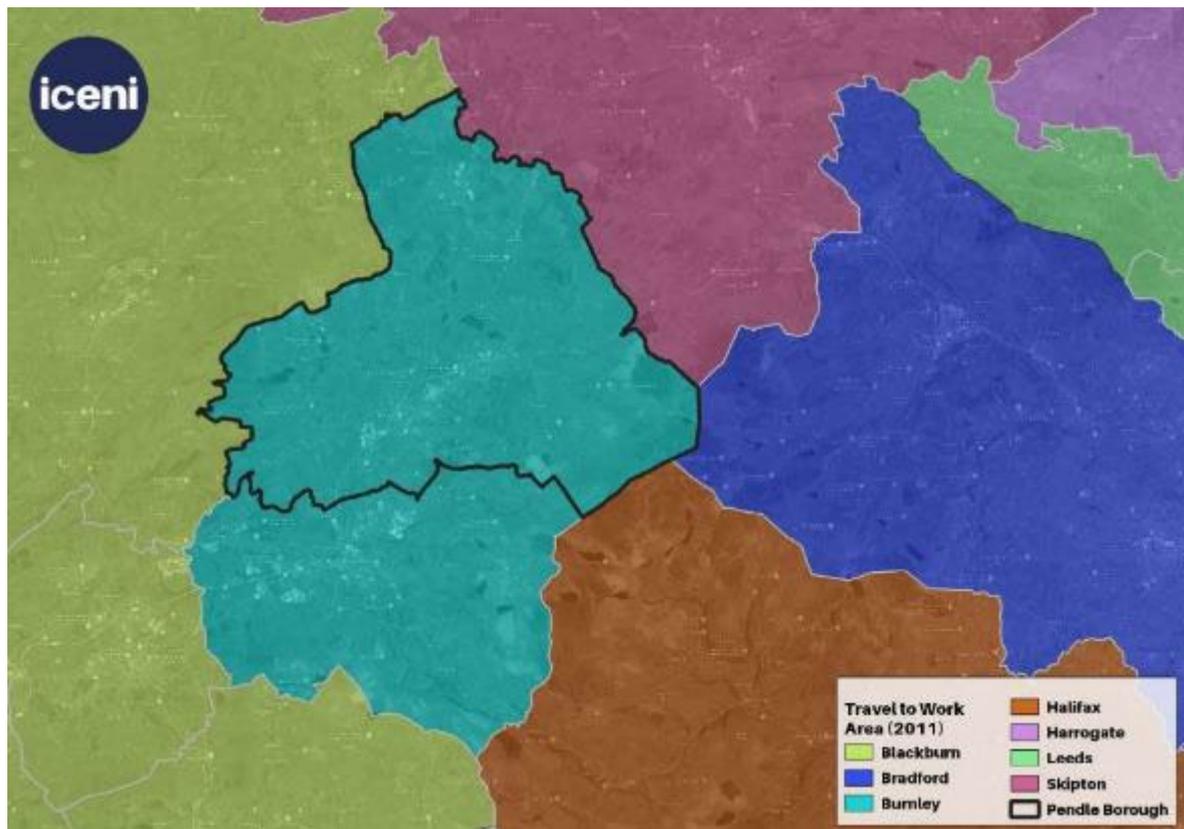
Figure 2.1 Indexed house price change (2002-2022)

Source: ONS 2022

2.10   No new data relating to commuting has been published and the TTWA as set out below remain valid. As shown the Burnley TTWA includes all of Burnley and all of Pendle. Again this would reconfirm the HMA boundary.

Figure 2.2 Travel to Work Areas (2011)

Source: ONS, 2015

2.11   The HMA also feeds into the FEMA definition, although, as per the PPG[2] the FEMA also considers:

- Extent of any Local Enterprise Partnership within the area – Lancashire wide;

- Flow of goods, services and information within the local economy – Burnley is main service centre in East Lancashire.

- Service market for consumers – The 2007 retail capacity study considers Burnley as the major retail centre with 38.9% of Pendle residents saying they buy most of their household's non-food shopping there[3], this is supported by the 2022 retail capacity study;

- Administrative area – This is a two tier area with Pendle acting as the local authority and Lancashire as the County Council. The Police and Fire Service are also provided county-wide;

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[2] https://www.gov.uk/guidance/plan-making

[3] https://www.pendle.gov.uk/downloads/file/7655/pendle_retail_capacity_study_2007

- Catchment areas of facilities providing cultural and social well-being – Burnley is the cultural hub for the HMA with 79% of Pendle residents saying they visited the Cinema there. Burnley is also home to the areas only urgent care centre although accident and emergency facilities are in Blackburn; and

- Transport network – Trains are operated by Northern Rail while buses are administered by Lancashire County Council.

2.12   There have been no major changes to these definitions since the FEMA was last examined. Therefore we do not consider it to have changed. In conclusion both the HMA and FEMA cover Burnley and Pendle.

Sub-areas

2.13   The Council have also asked us to examine whether the extent of their spatial areas were appropriate for continued use for policy making. These three areas are illustrated in Figure 2.3 and are comprised of the 2021 wards.

Figure 2.3 - Map of Pendle Sub-areas
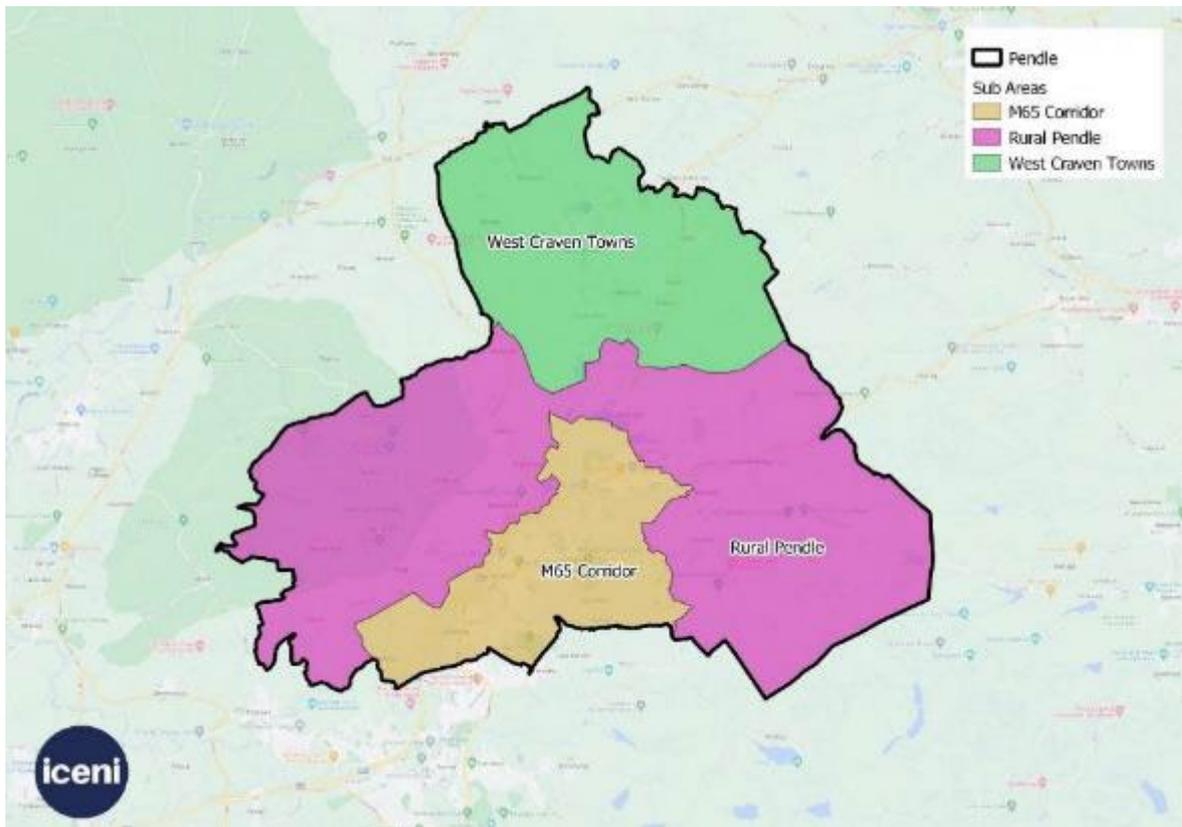
Source: Iceni Projects based on PBC data

2.14   In order to confirm these areas we have looked at house prices. These are illustrated in Figure 2.4. As shown there are clear differences between the rural and urban parts of Pendle and the isolation of West Craven from the other urban centres would justify their continued use.

Figure 2.4 - House Price Heat Map (2019-22)
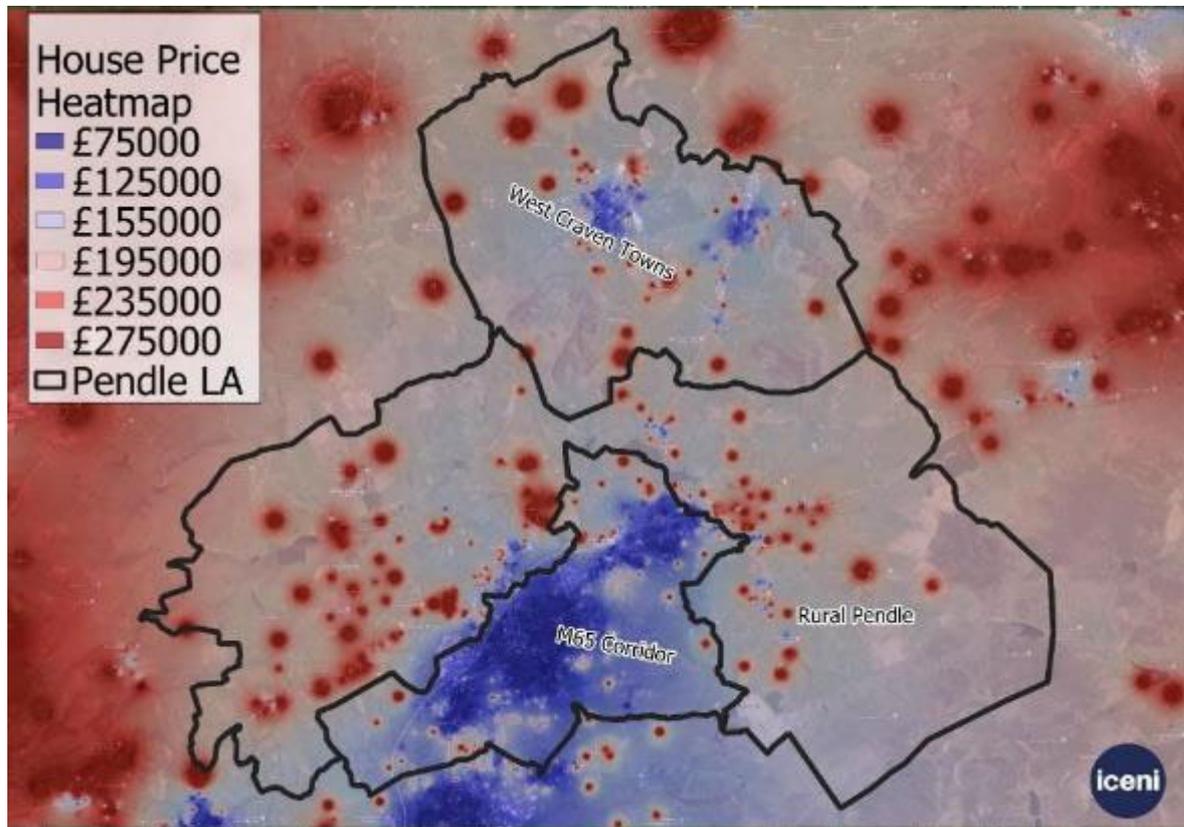
Source: HM Land Registry

2.15   No housing market areas would stop and start at these boundaries and there would be an element of overlap. It is also the case that some of the 2021 wards are much larger than their predecessors and therefore do not provide as fine a grain as possible.

2.16   For example the Barrowford and Pendleside Ward includes large rural areas but also Barrowford which is also closely aligned with the M65 corridor urban area and has slightly lower house prices. This would therefore be an area of overlap.

3. POLICY REVIEW

3.1   This section of the report examines the national and local policy background in relation to housing and economic development.

National Planning Policy Framework (July 2021)

3.2   The latest version of the National Planning Policy Framework (NPPF) was published by the Government on 20 July 2021. Paragraph 7 in the NPPF states that the purpose of planning is to contribute to the achievement of sustainable development. It sets out that planning policies and decisions should play an active role in guiding development towards sustainable solutions, but in doing so should take local circumstances into account, to reflect the character, needs and opportunities of each area.

3.3   Development plans must include strategic policies to address each local planning authority's priorities for the development and use of land in its area. Plans should apply a presumption in favour of sustainable development and for plan-making. This means that plans should positively seek opportunities to meet the development needs of their area and be sufficiently flexible to adapt to rapid change. Strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring authorities, where it is sustainable to do so.

3.4   Paragraph 11 reiterates that "strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring area, unless…the application of policies in this Framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution of development in the plan area."

3.5   In order to support the Government's objective of significantly boosting the supply of homes, Paragraph 60 in the NPPF states it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.

3.6   Paragraph 61 sets out that in order 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.

3.7   Paragraph 62 goes on to set out that within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, people who rent their homes and people wishing to commission or build their own homes.

3.8   Paragraphs 63-65 address affordable housing provision. They set out that where an affordable housing need 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 in lieu can be robustly justified, or the agreed approach contributes to the objectives of creating mixed and balanced communities.

3.9   Paragraph 64 states provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas.

3.10   Paragraph 65 sets out that where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the total number of homes to be available for affordable home ownership unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. In addition, other exemptions to this 10% requirement include instances where a site or proposed development:

- Provides solely for Build to Rent homes;

- Provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);

- Is proposed to be developed by people who wish to build or commission their own homes; or

- Is exclusively for affordable housing, an entry-level exception site or a rural exception site.

3.11   The NPPF's Glossary (Annex 2) provides an updated definition of affordable housing; as well as definitions of Build to Rent development, local housing need, old people; and self-build and custom housebuilding.

3.12   In relation to economic growth Chapter 6 sets out how the framework seeks to achieve building a strong competitive economy. In Paragraph 81 this is explained as "Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt." Adding that the approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future."

3.13   Paragraph 82 provides more specific advice stating that "*Planning policies should:*

a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;

b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;

c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and

d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances."

3.14   The NPPF also provides some specific guidance for developing a sustainable rural economy. This includes support for sustainable growth through the conversion of existing buildings and well-designed new buildings; and the retention and development of accessible local services and community facilities.

3.15   It adds at Paragraph 85 that. "Planning policies and decisions should recognise that sites to meet local business and community needs in rural areas may have to be found adjacent to or beyond existing settlements, and in locations that are not well served by public transport…The use of previously developed land, and sites that are physically well-related to existing settlements, should be encouraged where suitable opportunities exist."

Planning Policy Guidance

3.16   The Government's Planning Practice Guidance (PPG) includes several sections which are relevant to the assessment of housing need.

3.17   Guidance on Housing and Economic Needs Assessments[4] explains that housing need is "an unconstrained assessment of the number of homes needed in an area" and should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.

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[4] https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments

3.18   The guidance also examines affordable housing need (as does the PPG relating to the Housing
        Needs of Different Groups). The PPG sets out how affordable housing need can be assessed. It
        makes clear that affordable housing need (and the housing needs of individual groups) may well
        exceed, or be proportionally high in relation to, the overall housing need figure calculated using the
        standard method, as these will often be calculated having consideration to the whole population as
        opposed to new households.

3.19   Councils must take into account these needs, including the need for affordable housing - having
        regard to the overall housing need identified, the extent to which this can be translated into a
        housing requirement figure over the plan period, and the anticipated deliverability of different forms
        of provision, having regard to viability.

3.20   The section on Housing for Older and Disabled People[5] describes the need to provide housing for
        older people as critical, as people are living longer, and the older population is increasing. It sets
        out that the health, lifestyle and housing needs of older people will differ greatly with housing needs
        ranging from accessible and adaptable general needs housing to specialist housing with high levels
        of care and support.

3.21   It provides guidance on how the housing needs of older and disabled people can be assessed and
        sets out that this should inform clear policies within plans which may include specific site
        allocations to provide greater certainty to developers. Separate guidance is provided on optional
        technical standards[6] including for accessible and adaptable housing, use of national space
        standards and wheelchair-accessible housing.

3.22   Separate guidance sections have also been prepared which address Build to Rent[7] and Self-Build
        and Custom Housebuilding[8]. The Build to Rent Guidance requires authorities to assess need, and
        where a need is identified to include a plan policy setting out the circumstances and locations
        where build-to-rent development will be encouraged.

3.23   The Self-Build Guidance sets the requirements of the Self-Build and Custom Housebuilding Act
        2015 (as amended), including the requirement for Councils to maintain a Register of those
        interested in self-build housing and to grant consents to meet the need shown. It also sets out that
        needs assessments can consider other secondary data sources.

[5] https://www.gov.uk/guidance/housing-for-older-and-disabled-people

[6] https://www.gov.uk/guidance/housing-optional-technical-standards

[7] https://www.gov.uk/guidance/build-to-rent

[8] https://www.gov.uk/guidance/self-build-and-custom-housebuilding

3.24   For economic growth local authorities are to determine the type of employment land that is needed by preparing "a robust evidence base to understand existing business needs, which will need to be kept under review to reflect local circumstances and market conditions. National economic trends may not automatically translate to particular areas with a distinct employment base. Where appropriate, local planning authorities can use their Authority Monitoring Report and the plan review process to ensure that their evidence base remains up to date."

3.25   Policy making authorities are to prepare and maintain evidence about business needs by gathering evidence to plan for business uses adding that "strategic policy making authorities will need to liaise closely with the business community, taking account of the Local Industrial Strategy, to understand their current and potential future requirements. They will need to assess:

- the best fit functional economic market area

- the existing stock of land for employment uses within the area;

- the recent pattern of employment land supply and loss – for example based on extant planning permissions and planning applications (or losses to permitted development);

- evidence of market demand (including the locational and premises requirements of particular types of business) – sourced from local data and market intelligence, such as recent surveys of business needs, discussions with developers and property agents and engagement with business and economic forums;

- wider market signals relating to economic growth, diversification and innovation; and

- any evidence of market failure – such as physical or ownership constraints that prevent the employment site being used effectively."

3.26   In relation to the Market Signals to be used to forecast need the PPG goes on to say that this should be based on a range of data which is current and robust such as:

- "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; and

- 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.;

3.27   It goes on to advised that "Authorities will need to take account of longer-term economic cycles in assessing this data and consider and plan for the implications of alternative economic scenarios".

3.28   The guidance then goes on to describe in some detail the employment land requirements by taking into account:

- "Standard Industrial Classification sectors to use classes

- Standard Industrial Classification sectors to type of property

- employment to floorspace (employment density) and

- floorspace to site area (plot ratios based on industry proxies)"

Housing and Social Care Legislation

3.29   Wider legislation affecting housing need includes the 1996 Housing Act (as amended), the Housing and Social Care Act 2012, the 2014 Care Act and 2017 Homelessness Reduction Act.

3.30   The 2014 Care Act sets out local authorities' duties in relation to assessing people's needs and their eligibility for publicly funded care and support. Under the Act, local authorities must carry out an assessment of anyone who appears to require care and support and focus the assessment on the person's needs and how they impact on their wellbeing, and the outcomes they want to achieve. Local authorities must also consider other things besides care services that can contribute to the desired outcomes (e.g., preventive services, community support and specialised housing needs).

3.31   The Homelessness Reduction Act 2017 places new legal duties on English councils so that everyone who is homeless or at risk of homelessness will have access to meaningful help. Local Authorities have a duty to produce homelessness strategies to prevent homelessness in their respective areas.

Local and Sub-Regional Housing policy review

Pendle Local Plan Core Strategy

3.32   Pendle's Local Plan is comprised of the Pendle Local Plan Part 1: Core Strategy (adopted 2015), the saved policies of the Replacement Pendle Local Plan (adopted 2006) and the accompanying interactive proposals map. It also includes a small number of neighbourhood and area action plans.

The Core Strategy is expected to guide development up to 2030, and it contains a number of policies specific to housing.

3.33   Policy SDP 3 (Housing Distribution) states that the location of new housing, including the allocation of sites (which were due to come forward in the Pendle Local Plan Part 2) should be guided by the targets set out in this policy, and should follow the settlement hierarchy set out in Policy SDP2. The policy notes that 70% of new housing should be distributed within the M65 Corridor, 18% should be directed towards the West Craven Towns, and the balance of 12% should be located in Rural Pendle.

3.34   Policy LIV 1 (Housing Provision and Delivery) sets out that a minimum of 5,662 dwellings should be delivered in Pendle over the plan period, equivalent to 298dpa.

3.35   There is just one policy within the Core Strategy which sets out the development requirements for a specific, strategic housing site, known as Trough Laithe. Policy LIV2 (Strategic Housing Site: Trough Laithe) states that the development of this housing site at Barrowford will be supported subject to a number of criteria being met, including providing the required physical and social infrastructure, providing 20% affordable housing (subject to viability), and providing a high-quality landscape scheme.

3.36   Policy LIV 3 (Housing Needs) provides guidance on the particular housing products required by each group and the priority given to that need. The groups include rural households, the gypsy and traveller community and minority groups, amongst others.

3.37   Policy LIV 4 (Affordable Housing) sets out the area based affordable housing targets for different site thresholds which should be met in the borough. The policy divides the borough into the following sub- areas – M65 Corridor, M65 Corridor North, West Craven Towns and Rural Pendle.

3.38   The policy states that the order of preference for the delivery of affordable housing is delivery on-site, followed by delivery on an alternative suitable site within the same settlement. A financial contribution in lieu of on-site affordable housing should only be considered as a last resort.

3.39   The tenure split that Policy LIV 4 seeks to steer developers towards is currently social rented tenure (30%), affordable rented tenure (30%) and intermediate tenure (40%).

3.40   Policy LIV 5 (Designing Better Places to Live) goes further, by suggesting the mix of property types and sizes that should be provided in new housing schemes in order to help to diversify the existing housing stock and achieve a better, more balanced mix of dwellings in the borough. Tables LIV5a and LIV5b set out an indicative guide, as follows:

Table 3.1   Pendle Core Strategy Housing Mix Policy

Property Type	Percentage
Detached house	25%
Semi-detached house	35%
Terraced house	10%
Flat/Maisonette	10%
Bedsit/Studio/Room Only	0%
Bungalow/Elderly housing	20%
Caravan or temporary structure	0%
Property Size	**Percentage**
1 bed Flat	7.5%
2 bed Flat/House/Bungalow	45%
3 bed House/Bungalow	35%
4+-bed House	12.5%

Source: Pendle Core Strategy

3.41   The policy also recommends the types, sizes and density of properties suitable for each particular sub-area in the borough (M65 Corridor, M65 Corridor North, West Craven Towns and Rural Pendle).

3.42   The existing policies within the Core Strategy seek to guide developers to delivering a range of dwelling types, sizes and tenures within the borough, to address the current imbalances in the existing stock.

Withdrawn Pendle Local Plan Part 2: Site Allocations and Development Policies Preferred Options [PLPP2]

3.43   Within the now withdrawn PLPP2, there were 9 policies concerning housing which sought to provide further detail on the allocations proposed to meet Pendle's identified need, as well as broader guidance on a range of other housing topics. In addition, Policy LIV6 also set out a revised housing requirement proposed to supersede Policy LIV1 of the Core Strategy.

3.44   Policy LIV6 (A Revised Housing Requirement for Pendle) stated that over the remainder of the plan period (2019-2030), provision will be made to deliver a minimum of 2,640 net dwellings, equating to an average of 240 dwellings per annum. This housing requirement was to be met by a range of sources including sites under construction or with extant planning permission; Trough Laithe Strategic Housing Site and specific sites identified through Policies LIV7 and WRK9.

3.45   Policy LIV7 (Housing Site Allocations) sought to allocate sufficient land to meet the residual housing needs of the Borough identified for the remaining plan period to 2030. There were 12 specific sites identified which could deliver a range of different sized housing sites, the smallest with a capacity for 9 dwellings, and the largest with a capacity for 150 dwellings. The policy detailed specific requirements for each site to guide future development proposals in each location.

3.46   Policy LIV8 (Reserve Sites for Housing) identified five sites which had the potential to cater for future growth in situations where there was evidence that allocated sites were not coming forward as required. Supporting text to the policy stated that 'The requirement for Reserve Sites to be identified through the Local Plan Part 2 has long been established within the Pendle development plan. The Inspector examining the Pendle Core Strategy found the allocation of Reserve Sites necessary to secure the required flexibility within the housing land supply'.

3.47   Policy LIV9 (Affordable Housing) set out the Council's approach to affordable housing requirements across the Borough. The policy stipulated that unless a viability assessment proved otherwise 10% of homes on housing schemes of 10 dwellings or more should be affordable. Only in exceptional circumstances would the Council accept the payment of a commuted sum in lieu of on-site affordable housing provision, or provision on another site. Any requirement for affordable housing would not apply to homes developed for self-build, custom-build or community-led housing.

3.48   Policy LIV10 (Quality Housing) set out the standards that new homes should be constructed to, with regards to space standards, general design principles and how they address local housing need for a range of occupants.

3.49   Policy LIV11 (Self and Custom Build Housing) set out what type of circumstances this type of housing would be supported and provided site specific requirements for a particular allocation (Bamford Street, Nelson).

3.50   Policy LIV12 (Housing in the Countryside) noted that development proposals for new housing or alterations to housing outside of a defined settlement boundary would be supported where they fell into one of the following categories: Barn Conversions and Redundant Buildings; Replacement Buildings; Extensions to Existing Dwellings; Dwellings of Exceptional and Innovative Design and Agricultural and Forestry Worker's Dwellings.

3.51   Policy LIV13 (Communal Living) set out requirements and guidance for different forms of communal living including older persons housing, Houses in Multiple Occupation and student accommodation.

3.52   Policy LIV14 (Accommodation for Travelling Communities) set out criteria for new development designed to accommodate Gypsy, Traveller and Travelling Showpeople communities and boat dwellers.

Lancashire 2050

3.53   'Lancashire 2050' is a strategic framework document which is endorsed by all 15 local authorities within Lancashire, along with the County Council. The document sets out a shared vision for the region, covering eight pillars; economic prosperity; transport and infrastructure; environment and

climate; housing; early years and education; employment and skills; health and wellbeing; communities and place.

3.54   Regarding housing, the document sets out a number of priorities, including improving and increasing the availability of good quality housing – both on new sites and through existing stock.; to link housing regeneration to economic and transport plans; and to secure urban renewal by demolishing and replacing housing stock in some areas.

Housing with Care and Support Strategy 2018-2025

3.55   This document, prepared by Lancashire County Council (LCC), seeks to set out a strategy for reducing the region's reliance on residential care by ensuring alternative options are available to help manage the growing demand and financial pressures.

3.56   The document notes that LCC are aiming to have at least one Extra Care scheme for older adults in each local authority in the region and about 1,000 homes by 2025, as well as smaller-scale apartment schemes for younger adults with disabilities.

3.57   At the time of publication (2018), there were only two purpose-built schemes in Lancashire and three in development, meaning there appears to be a significant under provision of Extra Care schemes when we compare Lancashire to other areas. LCC estimate that Pendle alone requires 138 extra care units.

3.58   The report notes that LCC intend to develop a county-wide Housing with Care and Support delivery plan in partnership with the local authorities and other key stakeholders that is sufficiently flexible to deal with local needs. Housing providers, developers and potential private investors will be engaged in the discussions about what new developments, or remodelling of existing stock, is possible.

3.59   The report also notes that there is potential to co-locate other appropriate services within Housing with Care and Support developments, such as other public services, and to use Housing with Care and Support to promote regeneration.

3.60   There is a need to attract a range of housing landlords and developers to provide options for individuals, of all income levels, living in all areas of Lancashire, but especially for those from social, affordable and private rented sectors and homeowners in lower value homes.

Local and Sub-Regional Employment policy review

Pendle Local Plan Core Strategy

3.61   The Core Strategy contains a number of policies specific to economic growth and employment.

3.62   Policy WRK 2 (Employment Land Supply) states that the Council and its partners will ensure that 68.0 hectares (gross) of land will be brought forward for employment uses – Use Classes B1, B2 and B8 – over the plan period. The Council will also seek to identify and allocate at least 25 hectares of employment land over the lifetime of the plan, which represents the current shortfall from the projected requirement.

3.63   Policy SDP 4 (Employment Distribution) guides new employment development to three spatial areas across the borough, in varying quantities. Within each spatial area, the provision of employment land is required to follow the settlement hierarchy set out in Policy SDP2.

3.64   The policy suggests that circa 78.5% of new employment land should be directed towards the M65 Corridor, with 18.5% focused in the West Craven Towns, and only 3% located in Rural Pendle. Within the M65 Corridor, the key service centres are designed to be the main areas of focus for new employment initiatives in Pendle, with Nelson being the core location for employment development, and the town centre in particular being the focus for new office development. In the West Craven Towns sub-area, Barnoldswick is designed to be the main centre for employment growth, with Earby playing a supporting role.

3.65   Building on the thresholds set out in Policy SDP 4, Policy WRK 1 (Strengthening the Local Economy) details the aims for employment development in each of the spatial areas. For example, the focus for employment development within the M65 Corridor should be to support the regeneration activity in the Housing Regeneration Priority Areas of Brierfield, Nelson and Colne, as well as to seek to reduce levels of worklessness.

3.66   In the West Craven Towns, the ambition is for employment development to support the locally important aerospace and advanced engineering sectors and to promote diversification of employment opportunities in the manufacturing sector. In Rural Pendle, employment development is encouraged to help grow, diversify and strengthen the resilience of the rural economy; including proposals for homeworking, and minimise the take-up of Greenfield land, including through the re-use of former agricultural buildings.

3.67   There is just one policy within the Core Strategy which sets out the development criteria for a specific, strategic employment site. Policy WRK 3 (Strategic Employment Site: Lomeshaye) states that development at Lomeshaye for B1, B2 and B8 purposes will be supported subject to a number of criteria being met, including that a detailed development brief (including a design code) is prepared to demonstrate that the site will be developed in an appropriate manner.

Withdrawn Pendle Local Plan Part 2: Site Allocations and Development Policies Preferred Options [PLPP2]

3.68   Within the now withdrawn PLPP2, there were three policies concerning employment land and mixed-use sites. Draft Policy WRK7 (Employment Site Allocations) proposed to allocate one employment site for further expansion. This was the land to the north of West Craven Business Park, a 7.0 ha site to be used for B2 and B8 uses. Proposals for freestanding or ancillary Office, Research and Development, and Light Industry (Use Class E(g)) would be limited to occupy no more than 25% of the total cumulatively created floorspace or site area (whichever is smaller).

3.69   Draft Policy WRK8 (Protected Employment Areas) stated that six employment areas as defined on the Policies Map would be designated as Protected Employment Areas for industrial (B2) and warehousing (B8). The policy also stated that the development of Class E(g) uses at Protected Employment Areas may be acceptable, where consistent with other policies of the development plan.

3.70   Draft Policy WRK9 (Mixed Use Development) proposed to allocate the site at Ouzledale Foundry in Barnoldswick for 87 dwellings and 5ha of B2/B8 employment land. The dwellings would be located in the southern portion of the site therefore the criteria within Policy WRK9 stipulated that a suitable alternative location should be made available for occupation for any existing business in operation within the site which is affected by that phase of demolition works.

Pendle Economic Recovery and Growth Strategy

3.71   In 2021, during the preparation of PLPP2, Pendle Council published an Economic Recovery and Growth Strategy setting out how the borough will respond to the COVID-19 pandemic.

3.72   The report set out four priorities centred on places, people, businesses and connections. The strategic priorities set out in the document to help businesses recover include rail improvements such as the reopening of the former Colne to Skipton railway line, and the possibility of a new railway station near Earby, as well as improvements to the M65 motorway.

3.73   A tailored business resilience and growth programme for the manufacturing sector is also proposed. This programme provides capital investment to facilitate investment in plant, machinery and premises, which will be rolled out initially in Nelson. The document also sets out key actions and interventions within particular areas including Nelson, Colne, Barnoldswick and Earby. This includes proposals for specific sites, which accord with the proposals set out in the draft PLPP2 e.g., the expansion of West Craven Business Park and the development of a mixed-use scheme including housing at Long Ing Lane.

Nelson Masterplan

3.74   In 2019, a team of consultants led by Cushman and Wakefield prepared a masterplan for Nelson. The aim of the masterplan is to support the long-term regeneration of the town centre and the wider town.

3.75   The document establishes a vision for the town, identifies sites and buildings across the town which could accommodate growth and improvement, provides an action plan of short-, medium- and long-term actions and provides a plan which will support future funding bids to Government and other sources to develop and deliver the actions it proposes.

3.76   Within the SWOT analysis undertaken in the masterplan, one opportunity that was identified was the potential to raise the profile and attractiveness of Nelson's employment areas. It was noted that Nelson accommodates a range of employers within the town centre and on its business parks/industrial estates around the town. Scope exists to improve branding/signage and profile of these hubs and enhance their connections with Nelson town centre and local homes and parks to enhance the attractiveness of the business environment and to support employees and their wellbeing.

3.77   The boundary of the masterplan was extended to include important adjacent employment sites, including Lomeshaye Industrial Estate and Whitewalls Industrial Estate, which extend into Brierfield and Colne respectively. Within the masterplan, the Lomeshaye Industrial Estate Extension was identified as an opportunity site together with Riverside Mill.

Lancashire 2050

3.78   Regarding 'economic prosperity', the framework sets out a number of priorities for the region, including realising the growth potential in existing and emerging key sectors, particularly low carbon and renewables, and to attract increased investment. Further, the document recognises that this is dependent on building a pipeline of strategic development sites and infrastructure opportunities to realise this growth potential. The framework also recognises the importance of upskilling the workforce in order to attract and support businesses. The document sets out a target to increase the employment rate to at least equal to any other region of the UK outside London, and in particular, retain a higher percentage of local graduates and increase the proportion of adults in Lancashire achieving a Level 4 qualification or higher.

Lancashire Strategic Economic Plan

3.79   In 2014, Lancashire Local Enterprise Partnership (LEP) published the Lancashire Strategic Economic Plan which identified an 'arc of prosperity'. The arc of prosperity signalled where the new jobs and housing growth in Lancashire would be generated, supported by key economic and transport interventions. The document states that more than 90% of the county's forecast additional employment opportunities will be located on sites, and at locations, within the arc. The report

identified similar themes to the other documents within this policy review; Pendle suffers with poor rail connectivity; it has the largest concentration of employment in advanced manufacturing in England; and the M65 corridor provides an opportunity for large amounts of employment growth.

Lancashire Local Enterprise Partnership Growth Deal & Implementation Plan

3.80   The Growth Deal is £320 million of government funding being delivered by the Lancashire Enterprise Partnership to support economic growth in the area. The Lancashire Growth Deal is focussed on four themes:

- Releasing Growth Potential

- Renewal of Blackpool

- Growing the local Skills and Business Base

- Innovation and Manufacturing Excellence.

3.81   The Growth Deal Implementation Plan was produced in 2018 and as of Q2 2021, two projects in Pendle were beneficiaries of the funding; transport and highways junction improvements within the Burnley, Hyndburn and Pendle M65 Growth Corridor, and land acquisition and infrastructure costs to unlock the Lomeshaye Industrial Estate Extension.

Lancashire Local Industrial Strategy

3.82   Local Industrial Strategies (LIS) are required by Government to be prepared by all Local Enterprise Partnerships. They are intended to ensure two things:

- That the geographical areas covered by the LEPs are 'able to increase productivity and realise their potential'; and

- Show 'how they will allow all communities to contribute to, and benefit from, economic prosperity'.

3.83   In January 2019, the Lancashire Enterprise Partnership commissioned Steer Economic Development to prepare an evidence base setting out the state of the economy of Lancashire. Lancashire was in train to receive sign off for the Strategy in March 2020. However due to Covid-19, the LIS was not finalised, and there is now a need to review the original analyses.

3.84   Nevertheless, in the original evidence base documents, it was identified that in terms of 5-year business survival, Pendle outperforms the England average. Further, over 25% of GVA in Pendle comes from the Manufacturing sector – well above the county average.

Lancashire Skills and Employment Strategic Framework 2021 Refresh

3.85   This document builds on the original framework document published in 2016 by the Lancashire LEP. The report set outs three intervention themes; The Future Workforce; the Skilled and Productive Workforce; and the Inclusive Workforce. Activities are being delivered under each theme to satisfy the ambitions of the Lancashire Skills and Employment Strategic Framework which are being monitored in order to measure both short- and long-term outcomes.

Lancashire Local Skills Improvement Plan

3.86   Similarly, to the Pendle Economic Recovery and Growth Strategy, this report (published March 2022 by the North & Western and East Lancashire Chambers of Commerce) sets out the key changes needed to make technical skills training more responsive to employers' skills needs within the County, in order to address the post-pandemic and post-Brexit world.

3.87   The initiative is part of the government's Skills Accelerator, which aims to reshape the technical skills system to better support the needs of the local labour market and the wider economy. The Lancashire Local Skills and Improvement Plan (LSIP) is operating as one of eight Trailblazers, to engage with a wide range of employers not already working with the skills system in the county.

3.88   By gaining a thorough understanding of the skills supply issues employers across different sectors are struggling, it is intended that the LSIP delivers a plan that meets the genuine needs of employers. The report concludes by making a number of recommendations and a 'roadmap' for local change.

Economic Geography and the future of towns deep dive

3.89   This report, prepared by Metro Dynamics in July 2021 paints a detailed picture of how Lancashire's employment market operates, showing strong linkages between the different boroughs. The report suggests that Lancashire is polycentric and is best viewed as a collection of places, with connections of varying strength between them.

3.90   Pendle was highlighted as showing strong commuting links with Blackburn and Hyndburn and Burnley. However, it was also found that a connection is growing between Pendle and Yorkshire, with more commuting trips being made by Pendle residents into Calderdale and Craven.

3.91   Further, the report identifies that Pendle was the only authority in Lancashire to experience an increase in trips coming into the authority (18,000). With over half of its economy based within the manufacturing sector, it is likely that the borough is insulated from the accelerated trend of remote working, with many of the jobs located in Pendle still requiring workers to be on the premises.

3.92   The report suggests that if towns in Lancashire want to be attractive places for work, they should prioritise the introduction of co-working spaces to support remote working. This would need to be

underpinned by strong digital connectivity. There are also opportunities to introduce other types of workspaces, such as modern industrial space, into town centres.

Stronger & Greener: The future of manufacturing in Lancashire

3.93   This report, also prepared by Metro Dynamics in July 2021, provides a forensic level analysis of the manufacturing sector across the region. Pendle's manufacturing productivity is the highest of anywhere in Lancashire, at £122,300 per job. Pendle is noted for its consistently higher productivity levels than the rest of the country., with the high value aerospace sector understood to be driving the growth in productivity.

3.94   The Rolls-Royce site in Barnoldswick is highlighted as an example. Employing approximately 740 people, its main business is the manufacture of wide chord fan blades for jet engines. Despite initial concerns over the impact of COVID-19 on the site, Rolls-Royce has announced a 10-year manufacturing guarantee for the site. A part of this is the creation of a centre of excellence training school, supporting the development and manufacture of zero carbon and advanced manufacturing technologies.

3.95   In addition, Pendle's other specialisms in furniture, electronics and machining are also noted to be driving productivity. These sectors account for over 70% of total manufacturing employment in the borough.

3.96   The contribution that Pendle's manufacturing sector makes to Lancashire as a region cannot be underestimated. Of Lancashire's total manufacturing GVA of £6.3bn, by far the largest contributor is Pendle, with GVA of £1.2bn.

4. DEMOGRAPHIC AND HOUSING STOCK BASELINE

Population and Age Structure

4.1   As of 2021 the population of Pendle is estimated to be 96,024 of which the vast majority are located within the M65 Corridor (excluding Barrowford). The other two sub-areas are both of a similar size (18%) although the West Craven Towns are slightly larger.

Table 4.1   Population by Sub Area (2011)

	M65 Corridor	Rural Pendle	West Craven Towns	Pendle
Population	61,389	16,970	17,665	96,024
% Population	63.9%	17.7%	18.4%	100%

Source: Based on rolling forward 2020 ONS MYE to 2021

4.2   The working age population is fairly consistent across the whole Borough at around 60% in all sub-areas. However, the M65 sub-area has a much younger population than Rural Pendle and West Craven Towns with almost 24% of the population aged under 16 compared to around 16% and 18% respectively.

Table 4.2   Population Age by Sub Area (2011)

	M65 Corridor	Rural Pendle	West Craven Towns	Pendle
Under 16	23.8%	15.6%	18.2%	21.3%
16-64	60.9%	59.3%	60.3%	60.5%
65+	15.2%	25.2%	21.5%	18.1%
TOTAL	100%	100%	100%	100%

Source: Based on rolling forward 2020 ONS MYE to 2021

Dwellings

4.3   The last available Census figure from 2011 show that there were 39,383 dwellings in Pendle, which equates to 7.54% of the Lancashire housing stock and 1.25% of the total North West housing stock. Since the 2011 Census there have been an additional 1,812 dwellings completed taking the total to 41,195 dwellings.

4.4   Not all of the dwellings are occupied. In 2011 the total number of households was slightly lower at 37,348. As such the vacancy rate of the borough was 5.17%. More recent Council Tax data[9] suggests this number of vacant units have fallen to 3.5%,

Table 4.3   Number of dwellings and households, 2011

Area	Number of Dwellings	Number of Households
Pendle	39,383	37,348
Lancashire	522,052	496,299
North West	3,143,898	3,009,549
England	22,976,066	22,063,368

Source: ONS, Census 2011

4.5   When broken down by sub-area the M65 Corridor has the highest number of dwellings and households, West Craven Towns the lowest. Given the more urban nature of the wards that make up the M65 Corridor when compared to the other sub-areas this can be expected.

Table 4.4   Households and Dwellings by sub-area (2011)

Area	Number of Dwellings	Number of Households
M65 Corridor	23,703	22,330
Rural Pendle	11,066	10,652
West Craven Towns	4,367	4,149

Source: Iceni analysis of ONS data

4.6   Since 2011 the majority of development (68%) has been in the M65 Corridor. This has increased the areas majority in terms of all dwellings (60%). There was a fairly even split of delivery between the other two sub-areas.

Table 4.5   Dwellings By Sub-Area (2022)

|	Dwellings 2011	Completions since 2021	Dwellings 2022	% Dwellings 2022
M65 Corridor	23,703	1,233	24,936	68%
West Craven Towns	11,066	283	11,349	16%
Rural Pendle	4,367	250	4,617	14%
Pendle	39,136	1,812	40,948	100%

Source: Iceni analysis of ONS and PBC data

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[9] https://www.lancashire.gov.uk/lancashire-insight/population-and-households/households-and-housing/vacant-dwellings/

Tenure

4.7   While owner occupied is the most prevalent tenure type in 2011 across the four geographies, both Pendle and Lancashire see higher proportions, at 68.5% and 70.9% respectively, than those of the wider North West and England at 64.5% and 63.3% respectively.

Figure 4.1 - Households by tenure, 2011
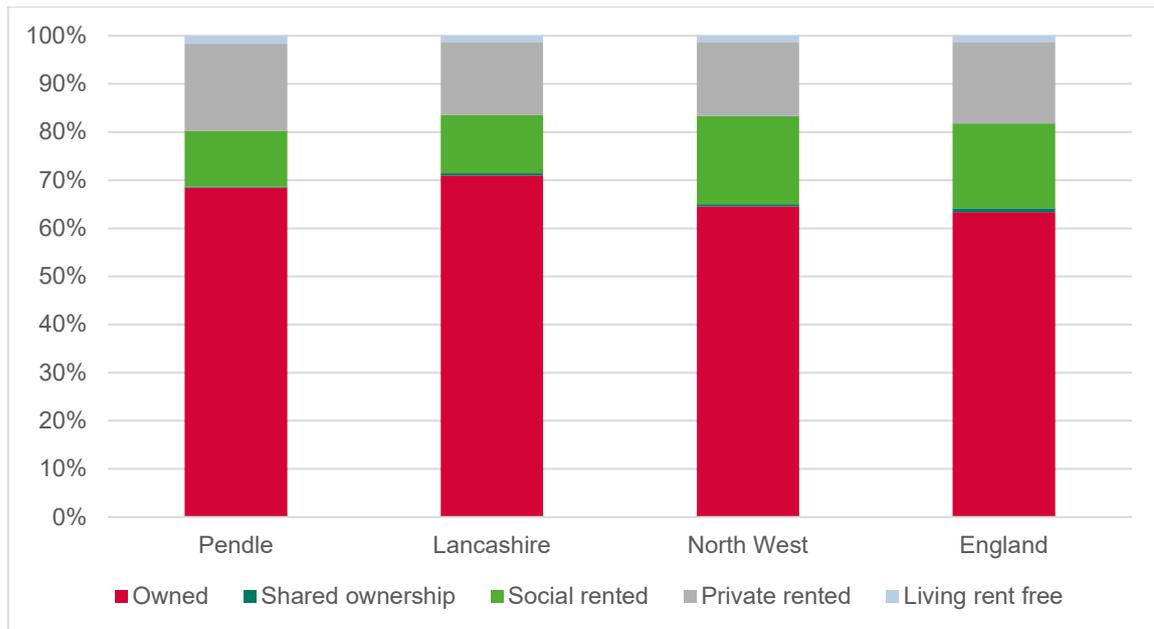
Source: ONS, Census 2011

4.8   Social rented properties (11.6%) in Pendle are below the other comparators while private renting in the borough (18.1%) is higher than the other areas. Given the reasonably high proportion of owner occupation the high level of private renting could indicate either a lack of social rented housing pushing those who cannot afford to buy into PRS.

4.9   According to more recent ONS statistics, in 2019, 19% of households in Pendle were privately renting (an increase of 1%), above that of the wider North West at 16%. The percentage of households renting in Pendle and the North West broadly follow trends seen in England as a whole. However, it is consistently higher than that of England. And after the figure peaked in 2016 at 19.6% , it has fallen since.

Figure 4.2 - Percentage of Households in PRS
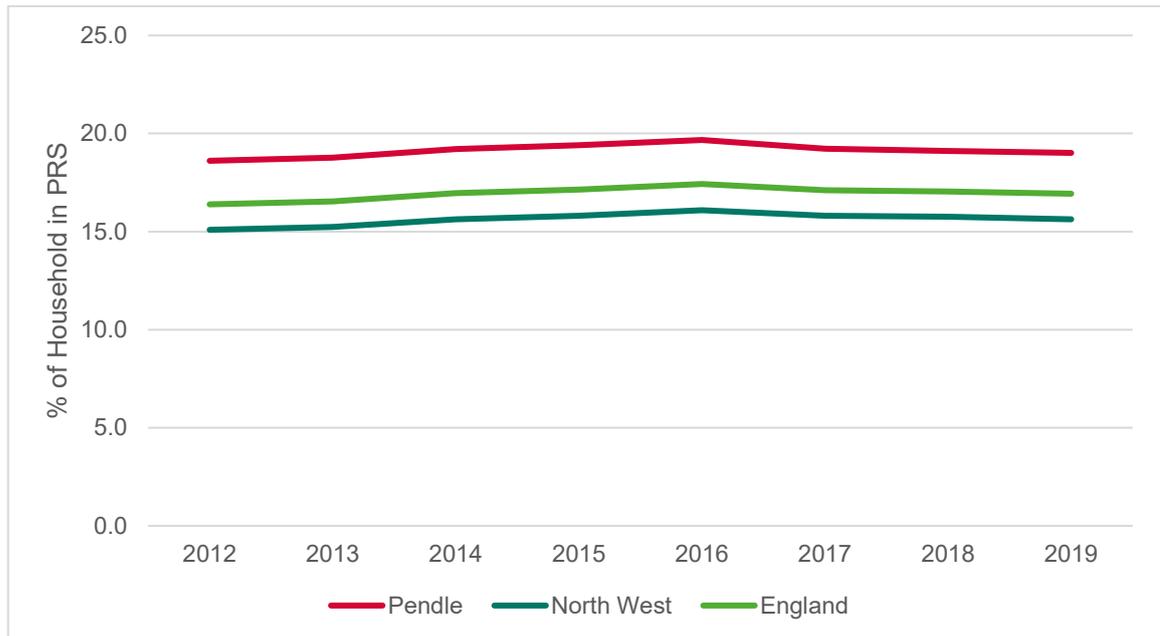
Source: Iceni analysis of ONS subnational estimates of dwellings by Tenure

4.10   Owner occupied properties are most common across all sub-areas, with all in excess of 60%, the lowest being in the M65 Corridor at 62.5% and the highest in the West Craven Towns at 78.3%.

4.11   In all sub-areas the proportion of those living in private rental property exceeds that of social rented. There is a particularly low proportion of social and private renting seen within the West Craven Towns.

Figure 4.3 - Households by tenure in sub-areas 2011
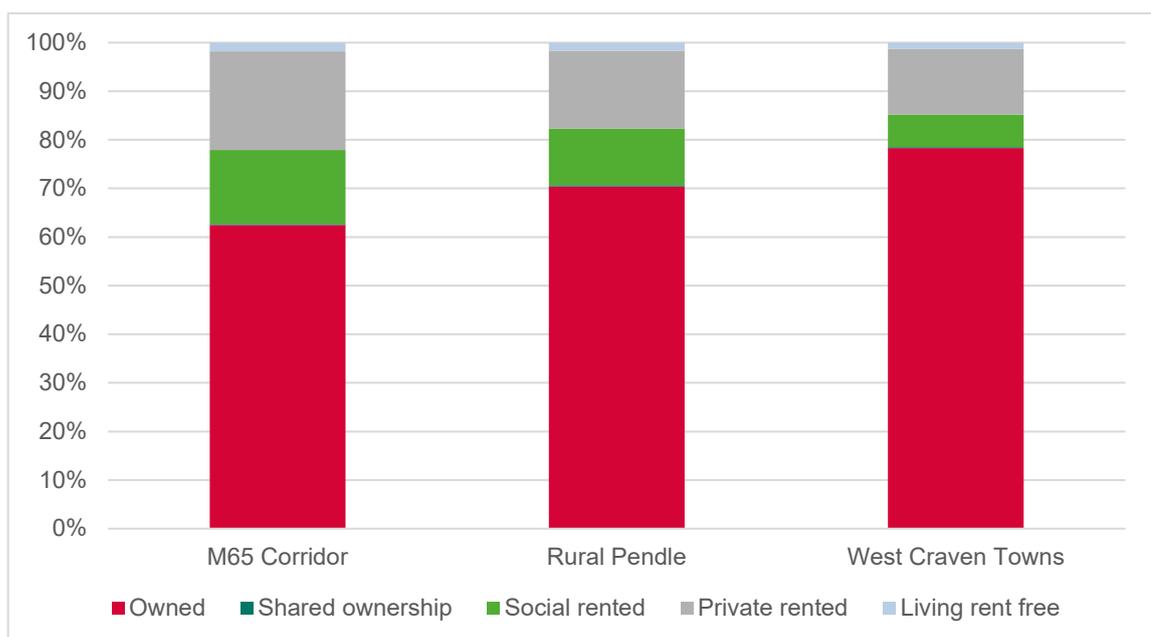
Source: Census 2011

4.12   Data from the ONS allows us to track broad tenure movements since 2011. As shown in Table 4.6, private sector stock has seen the largest increases at 1,444 total increase equating to 4.15%. Registered Provider stock has also increased but by smaller proportion of 1.95%. There was only a very small increase in LA owned homes.

Table 4.6   Change in tenure 2011-2021

Pendle	Local Authority (incl. owned by other LA's)	Registered Provider	Private Sector	Total
2011	0	4,558	34,825	39,383
2021	2	4,647	36,269	40,918
Change	2	89	1,444	1,535
%Change	X	1.9%	4.1%	3.9%

Source: ONS, Table 100 Dwelling stock: Number of Dwellings by Tenure; 2020

4.13   Experimental ONS data allows us to look at the split in private sector housing i.e. owned with a mortgage or privately rented and how this has changed since 2011. However, this is only experimental data and ONS themselves cautions its use.

4.14   As shown in the Table 4.7, there was an increase of 465 privately rented properties, a change of 5.8%. Owner occupied properties growth although higher in real terms (+665) equated to a lower percentage growth 2.5%.

Table 4.7   Change in private and social tenure 2012-2021

Pendle	Owner Occupied (either outright or with a mortgage)	Privately Rented	Socially Rented
2012	26,706	8,074	4,664
2020	27,371	8,539	4,661
Change	665	465	-3
%Change	2.5%	5.8%	-0.1%

Source: ONS, Sub-national dwelling stock by tenure estimates, 2020

4.15   Properties available for social rent decreased by 0.1%, this includes council and registered provider owned accommodation, this may indicate an increased need for social rented properties. Although to reiterate this data is experimental

4.16   The growth in private rental accommodation demonstrates the structural shift from owner occupation to rental accommodation seen nationally. While the reason for this is myriad (affordability, lack of access to mortgage products, etc.) the intention is for this to be addressed through first homes and other affordable routes to home ownership.

Dwelling type

4.17   Terraced homes were the most common dwelling type within Pendle at 56.1% of all homes, followed by semi-detached (22.9%) and detached (13.1%) properties. Flats are least common at 5.9%. The dominance of terraced properties is reflective of Pendle's industrial heritage and the age of the dwelling stock within the Borough.

Figure 4.4 - Dwellings by type 2011
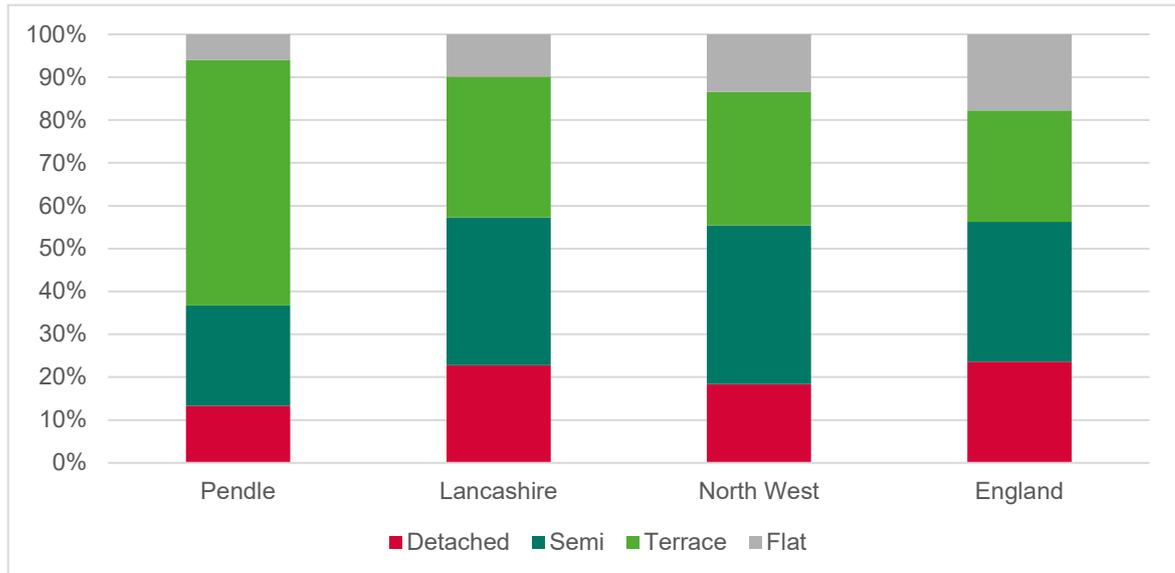
Source: ONS, Census 2011

4.18   The profile of the dwelling stock in Pendle varies from that of Lancashire which sees a more even split amongst the different house types, with semi-detached properties seeing the largest proportion (33.2%). Given the wider geographical coverage of Lancashire, which includes a higher number of larger settlements, it can be expected that the overall dwelling stock will display a wider variation of types and ages.

4.19   While in all sub-areas terraced properties are the most common housing type, this is particularly true in the M65 Corridor where they account for 60.0%. This sub-area also sees the lowest proportion of detached properties (8.58%) and the highest proportion of flats (7.1%). Given that this sub-area is the most built up this is not unexpected.

4.20   Rural Pendle and the West Craven Towns both see a shift away from terraced properties mainly towards detached, but also slightly towards semi-detached, reflecting the more rural and affluent nature of these areas.

Figure 4.5 Dwellings by type in sub-area
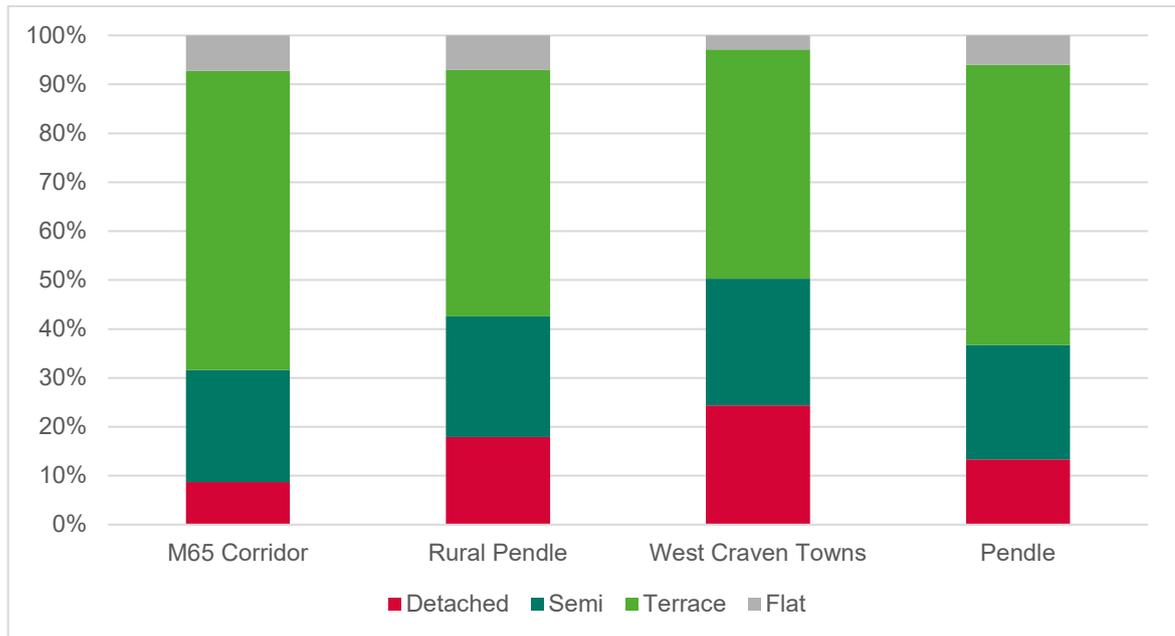
Completions

4.21　Annual completions have varied since 2003/04 with a high of 342 total completed properties in 2020-21 and two years of net losses of properties associated with Housing Market Renewal programmes in 2008/09 (-46) and 2009/10 (-67), with an average completion rate of 164 dwellings per annum (dpa) since 2003/04.

4.22　Net Delivery has increased since 2018 with the average from 2018/19 to 2021/22 being approximately 285 dpa. This is 169 dpa higher than the average (116 dpa) achieved between 2013 and 2018 and 277 dpa higher than that achieved between 2008 to 2013 (8 dpa).

Figure 4.6 - Net annual completions (2003/04-2021/22)
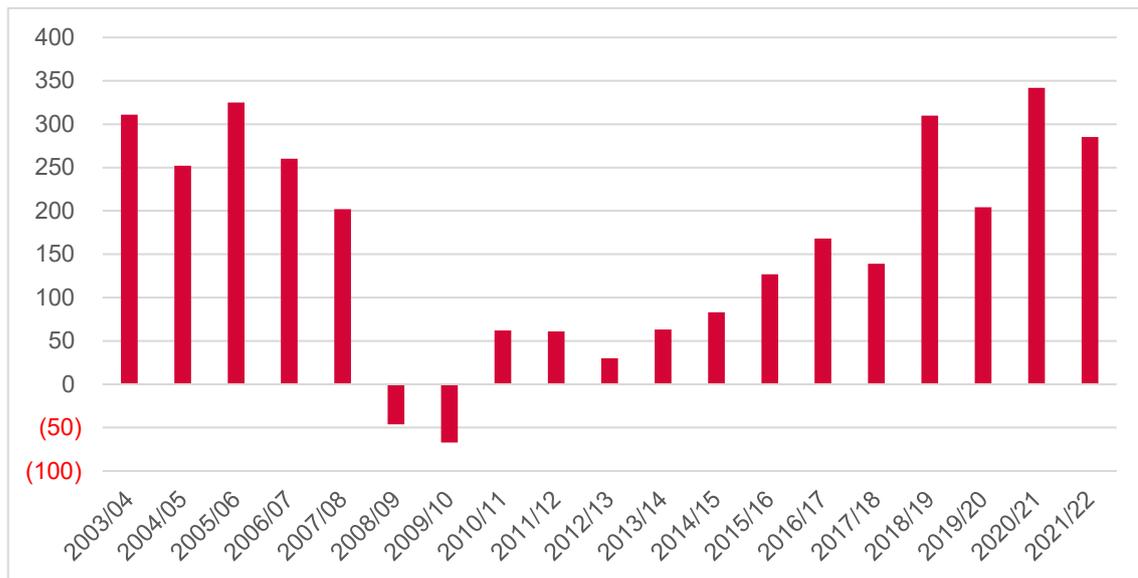
Source: Pendle Council monitoring data

4.23 Figure 4.7 shows the location of dwelling completions in Pendle from January 2021 to June 2022. These appear to be concentrated primarily within the M65 Corridor sub-area in the towns of Colne and Nelson with some other, smaller clusters in Barnoldswick and Earsby.

Figure 4.7 - Completions 2021- June 22
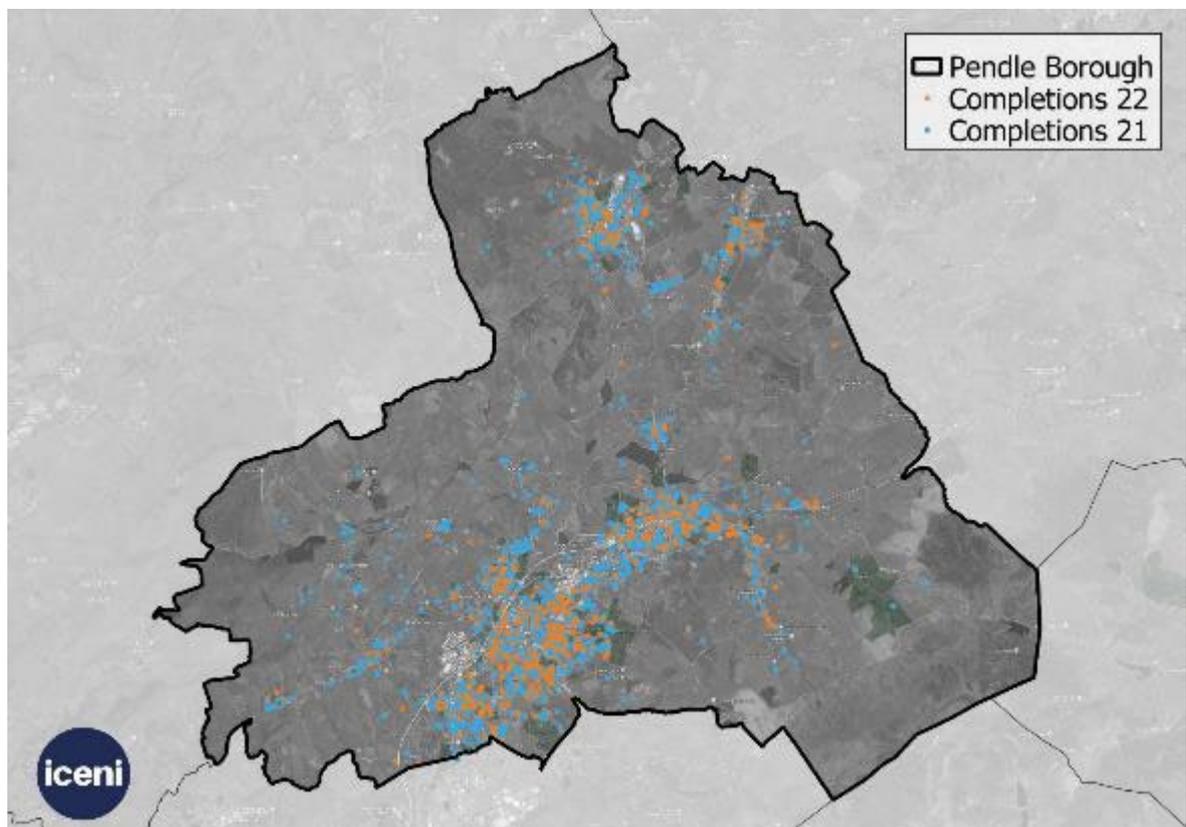
Source: Iceni analysis of EPC data

4.24   We have also aggregated completions between 2021 and June 2022 by 2011 wards as these provide a greater level of detail than the current 2021 wards used for the sub-areas. This shows that the greatest level of delivery were in the Horsfield and Boulsworth wards in the west and Craven in the north all of which had over 180 homes delivered in the 18 month period to June 2022. In contrast, the rural wards of Old Laund Booth, Foulridge and Blacko and Higherford delivered less than 50 units over the same 18 month period.

Figure 4.8 - Completions by 2011 Wards (2021 and 2022)
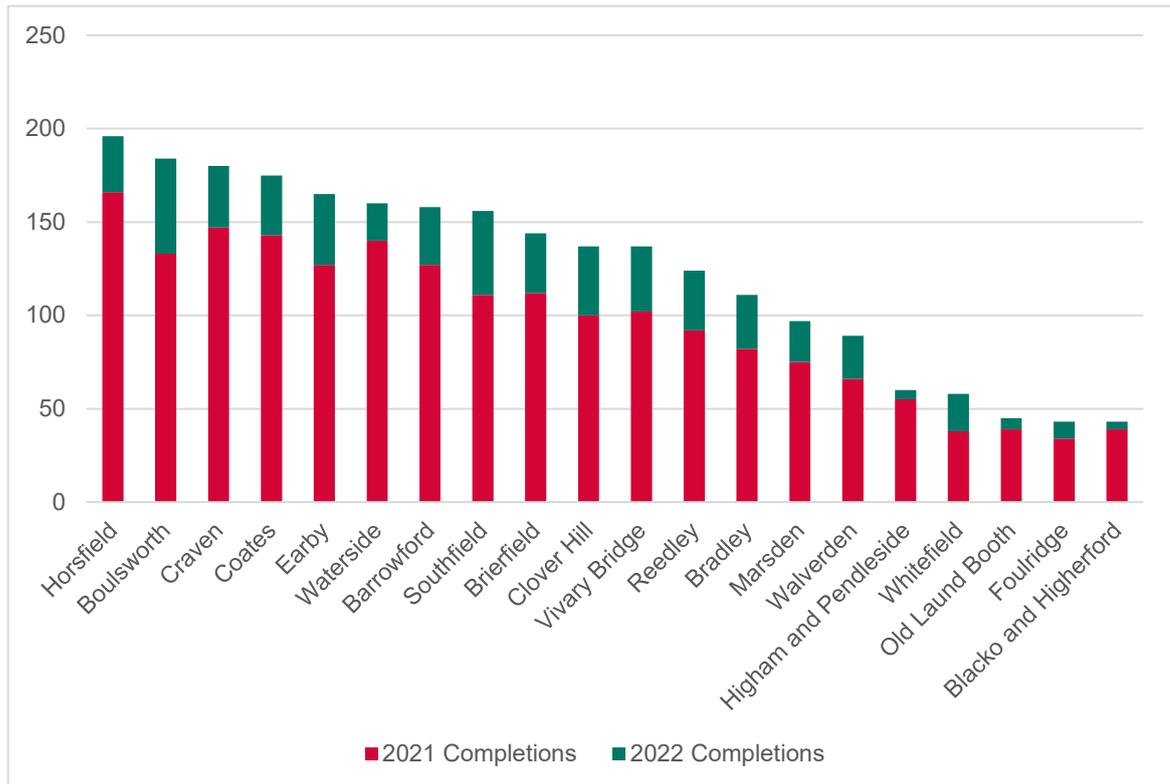
Source: Iceni analysis of EPC data

Bedrooms

4.25   When comparing the number of bedrooms within properties Pendle aligns closer to the profile of England as a whole than those for the North West and Lancashire, which are very slightly skewed towards properties with more bedrooms.

4.26   Properties with two bedrooms are more common in Pendle than in other areas at 36.9% compared to Lancashire (30.3%) and the North West (28.49%). This is a consequence of the high proportion of terraced properties in the borough, which typically contain fewer bedrooms.

Figure 4.9 – Number of bedrooms
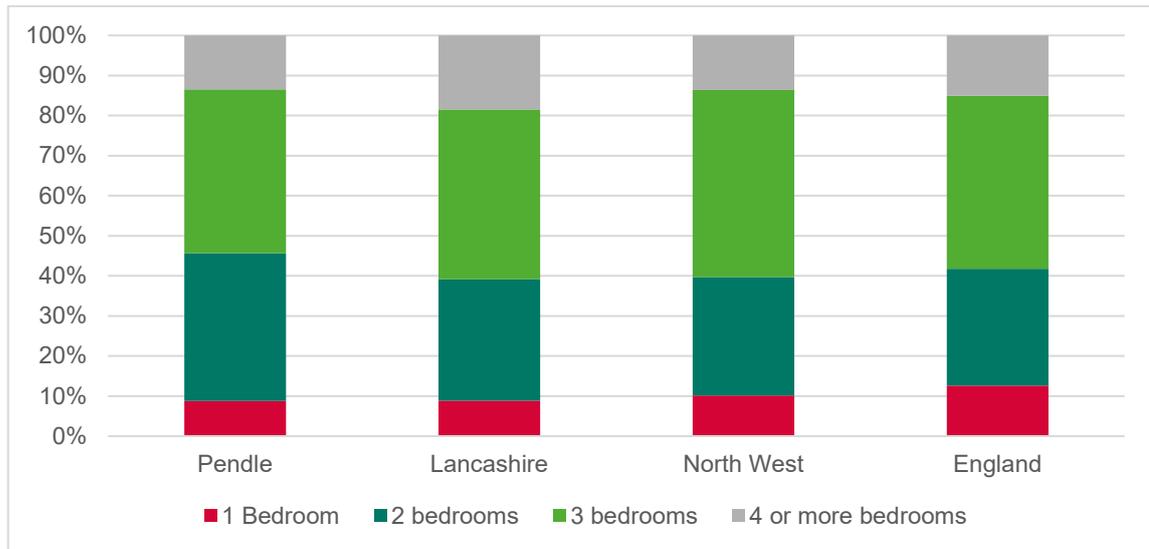
4.27   At a sub-area level those areas with a higher proportion of terraced properties generally see a higher proportion of properties with fewer bedrooms and vice versa. The M65 Corridor, for example, contains the highest proportion of terraced homes and the greatest proportion of 1 and 2 bedroom properties. In contrast, Rural Pendle which sees the highest proportion of detached properties sees the highest proportion of properties of 5 plus bedrooms.

Figure 4.10 - Bedrooms by sub-area
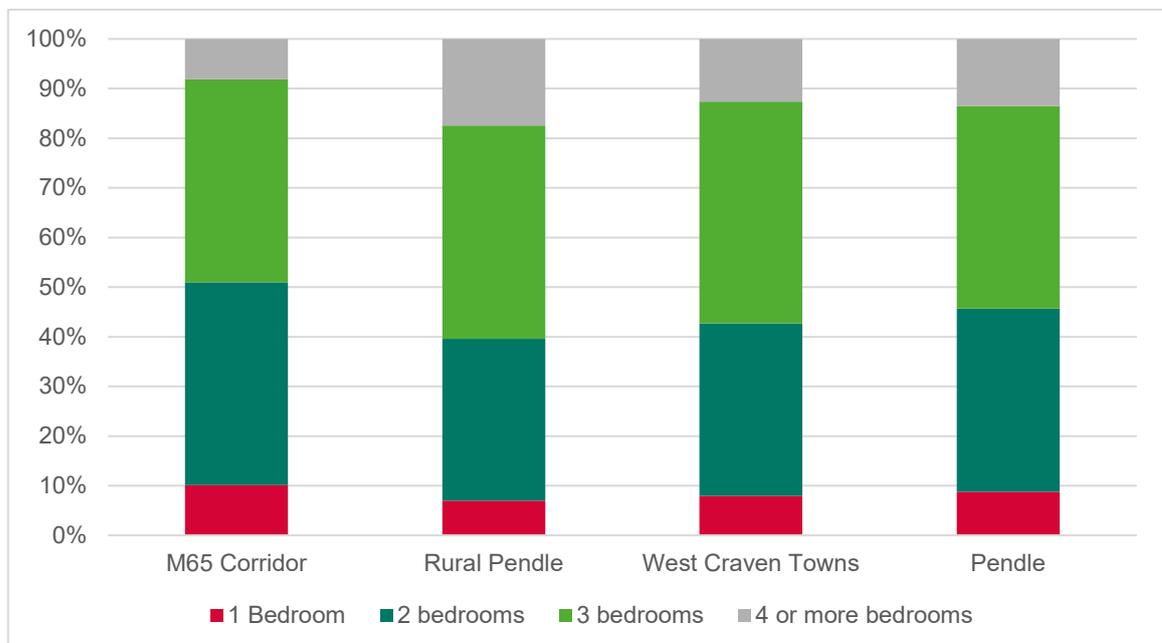
Occupancy rating

4.28   Occupancy rating is assessed by the required number of bedrooms for the household occupying it, with the required number of bedrooms based on the age, sex and relationship of the members of each household. Over-occupied means more bedrooms are required for the household, under occupied means that the household has more bedrooms than it requires.

4.29   Across all areas properties are more frequently under-occupied than over-occupied or right-sized. This is to do with the aging population maintaining the family home and people buying homes larger than their assessed need.

4.30   There is a larger proportion of over-occupied properties in Pendle (5.2%) than other benchmark areas. Subsequently, there is a slightly lower proportion of properties that are under-occupied in the Borough.

Figure 4.11 - Occupancy rating
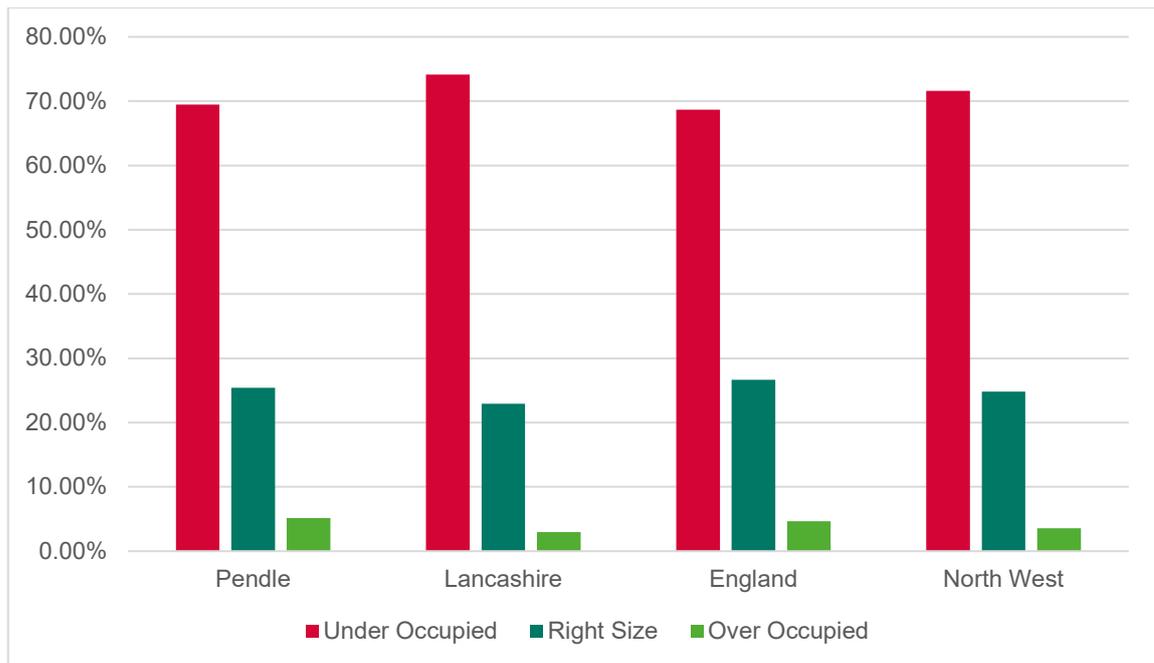
Source: ONS, Census 2011

Demographic and Housing Baseline – Key Points

The population of Pendle is around 96,000 people with the majority (65%) located in the M65 Corridor. That sub-area also has a notably younger population than the other two sub-areas.

There were 41,195 dwellings in Pendle in 2021. The vacancy rate of the borough in 2011 was 5.17%. The M65 Corridor has the highest number of dwellings and households, West Craven Towns the lowest.

Annual completions have varied since 2003/04 with a high of 342 dpa in 2020-21 and two years of net losses in 2008/09 (-46) and 2009/10 (-67) . Average completions have been 164 dpa.

Owner occupation is the most prevalent tenure type at 68.5%, Private renting sits at 18.1% with social renting at 11.6%. The amount of PRS households has increase since 2011 by 4.15%.

Terraced properties were the most common dwelling type within Pendle at 56.1% of total dwelling stock, followed by Semi-detached (22.9%) and Detached (13.1%) properties.

Properties with three bedrooms are most common in Pendle at 40.1%, followed by two bedrooms at 36.9%. At a sub-area level those with a higher proportion of terraces (M65 Corridor) generally see a higher proportion of smaller homes.

There is a larger proportion of over-occupied properties in Pendle (5.2%) than other benchmark areas. This can be a symptom of deprivation and a high BAME population.

5. HOUSING MARKET BASELINE

5.1   This section of the report examines housing market dynamics in the Borough in both the purchase and rental market.

House Prices

5.2   In the year to September 2021 the median house price in Pendle was £128,975 (Table 5.1). This is below median prices for neighbouring Ribble Valley, Craven and the wider North West. However it lies slightly above the median value for Burnley.

5.3   The relatively lower property prices in Pendle compared to some neighbouring areas demonstrates a slightly lower level of demand for housing in the area likely caused by the lower quality of housing stock and dominance of terraced housing.

Table 5.1   Median House Prices (Year ending Mar 2022)

Area	Price
Pendle	£128,975
Burnley	£118,000
Ribble Valley	£240,250
Craven	£235,000
Lancashire	£170,000
North West	£185,000
England	£270,000

Source: ONS Median House price for Administrative Geographies

5.4   At a sub-area level Rural Pendle has the highest prices across all types of homes with the M65 Corridor seeing the lowest prices across all types. No sales of flats were made in the West Craven Towns sub-area and given the low proportion of flats this is unsurprising.

Table 5.2   Median price by Sub-Area (2019-22)

Area	Detached	Semi-Detached	Terraced	Flats	Overall
M65 Corridor	£242,243	£145,650	£74,364	£139,950	£100,780
Rural Pendle	£382,292	£246,771	£163,042	£159,000	£233,542
West Craven Towns	£323,825	£185,833	£121,633		£138,317
Pendle	£299,950	£160,000	£105,000	£97,000	£128,975

Source: Iceni analysis of HM Land Registry Price Paid Data

5.5   Comparing the price of flats to terraced properties in the M65 Corridor sub-area reveals that the price paid for terraced homes is generally lower than that for flats. This is likely to reflect the age and condition of some of the terraced properties within this sub-area that results in them being sold for less than flats that may be newer and in better condition.

House Price Change

5.6   Since 2002, the median price paid for a new home in Pendle has risen by 244%. This is one of the fastest rates of house price growth in Lancashire although Burnley (247%) has grown the most. It also sits above growth across England (184%) and the North West (206%) which has been much lower.

5.7   This is likely to reflect the lower starting point in both Pendle and Burnley. Most of the growth, in all areas, occurred in the noughties with relatively modest growth in the Pendle (25.9%) since 2009.

Figure 5.1 - Indexed median House Price sales over time
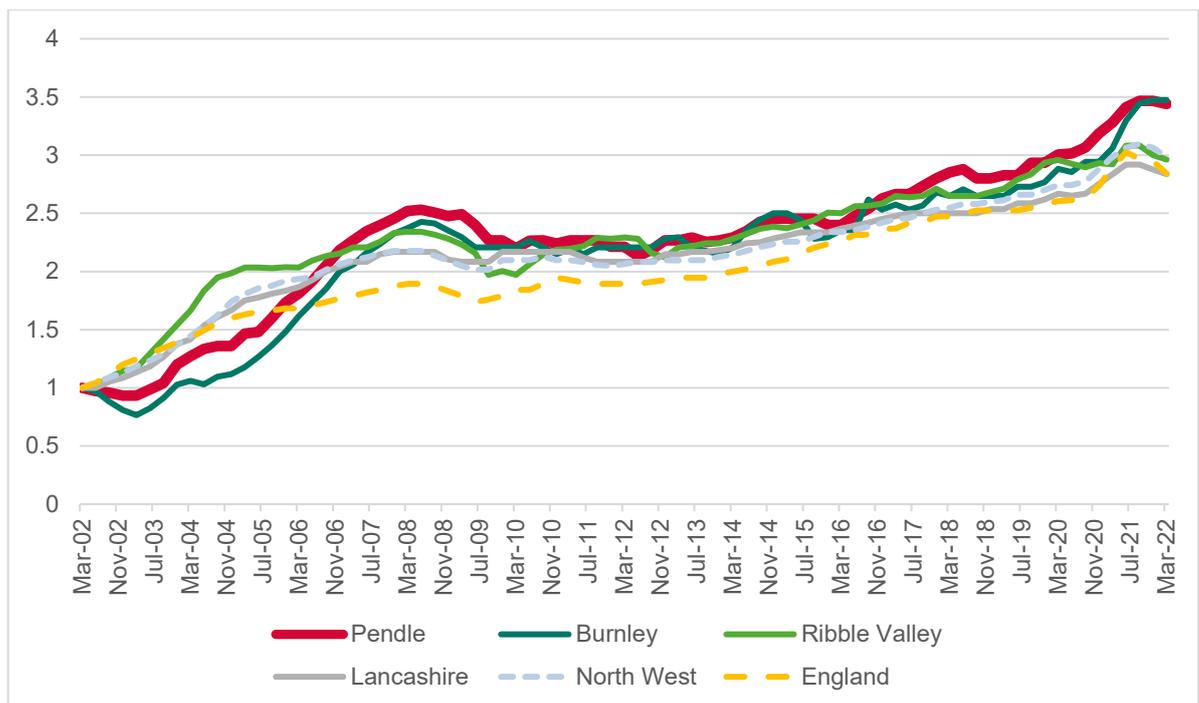
Source: ONS, Median House price for Administrative Geographies

5.8   Since 2009 price increases have been experienced in all sub-areas with the highest in Rural Pendle at 28.2%. The M65 Corridor has also seen a large growth at 27.7%, which is likely to reflect the lower starting point in this area of the borough and a general narrowing of the price gap, particularly with the West Craven Towns sub-area, which sees the lowest percentage change.

Table 5.3   Median price change by Sub-Area (2009/12 to 2019/22)

Sub-Area	% Change (2009/12 – 19/22)
M65 Corridor	27.7%
Rural Pendle	28.2%
West Craven Towns	20.8%
Pendle	25.9%

Source: Iceni Analysis of HM Land Registry Price Paid Data

Median Price By Type

5.9   Pendle sees lower prices for all types of property than the wider North West and England. These low prices across the property types demonstrate that the borough has slightly less demand than other North West local authorities.

Table 5.4   Median price by type (2022)

Area	Detached	Semi-Detached	Terraced	Flats
Pendle	£299,950	£160,000	£105,000	£97,000
North West	£325,000	£195,000	£138,500	£134,950
England	£400,000	£250,000	£223,500	£225,000

Source: ONS data, Median House price for Administrative Geographies

5.10   Figure 5.2 demonstrates the split in transactions by property type. Reflecting the profile of the housing stock, there is a much higher percentage of terraced property sales in Pendle and Burnley than all other types of property, the near reverse of that in Ribble Valley which sees a higher proportion of detached and semi-detached sales.

Figure 5.2 - Property sales by type (September 2021)
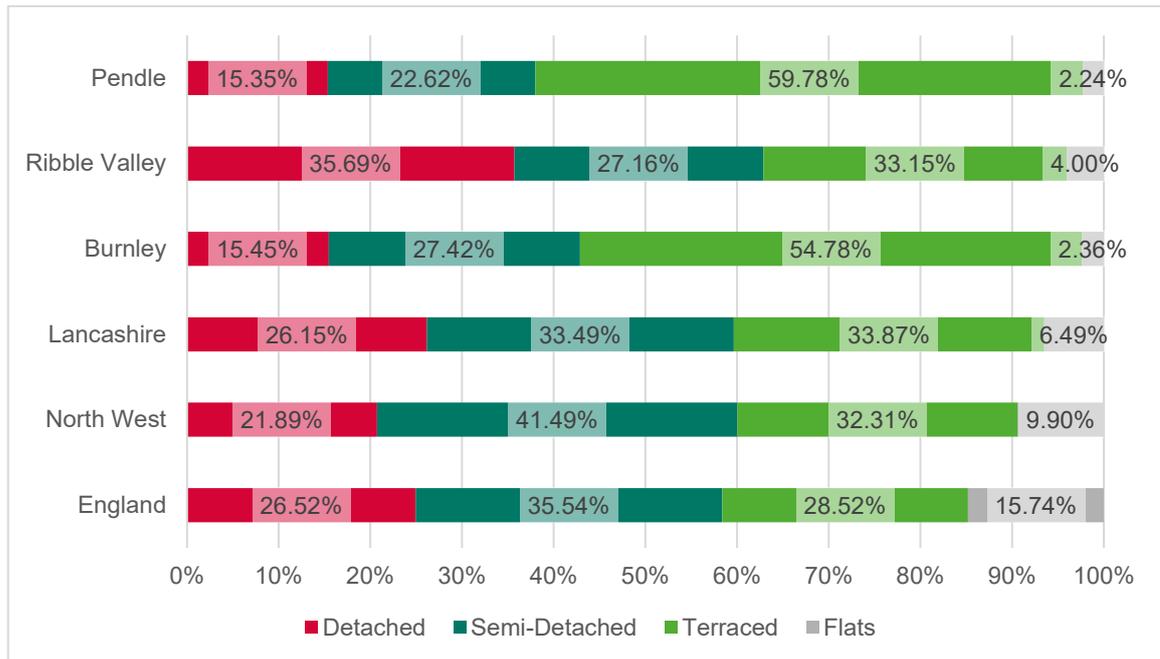
Source: Iceni analysis of HM Land Registry Price Paid Data

5.11   This split contributes to the lower median prices in Pendle, as the borough has a higher proportion of sales for smaller properties. That said, as we have seen, values are low across all housing types.

Affordability

5.12   Figure 5.3 shows the median workplace based affordability ratio for Pendle, Lancashire, the North West and England between 1997 and 2021. In all areas affordability has worsened with the ratio now the lowest in Pendle at 5.34. Lancashire and the North West also see increasing affordability ratios; however they have not increased at the rate of that of England (8.04).

Figure 5.3 - Affordability Ratio (1997-2021)
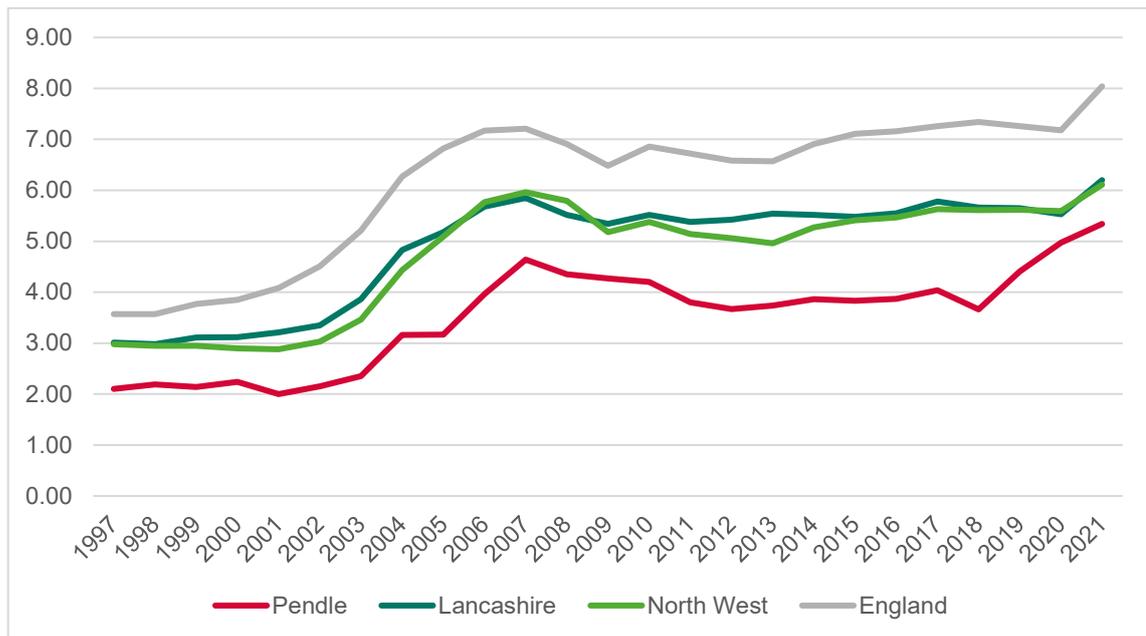
Source: ONS, Housing Affordability in England and Wales

5.13   With the low property prices in Pendle compared to Lancashire and the wider North West it is unsurprising that affordability is better than that of both these benchmark areas. This may potentially work as a pull factor to the Borough for those from nearby areas looking for a less expensive property. This may ultimately increase property prices and make buying less affordable for existing Pendle residents as competition increases.

Private Rental Market

5.14   The private rental market in Pendle makes an important contribution to the housing stock. This section examines the sector in more detail.

5.15   Table 5.5 shows the median rental prices per calendar month by size of property. Much like in the sales market, Pendle sees rents on the lower end of the scale with only Burnley having lower rents. Both areas lie below neighbouring Ribble Valley and Craven as well as the median for the North West overall.

Table 5.5   Median Rental prices by size (pcm)

Area	1 Bed	2 Beds	3 Beds	4 Beds +	All
Pendle	£405	£475	£550	£800	£485
Burnley	£370	£450	£550	£750	£450
Ribble Valley	£450	£595	£800	£1,225	£650
Craven	£475	£595	£678	£950	£595
Lancashire	£450	£550	£650	£875	£550
North West	£515	£595	£695	£1,000	£615
England	£700	£769	£850	£1,450	£795

Source: Iceni analysis of ONS private rental market summary statistics, 2021

5.16   At a sub-area level, median rental costs are highest in Rural Pendle. In part, this is likely to be due to there being very few properties available for rent in the area at the time of writing (September 2022). The M65 Corridor sees the most properties available for rent and also the lowest median rental price at £550 per month, potentially reflecting the larger supply but also the type and quality of homes available.

Table 5.6   Median Rents in Sub-Areas

Sub-Area	Available Properties	Median Rent
M65 Corridor	35	£550
West Craven Towns	13	£575
Rural Pendle	10	£637.5
Pendle	58	£575

Source: Iceni analysis of Rightmove data (April 2022)

5.17   Figure 5.4 shows the change in median overall rents. Both Pendle and the North West see a consistently lower median rental cost than England overall, with both increasing at a similar rate since March 2019.

Figure 5.4 - Rental Change over time (2011 – 2020)

Profile of Rental Homes and Tenants

5.18   Figure 5.5 shows the size of property occupied by private tenants in Pendle. The majority of rental properties have 2 bedrooms (43.6%) followed by 3 beds (28.3%). This is not too dissimilar to the split for the wider North West albeit this shifts slightly towards two bedroom properties in the smaller area. In contrast, the profile of rental properties nationally sees a greater proportion of 1-bedroom homes.

Figure 5.5 - Rental stock by number of bedrooms in PRS

5.19   Tenants of private rented housing in Pendle are broadly younger with a total of 71.6% of all tenants in the Borough under the age of 50, with the largest single age groups being 25 to 34 (29.7%) and 35 to 49 (30.1 %).

5.20   In comparison to England (14.2%) as a whole, Pendle (17.1%) is over-represented in the older working age groups, primarily in the 50 to 64 age category. Largely, this reflects the comparatively older population living in the Borough.

Figure 5.6 - Age profile of tenants
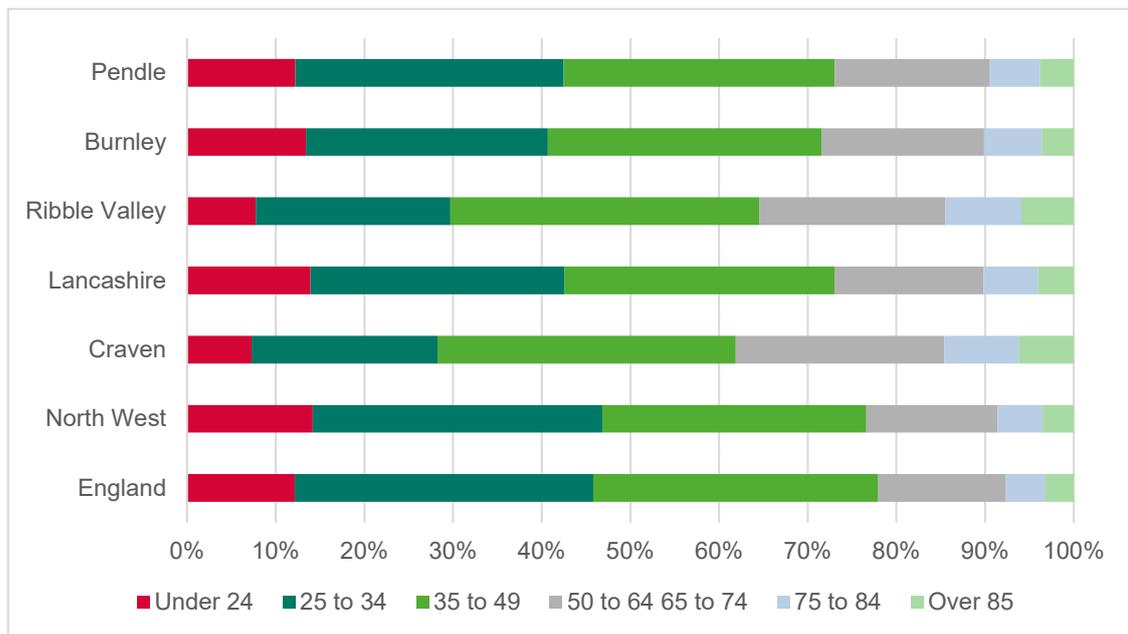
Source: Iceni analysis of ONS, Census data 2011

5.21   In terms of the composition of rented households 53.2% currently consist of one family only, followed by single person households (38.7%). This is broadly similar to that of neighbouring areas and slightly higher than England as a whole on both counts.

5.22   The composition of one family households within Pendle and the borough sees high levels of couples, either married or cohabiting. Lone parents occupy 9.6% of rental properties with properties in which all tenants are over 65 accounting for only 2.9%.

Table 5.7   Household Composition – Private Rental Properties

Household Composition	Pendle	Burnley	Ribble Valley	Craven	Lancs	North West	England
One person only: All	38.7%	42.1%	33.7%	35.7%	37.1%	36.3%	31.3%
One person: Aged 65 and over	5.6%	5.6%	7.9%	8.2%	5.5%	4.5%	4.0%
One person: Other	33.1%	36.5%	25.8%	27.5%	31.6%	31.7%	27.3%
One family only: All	53.2%	51.4%	60.2%	57.9%	51.9%	50.3%	51.2%
One family: Aged 65 and over	1.2%	1.7%	3.2%	3.4%	1.8%	1.3%	1.3%
One family: Married/civil partnership	14.8%	12.8%	22.6%	23.8%	14.9%	14.4%	19.4%
One family: Cohabiting couple	16.1%	14.5%	17.1%	16.7%	16.5%	16.5%	16.4%
One family: Lone parent	21.1%	22.4%	17.3%	14.1%	18.7%	18.2%	14.0%
Other: All	8.1%	6.6%	6.1%	6.4%	11.0%	13.4%	17.5%
Other: With dependent children	3.5%	2.4%	1.9%	1.6%	2.6%	2.5%	3.3%
Other: All full-time students	0.0%	0.0%	0.1%	0.1%	2.6%	2.8%	3.0%
Other: All aged 65 and over	0.1%	0.1%	0.2%	0.2%	0.1%	0.1%	0.1%
Other: Other	4.6%	4.0%	3.9%	4.5%	5.7%	8.0%	11.1%

Source: Iceni analysis of ONS, Census data 2011

Benefit Claimants

5.23   The private rented sector in the Borough also supports many tenants claiming Housing Benefit or Universal Credit which includes an element for housing.

Figure 5.7 - Housing Benefit claimants (2018 – 2021)
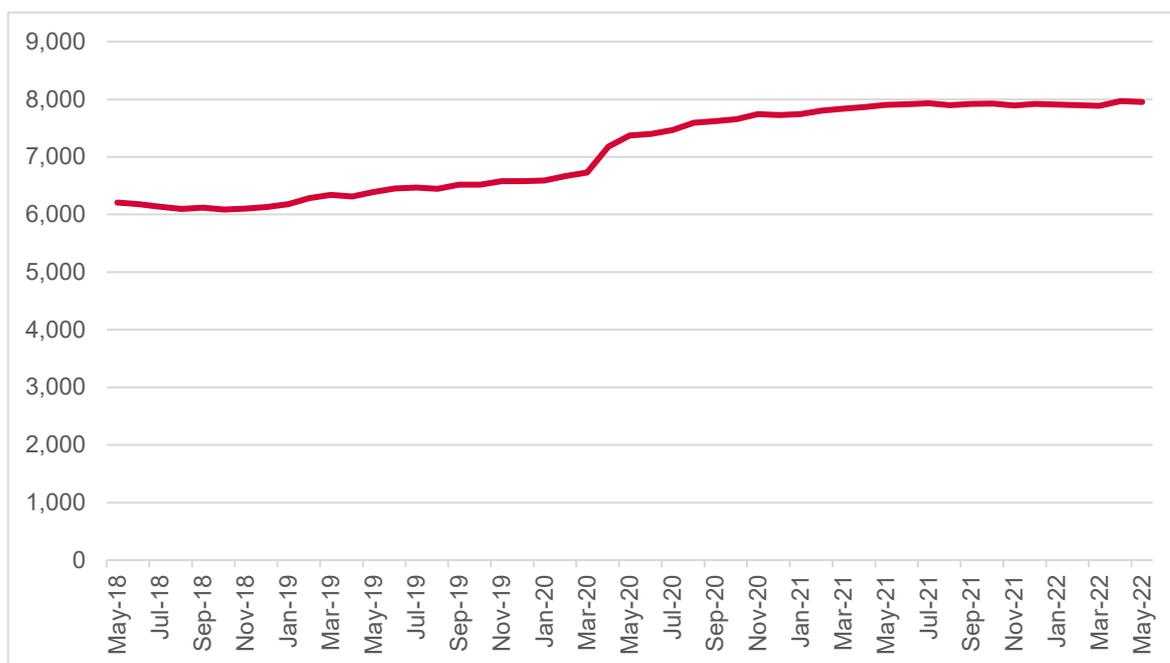
Source: Iceni analysis of DWP Stat-Xplore

5.24   Since 2018, the number of claimants has increased. This is primarily due to a large increase of 449 new claimants in April 2020 caused by the first COVID-19 lockdown. Since that time the number of claimants has remained high and has not fallen below 7,000. The continuation of raised levels of claimants indicates that Pendle's economy and employment structure have still not fully recovered from the effects of the pandemic and that those on low incomes are continuing to need to claim some benefits.

Engagement with Local Agents

5.25   Targeted telephone engagement with local estate and letting agents took place in October 2022. The following selection collates these views although it should be caveated that not all views were universally held, and that they must be regarded as anecdotal. As such they may contradict each other and data presented elsewhere in this report.

5.26   The agents spoken to were:

- Broden Lloyd (sales) – Gisburn Road, Barrowford

- Hilton Horsfall (sales & lettings) – Gisburn Road, Barrowford

- Pendle Hill Properties (sales & lettings) – Offices in Burnley and Hyndburn but cover Pendle

- Clifford, Smith & Buchanan (sales) – Market Street, Colne

- Entwistle Green (sales & lettings) – Church Street, Colne

- Petty Real Estate (sales) – Albert Road, Colne but cover Nelson, Barrowford and Barnoldswick

Sales Market

5.27   All agents report having been busy throughout the pandemic with many seeing increases in the number of people moving into the area. However, most agents agreed that this was a busy period due to pent up demand from the housing market effectively shutting down over a number of months, rather than a sudden growth in the attractiveness of the area.

5.28   It was suggested by all agents that both activity and prices are now beginning to cool off compared to the peak witnessed during the pandemic and into 2021. This can be linked to increases in interest rates and the general cost of living crisis.

5.29   Multiple agents suggested that the housing market in Pendle isn't quite as buoyant as it was 18 months ago and that it is at risk of stagnating as fewer properties seem to have been added to the

market in recent months. One agent suggested overall activity has dropped by around 20% compared to the same period last year.

5.30   The recent increase in interest rates combined with fears over the rising cost of living appear to have 'spooked' potential buyers. This has created a change in outlook for both buyers and sellers – i a number of agents suggested that vendors are being more realistic when considering offers that are just below, or in line with, the asking price. They are also taking a more cautious approach. Seeking more certainty and security if a buyer is not in a chain, seems to be weighing in favour of the potential buyer more heavily than a competing offer that is over the asking price.

5.31   Two agents suggested that accurate valuations are more important than ever. They reported that they are seeing properties coming back onto the market after being devalued by the mortgage lender, or where buyers have panicked, believing that they have over-stretched themselves in light of the cost of living crisis and the rise in interest rates.

5.32   However, another agent reported that the 'fall through rate' is now less than it was during the COVID-19 pandemic, at just 1 in 10 compared to 1 in 4 in 2020/2021. It was suggested that the rate was very high during the pandemic because buyers were rushing and then changing their mind about a property purchase.

5.33   Taking the above into account, most agents suggested that house prices were now remaining static and certainly not increasing, with further decreases or stagnation of prices in the coming months forecast.

5.34   In terms of the type of properties that are most popular, 3-bedroom family homes (semi-detached or detached) with gardens were seen as very popular and attractive to the local market, with many families now requiring extra space to allow for working from home.

5.35   However, it was also suggested by a few agents that whilst high quality family homes were still quick to move off the market, the demand for these properties was cooling off slightly in recent weeks due to concerns about upsizing during a cost of living crisis.

5.36   It was agreed by all agents that a shortage of bungalows was a problem and has been for a number of years. Some agents cited having just one bungalow listing at a time, and usually never more than this. One agent suggested high quality, modern bungalows were as rare as 'gold dust' within the borough.

5.37   Every agent agreed that there is a dominance of terraced stock across the Borough which are popular investors from outside of the area, and local first-time buyers, competing for the same properties.

5.38   One agent cited they had received recent interest from investors in Essex and London in terraced properties. Another agent suggested that terraced properties can garner 20 viewings when investors are interested, and outside investors are now looking to the area to consider the potential for HMO's.

5.39   The same agent indicated that whilst bidding wars are not as frequent as they were during Covid, they still tend to occur on the keenly priced terraced properties. It was suggested by a couple of agents that there is a healthy level of new build properties on the market, but these were often priced out of reach for first- and second-time buyers, and a narrower market exists for these properties.

5.40   On average, properties begin to receive offers within two weeks of advertisement and most agents reported an offer is accepted within 4 weeks. However, this is dependent on several factors, namely the quality of the property, if this lined up with the asking price and how attractive it is to the wider market.

5.41   Properties that were considered harder to sell as a result of being slightly less attractive to the wider market included those with character, as well as properties on the edge of the villages and towns that are less well connected.

5.42   Overall, the Borough was considered to be attractive primarily due to its access to the countryside, often on the doorstep of more rural villages. In particular, the villages of Kelbrook, Foulbridge, Laneshawbridge, Newchurch-in-Pendle, Fence and Trawden were cited by most agents as being popular due to their village schools, local amenities (such as a local shop or pub) and proximity to nearby towns such as Barnoldswick and Colne.

5.43   Trawden was highlighted by one agent as coming top in 2022's Sunday Times 'Best place to live' guide for the north-west of England. Barrowford was also highly rated due to its proximity to a good range of primary schools.

5.44   Nelson, Brierfield and to a lesser degree Colne were considered less attractive areas owing to their more urbanised locations. Overall, prospective buyers in the villages were considered to be families, and some cash buyers, whereas in more urbanised areas with a dominance of terraced stock, investors were seen to be competing with first time buyers.

Rental Market

5.45   All agents , who also operated a sales arm, suggested that the rental market was not seeing the same 'cool down' as the sales market was starting to experience. Agents suggested that they were as busy as ever, with rents rising and no sign that they were coming down.

5.46 All agents indicated that the rental market was most popular with existing residents of Pendle, compared to the sales market which was slightly more varied and included buyers from outside of the Borough.

5.47 Properties that were most popular with renters seemed to be terraced properties, which suited couples, young professionals and key workers whose budgets were more limited. However, it was suggested that terraced properties were increasingly appealing to older couples who wanted to downsize due to the cost of living crisis.

5.48 It was noted by a number of agents that family-sized rental properties were popular and becoming harder to come by, with waiting lists common, although it was acknowledged that this has always been the case for this type of property.

5.49 A mixed view was provided of 1 bedroom and studio flats, with one agent suggesting that they are the hardest property to let due to the lack of space and access to outdoor space. However other agents indicated that these properties make a good rental product for landlords and were popular with investors.

5.50 It was generally considered by all agents that there are enough 2-bedroom rental properties across the borough, most likely because most terraced properties are 2-bedroom dwellings.

5.51 Whilst it was considered that there is a healthy level of 2-bedroom terraced properties, it was noted by a few agents that there is a lack of well-maintained terraced stock, with much of the existing stock in need of investment. It was suggested that this creates a large amount of demand for those high-quality terraced properties that do come onto the market.

5.52 All agents agreed that there is a shortage of bungalows in the borough available for rent.

5.53 One agent suggested that it is the quality of the property alone that is the determining factor in a search for many renters, rather than a specific location.

5.54 Locations that were considered most popular with renters included Barnoldswick and Higham. Higham was suggested to be a more reasonably priced area than nearby Fence, but still offers access to nearby amenities.

5.55 It wasn't considered that tenants were renting longer on average due to market uncertainty, with all agents suggesting that a 12-month contract is standard, with a similar number of tenants moving onto a rolling contract as there was pre and during the COVID-19 pandemic.

5.56   It also wasn't considered that there was any notable demand for any specific Build to Rent (BtR) properties, with agents having a mixed view on the popularity of apartments, although suggesting that conversions proved relatively popular.

5.57   Nevertheless, all agents agreed that there is a general lack high quality rental properties, which is something BtR may be able to address.

Housing Market - Summary

In the year to September 2021 the median house price in Pendle was £128,975. This is below the median prices for Ribble Valley, Craven and the wider North West (£185,000). But above Burnley (£118,000).

Pendle borough sees lower prices for all types of property than the wider North West and England. Within sub-areas the highest prices are in Rural Pendle, the lowest in the M65 Corridor.

House prices in Pendle are relatively more affordable with an affordability ratio of 5.34.

The majority of rental properties have 2 bedrooms (43.6%) followed by 3 beds at 28.3%. Tenants are broadly younger with a total of 71.6% of tenants in the Borough under the age of 50.

Most rental households consist of one family only (53.2%) followed by single person households (38.5%), Lone Parents are also a large proportion (21.12%).

The number of housing benefit claimants has increased since 2018 primarily due the first COVID-19 lockdown. The number of claimants has remained high since this increase not falling below 7,000.

Estate agents working in the local sales market reported having been busy throughout the pandemic with many seeing increases in the number of people moving into the area.

It was suggested by all agents that activity and prices now are beginning to cool off compared to the peak witnessed after the pandemic and into 2021. This can be linked to increases in interest rates and the general cost of living crisis.

Agents suggested that the rental market was not seeing the same 'cool down' as the sales market was starting to experience.

Lettings agents suggested that they were as busy as ever, with rents rising and no sign that they were coming down.

The rental market was popular with existing residents of Pendle, compared to the sales market which was slightly more varied and included buyers from outside of the Borough.

6.   HOUSING NEED

6.1   In 2018, the Government amended the NPPF and released new Planning Practice Guidance (PPG) to introduce the 'standard method' for calculating local housing need. This replaced the approach to defining Objectively Assessed Needs (OAN), previously required by the 2012 NPPF and set out in the 2014 PPG.

6.2   The Government's intention was to introduce a standardised approach using consistent data sources for all local authorities nationally to calculate a minimum level of 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.

6.3   The NPPF (2021) now sets out in Para 61 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[10] 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."

The Standard Method

6.4   The standard method, set out in the PPG, adopts a four- stage approach summarised in Figure 6.1.

Figure 6.1 Overview of the Current Standard Method for Calculating Local Housing Need

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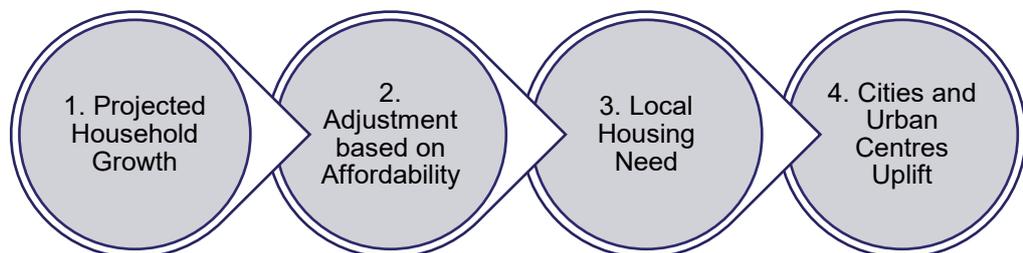
[10] The glossary definition of local housing need in the NPPF sets out that use of a justified alternative approach can only be taken forwards in the context of preparing strategic policies.

6.5   Step One establishes a demographic baseline drawn from the 2014-based Household Projections and should be the annual average household growth over a ten- year period (i.e. 2022 to 2032), with the current year being the first year.

6.6   Step Two applies an uplift to the demographic baseline taking account of affordability. 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 currently for 2021 and was published by ONS in March 2022.

6.7   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 percent, with the calculation being as follows:

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

6.8   Step Three considers 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; however, it is the second of these which is relevant in Pendle Borough.

- 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.

6.9   A final, 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 the 20 largest cities and urban centres in England and it is therefore not relevant for the purpose of assessing housing need in Pendle.

6.10   Table 6.1 outlines the calculation of the minimum local housing need for Pendle following the methodology, as set out currently in the PPG, drawing on the three relevant steps for Pendle. As shown a minimum LHN of 140 dwellings per annum (dpa) is derived.

6.11   This calculation is based on an average household growth of 129 per annum, taken from the 2014-based Household Projections. An affordability uplift of 8% applied to this, based on the 2021 median workplace-based affordability ratio of 5.34. This gives a figure of 140 dpa which is not

capped by Step 3 as the cap would be higher than the need established in Step 2. Nor is the
number increased further by Step 4 as it is not one of the twenty largest urban centres in the
country.

Table 6.1   Minimum Local Housing Need, Standard Method

Local Authority	Pendle
Step 1: Setting the Baseline:	
Household Growth (p.a.) over next 10 years, 2022-32	129
Step 2: Affordability Adjustment:	
Median workplace-based affordability ratio, 2021	5.34
Adjustment Factor	8%
Step 2 Housing Need Figure	140
Step 3: Capping the level of any increase	
Is last adopted plan more than 5 years old	Yes
Housing requirement in last adopted plan	298
Higher Cap @ 40% above the household growth figure (i.e. 298*1.4)	417
Minimum Local Housing Need (p.a.)	**140**

Source: Iceni Projects based on ONS household projections and DLUHC affordability data

6.12   Table 6.1 **concludes that the minimum local housing need figure for Pendle Borough, using
the standard method, is 140 dpa**. While this number is calculated over the next ten years as per
the PPG this number can be applied across all time periods including the plan period to 2040.

Other considerations

6.13   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[11] states that there
will be circumstances where it is appropriate to consider whether actual housing need is higher
than the standard method indicates. It outlines the circumstances where this may be appropriate,
which include:

- Where funding is in place to promote and facilitate additional growth (i.e. Housing Deals,
  City Growth Deals, etc.); or

- Where strategic infrastructure improvements are likely to drive an increase in the homes
  needed locally; or

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

- An authority agreeing to take on unmet need from neighbouring authorities, as set out in a Statement of Common Ground.

6.14   In regard to funding to promote additional growth and planned strategic infrastructure neither are relevant within Pendle, However, as set out later in this report economic growth is likely to exceed demographic growth particularly as a result of the aging population.

6.15   Consideration must be given to meeting unmet need in neighbouring authorities. This should initially be within the HMA which includes Burnley, although other areas are free to approach the Council should they not be able to meet their own needs. At this time no local authority has approached the Council asking if some of their housing needs could be met within Pendle. It is highly unlikely that Burnley will make such an approach, as their annual housing need (58 dpa) is one of the lowest figures in the country. It is also well below their annual housing requirement (adopted in 2018) of 194 dpa.

6.16   The PPG also notes that "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." Adding that "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".

6.17   Recent housing delivery in Pendle has averaged 256 dwellings per annum between 2017/18 and 2021/22. This is below the current Local Plan target of 298 dpa which was based on meeting the economic aspirations of the borough. We examine later in this report whether such an approach remains valid for Pendle.

Exceptional Circumstances

6.18   PPG allows for divergence from the figure generated by the standard method calculation (in both an upward and downward direction) where exceptional circumstances can be demonstrated. An important start point is to understand the Government Guidance on this topic. This can be found in the PPG on Housing and Economic Needs Assessment (2a) and some key considerations are repeated here:

> *"Is the use of the standard method for strategic policy making purposes mandatory?*
>
> *No, if it is felt that circumstances warrant an alternative approach but authorities can expect this to be scrutinised more closely at examination. There is an expectation that the standard method will be used and that any other method will be used only in exceptional circumstances."* - Paragraph: 003 Reference ID: 2a-003-20190220.

"*If authorities use a different method how will this be tested at examination?*

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." - Paragraph: 015 Reference ID: 2a-015-20190220 (whole paragraph not replicated).

6.19   Paragraph 2a-010 sets out the circumstances where it might it be appropriate to plan for a higher housing need figure than the standard method indicates; this includes noting that the method *'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 it is appropriate to consider whether actual housing need is higher than the standard method indicates'.* In Pendle, economic growth potential (increases in jobs) could put pressure on the need to provide housing delivery in excess of the Standard Method, and this is discussed in the next section of the report.

6.20   Regarding demographic trends and projections, the guidance is therefore quite clear: there is an expectation that the 2014-based sub-national household projections (SNHP) should be used but that an alternative approach can be applied where relevant. When using an alternative approach, it is necessary to take account of demographic growth and market signals, but this cannot include using more recent versions of published SNHP as published. The PPG does not specifically set out examples of exceptional circumstances but it is considered that there are likely to be two main considerations:

- Firstly that demographic data on which projections are based is demonstrably wrong and cannot realistically be used for trend-based projections on which the Standard Method is based; and

- Secondly that demographic trends have changed so much that it is unrealistic to use a set of projections based on information in a trend period to 2014, which is now over 8-years old.

6.21   Our analysis therefore looks at some of the issues around population growth and projections in Pendle before moving on to look at what might be seen as a reasonable trend-based projection using the available information. The focus is on the population projections. The report does not seek to challenge the market signals element of the Standard Method. The latest affordability figures published by ONS have been used to generate estimates of need. The first analysis briefly considers the validity of the 2014-based projections.

2014-based subnational population and household projections

6.22   An exceptional circumstance might be that the 2014-based subnational household projections
        (SNHP) that underpin the Standard Method may be wrong. One way of considering this is to
        compare data for 2021 with recently published Census data. Comparisons are made for both
        population (as this underpins the household projections) and household estimates.

6.23   Table 6.2 shows population figures for 2021 from the two sources. The data shows the population
        figure from the Census is significantly higher than was projected in the 2014-SNPP suggesting that
        the 2014-SNPP no longer reflects a reasonable view about demographic trends.

**Table 6.2   Estimated Population by Local Authority (2021) – 2014-based SNPP projections
        and 2021 Census**

	2014-based SNPP	2021 Census	Difference
Pendle	90,900	95,800	4,900

Source: ONS

6.24   When looking at households, the two sources again show differing figures. It is noteworthy in this
        case that the Census estimate is lower than the SNHP (the opposite of observations about
        population). This analysis potentially points to there being some fundamental changes in household
        formation rates and again suggests that the 2014-SNHP may not be the best source data to use
        when looking at housing need based on demographic trends. Alternatively, there is the possibility
        of errors in the data although this is difficult to verify. In looking at Table 6.3 it should also be noted
        there are some doubts about the Census household estimates – this point is discussed later in this
        section.

**Table 6.3   Estimated Households by Local Authority (2021) – 2014-based SNHP
projections and 2021 Census**

	2014-based SNHP	2021 Census	Difference
Pendle	39,229	38,100	1,129

Source: ONS

Components of Population Change

6.25   Table 6.4 considers the drivers of population change 2001 to 2020 – this is data published prior to
        the 2021 Census and shows ONS monitoring of population estimates. The main components of
        change are natural change (births minus deaths) and net migration (internal/domestic and
        international). There is also an Unattributable Population Change (UPC) which is a correction made
        by ONS upon publication of Census data if the population of an area has been under- or over-

estimated (this is only calculated for the 2001-11 period). There are also 'other changes', which are generally small and often related to armed forces personnel or boarding school pupils.

6.26   From the data below there are two key findings that should be noted. Firstly in the 2001-11 period the data shows a notable level of UPC, totalling 1,539 people over the 10-years. The UPC is negative and suggests when the 2011 Census was published ONS had previously over-estimated population change. In the 2011-21 period it looks like the opposite has occurred (i.e. Census population is higher than the mid-year population estimates (MYE)). This raises question marks about the accuracy of the 2011 Census data. If the UPC is removed then the population in 2011 would have been estimated to be 91,100 and population growth 2011 to 2021 would be a more modest 4,700 (the Census suggests 6,200).

6.27   The second point to note is that migration in the recent past looks to have been stronger than in the period to 2014 (i.e. the trend period used in the 2014-SNHP). Over the last 5-years for which data is available (2015-20) ONS have recorded net in-migration at an average of 135 people per annum, whereas in the 2009-14 period this was recorded as an average net out-migration of 362 people each year. Between these two 5 year periods, 2009 to 2014 and 2015 to 2020, ONS have recorded migration to have been nearly 500 people higher each year on average.

Table 6.4   Components of population change, mid-2001 to mid-2020 – Pendle

	Natural change	Net internal migration	Net intern-ational migration	Other changes	Other (unattri-butable)	Total change
2001/2	200	-427	-54	-3	-163	-447
2002/3	131	-309	95	-8	-180	-271
2003/4	183	-258	17	3	-174	-229
2004/5	300	-191	45	-3	-169	-18
2005/6	360	-81	375	-7	-171	476
2006/7	343	-421	276	-11	-156	31
2007/8	530	-470	271	-2	-143	186
2008/9	479	-274	188	1	-112	282
2009/10	517	-582	149	-10	-127	-53
2010/11	560	-383	307	2	-144	342
2011/12	466	-680	174	5	0	-35
2012/13	472	-266	212	14	0	432
2013/14	411	-1,074	331	14	0	-318
2014/15	397	-573	446	0	0	270
2015/16	448	-470	596	16	0	590
2016/17	286	-497	398	-6	0	181
2017/18	231	-289	760	7	0	709
2018/19	321	-170	551	5	0	707
2019/20	223	-556	353	13	0	33

Source: ONS

Reviewing Population Trends

6.28   On the basis of the analysis above it is considered that there is likely to be exceptional
        circumstances which would point to stronger demographic growth and hence a higher need (if fed
        through within the framework of the Standard Method). However, there are some serious question
        marks about the data which means a definitive view is difficult. Below are highlighted some key
        thoughts:

   •   The 2021 Census suggests strong population growth from 2011 to 2021 (population
       increasing by 6,200 people);

   •   This is not matched by an increase in the number of households (increasing by just 750 in
       the same period);

   •   This suggests population growth may have been over-estimated and/or household growth
       under-estimated (likely to be a combination of both);

   •   Population growth from 2015 to 2020 is however likely to have been stronger than in the
       period to 2014; and

   •   Recent demographic trends would point in an upward direction compared with the 2014-
       based SNHP.

Developing alternative trend-based population projections

6.29   The purpose of this section is to develop a series of trend-based population projections. A key
        driver is the publication of new (2021) Census data which has essentially reset estimates of
        population (size and age structure) compared with previous MYE from the ONS although there are
        doubts about the validity of the census data and more specifically population change from 2011 to
        2021.

6.30   The analysis seeks to provide projections rebased to 2021 (Census data) and draws on MYE data
        from the ONS up to 2020 – including data about births, deaths and migration. It should be noted
        that the projections are based on published data which, as highlighted by discrepancies between
        the Census and MYE has a degree of uncertainty. The data has been used in the most realistic
        way possible with a range of scenarios being developed to show a range of outcomes.

6.31   The projections used in this report are based on the best information available at the time of
        writing. Assumptions will need to be reviewed, as appropriate, following further publications of data
        from ONS, including a new MYE to 2021 and 2021-based SNPP – likely to be later in 2023. In the

next round of projections ONS will need to carefully consider the issues raised in the analysis below, notably how to deal with past population estimates which Census data suggests may be substantially wrong.

6.32   Six projections have been developed looking at estimated migration trends over the past 5- and 10-years. A 5-year period has been chosen as it is consistent with the time period typically used by ONS when developing SNPP, whilst 10-years has been used as it fits with the period between each Census, and the longer period can arguably provide more stable outputs. The six projections can be summarised as:

- 5-year trend taking account of population growth shown by the Census for 2011-21;

- 10-year trend taking account of population growth shown by the Census for 2011-21;

- 5-year trend taking account of population growth shown by the Census for 2011-21 but with a further adjustment for UPC in the 2001-11 period;

- 10-year trend taking account of population growth shown by the Census for 2011-21 but with a further adjustment for UPC in the 2001-11 period;

- 5-year trend using migration estimates in the MYE for the 2015-20 period; and

- 10-year trend using migration estimates in the MYE for the 2010-20 period.

6.33   Below we set out the general method used for each of the components and the outputs from a trend based projection. The latest ONS projections are a 2018-based set of SNPP and whilst these are not directly used in the analysis, reference is made to allow comparisons between the ONS position (which was pre-Census) and the projections developed in this report.

Fertility

6.34   Underestimating the population means that the fertility rates used in the SNPP are too high (as ONS is essentially assuming a number of births to fewer people). To make an adjustment, the number of births for 2021/22 in the SNPP is used and then an estimate made of how many births the ONS rates would imply if the population age structure for 2021 is used as the basis against which births are calculated. In the case of Pendle, the higher population in the Census would imply a much higher level of births than if the rates in the SNPP are used and so birth rates have been reduced (initially by around 9%).

- 2021/22 births SNPP – 1,086
- 2021/22 births updated population – 1,195

- Rate as % of SNPP – 91% (1,086/1,195)

6.35 There is however some more recent data about births from the 2020 MYE which can be used to moderate this figure (noting that the SNPP on draws on data to 2018). In this case the actual number of births recorded is slightly higher than was projected in the SNPP so a small upward adjustment is made to the fertility rate.

- MYE births (2018-20) – 2,365
- SNPP births (2018-20) – 2,259
- Adjustment – 105% (2,365/2,259)

6.36 The two adjustments are then multiplied to give a change to base fertility rates, this is around 95% (91% × 105%).

Mortality

6.37 The same issue arises with mortality, in that deaths recorded by MYE are applied to a different population than is now shown. Generally for mortality any adjustments are far more minor than for fertility, this is because most deaths occur in older age, and generally the MYE is fairly good at estimating the size of the older person population (in part due to them being less likely to be migrants). In Pendle, the adjustment is very slightly in a downward direction, although only a 3% change from the SNPP position.

- 2021/22 deaths SNPP – 926
- 2021/22 deaths updated population – 956
- Rate as % of SNPP – 97% (926/956)

6.38 A similar adjustment to fertility is made to take account of death data to 2020 as shown below, when this data is taken into account the modelled adjustment to death rates is very modest – rates being increased by about 2% from the SNPP position.

- MYE deaths (2018-20) – 1,821
- SNPP deaths (2018-20) – 1,778
- Adjustment – 102% (1,821/1,778)

6.39 Again, the two adjustments are multiplied to give a change to base mortality rates, this is around 99% (97% × 102%).

Migration

6.40 When looking at migration our start point is to consider how different migration has been over the 2011-21 period than was previously estimated (and projected) by ONS. Essentially the difference in

population growth between the two sources is likely to be attributable to migration, this is on the basis that it is expected that births and deaths have been fairly well recorded by ONS.

6.41   Analysis is slightly complicated by MYE data only being available to 2020 but the Census having a clear data point of 2021 (but not 2020). To try to provide as consistent a comparison as possible the MYE to 2020 has been used and the incremental change in the SNPP for 2020-21 added on to get to a 2021 estimate. Whilst this will be an estimate, the inclusion of just 1-year of data from the SNPP is unlikely to have any significant impact on the findings.

6.42   The Table below shows the MYE and SNPP expected/projected population to have increased by 2,600 people in the 2011-21 period, whereas the Census shows an increase of 6,300 – this is a difference of 3,701. This would imply net migration has on average been about 370 people higher per annum over the decade to 2021 (3,701/10).

Table 6.5   Pendle – MYE and Census population estimates

	MYE/SNPP	Census
2011	89,576	89,452
2021	92,223	95,800
Change	2,647	6,348

Source: Derived from ONS data

6.43   It is not known if this difference in population growth (attributed to migration) is due to an under-estimate of in-migration or an over-estimate of out-migration. In reality it is likely to be a combination of the two. For the purposes of modelling it has been assumed that the difference is split equally between these two components, i.e. this means that in-migration was on average 185 people per annum higher in the 2011-21 period and out-migration 185 people lower.

6.44   Analysis also seeks to determine a baseline start position for each of in- and out-migration. To do this data from MYE up to 2020 has been used. To be consistent with the methodology used by ONS when developing SNPP, data for the previous five years has been studied as well as a 10-year period. Information about migration estimates is shown in Table 6.6 with average figures provided for 2015-20 (latest 5-years), 2013-18 (the 5-year period prior to the last published SNPP), 2009-14 (the 5-year period relevant to 2014-based projections, as used in the standard method) and 2010-21 (latest 10-years). The figures shown are all as published by ONS (i.e. excluding any adjustments to take account of differences between the MYE and Census).

6.45   The analysis shows net migration to be generally increasing, from an average net out-migration of 362 people per annum in the 5-years to 2014, up to a net in-migration of 135 people per annum for the last 5-years for which data is available.

Table 6.6   Past trends in net migration – Pendle

	Internal (domestic)	International	All net migration
2009/10	-582	149	-433
2010/11	-383	307	-76
2011/12	-680	174	-506
2012/13	-266	212	-54
2013/14	-1,074	331	-743
2014/15	-573	446	-127
2015/16	-470	596	126
2016/17	-497	398	-99
2017/18	-289	760	471
2018/19	-170	551	381
2019/20	-556	353	-203
Average (2009-14)	-597	235	-362
Average (2013-18)	-581	506	-74
Average (2015-20)	-396	532	135
Average (2010-20)	-496	413	-83

Source: ONS MYE

6.46   Table 6.7 shows the start point estimate of migration on MYE data up to 2020 (so covering a 5-year period 2015-20). The table shows the average in- and out-migration over this period in Pendle and the adjustment made to take account of the difference previously shown between population estimates and the Census. In modelling in- and out-migration figures are treated separately but it is typically easier to compare data when looking at net figures. Over the 2015-20 period ONS estimated an average net migration of 135 people each year, but the Census suggests this was around 3,700 higher and so the base position is net migration of about 505. Using a similar method for trends over the past 10-years shows net migration of 287 per annum.

Table 6.7   Base estimate of migration – Pendle – 5-year trend

	Average (2015-20)	Adjustment	Base position
In-migration	4,074	185	4,259
Out-migration	3,938	-185	3,753
Net migration	135	370	505

Source: Derived from ONS data

Table 6.8   Base estimate of migration – Pendle – 10-year trend

	Average (2010-20)	Adjustment	Base position
In-migration	3,767	185	3,952
Out-migration	3,850	-185	3,665
Net migration	-83	370	287

Source: Derived from ONS data

6.47   The second set of scenarios make an adjustment for UPC in the 2001-11 period – essentially taking account of the possibility that population change in the 2011-21 period (as shown by the Census) is too high and that this is in part due to the 2011 Census showing a population that was too low. Tables 8.10-8.11 show the base position when a further adjustment is made.

Table 6.9   Base estimate of migration – Pendle – 5-year trend (+UPC)

	Average (2015-20)	Adjustment	Base position
In-migration	4,074	108	4,182
Out-migration	3,938	-108	3,830
Net migration	135	216	351

Source: Derived from ONS data

Table 6.10   Base estimate of migration – Pendle – 10-year trend (+UPC)

	Average (2010-20)	Adjustment	Base position
In-migration	3,767	108	3,875
Out-migration	3,850	-108	3,742
Net migration	-83	216	133

Source: Derived from ONS data

6.48   The final set of scenarios simply take the ONS MYE data as published – so taking no account of population change shown by the Census. This is shown in Tables 8.12-8.13, identifying a positive level of net migration over the last five years and net out-migration if looking at 10-year trends.

Table 6.11   Base estimate of migration – Pendle – 5-year trend (MYE)

	Average (2015-20)	Adjustment	Base position
In-migration	4,074	0	4,074
Out-migration	3,938	0	3,938
Net migration	135	0	135

Source: Derived from ONS data

Table 6.12   Base estimate of migration – Pendle – 10-year trend (MYE)

	Average (2010-20)	Adjustment	Base position
In-migration	3,767	0	3,767
Out-migration	3,850	0	3,850
Net migration	-83	0	-83

Source: Derived from ONS data

6.49   It is however not a simple process to just apply these figures for each year of the projection as migration can vary over time and each of in- and out-migration need to be considered separately.

In-migration

6.50   Levels of in-migration will to some extent vary depending on the size of the population from which migrants will be drawn.

6.51   The age structure will also have an influence on the number of moves as typically older people are less likely to be migrant.

6.52   For the purposes of modelling we have considered the relationship between the national population and the projected number of in-migrants. The latest national projection is a 2020-based ONS publication.

6.53   Over time, population growth rates nationally are projected to fall (remaining positive but at a reducing rate).This is in part due to reducing levels of in-migration (in the early years) – although reductions in natural change have the greatest impact over the longer term. Overall, with an increasing population levels of in-migration will increase over time, but at a reducing rate. For the purposes of modelling it has been assumed that future in-migration will broadly track the midpoint between rates remaining in-line with national population change and those estimated for the 10-year period to 2020.

6.54   Whilst this is an assumption, it is considered to be broadly reasonable given the general direction of demographics both locally and nationally.

Out-migration

6.55   For out-migration, levels will vary depending on the size of the population in the area being studied. With a growing population, out-migration is expected to increase over time.

6.56   However, at a national level, out-migration in the early years of the projection is projected to fall, whilst a changing age structure (increasing older person population) will to some extent moderate any changes, as older people are less likely to be migrant.

6.57   Therefore a method consistent with that used for in-migration has been applied for out-migration; that is the estimated level of out-migration is set at the midpoint between estimated past levels of out-migration and the level that would be expected if the ratio between population growth and out-migration were maintained. As before, this is an assumption, but is likely to be reasonable given the range of data available.

Borough-wide projection outputs

6.58   The above estimates of fertility, mortality and migration (including changes over time) have been modelled to develop a projection for the period to 2032 – this date being chosen as it is possible to develop an equivalent estimate of housing need using the framework of the Standard Method.

6.59   Table 6.13 shows projected population growth for each of the scenarios. These show a wide range of outputs, from population growth of 1.2% up to 7.6%. The percentage figures can be put in the context of past trends, with the Census showing growth of 7.1% over a 10-year period. The MYE shows population growth of 3.3% for the past 10-years (2010-20) although most of this change was in the past 5-years.

Table 6.13   Projected population growth under a range of scenarios

	5-year trend (Census)	10-year trend (Census)	5-year trend (+UPC)	10-year trend (+UPC)	5-year trend (MYE)	10-year trend (MYE)
Population 2022	96,717	96,499	96,563	96,345	96,347	96,093
Population 2032	104,095	101,674	102,405	99,984	100,040	97,224
Change	7,378	5,175	5,841	3,639	3,693	1,131
% Change	7.6%	5.4%	6.0%	3.8%	3.8%	1.2%

Source: Iceni Projects demographic projections

Note: +UPC refers to the Census figures plus any unattributable population change

6.60   It is difficult to say which scenario is the most realistic but taking everything in the round it is considered that the 5-year trend (MYE) is probably the best of the scenarios in methodological and data terms This is because other scenarios (Census and Unattributable Population Change (UPC)) rely on population growth having been correctly recoded between the two Census dates, and it seems likely there are issues with one or both of the 2011 and 2021 Census'. The 5-year trend (MYE) also uses the time period and data ONS would be using if developing a new projection – ONS typically look at 5-year trends when developing population projections although trends over 10-years are typically used by ONS as a variant projection (principal projections being based on 5-years).

6.61   The charts that follow show the key components of change and overall population change (using the preferred 5-year trend (MYE) projection). For contrast, data is compared with that from the 2018-based SNPP, that being the most recent projection released by ONS. As shown the remodelled figures include greater levels of natural change from the most recent SNPP. This is because the remodelled data picks up the higher than expected population growth seen in the Census and the further population growth (through births) this generates and the 2018-based SNPP does not.

Figure 6.2 - Past trends and projected natural change – Pendle
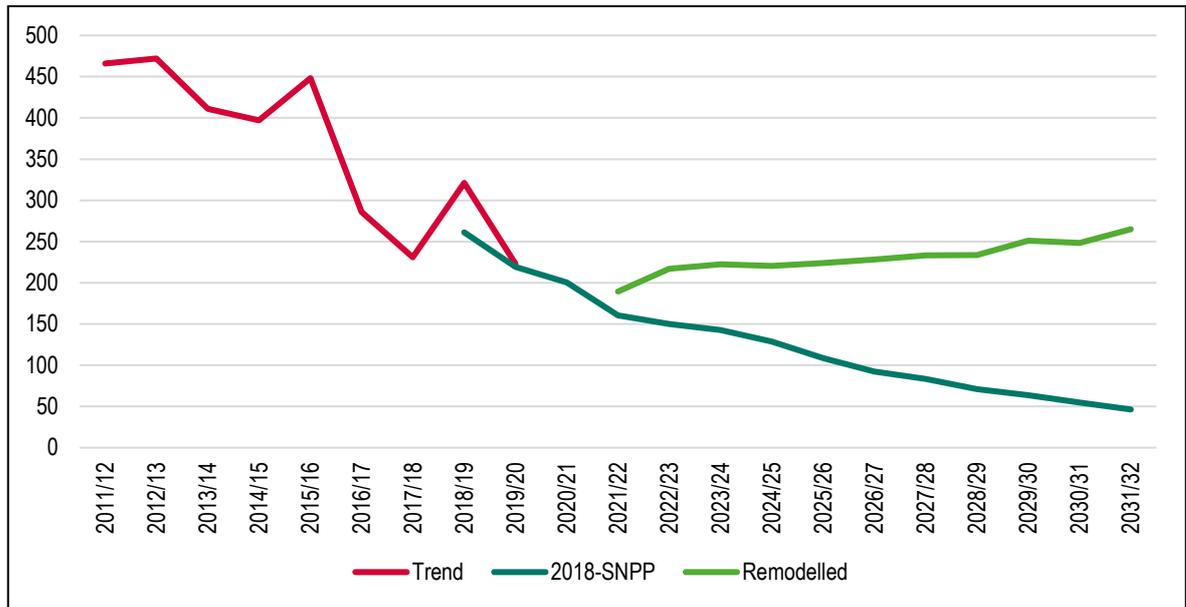
Source: ONS and demographic projections

6.62   With higher estimates of migration in the MYE for recent years the remodelled data assumes
         higher levels of migration than the 2018-SNPP which does not take this data into account.

Figure 6.3 - Past trends and projected net migration – Pendle
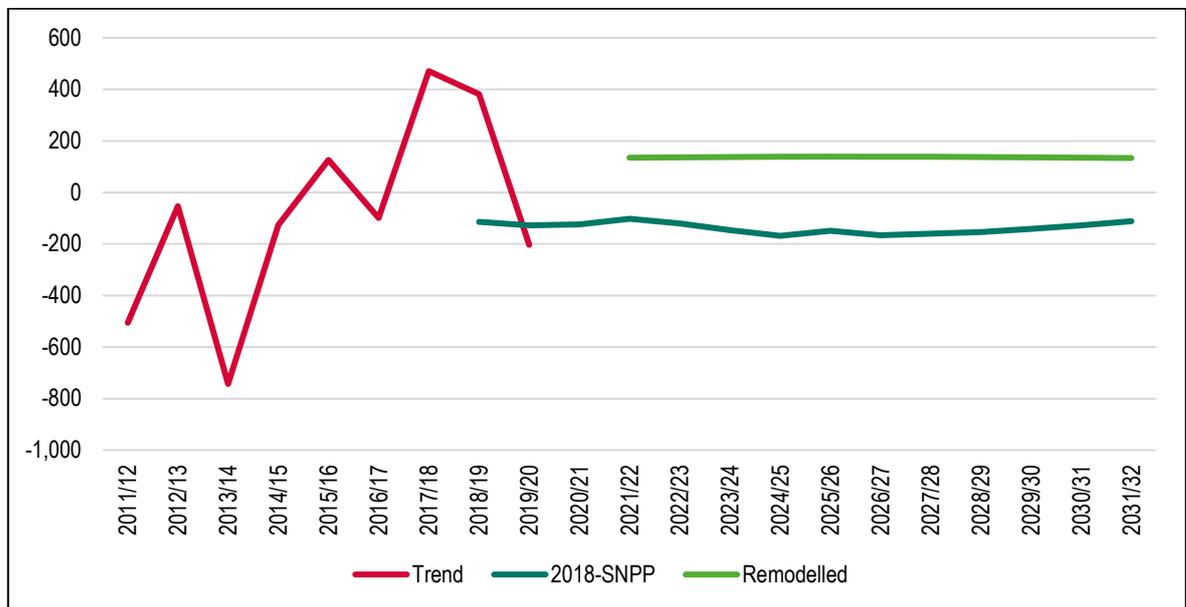
Source: ONS and demographic projections

6.63   The result of the higher natural change and net migration is seen in the table below. This shows
         that the remodelled data more closely aligns with the census trends than the 2018-based SNPP.

Figure 6.4 - Past trends and projected population – Pendle
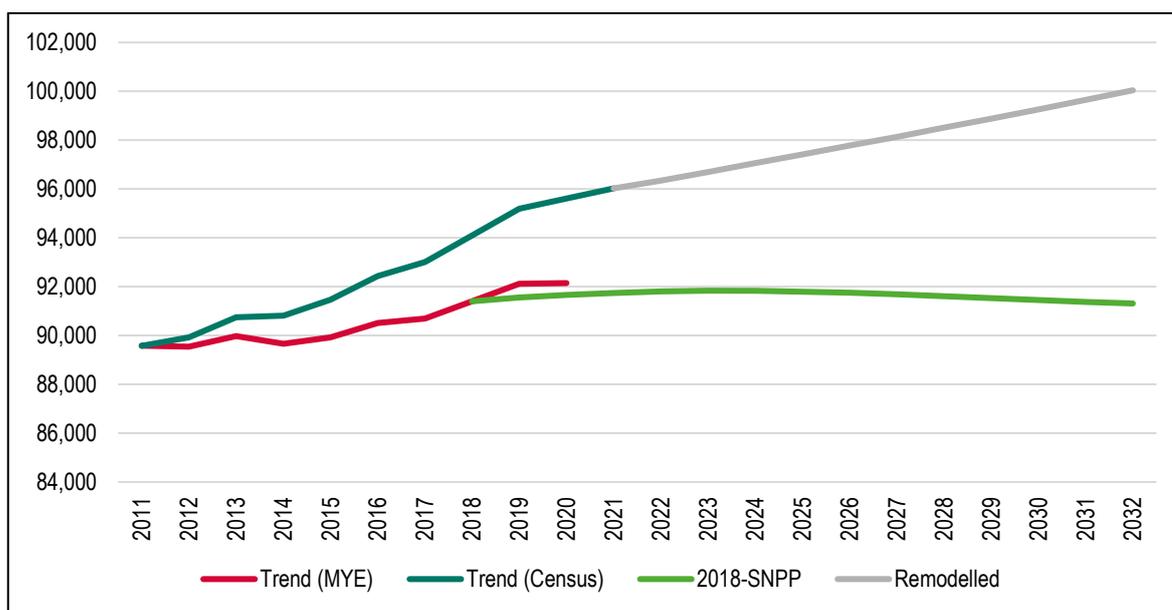
Source: ONS and demographic projections

6.64   Table 6.14 shows estimated population growth across the Borough split into 3 broad age bands (which can generally be described as children (under 16), working-age (16-64) and pensionable age (65+). This analysis shows the population being projected to increase by around 3,700 people – a 4% increase over the 10-year period. The population aged 65 and over is projected to see the highest proportionate increase, but in terms of actual numbers the population aged 16-64 is also projected to see a significant level of growth. The number of children is projected to fall over the same period.

Table 6.14   Projected change in population by broad age group (2022-32) – Pendle

	2022	2032	Change	% change
Under 16	20,309	18,682	-1,628	-8.0%
16-64	58,387	60,775	2,388	4.1%
65+	17,651	20,584	2,933	16.6%
TOTAL	96,347	100,040	3,693	3.8%

Source: Demographic projections

Household Projections

6.65   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 stage of the analysis is to estimate the number of households in the Borough as of 2021. Table 6.15 shows household estimates from the Census and also dwelling counts from DLUHC live tables.

6.66   It can be seen that the number of new dwellings exceeds the growth in households. It is unclear why the Census figures for households are lower and modelling has been undertaken to provide an estimate for the number of households in 2021, based on applying the relationship between households and dwellings in 2011 to 2021 dwellings (as we assume the level of vacant homes remains broadly similar to this). In doing this, a base number of households in 2021 is estimated to be 38,859:

Table 6.15   Change in the number of households and dwellings (2011-21) – Pendle

	2011	2021	Change
Households	37,348	38,100	752
Dwellings	39,383	40,918	1,535

Source: ONS (Census) and DLUHC (Table 125)

6.67   In projecting forward, data about household representative rates (HRRs) has been drawn from the 2014-based subnational household projections (SNHP). HRRs can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)). The 2014-based figures are used as these underpin the standard method and generally have attracted less criticism in terms of building in a suppression of household formation than more recent projections.

6.68   Recent SNHP (since the 2014-based release) have come under some criticism. This is largely as they are based on data in the 2001-11 Census period and project forward trends in household formation in this period – one in which housing affordability deteriorated significantly. In Pendle, this suppression is particularly evident for the 25-34 age group where there was a notable drop in formation rates from 2001 to 2011, and ONS are projecting some continuation of this moving forward to 2021, after which the (lower) rate is held broadly stable.

6.69   Data about the communal population has also been drawn from the 2014-SNHP. For all scenarios, the 2014-HRRs have been adjusted to match the estimated number of households shown above with future (projected) years using the same incremental changes as in the base source.

6.70   The analysis projects an increase of up to 427 households per annum over the 2022-32 period, with the preferred scenario (5-year trend (MYE) showing a figure of 291 households per annum. Generally, the levels of household growth look high in the context of trends of the previous decade – dwelling completions averaging 154 per annum and household growth of just 75 per annum (in the Census).

6.71   Given estimated past trends in population growth, the lower level of delivery and household growth points to there having potentially been quite a notable level of suppression of households forming over the past decade. As the projections do not build in any trend in suppression, the higher figures

shown below do reflect the sort of household numbers than might be expected for the different projected levels of population change. Between the two Census, the average household size in Pendle is shown to have increased from 2.38 (2011) to 2.50 (2021).

Table 6.16   Projected change in households – range of scenarios

	5-year trend (Census)	10-year trend (Census)	5-year trend (+UPC)	10-year trend (+UPC)	5-year trend (MYE)	10-year trend (MYE)
Households 2022	39,248	39,169	39,194	39,115	39,118	39,028
Households 2032	43,515	42,605	42,894	41,985	42,026	40,980
Change in households	4,266	3,436	3,700	2,870	2,908	1,952
Per annum change	427	344	370	287	291	195

Source: Demographic projections

Standard Method using alternative trend-based projections

6.72   The analysis that follows calculates housing need using the standard method, but replaces the 2014-based SNHP with the alternative projections shown above. With the preferred projection (5-year trend), the need is higher than the analysis using 2014-based projections, with a need shown for 315 dwellings per annum (compared with 140).

Table 6.17   Standard Method Housing Need Calculations using revised demographic projections

	5-year trend (Census)	10-year trend (Census)	5-year trend (+UPC)	10-year trend (+UPC)	5-year trend (MYE)	10-year trend (MYE)
Households 2022	39,248	39,169	39,194	39,115	39,118	39,028
Households 2032	43,515	42,605	42,894	41,985	42,026	40,980
Change in households	4,266	3,436	3,700	2,870	2,908	1,952
Per annum change	427	344	370	287	291	195
Affordability ratio (2021)	5.34	5.34	5.34	5.34	5.34	5.34
Uplift to household growth	108%	108%	108%	108%	108%	108%
Need (per annum)	462	372	401	311	315	212

Source: Derived from a range of ONS and MHCLG sources

6.73   Overall, it is considered that demographic trends clearly point to a housing need above the baseline of 140 dwellings per annum generated by the standard method. Whilst the population growth associated with the preferred scenario is probably realistic, the associated household growth looks to be quite high (in the context of past trends) and a reasonable demographic position might arguably be somewhere in the range from the standard method and the 315 dwellings per annum indicated by the preferred projection above

Developing a Projection linking to the Standard Method

6.74   The data above suggests using up-to-date trend based projections within the framework of the Standard Method would lead to a need to provide a higher number of dwellings than the Standard Method as published. This alternative assessment of the Standard Method should be considered as part of any view on housing need in the Borough.

6.75   However, as the Standard Method currently does provide the minimum housing need figure for the Borough it is worthwhile looking at how population might change if providing this level of homes. A bespoke projection has been developed, linking to provision of 140 dwellings per annum.

6.76   A scenario has been developed which flexes migration to and from Pendle (as well as building in improvements to household formation) such that there is sufficient population for 140 additional homes each year.

6.77   In summary, an approach has therefore been developed that both improves household formation and changes migration to project how population and household structures might change with delivery of the Standard Method (2022-32). This approach is consistent with that set out in the PPG (2a-006).

6.78   Within the modelling, migration assumptions have been changed so that across the Borough the increase in households matches the housing need (including a standard 3% vacancy allowance). Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%).

6.79   A further adjustment has been made to deal with any suppression of household formation within the projections. To do this a 'part-return-to-trend' analysis has been developed, where the rate of household formation sits somewhere between figures in the 2014-based projections and those in an older 2008-based version. This approach has been widely used in analysis of this nature and was an approach previously suggested by the Local Plans Expert Group (LPEG).

6.80   In developing this projection, a lower level of population growth is derived (population decline of approximately 1,400 people compared with growth of 3,700 in the preferred trend-based estimate). The age structure of the two projections is also slightly different, with projections linked to the Standard Method showing weaker growth (actually decline) in what might be considered as 'working-age' groups. This arises because migration is typically concentrated in working-age groups (along with their associated children).

Table 6.18   Population change 2022 to 2032 by broad age bands – Pendle (linked to Standard Method)

	Population 2022	Population 2032	Change in population	% change from 2022
Under 16	20,246	17,426	-2,820	-13.9%
16-64	58,125	57,051	-1,074	-1.8%
65 and over	17,628	20,135	2,507	14.2%
Total	95,999	94,613	-1,386	-1.4%

Source: Demographic Projections

Relationship Between Housing and Economic Growth

6.81   The analysis to follow considers the relationship between housing and economic growth; seeking to understand what level of jobs might be supported by changes to the local labour supply (which will be influenced by population change). To look at estimates of the job growth to be supported, a series of stages are undertaken. These can be summarised as:

- Estimate changes to the economically active population (this provides an estimate of the change in labour-supply);

- Overlay information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment; and

- Bringing together this information will provide an estimate of the potential job growth supported by the population projections

6.82   The analysis then moves on to look at the labour-supply growth likely to be required to meet job growth forecasts and then convert this into an estimate of household growth and hence housing need. The analysis looks at economic growth and housing in the 2022-32 period to be consistent with the demographic projections set out in the previous section.

Growth in Resident Labour Supply

6.83   The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report).

6.84   Figure 6.5 and Tables 6.19-6.20 show the assumptions made for the Borough. The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree link to changes to pensionable age, as well as general trends in the

number of older people working for longer (which in itself is linked to general reductions in pension provision).

Figure 6.5 Projected changes to economic activity rates (2022 and 2032) – Pendle
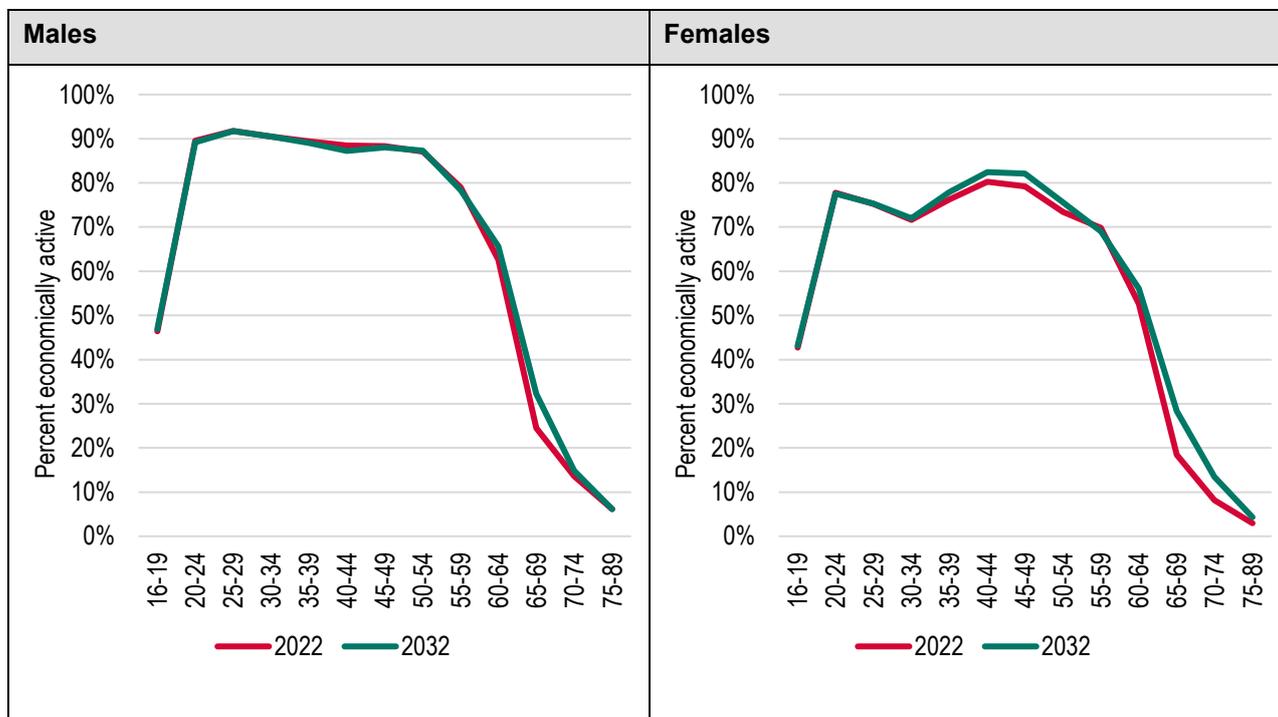
Source: Based on OBR and Census (2011) data

Table 6.19   Projected changes to economic activity rates (2022 and 2032) – Pendle

	Males			Females		
	2022	**2032**	**Change**	**2022**	**2032**	**Change**
16-19	46.4%	46.9%	0.5%	42.7%	43.1%	0.4%
20-24	89.5%	89.2%	-0.4%	77.8%	77.5%	-0.3%
25-29	91.8%	91.7%	0.0%	75.3%	75.3%	0.0%
30-34	90.5%	90.5%	0.0%	71.7%	72.0%	0.3%
35-39	89.4%	89.0%	-0.4%	76.3%	77.9%	1.6%
40-44	88.5%	87.3%	-1.2%	80.3%	82.4%	2.2%
45-49	88.3%	88.0%	-0.3%	79.2%	82.1%	2.9%
50-54	87.1%	87.3%	0.2%	73.4%	75.6%	2.2%
55-59	79.0%	78.4%	-0.6%	69.8%	69.0%	-0.8%
60-64	62.6%	65.6%	3.0%	52.6%	56.1%	3.5%
65-69	24.5%	32.3%	7.7%	18.5%	28.4%	9.9%
70-74	13.6%	14.8%	1.2%	8.2%	13.4%	5.2%
75-89	6.1%	6.1%	0.0%	3.0%	4.3%	1.4%

Source: Based on OBR and Census (2011) data

6.85   Working through an analysis of age and sex specific economic activity rates it is possible to estimate the overall change in the number of economically active people in the Borough – this is set out in Table 6.20. The analysis shows that the projection linked to the Standard Method results

in growth in the economically-active population of 400 people – a 1% increase. If the same analysis is set against the preferred trend-based projection in the previous section then a much higher change in the economically active population is estimated (3,200 people – 7%).

Table 6.20   Estimated change to the economically active population (2022-32) – Pendle

	Economically active (2020)	Economically active (2041)	Total change in economically active	% change
Standard Method	46,241	46,633	392	0.8%
Trend-based	46,450	49,649	3,199	6.9%

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

6.86   The analysis above has set out potential scenarios for the change in the number of people who are economically active. However, it is arguably more useful to convert this information into an estimate of the number of jobs this would support. The number of jobs and resident workers required to support these jobs will differ depending on three main factors:

- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);

- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and

- Unemployment – if unemployment were to fall then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa).

Commuting Patterns

6.87   Table 6.21 shows summary data about commuting to and from Pendle from the 2011 Census. Overall, the data shows the borough sees a level of net out-commuting for work with the number of people resident in the area who are working being about 14% higher than the total number who work in the area. This number is shown as the commuting ratio in the final row of the table and is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).

Table 6.21   Commuting patterns (2011)

	Pendle
Live and work in Local Authority (LA)	18,170
Home workers	3,423
No fixed workplace	2,748
In-commute	10,436
Out-commute	15,157
Total working in LA	34,777
Total living in LA (and working)	39,498
Commuting ratio	1.136

Source: 2011 Census

6.88   In translating the commuting pattern data into growth in the labour-force, a core assumption is that the commuting ratio remains at the same level as shown by the 2011 Census. A sensitivity has also been developed where commuting for new jobs is assumed to be on a 1:1 ratio (i.e. the increase in the number of people working in the area is equal to the number of people living in the area who are working).

Double Jobbing

6.89   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 local authority divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) for the past 5-years suggests across the Borough that typically about 4.5% of workers have a second job.

6.90   For the purposes of this assessment it has been assumed that 4.5% of people will have more than one job moving forward. A double jobbing figure 4.5% gives rise to a ratio of 0.955 (i.e. the number of jobs supported by the workforce will be 4.5% higher than workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time.

Unemployment

6.91   The last analysis when looking at the link between jobs and resident labour supply is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs. This is particularly important given there is likely to have been notable increases in unemployment due to COVID-19, although it will be difficult to be precise about numbers. Given the estimates of economic activity and job growth are taken from 2022 it is considered that there is no need to include a further adjustment to take account of the pandemic. Essentially it is assumed that people who lost employment through the pandemic will now be back in work (where they are seeking work) and so there is no latent labour supply available to fill additional jobs.

Jobs Supported by Growth in the Resident Labour Force

6.92 Table 6.22 shows how many additional jobs might be supported by population growth under the Standard Method projection. Given current commuting patterns and estimates about double jobbing, it is estimated that 360 additional jobs could be supported by the changes to the resident labour supply. If modelling against the preferred trend-based projection, the number of jobs potentially supported is much higher (around 3,000 with 2011 commuting patterns).

Table 6.22   Jobs supported by demographic projections (2022-32)

		Total change in economically active	Allowance for double jobbing	Allowance for net commuting (= jobs supported)
Standard Method	Census commuting	392	411	361
	1:1 commuting	392	411	411
Trend-based	Census commuting	3,199	3,351	2,950
	1:1 commuting	3,199	3,351	3,351

Source: Derived from a range of sources

Economic Growth and Housing Need – Job Forecasts

6.93 To look at estimates of the numbers of homes required to support jobs growth, the method which is followed is identical to that set out for translating homes into jobs but completed in reverse to get to a population growth.

6.94 This level of population growth is then applied to the household formation rates developed earlier in this report to get to a household growth. A final adjustment to reflect a level of vacancy in the housing stock is applied to the household growth to get to dwelling growth. The stages can be summarised as:

- Start with estimates of job growth;

- Estimate changes required to the economically active population to meet the jobs growth – this takes account of information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment;

- Flex levels of migration within the demographic model so that the change in the economically active population equals the change required to meet the number of jobs (migration can be 'flexed' up or down with stronger economic growth resulting in higher net in-migration as more people are required in the labour-supply); and

- Apply household representative rates to the resulting population projection and apply a vacancy allowance to calculate the number of households and dwellings needed.

6.95   A job forecast has been accessed that suggests a potential increase from 40,790 jobs in 2022, up
        to 42,924 by 2032 – an increase of 2,135 jobs over the 10-year period (See chapter 16).

Economic Growth and Housing Need

6.96   The demographic model developed to look at housing need has been used to consider the link
        between jobs and housing. Within the modelling, migration assumptions have been changed so
        that the increase in the economically active population matches the increase in the resident
        workforce required. Adjustments are made to both in- and out-migration (e.g. if in-migration is
        increased by 1% then out-migration is reduced by 1%).

6.97   In line with earlier assumptions on changes in economic participation and commuting, we assume
        an increase in the resident workforce in line with the growth in people in employment (i.e. a 1:1
        ratio between growth in people working in Pendle and residents in work) as well as modelling a
        continuation of commuting dynamics shown by the 2011 Census. The analysis also assumes that
        4.5% of people hold down more than one job.

6.98   The modelling also builds in assumptions on changes to economic participation taking account of
        increased longevity and later retirement. Assumptions from the Office for Budget Responsibility's
        2018 Fiscal Sustainability Report have been adopted, which shows some increased economic
        participation in those in their 60s in particular (and particularly amongst women).

6.99   Once the level of economically active population matches the job growth forecast, the population
        (and its age structure) is modelled against the HRRs, using the HRRs in the 2014-based household
        projections with a 'part return to trend' adjustment to headship rates for those aged 25-44. The
        assumptions assume affordability improves in order to support improved household formation
        amongst younger households, moving back towards longer-term trends over time.

6.100   A 3% vacancy allowance is then included in relating household growth to housing need, consistent
        with the approach earlier in this report. A full overview of the approach is set out in Figure 6.6.

Figure 6.6 - Economic Led Housing Need Model
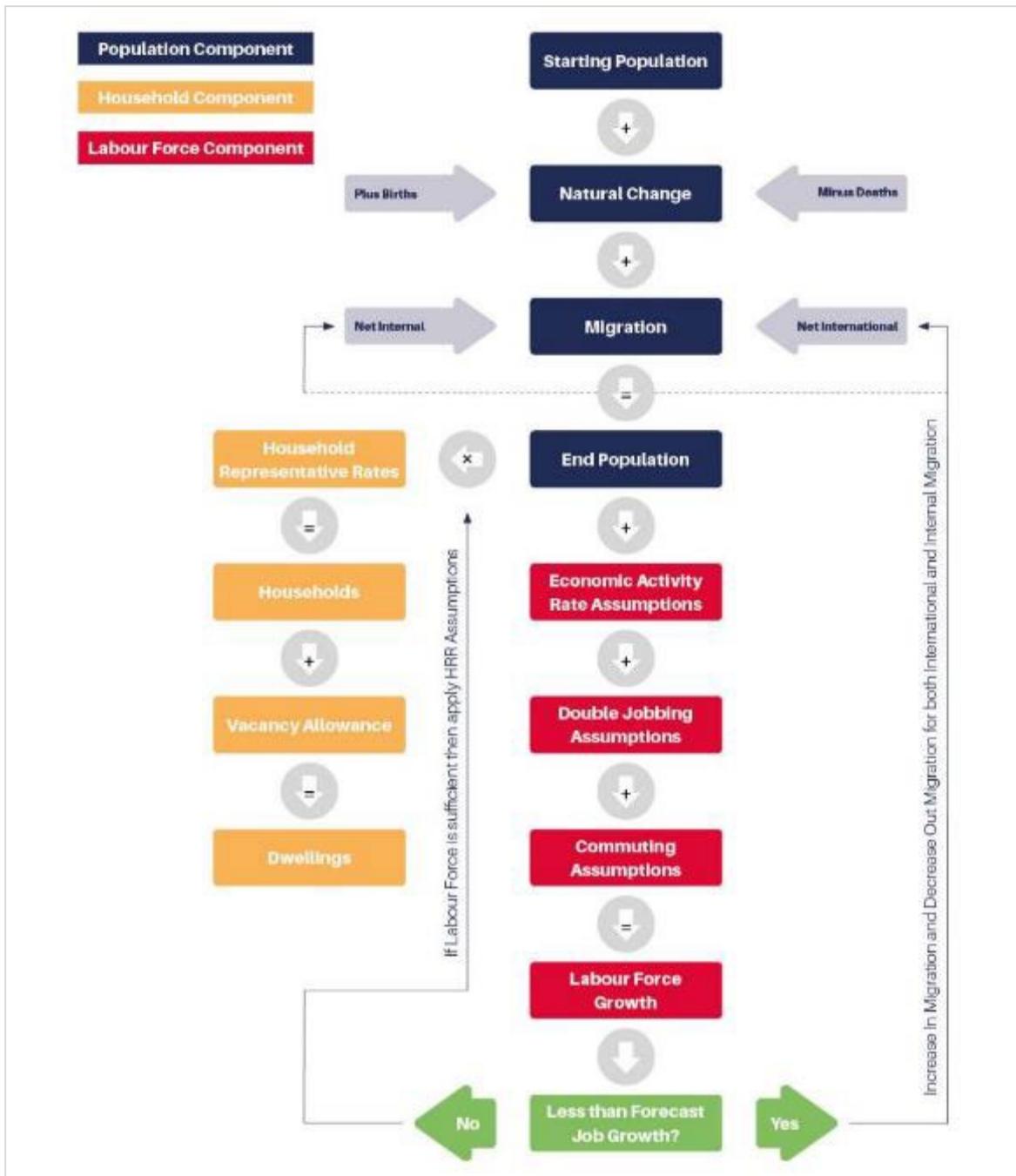
Source: Iceni Projects

6.101   The first part of the analysis estimates what level of growth in the labour supply would be needed
        for the job growth forecast to be met. This calculation is shown in Table 6.23; there are two
        scenarios with differing assumptions about commuting patterns for additional jobs. The table shows
        growth in the resident labour supply of between 2,038 and 2,314 people.

Table 6.23   Forecast job growth and change in resident workforce

	Total additional jobs (net of pandemic losses)	Allowance for double jobbing (=change in economically active)	Allowance for commuting
Census commuting	2,135	2,038	2,314
1:1 commuting	2,135	2,038	2,038

Source: Derived from a range of sources

6.102   Drawing through the modelling assumptions set out upfront. Table 6.24 shows estimates of housing need set against the job growth scenarios. The analysis shows a range of need across the Borough of between 255 and 274 dwellings per annum – these figures are above the Standard Method (140 per annum) but below the revised trend-based Standard Method (315 per annum if based on 5-year trends).

Table 6.24   Economic-led Housing Need – Pendle

	Households 2022	Households 2032	Change in households	Per annum	Dwellings (per annum)
Census commuting	39,073	41,737	2,663	266	274
1:1 commuting	39,057	41,533	2,476	248	255

Source: Demographic projections

6.103   This would suggest the Council would need to consider increasing their housing need to the region of 255 to 274 dpa to ensure sufficient labour force to meet its economic growth potential.

Working Age Population

6.104   We have also examined the housing need required to maintain the working age population. This is in effect the number of homes required to maintain the existing economy rather than enhance it. This shows that a need for between 96 and 130 dwellings per annum depending on the assumptions around headship rates.

Table 6.25   Housing Need Required to maintain the working age population – Pendle

	M65 Corridor	Rural Pendle	West Craven Towns	Pendle
2014-based HRR	54	23	19	96
PRT HRR	78	27	25	130

Source: Demographic projections

6.105   As both are below the standard method need of 140 dpa this scenario is provided as an illustration purposed only. Although it also shows a broad distribution of need to maintain the working age population in each sub-area.

6.106   As shown, the majority of need in both scenarios (56%-60%) is required in the M65 Corridor sub-area. Although this is disproportionate to the population in this area (64%). The distribution of need above this level (such as the economic-led housing need or standard method) will be a policy on choice and may reflect the location of employment sites.

Past Build Rates

6.107   The final consideration for a housing requirement above the Standard Method is looking at past housing delivery. This is a key part of the PPG, which says (2a-010):

'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'

6.108   Figure 6.7 shows housing completions over the decade from 2011 to 2021 – this shows average completions of 154 per annum and an even higher figure of 234 per annum over the past 5-years. This certainly suggests the Council could expect to be able to provide more than the 140 homes per annum required by the Standard Method.

Figure 6.7 - Net Completions (2011-21) – Pendle
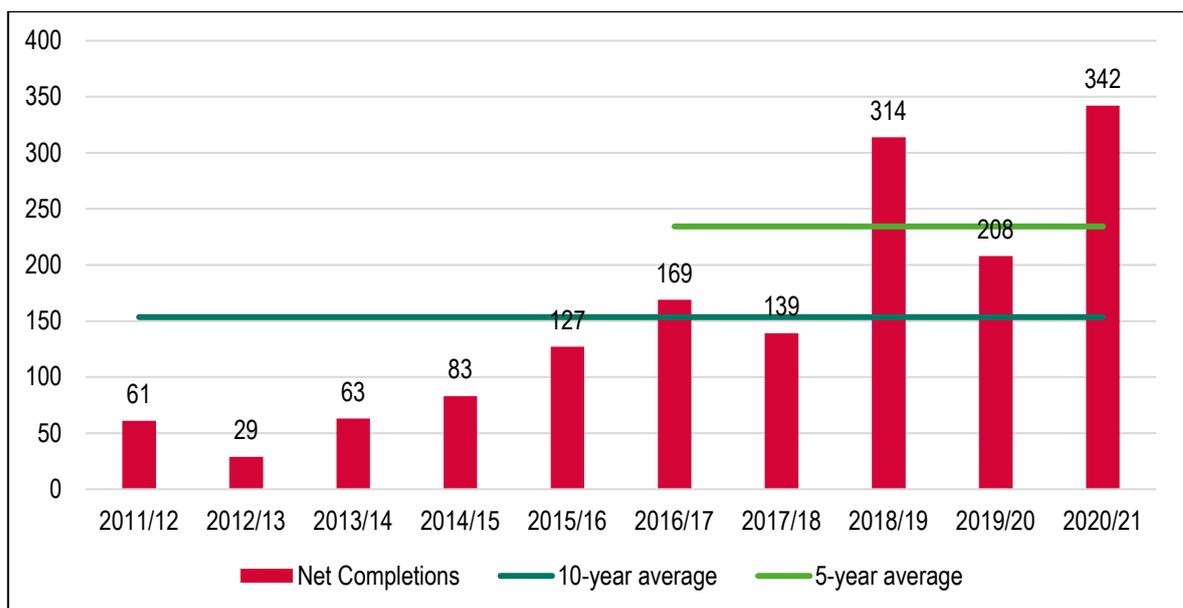
Source: ONS, Net Additions to Dwelling Stock

Housing Need Conclusion

6.109   Whilst this report cannot be precise about a housing number, on balance a figure in the region of 270 dwellings per annum looks to be about right when taking account of the range of evidence including the need for additional labour force as well as more recent delivery rates.

6.110   More recent demographic trends clearly point to a housing need above the standard method as population growth looks to have been stronger in the recent past than was the case in the trend period to 2014 (as used in the 2014-based household projections). There are some uncertainties about the quality of the demographic data available with clear discrepancies between Census information and other sources. If we look at 5- and 10-year trend projections within the framework of the Standard Method then a range of need of between 212 and 315 dwellings per annum is shown (270 dpa being towards the top end of this range). What is certain is that the housing need will need to exceed the standard method to meet economic growth. This leads us to our minimum 270 dpa conclusion.

6.111   If this level of housing is not delivered it will either stifle local economic growth, which is contrary to the NPPF or result in more people commuting into the borough than before. This could lead to unsustainable commuting patterns which result in congested roads and over-crowded public transport (without improvements).

6.112   While in theory greater in-commuting could occur this should not be a decision taken unilaterally by Pendle as it will inevitably draw in labour force from neighbouring authorities. Those same authorities may also be planning for a level of economic growth which requires their retention. This therefore should be discussed and agreed at sub-regional level.

6.113   A projection has been developed which looks at population change associated with delivery of 270 dwellings per annum. This shows a positive level of population change and also a positive change in the 16-64 age group. This projection is then used for other analysis in the report (including looking at the mix of housing and older person's needs).

Table 6.26   **Population change 2022 to 2032 by broad age bands – Pendle (linked to delivery of 270dpa)**

	Population 2022	Population 2032	Change in population	% change from 2022
Under 16	20,314	18,298	-2,016	-9.9%
16-64	58,388	59,578	1,190	2.0%
65 and over	17,656	20,461	2,805	15.9%
Total	96,358	98,336	1,978	2.1%

Source: Demographic Projections

Housing Need - Summary

The NPPF mandates the use of the 2014 subnational household projections (SNHP) in the Standard Method and following the relevant Planning Practice Guidance (PPG) the method shows a need for 140 dwellings per annum across the Borough.

The PPG does however allow for authorities to diverge from the Standard Method where this can be justified by exceptional circumstances; any alternative approach should reflect current and future demographic trends and market signals.

For Pendle there is a clear case to support exceptional circumstances – the 2021 Census seems to show population growth in the Borough has been higher than had previously been estimated and this could work through into population projections (given these are trend based). Population projections then work though into household projections and ultimately to estimates of need in the Standard Method.

That said, there are still question marks over the quality of demographic data, and even where population trends are used to develop alternative projections, the associated levels of household growth typically look quite high. Therefore the report does not conclude on a level of need associated with demographic trends, but does consider that this should be above the current Standard Method.

Given difficulties with some of the demographic data for Pendle, it is recommended the Council monitors new data releases from ONS (including MYE and projections) as ONS will need to grapple with the issue of inaccuracies in the MYE in any future releases.

Analysis moved on from looking at demographic trends and what these might mean within the framework of the Standard Method to consider the link between jobs growth forecasts and housing need – essentially to estimate the number of additional homes likely to be required to house a growing workforce.

The analysis takes account of forecast changes to economic activity, commuting patterns, the proportion of people with more than one job and the impact of COVID-19 on unemployment (and people returning to work moving out of the pandemic).

A jobs forecast showed potential job growth (2022-32) of just over 2,100 – this number of jobs is in excess of the number potentially supported by the Standard Method, and points to the possibility of the Council needing to seek higher levels of housing delivery to support economic growth.

Working through demographic modelling to consider changes to the resident labour supply and implied population and household growth it was concluded that to meet the economic forecasts, housing delivery in the range of about 255 and 274 dwellings per annum would be required.

Data on past completions also points to the likelihood that a higher housing number would be deliverable – over the past 5-years (2016-21) an average of 234 additional dwellings were completed in Pendle per annum.

Overall, the analysis in this section points to there being a strong case of the Council to plan for a housing number in excess of the Standard Method; this would support stronger population and economic growth and it is also that case that housing delivery has been stronger than the standard Method in the recent past.

Whilst this report cannot be precise about a housing number, on balance a figure in the region of 270 dwellings per annum looks to be about right when taking account of the range of evidence.

7.   AFFORDABLE HOUSING NEED

7.1   This section provides an assessment of the need for affordable housing in Pendle and the three sub-areas. The analysis specifically considers general needs housing, with further analysis of specialist housing (e.g. for older people) being discussed later in the report.

7.2   The analysis follows the PPG (Sections 2a-018 to 2a-024) and provides two main outputs, linked to Annex 2 of the NPPF – this is firstly an assessment of the need for social/affordable rented housing and secondly to consider the need for affordable home ownership products. It should be noted that whilst the analysis is segmented between rented and home ownership products, it would technically be possible for there to be some overlap between the two – for example if a home to buy was at a sufficient discount to be available to households unable to rent market housing then arguably it would be meeting some of the rental need

7.3   The analysis also considers First Homes, which looks likely to become a new affordable tenure (and potentially also replace other forms of affordable home ownership). Further information about First Homes was set out in a Planning Practice Guidance in May 2021.

Methodology Overview

7.4   The method for studying the need for affordable housing has been enshrined in Government practice guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy) – it is considered that this group will mainly be a target for rented affordable homes (social/affordable rented) and therefore the analysis looks a need for *‘affordable housing for rent’* as set out in Annex 2 of the NPPF. The methodology for looking at the need for rented (social/affordable) housing considers the following:

- **Current affordable housing need**: an estimate of the number of households who have a need now, at the point of the assessment, based on a range of data modelled from local information and cross-checked with data from the Council’s Housing Register – this figure is then annualised so as to meet the current need over a period of time;

- **Projected newly forming households in need**: using demographic projections to establish gross household formation, and then applying an affordability test to estimate numbers of such households unable to afford market housing;

- **Existing households falling into need**: based on studying past trends in the number of households who have accessed social/affordable rented housing; and

- **Supply of affordable housing**: an estimate of the likely number of lettings that will become available from the existing social/affordable housing stock.

7.5   The first three bullet points above are added together to identify a gross need, from which the supply of relets of existing properties is subtracted to identify a net annual need for additional affordable housing. For the purposes of this assessment, this analysis is used to identify the overall (net) need for social/affordable rented housing.

7.6   This approach has traditionally been used to consider the needs of households who have not been able to afford market housing (either to buy or to rent). As the income necessary to afford to rent homes without financial support is typically lower than that needed to buy, the ability of households to afford private rents has influenced whether or not they are in need of affordable housing.

7.7   The NPPF and associated guidance has expanded the definition of those in affordable housing need to include households who might be able to rent without financial support but who aspire to own a home, and require support to do so. The PPG includes households that "*cannot afford their own homes, either to rent, or to own, where that is their aspiration*" as having an affordable housing need.

7.8   This widened definition has been introduced by national Government to support increased access to home ownership, given evidence of declining home ownership and growth in private renting over the last 20 years or so. The PPG does not however provide specific guidance on how the needs of such households should be assessed and so this study adopts a broadly consistent methodology to that identified in the PPG, and consider a current need; a newly-arising need on an annual basis; existing households falling into need; and an annual estimate of supply.

7.9   The analysis of affordable housing need is therefore structured to consider the need for rented affordable housing, and separately the need for affordable home ownership. The overall need is expressed as an annual figure, which can then be compared with likely future delivery (as required by 2a-024).

7.10   Whilst the need for social/affordable rented housing and affordable home ownership are analysed separately, there are a number of pieces of information that are common to both assessments. In particular, this includes an understanding of local housing costs, incomes and affordability. The sections below therefore look at these factors.

Local Prices and Rents

7.11   An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the

market, and what proportion require support and are thus defined as having an 'affordable housing need'. For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).

7.12 The analysis below considers the entry-level costs of housing to both buy and rent across the Borough. The approach has been to analyse Land Registry and ONS data to establish lower quartile prices and rents. Using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market recognising that the very cheapest properties may be of sub-standard quality.

7.13 Data from the Land Registry for the year to March 2022 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £76,000 for a second-hand terraced house and rising to £222,000 for a detached home. Looking at the lower quartile price across all dwelling types, the analysis shows a lower quartile price of £88,000. The figures are all based on cost of existing homes in the market although newbuild prices are considered later in this section when looking at potential costs of affordable home ownership properties.

Table 7.1 Estimated lower quartile cost of housing to buy by type (existing dwellings) – year to March 2022 – Pendle

	Lower quartile price
Flat/maisonette	£77,500
Terraced	£76,000
Semi-detached	£127,500
Detached	£222,000
All dwellings	£88,000

Source: Land Registry

7.14 It is also useful to provide estimates of property prices by the number of bedrooms in a home. Analysis for this draws together Land Registry data with an internet search of prices of homes for sale (using sites such as Rightmove). The analysis suggests a lower quartile price of about £65,000 for a 1-bedroom home, rising to £230,000 for homes with 4-bedrooms.

Table 7.2   Estimated lower quartile cost of housing to buy by size (existing dwellings) –
year to March 2022 – Pendle

	Lower quartile price
1-bedroom	£65,000
2-bedrooms	£80,000
3-bedrooms	£130,000
4-bedrooms	£230,000
All Dwellings	£88,000

Source: Land Registry and Internet Price Search

7.15   A similar analysis has been carried out for private rents using ONS data – this covers a 12-month period to March 2022. For the rental data, information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of £425 per month.

Table 7.3   Lower Quartile Market Rents, year to March 2022 – Pendle

	Lower Quartile rent, pcm
Room only	£390
Studio	-
1-bedroom	£375
2-bedrooms	£412
3-bedrooms	£475
4-bedrooms	£698
All properties	£425

Source: ONS

7.16   It is of interest for this study to see how prices and rents vary by location. Table 7.4 shows an estimate of the overall lower quartile house price and private rent in each of the sub-areas; this is based on Land Registry data for prices and analysis of online data on available lettings which has then been adjusted to be consistent with the data from ONS. The analysis shows some variation in prices and rents, with prices (and rents) estimated to be highest in Rural Pendle. The lowest prices and rents were found to be in the M65 Corridor.

Table 7.4   Lower Quartile Prices and Market Rents, by sub-area

	Lower quartile price (existing dwellings)	Lower Quartile rent, pcm
M65 Corridor	£70,000	£405
Rural Pendle	£134,000	£520
West Craven Towns	£110,000	£490
All properties	£88,000	£425

Source: Internet private rental cost search and Land Registry

Household Incomes

7.17   Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e. the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on ONS modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes.

7.18   Drawing this data together an income distribution for the whole Borough has been constructed for 2022. Figure 7.1 shows that around a third of households have incomes below £20,000 with a further third in the range of £20,000 to £40,000. Overall, the average (mean) income is estimated to be around £36,600, with a median income of £28,700; the lower quartile income of all households is estimated to be £16,200.

Figure 7.1 Distribution of household income (2022) – Pendle
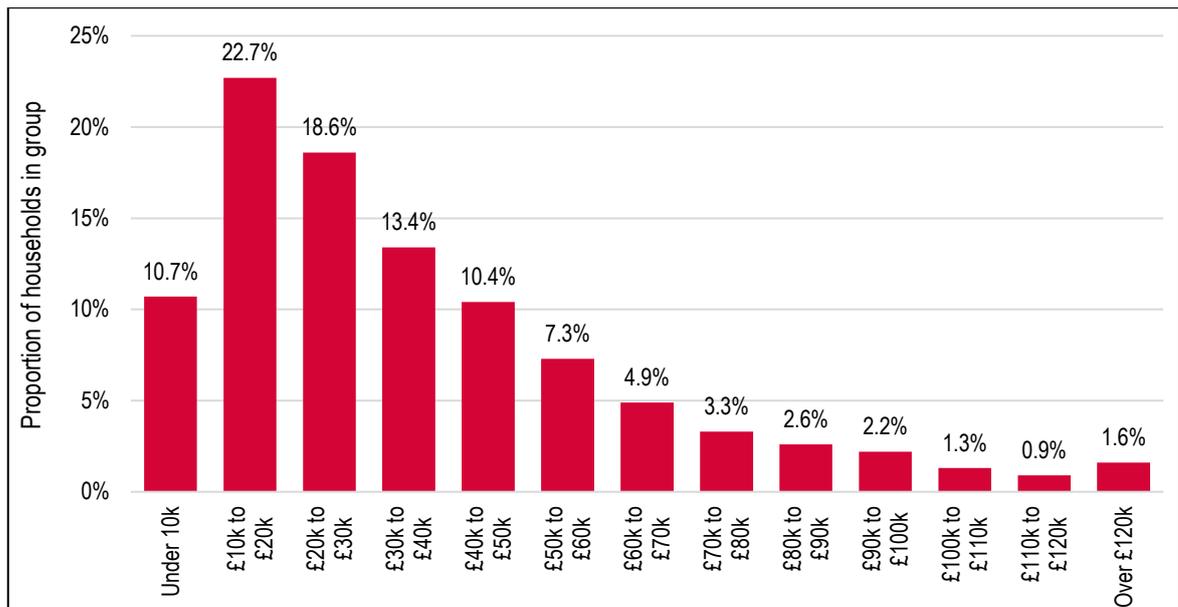
Source: Derived from a range of data as discussed

7.19   Analysis has also been undertaken to estimate how incomes vary by sub-area, with Table 7.5 showing the estimated median household income in each location, the table also shows the variance in incomes from the Borough average. There is some variation in the estimated incomes by area, median figures ranging from £25,000 in the M65 Corridor, up to £40,200 in Rural Pendle.

Table 7.5   Estimated average (median) household income by sub-area (mid-2022 estimate)

	Median income	**As a % of Borough average**
M65 Corridor	£25,000	87%
Rural Pendle	£40,200	140%
West Craven Towns	£32,100	112%
All households	£28,700	-

Source: Derived from a range of data as discussed

Affordability Thresholds

7.20   To assess affordability two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of social/affordable rented housing) and secondly to consider what income level is needed to access owner occupation (this, along with the first test helps to identify households in the 'gap' between renting and buying). This analysis therefore brings together the data on household incomes with the estimated incomes required to access private sector housing. Additionally, different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households).

7.21   A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis – the PPG does not provide any guidance on this issue. CLG SHMA guidance prepared in 2007 suggested that 25% of income is a reasonable start point, it also noted that a different figure could be used depending on local housing costs.

7.22   At £425 per calendar month, lower quartile rent levels in Pendle are typically low in comparison to those seen nationally (a lower quartile rent of £595 for England in the year to March 2022). This would suggest that a proportion of income to be spent on housing should be at the bottom end of the range (the range starting from 25%). It is therefore considered that a threshold of 25% is reasonable in a local context, to afford a £425 pcm rent this would imply a gross household income of about £20,400 (and in net terms the rent would likely be 29% of income).

7.23   In reality, many households may well spend a higher proportion of their income on housing and therefore would have less money for other living costs – for the purposes of this assessment these households would essentially be assumed as ideally having some form of subsidised rent so as to ensure a sufficient level of residual income.

7.24   Generally, the income required to access owner-occupied housing is higher than that required to rent and so the analysis of the need for social/affordable rented housing is based on the ability to

afford to access private rented housing. However, local house prices (and affordability) are important when looking at the need for affordable home ownership.

7.25   For the purposes of this assessment, the income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for three and a half times their income. These assumptions are considered to be broadly in line with typical lending practices although it is recognised that there will be differences on a case by case basis.

7.26   Table 7.6 shows the estimated incomes required to both buy and rent (privately) in each sub-area. For the Borough as a whole there is a small income 'gap' between renting and buying although for the M65 Corridor the income required to buy is actually lower than needed to rent. For the other two sub-areas there is a larger gap between buying and renting. The information in Table 7.6 is taken forward into further analysis in this section to look at affordable needs in different locations.

Table 7.6   Estimated Household Income Required to Buy and Privately Rent by sub-area

	To buy	To rent (privately)	Income gap
M65 Corridor	£18,000	£19,400	-£1,400
Rural Pendle	£34,500	£25,000	£9,500
West Craven Towns	£28,300	£23,500	£4,800
Borough-wide	£22,600	£20,400	£2,200

Source: Based on Housing Market Cost Analysis

Need for Social/Affordable Rented Housing

7.27   The sections below work through the various stages of analysis to estimate the need for social/affordable housing in each local authority. Final figures are provided as an annual need (including an allowance to deal with current need). As per 2a-024 of the PPG, this figure can then be compared with likely delivery of affordable housing.

Current Need

7.28   In line with PPG paragraph 2a-020, the current need for affordable housing has been based on considering the likely number of households with one or more housing problems. Table 7.7 sets out the categories in the PPG and the sources of data being used to establish numbers. The PPG also includes a category where households cannot afford to own despite it being their aspiration – this category is considered separately in this report (under the title of the need for affordable home ownership).

Table 7.7   Main sources for assessing the current need for affordable housing

	Source	Notes
Homeless households (those in temporary accommodation	MHCLG Statutory Homelessness data	Household in temporary accommodation at end of quarter.
Households in overcrowded housing	Census table LC4108EW	Analysis undertaken by tenure and updated by reference to national changes (from the English Housing Survey (EHS))
Concealed households	Census table LC1110EW	Number of concealed families
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households – tenure estimates updated by reference to the EHS
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

7.29   It should be noted that there may be some overlap between categories (such as overcrowding and concealed households, whereby the overcrowding would be remedied if the concealed household moved). The data available does not enable analysis to be undertaken to study the impact of this and so it is possible that the figures presented include a small element of double counting (although this is likely to be small). Additionally, some of the concealed households may be older people who have moved back in with their families and might not be considered as in need.

7.30   Table 7.8 shows the initial estimate of the number of households within each sub-area with a current housing need. These figures are before any 'affordability test' has been applied to assess the ability of households to meet their own housing needs; and has been termed 'the number of households in unsuitable housing'. Overall, the analysis estimates that there are currently some 3,750 households living in unsuitable housing (or without housing), with over three-quarters of these being in the M65 Corridor area.

Table 7.8   Estimated Number of Households Living in Unsuitable Housing – Pendle

	Homeless/ concealed households	Households in overcrowded housing	Existing affordable housing tenants in need	Households from other tenures in need	Total
M65 Corridor	549	1,664	77	629	2,919
Rural Pendle	51	115	8	172	346
West Craven Towns	83	191	13	198	485
Borough-wide	683	1,970	98	999	3,750

Source: MHCLG Live Tables, Census 2011 and Data Modelling

7.31   In taking this estimate forward, the data modelling next estimates housing unsuitability by tenure. From the overall number in unsuitable housing, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The analysis also excludes 90% of owner-occupiers under the assumption (which is supported by analysis of survey data) that the vast majority will be able to afford housing once savings and equity are taken into account.

7.32   Table 7.9 shows it is estimated that there are 2,100 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers).

Table 7.9   Unsuitable Housing by Tenure and Number to Take Forward into Affordability Modelling (Pendle)

	In Unsuitable Housing	Number to Take Forward for Affordability Testing
Owner-occupied	1,515	152
Affordable housing	323	0
Private rented	1,229	1,229
No housing (homeless/concealed)	683	683
Total	3,750	2,063

Source: MHCLG Live Tables, Census 2011 and Data Modelling

7.33   Having established this figure, it needs to be considered that a number of these households might be able to afford market housing without the need for subsidy. To consider this, the income data has been used, with the distribution adjusted to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income distribution that reduces the average household income to 88% of the figure for all households has been used to identify the proportion of households whose needs could not be met within the market (for households currently living in housing). A lower figure of 42% has been used to apply an affordability test for the concealed/homeless households who do not currently occupy housing.

7.34   These two percentage figures have been based on a consideration of typical income levels of households who are in unsuitable housing (based mainly on estimates in the private rented sector) along with typical income levels of households accessing social rented housing (for those without accommodation).

7.35   The figures have been based on analysis of the English Housing Survey (mainly looking at relative incomes of households in each of the private and social rented sectors) as well as consideration of similar information collected through household surveys across the country by JGC. These modelling assumptions are considered reasonable and have not been challenged through the Local Plan process in other locations (where the same assumptions have been used).

7.36   Overall, around half of households with a current need are estimated to be likely to have insufficient income to afford market housing and so the estimate of the total current need is 1,117 households across the Borough – around four-fifths of the need estimated to be arising in the M65 Corridor. Table 7.10 shows how this is estimated to vary by sub-area.

Table 7.10   Estimated Current Affordable Housing Need (for social/affordable rented housing)

	In unsuitable housing (taken forward for affordability test)	% Unable to Afford Market Housing (without subsidy)	Revised Gross Need (including Affordability)
M65 Corridor	1,562	56.1%	877
Rural Pendle	203	43.4%	88
West Craven Towns	299	50.9%	152
Borough-wide	2,063	54.1%	1,117

Source: CLG Live Tables, Census 2011 and Data Modelling

7.37   The estimated figures shown above represents the number of households with a need currently. For the purposes of analysis, it is assumed that the local authorities would seek to meet this need over a period of time. To be consistent with the main period studied in the demographic projections (a ten-year period from 2022 to 2032) the need is annualised by dividing by 10 (to give an annual need for 112 dwellings across all areas). This does not mean that some households would be expected to wait 10-years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.

Newly Forming Households

7.38   The number of newly forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.

7.39   The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates 'plateau'. There may be a small number of household formations beyond age 45 (e.g. due to relationship breakdown) although the number is expected to be fairly small when compared with formation of younger households.

7.40   The number of newly forming households has been estimated through demographic modelling (linked to 2018-based projections and 2014-based HRRs). This is considered to provide the best view about trend-based household formation in Pendle.

7.41   In assessing the ability of newly forming households to afford market housing, data has been
        drawn from previous surveys undertaken nationally by JGC. This establishes that the average
        income of newly forming households is 84% of the figure for all households. This figure is
        remarkably consistent across areas (and is also consistent with analysis of English Housing Survey
        data at a national level).

7.42   The analysis has therefore adjusted the overall household income data to reflect the lower average
        income for newly forming households. The adjustments have been made by changing the
        distribution of income by bands such that average income level is 84% of the all household
        average. In doing this it is possible to calculate the proportion of households unable to afford
        market housing. For the purposes of the need for social/affordable rented housing this will relate to
        households unable to afford to buy OR rent in the market.

7.43   The assessment suggests overall that around two-fifths of newly forming households will be unable
        to afford market housing (to rent privately) and this equates a total of 284 newly forming
        households will have a need per annum on average across the Borough – Table 7.11 provides a
        breakdown by sub-area.

**Table 7.11   Estimated Need for Social/Affordable Rented Housing from Newly Forming
Households (per annum)**

	Number of new households	% unable to afford	Annual newly forming households unable to afford to rent
M65 Corridor	414	46.1%	191
Rural Pendle	112	36.1%	40
West Craven Towns	123	43.0%	53
Borough-wide	649	43.8%	284

Source: Projection Modelling/Affordability Analysis

Existing Households Falling into Affordable Housing Need

7.44   The second element of newly arising need is existing households falling into need. To assess this,
        information about past lettings in social/affordable rented has been used. The assessment looked
        at households who have been housed in general needs housing over the past three years – this
        group will represent the flow of households onto the Housing Register over this period. From this,
        newly forming households (e.g. those currently living with family) have been discounted as well as
        households who have transferred from another social/affordable rented property. An affordability
        test has also been applied.

7.45   This method for assessing existing households falling into need is consistent with the 2007 SHMA
        guide which says on page 46 that *'Partnerships should estimate the number of existing households*

falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)'. Following the analysis through suggests a need arising from 111 existing households each year across the Borough. Table 7.12 breaks this down by sub-area.

Table 7.12   Estimated Need for Social/Affordable Rented Housing from Existing Households Falling into Need (per annum)

	Total Additional Need	% of Total
M65 Corridor	88	79.4%
Rural Pendle	8	7.5%
West Craven Towns	15	13.1%
Borough-wide	111	100.0%

Source: Derived from a range of sources as described in text

Supply of Social/Affordable Rented Housing Through Relets

7.46   The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of social/affordable rent relets.

7.47   The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future. Information from CoRe has been used to establish past patterns of social housing turnover. The figures are for general needs lettings but exclude lettings of new properties and also exclude an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock.

7.48   On the basis of past trend data is has been estimated that 220 units of social/affordable rented housing are likely to become available each year moving forward for occupation by households in need.

Table 7.13   Analysis of Past Social/Affordable Rented Housing Supply, 2017/18 – 2019/20 (average per annum) – Pendle

	Total Lettings	% as Non-New Build	Lettings in Existing Stock	% Non-Transfers	Lettings to New Tenants
2017/18	325	98.5%	320	65.8%	211
2018/19	385	91.2%	351	63.6%	223
2019/20	330	94.8%	313	71.8%	225
Average	347	94.6%	328	66.9%	220

Source: CoRe/LAHS

7.49   Table 7.14 shows the estimated supply of affordable housing from relets in each sub-area. The
        sub-area figures have been based on estimates of the size of the social rented sector in each
        location.

Table 7.14   Estimated supply of affordable housing from relets of existing stock by sub-
area (per annum)

	Annual supply	% of supply
M65 Corridor	173	78.6%
Rural Pendle	18	8.3%
West Craven Towns	29	13.1%
Borough-wide	220	100.0%

Source: CoRe/LAHS/Census (2011)

7.50   The PPG model also includes the bringing back of vacant homes into use and the pipeline of
        affordable housing as part of the supply calculation. These have however not been included within
        the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes
        (over and above a level that might be expected to allow movement in the stock). Secondly, with the
        pipeline supply, it is not considered appropriate to include this as to net off new housing would be
        to fail to show the full extent of the need, although in monitoring it will be important to net off these
        dwellings as they are completed.

Net Need for Social/Affordable rented Housing

7.51   Table 7.15 shows the overall calculation of affordable housing need. The analysis shows that there
        is a need for 288 dwellings per annum across the area – an affordable need is seen in all sub-
        areas. The net need is calculated as follows:

**Net Need = Current Need (allowance for) + Need from Newly-Forming Households +
Existing Households falling into Need – Supply of Affordable Housing**

Table 7.15   Estimated Need for Social/Affordable Rented Housing by sub-area (per annum)

	Current need	Newly forming house-holds	Existing house-holds falling into need	Total Gross Need	Relet Supply	Net Need
M65 Corridor	88	191	88	367	173	194
Rural Pendle	9	40	8	57	18	39
West Craven Towns	15	53	15	83	29	54
Borough-wide	112	284	111	507	220	288

Source: Range of sources as discussed

7.52   Whilst the need above is provided down to sub-area level, it should be remembered that affordable need can be met across the Borough as and when opportunities arise, and so specific sub-area data should not be treated as a local target.

The Relationship Between Affordable Need and Overall Housing Need

7.53   The PPG encourages local authorities to consider increasing planned housing numbers where this can help to meet the identified affordable need. Specifically, the wording of the PPG [2a-024] states:

> *'The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the strategic plan may need to be considered where it could help deliver the required number of affordable homes'*

7.54   However, the relationship between affordable housing need and overall housing need is complex. This was recognised in the Planning Advisory Service (PAS) Technical Advice Note of July 2015. PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need. There are a number of reasons why the two cannot be 'arithmetically' linked.

7.55   Firstly, the modelling contains a category in the projection of *'existing households falling into need'*; these households already have accommodation and hence if they were to move to alternative accommodation, they would release a dwelling for use by another household – there is no net need to provide additional homes. The modelling also contains *'newly forming households'*; these households are a direct output from the demographic modelling and are therefore already included in the overall housing need figures.

7.56   This just leaves the *'current need'*; much of this group will be similar to the existing households already described (in that they are already living in accommodation) although it is possible that a number will be households without housing (mainly concealed households) – these households are not included in the demographic modelling and so are arguably an additional need, although uplifts for market signals/affordability (as included in the Government's Standard Method) would be expected to deal with such households.

7.57   The analysis estimates an annual need for 288 rented affordable homes, which is notionally over 100% of a Local Housing Need of 140 dwellings per annum (as calculated using the Standard Method) and also over 100% of our suggestion that a figure of about 270 dwellings per annum. However, as noted, caution should be exercised in trying to make a direct link between affordable need and planned delivery, with the key point being that many of those households picked up as

having a need will already be living in housing and so providing an affordable option does not lead to an overall net increase in the need for housing (as they would vacate a home to be used by someone else).

7.58   It is possible to investigate this in some more detail by re-running the model and excluding those already living in accommodation. This is shown in Table 7.16 which identifies that meeting these needs would lead to an affordable need for 118 homes per annum across the Borough – notionally 84% of the Standard Method or 44% of 270. This figure is theoretical and should not be seen to be minimising the need (which is clearly acute). It does however serve to show that there is a substantial difference in the figures when looking at overall housing shortages.

7.59   The analysis is arguably even more complex than this – it can be observed that the main group of households in need are newly forming households. These households are already included within demographic projections and so the demonstrating of a need for this group again should not be seen as over and above any need derived through the normal process of looking at need. Indeed, only the 53 per annum (current need) is in addition to demographic projections.

Table 7.16   **Estimated Need for Affordable Housing (social/affordable rented) excluding households already in accommodation – Pendle**
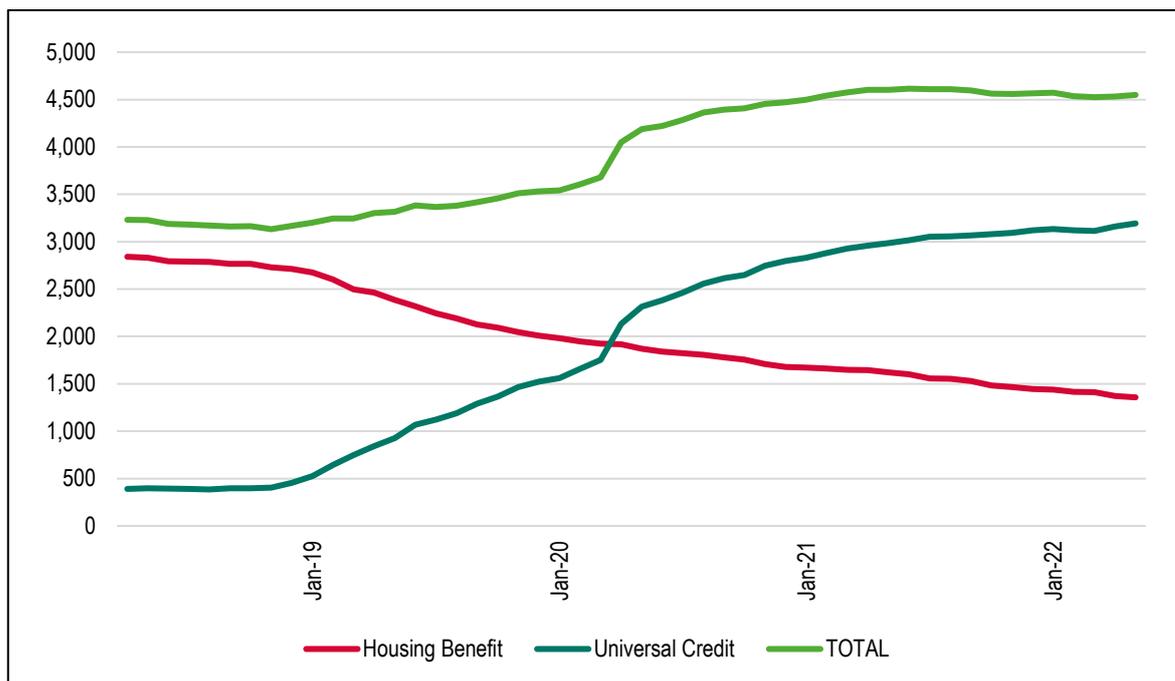
	Including existing households	Excluding existing households
Current need	112	53
Newly forming households	284	284
Existing households falling into need	111	0
Total Gross Need	507	338
Re-let Supply	220	220
Net Need	288	118

Source: Range of sources as discussed

7.60   Additionally, it should be noted that the need estimate is on a per annum basis and should not be multiplied by the plan period to get a total need. Essentially, the estimates are for the number of households who would be expected to have a need in any given year (i.e. needing to spend more than 30% of income on housing). In reality, some (possibly many) households would see their circumstances change over time such that they would 'fall out of need' and this is not accounted for in the analysis. One example would be a newly forming household with an income level that means they spend more than 30% of income on housing, as the household's income rises they would potentially pass the affordability test and therefore not have an affordable need. Additionally, there is the likelihood when looking over the longer-term that a newly-forming household will become an existing household in need and would be counted twice if trying to multiply the figures out for a whole plan period.

7.61   The discussion above has already noted that the need for affordable housing does not generally lead to a need to increase overall provision (with the exception of potentially providing housing for concealed households although this should be picked up as part of an affordability uplift). It is however worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without Housing Benefit. In particular, the role played by the Private Rented Sector (PRS) in providing housing for households who require financial support in meeting their housing needs should be recognised.

7.62   Whilst the Private Rented Sector (PRS) does not fall within the types of affordable housing set out in the NPPF (other than affordable private rent which is a specific tenure separate from the main 'full market' PRS), it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need. Government recognises this, and indeed legislated through the 2011 Localism Act to allow Councils to discharge their "homelessness duty" through providing an offer of a suitable property in the PRS.

7.63   It is also worth reflecting on the NPPF (Annex 2) definition of affordable housing. This says: *'Affordable housing: housing for sale or rent, for those whose <u>needs are not met by the market</u>'* [emphasis added]. Clearly where a household is able to access suitable housing in the private rented sector (with or without Housing Benefit) it is the case that these needs are being met by the market (as within the NPPF definition). As such the role played by the private rented sector should be recognised – it is evidently part of the functioning housing market.

7.64   Data from the Department of Work and Pensions (DWP) has been used to look at the number of Housing Benefit supported private rented homes. As of May 2022, it is estimated that there were around 4,500 benefit claimants in the private rented sector in Pendle. From this, it is clear that the PRS contributes to the wider delivery of 'affordable homes' with the support of benefit claims, and further complicates any attempts to find a relationship between affordable need and overall housing need.

7.65   Figure 7.2 shows the trend in the number of claimants in the Borough. This shows there has been a notable increase since March 2020, which is likely to be related to the COVID-19 pandemic. However, even the more historical data shows a substantial number of households claiming benefit support for their housing in the private sector (typically in excess of 3,000 households).

Figure 7.2 - Number of Housing Benefit claimants in the private rented sector – Pendle

7.66   It is difficult to be precise about the annual level of new supply being provided by the private rented sector (supported by Housing Benefit) but data from the English Housing Survey for the past 5-years (2016-21) suggests 7% of all private renting tenants are new to the sector in any given year. Assuming a similar proportion as being benefit claimants would imply 315 benefit supported lettings across the Borough each year. A further 17% of private tenants move within the sector each year, which would imply 765 benefit supported lettings (although it is likely that many of these households were claimants prior to moving home).

7.67   Whilst housing delivery through the Local Plan can be expected to secure additional affordable housing it needs to be noted that delivery of affordable housing through planning obligations is an important, but not the only means, of delivery affordable housing; and the Council should also work with housing providers to secure funding to support enhanced affordable housing delivery on some sites and through use of its own land assets.

7.68   Overall, it is difficult to link the need for affordable housing to the overall housing need; indeed, there is no justification for trying to make the link. Put simply the two do not measure the same thing and interpreting the affordable need figure consideration needs to be given to the fact that many households already live in housing, and do not therefore generate an overall net need for an additional home. Further issues arise as the need for affordable housing is complex and additionally the extent of concealed and homeless households needs to be understood as well as the role played by the private rented sector.

7.69   Regardless of the discussion above, the analysis identifies a notable need for affordable housing,
        and it is clear that provision of new affordable housing is an important and pressing issue across
        the Borough. It does however need to be stressed that this report does not provide an affordable
        housing target; the amount of affordable housing delivered will be limited to the amount that can
        viably be provided. As noted previously, the evidence does however suggest that affordable
        housing delivery should be maximised where opportunities arise.

7.70   Finally, whilst there is no direct link between the affordable need and overall housing need, it is the
        case that the levels of affordable need across areas can feed into considerations about the
        distribution of housing for different areas, along with an understanding of demographic trends and
        economic growth.

Split Between Social and Affordable Rented Housing

7.71   The analysis above has studied the overall need for social and affordable rented housing with a
        focus on households who cannot afford to rent in the market. These households will therefore have
        a need for some form of rented housing at a cost below typical market rates. Typically, there are
        two main types of rented affordable accommodation (social and affordable rented) with the analysis
        below considering what a reasonable split might be between these two tenures.

7.72   An analysis has been undertaken to compare the income distribution of households with the cost of
        different products. Data about average social and affordable rents has been taken from the
        Regulator of Social Housing (RSH) and this is compared with lower quartile and median market
        rents (from ONS data). This analysis shows that social rents are lower than affordable rents; the
        analysis also shows that affordable rents are less than both lower quartile and median market
        rents, although typically more than 80% of lower quartile figures.

Table 7.17   Comparison of rent levels for different products – Pendle (2020/21)

	Social rent	Affordable rent (AR)	Lower quartile (LQ) market rent	Median market rent	AR as % of LQ	AR as % of median
1-bedroom	£287	£346	£375	£405	92%	85%
2-bedrooms	£330	£377	£412	£475	91%	79%
3-bedrooms	£374	£428	£475	£550	90%	78%
4-bedrooms	£414	£531	£698	£800	76%	66%
All	£321	£412	£425	£485	97%	85%

Source: RSH and ONS

7.73   For the affordability test, a standardised average rent for each product has been used based on the
        proportion of stock in each size category. Table 7.18 suggests that 12% of households who cannot

afford to rent privately could afford an affordable rent, with a further 19% being able to afford a social rent (but not an affordable one). A total of 70% of households would need some degree of benefit support to be able to afford their housing (regardless of the tenure).

Table 7.18   Estimated need for affordable rented housing (% of households able to afford)

	% of households able to afford
Afford affordable rent	12%
Afford social rent	19%
Need benefit support	70%
All unable to afford market	100%

Source: Affordability analysis

7.74   The finding that only 12% of households can afford an affordable rent does not automatically lead to a policy conclusion on the split between the two types of housing. For example, many households who will need to access rented accommodation will be benefit dependent and as such could technically afford an affordable rent – hence a higher proportion of affordable rented housing might be appropriate – indeed the analysis does identify a substantial proportion of households as being likely to need benefit support. On the flip side, providing more social rents might enable households to return to work more easily, as a lower income would potentially be needed to afford the lower social (rather than affordable) rent.

7.75   There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently to any local assessment of need. Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided, for example, it is likely that affordable rented housing is more viable, and therefore a greater number of units could be provided. Finally, in considering a split between social and affordable rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services.

7.76   On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures of homes are likely to be required in all areas.

Establishing a Need for Affordable Home Ownership

7.77   The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including *'households which can afford to rent in the private rental market, but cannot afford to buy despite a preference for owning their own home'*. However, at the time of writing, there is no guidance about how the number of such households should be measured.

7.78   The methodology used in this report therefore draws on the current methodology, and includes an assessment of current needs, and projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the 'gap' between buying and renting is used. There is also the issue of establishing an estimate of the supply of affordable home ownership homes – this is considered separately below.

7.79   The analysis has been developed in the context of First Homes with the Government proposing that 25% of all affordable housing secured through developer contributions should be within this tenure. A definition of First Homes (from the relevant PPG (70-001)) can be found later in this document.

Gross Need for Affordable Home Ownership

7.80   The first part of the analysis seeks to understand what the gap between renting and buying actually means in the Borough – in particular establishing the typical incomes that might be required. The information about incomes required to both buy and rent in different locations has already been provided earlier in this section and so the discussion below is a broad example.

7.81   Using the income distributions developed (as set out earlier in this section) along with data about price and rents, it has been estimated that of all households living in the private rented sector, 54% already have sufficient income to buy a lower quartile home, with 5% falling in the rent/buy 'gap'. The final 41% are estimated to have an income below which they cannot afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs) although in reality it should be noted that many households will spend a higher proportion of their income on housing. These figures have been based on an assumption that incomes in the private rented sector are 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that affordable home ownership products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).

7.82   Table 7.19 shows an estimate of the proportion of households living in the private rented sector who are able to afford different housing products by sub-area. This shows a higher proportion of households in the rent/buy gap in Rural Pendle, this reflects a larger gap in the estimated incomes needed to buy and rent a home in this area. In the M65 Corridor there are no households in the rent/buy gap, this is due to the earlier finding that theoretically a higher income is needed to rent a home than it is to buy.

Table 7.19   Estimated proportion of households living in Private Rented Sector able to buy and/or rent market housing

	Can afford to buy OR rent	Can afford to rent but not buy	Cannot afford to buy OR rent privately
M65 Corridor	56%	0%	44%
Rural Pendle	51%	15%	34%
West Craven Towns	50%	9%	41%
Borough-wide	54%	5%	41%

Source: Derived from Housing Market Cost Analysis and Affordability Testing

7.83   The finding that a significant proportion of households in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests that for many households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)). However, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

7.84   To study current need, an estimate of the number of household living in the Private Rented Sector (PRS) has been established, with the same (rent/buy gap) affordability test (as described above) then applied. The start point is the number of households living in private rented accommodation; as of the 2011 Census there were some 6,800 households living in the sector across the Borough. Data from the English Housing Survey (EHS) suggests that since 2011, the number of households in the PRS has risen by about 19% - if the same proportion is relevant to Pendle then the number of households in the sector would now be around 8,000.

7.85   Additional data from the EHS suggests that 60% of all PRS households expect to become an owner at some point (4,800 households if applied to Pendle) and of these some 40% (1,900 households) would expect this to happen in the next 2-years. These figures are taken as the number of households potentially with a current need for affordable home ownership before any affordability testing.

7.86   As noted above, on the basis of income it is estimated that around 5% of the private rented sector sit in the gap between renting and buying (varying by location). Applying this proportion to the above figures would suggest a current need for 74 affordable home ownership units (7 per annum if annualised over a 10-year period).

7.87   In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming

households) suggests an annual need from these two groups of 39 dwellings (28 from newly forming households and 11 from existing households in the private rented sector).

7.88   Bringing together the above analysis suggests that there is a need for 47 affordable home ownership homes (priced for households able to afford to rent but not buy) per annum across the Borough. This is before any assessment of the potential supply of housing is considered.

Table 7.20   Estimated Gross Need for Affordable Home Ownership by sub-area (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need
M65 Corridor	0	0	0	0
Rural Pendle	4	17	6	27
West Craven Towns	3	11	5	20
Borough-wide	7	28	11	47

Source: Range of sources as discussed

Potential Supply of Housing to Meet the Affordable Home Ownership Need and Net Need

7.89   As with the need for social/affordable rented housing, it is also necessary to consider if there is any supply of affordable home ownership products from the existing stock of housing. As with assessing the need for affordable home ownership, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated.

7.90   One source is likely to be resales of low cost home ownership products with data from the Regulator of Social Housing showing a total stock in 2021 of 15 homes. If these homes were to turnover at the same rate seen for the social housing stock then they would be expected to generate approximately 1 resale each year. These properties would be available for these households and can be included as the potential supply.

7.91   In addition, it should be noted that the analysis looks at households unable to afford a lower quartile property price. By definition, a quarter of all homes sold will be priced at or below a lower quartile level. According to the Land Registry, in Pendle there were a total of 1,255 resales (i.e. excluding newly-built homes) in the last year (year to March 2022) and therefore 314 would be priced below the lower quartile. This is 314 homes that would potentially be affordable to the target group for affordable home ownership products and is a potential supply that well above the level of need calculated.

7.92   It is then possible to provide a best estimate of the supply of lower quartile homes that are bought by the target group of households (assumed to be first-time buyers). Whilst dated, a report by

Bramley and Wilcox in 2010 (Evaluating requirements for market and affordable housing) noted that around 40% of first-time buyers with a mortgage buy at or below the lower quartile[12]. Other recent data suggests that first time buyers account for around half of home purchase loans[13] with a total of 65% of all homes being bought with a loan (35% as cash buyers[14]).

7.93   Bringing this together would point to 32.5% of homes being bought by first-time buyers and 13% of all homes being a lower quartile home bought by a first-time buyer (32.5% * 40%) – this would point to around half of all lower quartile sales as being to first-time buyers (as half of 25% is 12.5%). Therefore, for the purposes of estimating a 'need' half of all lower quartile sales are included in the supply.

7.94   We can therefore now provide three supply estimates which can be considered in the context of the estimated need. These are:

- Only count the supply from affordable home ownership resales (1 per annum);

- Include the supply from affordable home ownership and half of resales of lower quartile homes (158 per annum (157+1)); and

- Include the supply from affordable home ownership and all resales of lower quartile homes (315 per annum (314+1)).

7.95   Table 7.21 shows the estimated net need from applying these three supply scenarios. Only including the resales of AHO shows a need for 46 dwellings per annum and this becomes a surplus of 111 per annum if 50% of lower quartile sales are included. If all lower quartile sales are included in the supply, then there is a substantial surplus of affordable home ownership shown. Overall, the analysis shows it is difficult to conclude what the need for affordable home ownership is (and indeed if there is one).

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[12] https://thinkhouse.org.uk/site/assets/files/1614/2010_20nhpau_202.pdf
[13] https://www.mortgagesolutions.co.uk/news/2022/01/24/first-time-buyer-numbers-rose-to-nearly-410000-in-2021/#::text=First%2Dtime%20buyers%20accounted%20for,39%20per%20cent%20in%202009
[14] https://www.ft.com/content/e0ad2830-094f-4e61-acaa-d77457e2edbb

Table 7.21   Estimated Need for Affordable Home Ownership (per annum)

	AHO resales only	AHO resales plus 50% of LQ sales	AHO resales plus 100% of LQ sales
Total gross need	47	47	47
LCHO supply	1	158	315
Net need	46	-111	-268

Source: Range of sources

7.96   Focussing on the middle of the three scenarios above (50% of lower quartile sales). Table 7.22 shows a surplus of affordable home ownership in all areas and in particular the lower value M65 Corridor.

Table 7.22   Estimated Need for Affordable Home Ownership by sub-area (per annum)

	Total Gross Need	Supply	Net need
M65 Corridor	0	83	-83
Rural Pendle	27	38	-11
West Craven Towns	20	37	-17
Borough-wide	47	158	-111

Source: Range of sources as discussed

Implications of the Analysis

7.97   Given the analysis above, it would be reasonable to conclude that there is a need to provide housing under the definition of 'affordable home ownership' – although this conclusion is based on only considering supply from resales of affordable housing (notably discounted market housing). If supply estimates are expanded to include market housing for sale below a lower quartile price then the need for AHO is less clear-cut.

7.98   Regardless, it does seem that there are many households in Pendle who are being excluded from the owner-occupied sector. This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 90% from 2001 to 2011 (with the likelihood that there have been further increases since). Over the same period, the number of owners with a mortgage dropped by 13%. That said, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

7.99   On this basis, and as previously noted, it seems likely in Pendle that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than simply being due to the cost of housing to buy.

7.100   The NPPF (last updated in July 2021) gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership (in other words, if 20% of homes were to be affordable then half would be affordable home ownership) and it is now the case that policy compliant planning applications would be expected to deliver a minimum of 25% affordable housing as First Homes (as a proportion of the total affordable housing), with Councils being able to specify the requirement for any remaining affordable housing (subject to at least 10% of all housing being for AHO).

7.101   Firstly, regarding the 10%, it is not clear that this is the best solution in the Borough. The NPPF does provide some examples of where the 10% might not be required (paragraph 65), most notably that the 10% would be expected unless this would *'significantly prejudice the ability to meet the identified affordable housing needs of specific groups'*. In Pendle, the clear need for additional rented housing would arguably mean that providing the affordable home ownership would 'prejudice the ability' to meet the needs of the 'specific group' requiring rented accommodation.

7.102   Regarding the 25% of affordable housing as First Homes, it is not clear whether there is any scope to challenge the 'minimum of 25%', nor what role other tenures of affordable home ownership (such as shared ownership) might play. It is possible that provision of First Homes could squeeze out other forms of LCHO such as shared ownership, although it is likely that there will still be a role for this type of housing given typically lower deposit requirements.

7.103   Whilst there are clearly many households in the gap between renting and buying, they in some cases will be able to afford homes below lower quartile housing costs. That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (particularly in terms of the ability to afford a deposit) and low-cost home ownership homes – and shared ownership homes in particular – will therefore continue to play a role in supporting some households in this respect.

7.104   The evidence points to a clear and acute need for rented affordable housing for lower income households, and it is important that a supply of rented affordable housing is maintained to meet the needs of this group including those to which the authorities have a statutory housing duty. Such housing is notably cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).

7.105   There will also be a role for AHO on any 100% affordable housing schemes that may come forward (as well as through Section 106). Including a mix of both rented and intermediate homes to buy would make such schemes more viable, as well as enabling a range of tenures and therefore potential client groups to access housing.

7.106   In addition, it should also be noted that the finding of a 'need' for affordable home ownership does not have any impact on the overall need for housing. It seems clear that this group of households is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households, or the number of homes required.

How Much Should Affordable Home Ownership Homes Cost?

7.107   The analysis and discussion above suggest that there are a number of households likely to fall under the PPG definition of needing affordable home ownership (including First Homes) – i.e. in the gap between renting and buying – but that the potential supply of low-cost housing to buy makes it difficult to fully quantify this need. However, given the NPPF, the Council is likely to need to consider some additional homes on larger sites as some form of affordable home ownership (AHO).

7.108   The analysis below focusses on the cost of discounted market sale (which would include First Homes) to make them genuinely affordable before moving on to consider shared ownership (in this case suggestions are made about the equity shares likely to be affordable and whether these shares are likely to be offered). Additionally, the Council has its own discounted sale product which has been a main tenure (along with rented housing and increasingly shared ownership). This discounted sale product is therefore also discussed below. This section also provides some comments about Rent to Buy housing.

7.109   The reason for the analysis to follow is that it will be important for the Council to ensure that any affordable home ownership is sold at a price that is genuinely affordable for the intended target group – for example there is no point in discounting a new market home by 30% if the price still remains above that for which a reasonable home can already be bought in the open market.

Discounted Market Sales Housing (focussing on First Homes)

7.110   In May 2021, MHCLG published a new Planning Practice Guidance (PPG) regarding First Homes. The key parts of this guidance are set out below:

> *First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes. Specifically, First Homes are discounted market sale units which:*
>
> *a) must be discounted by a minimum of 30% against the market value;*
>
> *b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);*
>
> *c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,*

d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).

First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations.

7.111   In terms of eligibility criteria, a purchaser should be a first-time buyer with a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) and a mortgage needs to fund a minimum of 50% of the discounted purchase price. Local authorities can set their own eligibility criteria, which could for example involve lower income caps, a local connection test, or criteria based on employment status. Regarding discounts, a First Home must be sold at least 30% below the open market value. However, local authorities do have the discretion to require a higher minimum discount of either 40% or 50% (if they can demonstrate a need for this).

7.112   As noted above, the problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that the discounted housing is more expensive than that typically available in the open market. This is often the case as new build housing itself attracts a premium. The preferred approach in this report is to set out a series of purchase costs for different sizes of accommodation which ensure these products are affordable for the intended group. These purchase costs are based on current lower quartile rental prices and also consideration of the income required to access the private rented sector and then estimating what property price this level of income might support (assuming a 10% deposit and a 3.5 times mortgage multiple). Below is an example of a calculation based on a 2-bedroom home:

- Previous analysis has shown that the lower quartile rent for a 2-bedroom home in Pendle is £412 per month;

- On the basis of a household spending no more than 25% of their income on housing, a household would need an income of around £1,650 per month to afford (£412/0.25) or £19,800 per annum; and

- With an income of £19,800, it is estimated that a household could afford to buy a home for around £76,900. This is based on assuming a 10% deposit (mortgage for 90% of value) and a three and a half times mortgage multiple – calculated as £19,800*3.5/0.9.

7.113   Therefore, £76,900 is a suggested purchase price to make First Homes/discounted home ownership affordable for households in the rent/buy gap in Pendle. This figure is essentially the equivalent price that is affordable to a household who can just afford to rent privately. In reality, there will be a range of incomes in the rent/buy gap and so some households could afford a higher price; however, setting all homes at a higher price would mean that some households will still be unable to afford.

7.114   On this basis, it is considered reasonable to look at the cost of First Homes as a range, from the equivalent private rent figure up to a midpoint of the cost of open market purchase and the relevant private rented figure (for a 2-bedroom home this is £80,000, giving a midpoint of £78,500). The use of a midpoint would mean that only around half of households in the rent/buy gap could afford, and therefore any housing provided at such a cost would need to also be supplemented by an equivalent number at a lower cost (which might include other tenures such as shared ownership). In this example (2-bedroom homes) there really is very little difference in the cost of housing to buy and the equivalent figure in the private rented sector.

7.115   To estimate what levels of discount these prices might equate to it is necessary to estimate the likely cost of a home prior to any discount; calculating the Open Market Value (OMV). This is not straightforward as housing costs will vary depending on location and the type of scheme, however, it is the case that homes will be newbuilds and are likely to attract a newbuild premium.

7.116   Table 7.23 shows the lower quartile cost of existing and new homes by type from Land Registry data; to boost the sample of new homes data from the last 5-years has been used. The analysis clearly identifies that newbuild homes are more expensive than existing homes in the stock although the overall average 'premium' (of 131%) will be heavily influenced by the profile of homes.

7.117   If the figures for different dwelling types are standardised on the basis of the volume of newbuild sales in different categories then it is estimated that the typical newbuild premium in the Borough is around 30% - this figure has therefore been used in calculations of OMV and against which a discount can be judged.

Table 7.23   Lower quartile cost of housing to buy (existing and newly-built dwellings) – 5-years to March 2022 – Pendle

	Existing dwellings	Newly-built dwellings	New-build premium
Flat/maisonette	£66,300	£95,000	43%
Terraced	£60,000	£129,000	115%
Semi-detached	£115,900	£165,300	43%
Detached	£195,300	£216,800	11%
All dwellings	£71,600	£165,100	131%

Source: Land Registry

7.118   Table 7.24 therefore sets out a suggested purchase price for affordable home ownership/First Homes. The tables also show an estimated OMV and the level of discount likely to be required to achieve affordability. As noted, the OMV is based on taking the estimated lower quartile price by size and adding 30%. It should be noted that the discounts are based on the OMV as estimated, in reality the OMV might be quite different for specific schemes and therefore the percentage discount

would not be applicable. For example, if the OMV for a 2-bedroom home were to actually be £150,000 (rather than the modelled £104,000) then the discount would be up to about 50%.

7.119   On the basis of the specific assumptions used, the analysis points to a discount of around 25% for 2-bedroom homes and a figure of up to 50% for larger (3+-bedroom) properties. The Council could therefore consider a discount above 30% but it will be important for the local authority to ensure that any discount above 30% does not prejudice the viability of provision of rented forms of affordable housing (for which there is a more acute need).

Table 7.24   Affordable home ownership prices – data for year to March 2022 – Pendle

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£65,000	£84,500	23%
2-bedrooms	£76,900-£78,500	£104,000	25%-26%
3-bedrooms	£88,700-£109,300	£169,000	35%-48%
4+-bedrooms	£130,300-£180,100	£299,000	40%-56%

Source: Derived from a range of sources as described

7.120   It should also be noted that the analysis above is for the whole of the local authority area; the pricing of housing does vary across the Borough and therefore adjustments to the figures might be appropriate in some instances. That said, affordable needs can be met anywhere in the authority (where opportunities arise) and so using an expectation of an authority-wide affordability calculation should ensure affordable products on sites regardless of location.

Key Points in Relation to First Homes

7.121   The paragraphs that follow seek to answer a series of questions in relation to First Homes. This should help the Council in deciding the appropriate approach, although ultimately there will be choices and decision to be made by the Council that this report can only comment on. Whilst the analysis above has focussed on pricing, the discussion below also draws on this information to consider whether there are any specific local criteria that could be applied.

- *Is there a justification for a discount of greater than 30%?*

7.122   There is certainly a case to seek a discount in excess of 30% - a higher discount will make homes cheaper and therefore potentially open up additional households as being able to afford. However, providing a higher discount may have an impact on viability, meaning the Council will not be able to provide as many homes in other tenures (such as rented affordable housing which is likely to be needed by those with more acute needs and fewer choices in the housing market). The Council could therefore investigate higher discounts, but it is not recommended to seek a higher figure unless this can be proven to not impact on overall affordable delivery.

- *Is the maximum price of £250K after discount an appropriate maximum sales value?*

7.123   Table 7.25 shows that all of the affordable prices sit well below the £250,000 cap and therefore it is arguable that a lower cap would be appropriate. It is considered that the number of 4-bedroom homes likely to be provided as First Homes will be low (focus likely to be on 2- and 3-bedroom homes – see section on Housing Mix) and this gives further reason for looking at a lower cap.

7.124   A lower cap would help to ensure that homes are affordable even on schemes where the OMV is relatively high (although consideration about viability and potential loss of other forms of affordable housing will also be a consideration). Looking at the affordable prices, and also the analysis of actual newbuild costs it is considered that a cap of something in the region of £125,000 might be appropriate (based on the highest 3-bedroom figure plus 10% for 'future proofing'). This could help to ensure that First Homes are only offered on properties where the initial OMV is not significantly above the affordable prices.

- *Is the national threshold of £80,000 for household income appropriate?*

7.125   To study the income threshold analysis has been provided below to consider the likely incomes required to afford both the lower end and midpoint Affordable Price. This is shown in Table 7.25 and shows even the most expensive price would only require an income of about £46,000. It should however be noted that these findings are based on a specific set of assumptions about mortgage multiples and deposit availability (10% deposit and a 3.5 times mortgage multiple) and in reality individual households will have their own specific circumstances.

7.126   That said, it is considered that an £80,000 threshold looks to be too high; households with that level of income would be expected to readily buy a home in the area without the need for any discount. On balance, and looking at the figures in the round (and recognising that there may be relatively few 4-bedroom homes delivered) it is considered that an income cap of around £35,000 might be appropriate in the case of Pendle.

Table 7.25   Incomes Required to Afford First Homes – Pendle

	Affordable Price (lower end)	**Affordable Price (midpoint)**
1-bedroom	£18,000	£17,400
2-bedrooms	£19,800	£20,200
3-bedrooms	£22,800	£28,100
4+-bedrooms	£33,500	£46,300

Source: Derived from a range of sources

Shared Ownership

7.127   Whilst the Government has a clear focus on First Homes, they also see a continued role for Shared Ownership, launching a 'New Model for Shared Ownership' in early 2021 (following a 2020

consultation) – this includes a number of proposals, with the main one for the purposes of this assessment being the reduction of the minimum initial share from 25% to 10%. A key advantage of shared ownership over other tenures is that a lower deposit is likely to be required than for full or discounted purchase. Additionally, the rental part of the cost will be subsidised by a Registered Provider and therefore keeps monthly outgoings down.

7.128   For the purposes of the analysis in this report it is considered that for shared ownership to be affordable, total outgoings should not exceed that needed to rent privately.

7.129   Because shared ownership is based on buying part of a property, it is the case that the sale will need to be at open market value. Where there is a large gap between the typical incomes required to buy or rent, it may be the case that lower equity shares are needed for homes to be affordable (at the level of renting privately). The analysis below therefore seeks to estimate the typical equity share that might be affordable for different sizes of property with any share lower than 10% likely to be unavailable. The key assumptions used in the analysis are:

- OMV at LQ price plus 30% (reflecting likelihood that newbuild homes will have a premium attached and that they may well be priced above a LQ level) – it should be noted that this is an assumption for modelling purposes and consideration will need to be given to the OMV of any specific product;

- 10% deposit on the equity share;

- Rent at 2.75% pa on unsold equity;

- Repayment mortgage over 25-years at 4%;

- Service charge of £100 per month for flatted development (assumed to be 1- and 2-bedroom homes); and

- It is also assumed that shared ownership would be priced for households sitting towards the bottom end of the rent/buy gap and so the calculations assume that total outgoings should be no higher than the equivalent private rent (lower quartile) cost for that size of property.

7.130   Table 7.26 shows that to make shared ownership affordable, equity shares in the region of around 20-30% could work for 2- and 3-bedroom homes, although a figure below 10% is likely to be required for homes with 4+-bedrooms. It seems likely that it will be quite difficult to make shared ownership 'work' for homes with 4+-bedrooms. The Council could consider additional rented homes of these sizes where it is difficult to make homes genuinely affordable.

7.131   As with conclusions on First Homes, it should also be noted that the analysis below is predicated on a particular set of assumptions (notably about likely OMV). In reality costs do vary across the

area and will vary from site to site. Therefore, this analysis should be seen as indicative with specific schemes being tested individually to determine if the product being offered is genuinely (or reasonably) affordable.

Table 7.26   Estimated Affordable Equity Share by Size – Pendle

	1-bedroom	**2-bedrooms**	**3-bedrooms**	**4-bedrooms**
OMV	£84,500	£104,000	£169,000	£299,000
Share	39%	29%	21%	2%
Equity Bought	£33,000	£29,800	£35,500	£5,100
Mortgage Needed	£29,700	£26,900	£31,900	£4,600
Monthly Cost of Mortgage	£157	£142	£169	£24
Retained Equity	£51,500	£74,200	£133,500	£293,900
Monthly Rent on Retained Equity	£118	£170	£306	£674
Service Charge per month	£100	£100	£0	£0
Total Cost per month	£375	£412	£475	£698

Source: Data based on Housing Market Cost Analysis

7.132   In policy terms, whilst the analysis has provided an indication of the equity shares possibly required by size, the key figure is actually the total cost per month (and how this compares with the costs to access private rented housing). For example, whilst the table suggests a 29% equity share for 2-bedroom home, this is based on a specific set of assumptions. Were a scheme to come forward with a 29% share, but a total cost in excess of £412 per month, then it would be clear that a lower share is likely to be required to make the home genuinely affordable. Hence the actual share can only be calculated on a scheme-by-scheme basis. Any policy position should seek to ensure that outgoings are no more than can reasonably be achieved in the private rented sector, rather than seeking a specific equity share.

Rent to Buy

7.133   A further affordable option is Rent to Buy; this is a government scheme designed to ease the transition from renting to buying the same home. Initially (typically five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate). The expectation is that the discount provided in that first five years is saved in order to put towards a deposit on the purchase of the same property. Rent to Buy can be advantageous for some households as it allows for a smaller 'step' to be taken on to the home ownership ladder.

7.134   At the end of the five-year period, depending on the scheme, the property is either sold as a shared ownership product or to be purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.

7.135   In order to access this tenure it effectively requires the same income threshold for the initial phase as a market rental property although the cost of accommodation will be that of affordable rent. The

lower than market rent will allow the household to save for a deposit for the eventual shared ownership or market property. In considering the affordability of rent-to-buy schemes there is a direct read across to the income required to access affordable home ownership (including shared ownership), it should therefore be treated as part of the affordable home ownership products suggested by the NPPF.

Essential Local Workers

7.136   Annex 2 of the NPPF also includes the needs of essential local workers *'Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provided a subsidised route to home ownership and/or is* <u>*for essential local workers'*</u> [emphasis added]. Essential local workers are defined as *'Public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers'*.

7.137   To give an indication of the number of essential workers in Pendle analysis has been undertaken looking at Standard Industrial Classification 2007 (SIC) categories – this shows employment sectors based on industry, and for the purposes of this analysis the public administration, education and health industries have been used to represent 'essential workers'. The analysis shows that 26% of resident workers are considered 'essential workers' in the Borough – this figure is very slightly below that seen regionally and nationally.

Table 7.27   Number and proportion of essential workers in a range of areas

	Pendle		North West	England
	Resident workers	**% of workers**	**% of workers**	**% of workers**
Agriculture, energy and water	557	1.4%	2.2%	2.3%
Manufacturing	8,323	21.1%	10.3%	8.9%
Construction	2,851	7.2%	7.4%	7.7%
Distribution, hotels and restaurants	8,794	22.3%	22.6%	21.5%
Transport and communication	2,457	6.2%	8.0%	9.1%
Financial, Real Estate, Professional & Administration	4,735	12.0%	15.3%	17.5%
Public administration, education and health	10,289	26.0%	29.6%	28.2%
Other	1,492	3.8%	4.6%	5.0%
All industries	39,498	100.0%	100.0%	100.0%

Source: 2011 Census

7.138   Table 7.28 shows how the number of essential workers varies across sub-areas – there is some difference between locations with around 30% of workers falling into the Public administration, education and health category in Rural Pendle but just 23% in the West Craven Towns.

Table 7.28   Number and proportion of essential workers – sub-areas

	Resident essential workers	% of workers in area	% of resident workers
M65 Corridor	5,539	25.4%	53.8%
Rural Pendle	2,737	30.4%	26.6%
West Craven Towns	2,013	23.1%	19.6%
Pendle	10,289	26.0%	100.0%

Source: 2011 Census

7.139   The 2011 Census also enables analysis to be conducted as to the tenure of workers by industry. It can be seen that essential workers are slightly more likely to be owner-occupiers than the Borough average (with lower proportions in the private rented sector).

Table 7.29   Housing tenure by industry of employment (2011) – Pendle

	Owner-occupied	Social rented	Private rented
Agriculture, energy and water	75%	5%	20%
Manufacturing	77%	5%	18%
Construction	78%	5%	17%
Distribution, hotels and restaurants	69%	8%	23%
Transport and communication	79%	4%	17%
Financial, Real Estate, Professional and Administration	77%	5%	17%
Public administration, education and health	76%	6%	18%
Other	71%	5%	24%
All industries	75%	6%	19%

Source: 2011 Census

7.140   It is also possible to consider the affordability of housing for essential workers by considering local salaries. An online assessment of local jobs (across Lancashire) for nurses, firefighters, teachers, police officers and childcare was undertaken in September 2022. This showed a range of salaries, but typically in the range of about £20,000 to £30,000 per annum. The average salary was around £25,000 although it does need to be noted that there are a variety of roles with a range of salaries in these professions depending on level of expertise and experience.

7.141   With a salary of £25,000, an individual might be able to buy a home for £97,200 (based on a 10% deposit and 3.5 times mortgage multiple) and with two salaries at this level would be able to afford £194,400. This latter figure would allow the household to afford to buy a home across much of the Borough, but the single income would make home ownership difficult for larger dwellings (particularly in higher value locations), and this population could be a potential target for affordable home ownership products.

7.142   Overall, the analysis does not point towards there being a particular and specific need for affordable housing for essential workers. Such workers make up a smaller part of the workforce

than is the case in many areas and they are slightly more likely to be owner-occupiers. However, on the basis of local incomes (notably for single income essential workers), access to the owner-occupied sector may be restricted by income and it may be appropriate to consider whether or not some affordable properties should be set aside for essential local workers.

Housing Team Engagement

7.143   The Council have a Choice Based Lettings System. Up until March 2021 there were 1,590 and in March 2022 this fell to 1,420 due to the implementation of a local connection criteria to one of the five boroughs (Burnley, Pendle, Hyndburn, BwD and Rossendale).

7.144   When the Pandemic was ongoing it subdued the number of people coming to the Council due to the eviction ban and the availability of properties became very low. The Housing Association could not work on renovating the vacated homes as quickly as previously nor get the parts needed. Since the pandemic the Council have been trying to catch up with pent up demand but far less properties coming back than previous.

7.145   However, nominations for properties have also fallen. In 20/21 the average figure was 236 and they only get 201. This also extends to PRS which is still not having the same number of lets. As result people are turning to the council for help.

7.146   Another local issue is that Serco are in charge of asylum seeker dispersal in the North West. As part of this they have bought up around 100 units in Pendle. These have been taken out of the PRS.

7.147   In relation to demand across the borough, any properties in the nicer areas get more bids than those in less desirable areas. There are a number of units coming forward in Colne and the edge of Nelson where they expect lots of bid.

7.148   Nelson is bigger than Colne so there are more people needing accommodation there. Although more bids are made for homes in Colne due to its slightly more attractive nature. Nelson also has a stronger PRS so that takes up some of the slack.

7.149   Generally people will not move from the West Craven Town to the M65 Corridor and vice versa. Nelson and Brierfield are interchangeable but people from Colne will only seek homes in the town.

7.150   Units in the rural area are very rare and people will require a 10 year connection for them. There was a moratorium in building and viability is challenging so not many contributions to the supply from such source and the area is also largely green belt.

7.151   Two and three bedroom homes are the most sought after. There tends to be a lot of one bedroom flats in blocks of four and the Council sometimes struggle to let them. Houses are much more in demand than flats.

7.152   There is demand for larger 4+ bedroom homes, but these rarely become available. Quite often people are excluded from bidding as they don't have enough children or while it has four beds these are small rooms and only suitable for five people.

7.153   This is an issue with space standards in the borough and the result is larger households are going in to the PRS. These large households put pressure on the Council to find accommodation and the Council simply do not have the supply.

7.154   In past the Council have used adjoining properties to address this need but the Housing Associations do not have a lot of terraced homes to do this. Within market accommodation some Asian families have done this themselves by buying neighbouring homes.

7.155   With regards to older persons accommodation, internal schemes are harder to let rather than stand-alone units. There is too big an age gap in some instances and residents do not want to bid.

7.156   Bungalows are popular but again are not generally very big. Sometimes even those with a disability cannot access them or have space to turn a wheelchair. Many are also built on hills which makes getting to them difficult for those with mobility issues.

Affordable Housing Need – Summary

Analysis has been undertaken to estimate the need for affordable housing in the 2022-32 period. The analysis is split between a need for social/affordable rented accommodation and is based on households unable to buy or rent in the market and the need for affordable home ownership (AHO) – this includes housing for those who can afford to rent privately but cannot afford to buy a home and will include the potential market for First Homes.

The analysis has taken account of local housing costs (to both buy and rent) along with estimates of household income. Additionally, when looking at rented needs, consideration is given supply estimates of social/affordable rented housing. For AHO, consideration is given to the potential supply of resales of AHO properties and lower quartile sales of existing homes.

When looking at rented needs, the analysis suggests a need for 288 affordable homes per annum across the Borough, with a need shown for all individual sub-areas; the Council is therefore justified in seeking to secure additional affordable housing.

Estimated Need for Social/Affordable Rented Housing by sub-area (per annum)

	Current need	Newly forming house-holds	Existing house-holds falling into need	Total Gross Need	Relet Supply	Net Need
M65 Corridor	88	191	88	367	173	194
Rural Pendle	9	40	8	57	18	39
West Craven Towns	15	53	15	83	29	54
Borough-wide	112	284	111	507	220	288

Source: Derived from a range of sources as set out below

Despite the level of need being high, it is not considered that this would necessarily point to any requirement for the Council to increase the Local Plan housing requirement due to affordable needs. The link between affordable need and overall need (of all tenures) is complex and in trying to make a link it must be remembered that many of those with an affordable need are already in housing (and therefore do not generate a net additional need for a home).

Additionally, most of the affordable need is already part of the demographic projections which are used to drive overall housing need calculations and so any additional provision would arguably be double counting. That said, the level of affordable need across areas can form part of the

consideration of the distribution of housing for different locations, along with an understanding of demographic trends and economic growth.

The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households close to being able to afford to rent privately and also for some households who claim full Housing Benefit. On this basis, it is not recommended that the Council has a rigid policy for the split between social and affordable rented housing, although the analysis is clear that both tenures are likely to be required.

When looking at AHO products, the analysis does not definitively show a need. Whilst there are a modest number of households with an income in the 'gap' between buying and renting, the potential supply to meet these needs is far greater. In addition, due to the pricing of housing to buy and rent, there is no need shown in the M65 Corridor area. Generally, the analysis points to the Council needing to prioritise the delivery of rented affordable housing where possible.

Despite the lack of need for AHO, the analysis suggests that there are many households in Pendle being excluded from the owner-occupied sector (as evidenced by reductions in owners with a mortgage and increases in the size of the PRS). This suggests that a key issue in the Borough is access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than the cost of housing.

The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent.

In deciding what types of affordable housing to provide, including a split between rented and AHO products, the Council will need to consider the relative levels of need and also viability issues (recognising that providing AHO may be more viable and thus may allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options). Delivery of AHO products may also help to diversify the stock in some locations (such as those dominated by 2/3 bedroom terraced houses).

Overall, the analysis identifies a notable need for rented affordable housing, and it is clear that provision of new affordable housing is an important and pressing issue in the area. It does however need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided. The evidence does however suggest that affordable housing delivery should be maximised where opportunities arise.

8.   HOUSING MIX

8.1   This section considers the appropriate mix of housing across Pendle, with a particular focus on the sizes of homes required in different tenure groups. 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.

Background Data

8.2   The number of families in Pendle (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 11,100 as of the 2011 Census, accounting for 30% of households; this proportion is similar to the regional and national average (both at 29%) as well as being similar to the average for Lancashire (28%). Although the smallest group, it is notable the proportion in the 'other households' category is higher than seen in other locations – this group may well contain multi-generation families.

Table 8.1   Households with dependent children (2011)

		Married couple	Cohabiting couple	Lone parent	Other households	All other households	Total	Total with dependent children
Pendle	No.	5,378	1,785	2,707	1,247	26,231	37,348	11,117
	%	14.4%	4.8%	7.2%	3.3%	70.2%	100.0%	29.8%
Lancashire	%	14.5%	4.3%	7.1%	2.2%	71.8%	100.0%	28.2%
North West	%	14.1%	4.3%	8.1%	2.3%	71.2%	100.0%	28.8%
England	%	15.3%	4.0%	7.1%	2.6%	70.9%	100.0%	29.1%

Source: Census (2011)

8.3   Table 8.2 shows the same information for each sub-area. The analysis shows some different patterns in different locations, the main difference being a much higher proportion (32%) seen in the M65 Corridor and down to 25% in Rural Pendle. The M65 Corridor sees high proportions of lone parent and other households with dependent children.

Table 8.2   Households with dependent children (2011) – sub-areas

	Married couple	Cohabiting couple	Lone parent	Other house-holds	All other households	Total	Total with dependent children
M65 Corridor	14.5%	4.7%	8.6%	4.3%	67.9%	100%	32.1%
Rural Pendle	15.2%	4.3%	4.3%	1.6%	74.6%	100%	25.4%
West Craven Towns	13.2%	5.6%	6.2%	2.2%	72.9%	100%	27.1%
Total	14.4%	4.8%	7.2%	3.3%	70.2%	100%	29.8%

Source: Census (2011)

8.4   Figure 8.1 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 Pendle, only 34% of lone parent households are owner-occupiers compared with 83% of married couples with children.

Figure 8.1 - Tenure of households with dependent children (2011) – Pendle
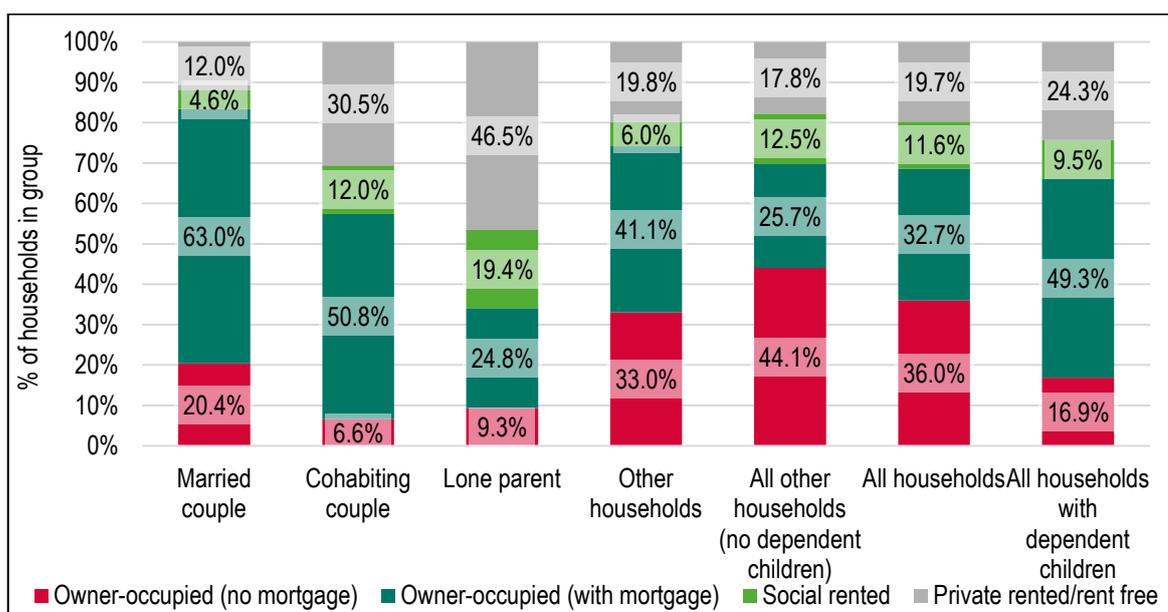
Source: Census (2011)

8.5   Figure 8.2 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 Borough, the tendency is for family households to occupy 3+-bedroom housing with variation 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 8.2 - Number of Bedrooms by Family Household Type, 2011 – Pendle
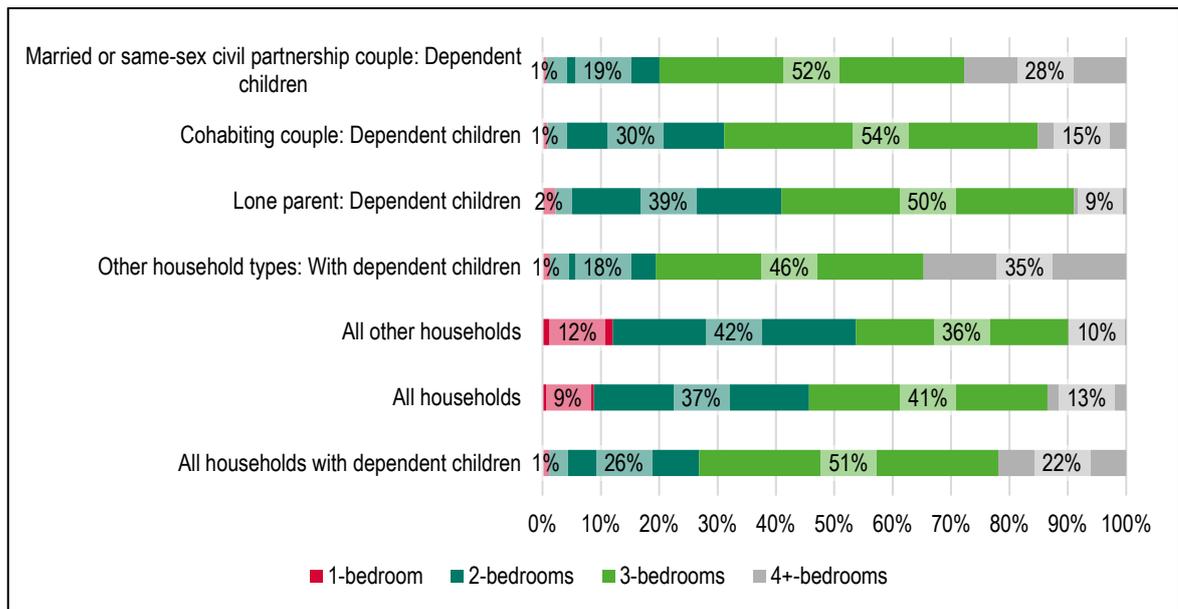
Source: Census (2011)

The Mix of Housing

8.6   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 linked to the local housing need (based in this section on delivery of 270 dwellings per annum), it is possible to see which age groups are expected to change in number, and by how much.

8.7   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 2032 (from 2022).

8.8   An important starting point is to understand the current balance of housing in the area – Table 8.3 profiles the sizes of homes in different tenure groups across areas. The data shows a market stock (owner-occupied) that is dominated by 3+-bedroom homes (making up 65% of the total in this tenure group, although a lower proportion to that seen in other locations). The profile of the social rented sector sees a higher proportion of 1-bedroom homes in Pendle whilst the private rented sector sees over half of homes as having 2-bedrooms. Observations about the current mix feed into conclusions about future mix later in this section.

Table 8.3   Number of Bedrooms by Tenure, 2011

		Pendle	Lancashire	North West	England
Owner-occupied	1-bedroom	2%	2%	2%	4%
	2-bedrooms	34%	27%	24%	23%
	3-bedrooms	47%	47%	52%	48%
	4+-bedrooms	18%	23%	22%	25%
	Total	100%	100%	100%	100%
Social rented	1-bedroom	44%	37%	29%	31%
	2-bedrooms	30%	31%	32%	34%
	3-bedrooms	25%	29%	34%	31%
	4+-bedrooms	2%	4%	4%	4%
	Total	100%	100%	100%	100%
Private rented	1-bedroom	12%	16%	18%	23%
	2-bedrooms	52%	44%	43%	39%
	3-bedrooms	31%	30%	30%	28%
	4+-bedrooms	6%	10%	9%	10%
	Total	100%	100%	100%	100%

Source: Census (2011)

Overview of Methodology

8.9   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

8.10   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.

8.11   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.

8.12   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.

8.13   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')).

8.14   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).

8.15   Figure 8.3 shows an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Pendle 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 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 differences between Pendle and the region, with homes in Pendle typically being smaller (fewer bedrooms).

Figure 8.3 - Average Bedrooms by Age and Tenure in Pendle and the North West
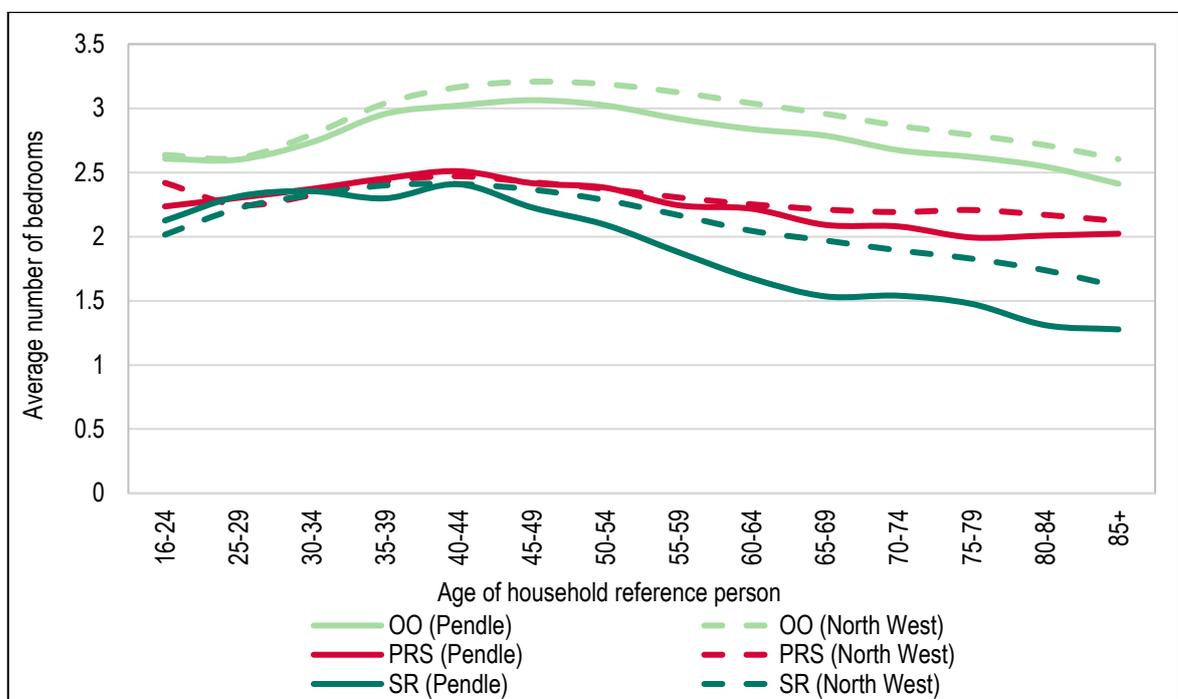
Source: Census (2011)

8.16   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.

8.17   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

8.18   Table 8.4 presents the projected change in households by age of household reference person, this shows growth as being expected in most age groups and in particular some older age groups. The number of households headed by someone aged 50-59 is projected to see a decline over the period studied.

Table 8.4   **Projected Change in Household by Age of HRP in Pendle – linking to provision of 270 dwellings per annum**

Age Group	2022	2032	Change in Households	% Change
16-24	1,217	1,362	146	12.0%
25-29	2,047	2,495	448	21.9%
30-34	3,458	3,649	191	5.5%
35-39	3,495	3,428	-67	-1.9%
40-44	3,269	3,585	316	9.7%
45-49	3,293	3,382	89	2.7%
50-54	3,614	3,143	-471	-13.0%
55-59	3,704	3,468	-236	-6.4%
60-64	3,387	3,698	311	9.2%
65-69	3,009	3,568	559	18.6%
70-74	3,247	3,251	3	0.1%
75-79	2,275	2,581	306	13.4%
80-84	1,632	2,431	800	49.0%
85 & over	1,473	1,701	228	15.5%
Total	39,121	41,742	2,621	6.7%

Source: Demographic Projections

Initial Modelled Outputs

8.19   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.

8.20   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 a spreadsheet provided by the Council and shows a pattern of need which is focussed on 1- and 2-bedroom homes but also showing approaching a third of households as requiring 3+- bedroom homes (including around 10% in the 4+-bedroom category).

Table 8.5   Size of Social/Affordable Rented Housing – Housing Register Information

	All register	Bands 1-3
1-bedroom	41%	44%
2-bedrooms	31%	23%
3-bedrooms	19%	21%
4+-bedrooms	9%	11%
TOTAL	100%	100%

Source: Pendle Council

8.21   Tables 10.6-10.8 show the modelled outputs of need by dwelling size in the three broad tenures. Tables are provided by linking to local and regional occupancy patterns with a further table combining the outputs from the two models.

Table 8.6   Modelled Mix of Housing by Size and Tenure in Pendle (linked to local occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	3%	45%	43%	10%
Affordable home ownership	16%	55%	26%	2%
Affordable housing (rented)	49%	28%	21%	2%

Source: Housing Market Model

Table 8.7   Modelled Mix of Housing by Size and Tenure in Pendle (linked to regional
             occupancy patterns)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	3%	32%	51%	13%
Affordable home ownership	20%	48%	27%	6%
Affordable housing (rented)	32%	32%	32%	4%

Source: Housing Market Model

Table 8.8   Modelled Mix of Housing by Size and Tenure in Pendle (combining
             methodologies)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	3%	39%	47%	11%
Affordable home ownership	18%	51%	27%	4%
Affordable housing (rented)	41%	30%	27%	3%

Source: Housing Market Model

Adjustments for Under-Occupation and Overcrowding

8.22   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).

8.23   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).

8.24   Table 8.9 shows a cross-tabulation of a household's occupancy rating and the number of
        bedrooms in their home (for owner-occupiers). This shows a high number of households with at
        least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small
        number of overcrowded households. Overall, in the owner-occupied sector in 2011, there were
        20,000 households with some degree of under-occupation and just 1,300 overcrowded
        households.

Table 8.9   Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector) – Pendle

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	5,950	3,344	9,294
+1	0	6,387	3,543	821	10,751
0	482	1,730	1,862	223	4,297
-1	26	445	451	76	998
-2	26	119	131	37	313
TOTAL	534	8,681	11,937	4,501	25,653

Source: Census (2011)

8.25   For completeness the Tables 10.10 and 10.11 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 8.10   Cross-tabulation of occupancy rating and number of bedrooms (**social rented sector**) – **Pendle**

Occupancy rating	Number of bedrooms				
	1-bed	**2-bed**	**3-bed**	**4+-bed**	**TOTAL**
+2	0	0	306	26	332
+1	0	824	379	47	1,250
0	1,827	400	312	25	2,564
-1	54	50	65	4	173
-2	4	5	5	0	14
TOTAL	1,885	1,279	1,066	103	4,333

Source: Census (2011)

Table 8.11   Cross-tabulation of occupancy rating and number of bedrooms (private rented sector) – **Pendle**

Occupancy rating	Number of bedrooms				
	1-bed	**2-bed**	**3-bed**	**4+-bed**	**TOTAL**
+2	0	0	851	150	1,001
+1	0	2,378	728	201	3,307
0	783	1,216	554	69	2,622
-1	71	190	98	12	371
-2	9	33	16	3	61
TOTAL	863	3,817	2,248	434	7,362

Source: Census (2011)

8.26   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'). 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.

8.27   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 8.12   Adjusted Modelled Mix of Housing by Size and Tenure – Pendle

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	11%	43%	37%	9%
Affordable home ownership	24%	49%	22%	5%
Affordable housing (rented)	43%	32%	22%	4%

Source: Housing Market Model (with adjustments)

Indicative Targets for Different Sizes of Properties by Tenure

8.28   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, the survey data 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

8.29   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 likely 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 by younger single people).

8.30   As noted, the conclusions also consider the Housing Register and also take account of the current profile of housing in this sector). A further consideration has been the profile of lets made in the social sector in the recent past. Data provided by the Council about lettings from the beginning of 2020 up to August 2022 shows over 60% of homes as having 1-bedroom and only 1% with 4+-bedrooms. Table 8.13 also shows the average number of bids made on properties of different types and sizes. This shows higher numbers for homes with 3+-bedrooms, and points to these sizes as being in greatest demand relative to supply. For 2-bedroom homes the data also shows higher average bids for houses rather than flats.

Table 8.13   Lettings of social rented housing by size and type (January 2020-August 2022) – Pendle

	Lettings		Average number of bids
	Number	%	

1 bedroom flat	267	39.9%	40
1 bedroom bungalow	138	20.6%	31
2 bedroom flat	73	10.9%	32
2 bedroom house	103	15.4%	64
3-bedrooms	83	12.4%	96
4+-bedrooms	6	0.9%	53
TOTAL	670	100.0%	48

Source: Pendle Council

8.31   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 would be appropriate:

- 1-bedroom: 25-30%
- 2-bedroom: 35-40%
- 3-bedroom: 20-25%
- 4+-bedroom: 10-15%

Affordable Home Ownership

8.32   In the affordable home ownership and market sectors a profile of housing that closely matches the outputs of the modelling is suggested. 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:

- 1-bedroom: 25-30%
- 2-bedroom: 50-55%
- 3-bedroom: 15-20%
- 4+-bedroom: 0-5%

Market Housing

8.33   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). The conclusions have also slightly boosted figures for larger (4+-bedroom) homes to provide more flexibility and to recognise the potential for a general increase in home working (and therefore households seeking an extra room/bedroom to use as office space). This sees a slightly larger recommended profile compared with other tenure groups:

- 1-bedroom: 10-15%
- 2-bedroom: 40-45%

- 3-bedroom: 30-35%
- 4+-bedroom: 10-15%

8.34   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 included in the plan making process (although it will be useful to include an indication of the broad mix to be sought across the Borough) – demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.

8.35   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 Council could expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and area character are also however relevant considerations the appropriate mix of market housing on individual development sites.

Smaller-area Housing Mix

8.36   The analysis above has focussed on overall Borough-wide needs; given differences between locations it is however worth considering the potential mix at a smaller-area level. Table 8.14 shows the profile of housing by tenure for the sub-areas. The analysis shows a few features, including a higher proportion of 4-+bedroom market homes in Rural Pendle. There are also variations shown in the profile of the social rented and private rented sectors – most notably the very high proportion of 1-bedroom social rented homes in Rural Pendle.

Table 8.14   Number of Bedrooms by Tenure, 2011 – sub-areas

		M65 Corridor	Rural Pendle	West Craven Towns	TOTAL
Owner-occupied	1-bedroom	2%	2%	3%	2%
	2-bedrooms	37%	28%	31%	34%
	3-bedrooms	47%	45%	48%	47%
	4+-bedrooms	14%	25%	18%	18%
	Total	100%	100%	100%	100%
Social rented	1-bedroom	42%	68%	35%	44%
	2-bedrooms	29%	20%	37%	30%
	3-bedrooms	26%	10%	26%	25%
	4+-bedrooms	3%	2%	2%	2%
	Total	100%	100%	100%	100%
Private rented	1-bedroom	10%	12%	16%	12%
	2-bedrooms	54%	52%	44%	52%
	3-bedrooms	30%	28%	33%	31%
	4+-bedrooms	5%	8%	7%	6%
	Total	100%	100%	100%	100%

Source: 2011 Census

8.37   A modelling exercise has then been carried out using the same methodology as for Borough-wide data (but with some additional assumptions due to data availability) with Tables 10.15-10.17 showing the estimated mix of housing by tenure in each location.

Market Housing

8.38   Focussing on the market sector, and consistent with the analysis of current profiles, the analysis typically shows a very slightly higher need for larger homes in more rural locations although differences between areas are very slight. It is not considered that any differences are sufficiently clear-cut to suggest a different mix of housing at a sub-area level. If developments were provided in-line with the suggested mix in this report (Borough-wide), then over time there would be some degree of balancing the stock across areas, whilst still recognising the general role and function of different locations. That said, any specific developments could take account of the analysis below.

Table 8.15   Modelled size requirement by sub-area – market housing

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
M65 Corridor	10%	45%	37%	8%
Rural Pendle	11%	41%	36%	11%
West Craven Towns	12%	42%	37%	9%
TOTAL	11%	43%	37%	9%

Source: Housing Market Model

8.39   Table 8.16 shows estimates of mix for affordable home ownership. There are again differences
between locations, although all areas show a particular focus on the need for 2-bedroom homes in
this sector. Again, it is not clear-cut that the data points to the need for a mix of housing which is
substantially different locally than would be suggested by the Borough-wide analysis.

Table 8.16   Modelled size requirement by sub-area – affordable home ownership

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
M65 Corridor	23%	51%	22%	4%
Rural Pendle	26%	47%	21%	5%
West Craven Towns	27%	45%	23%	5%
TOTAL	24%	49%	22%	5%

Source: Housing Market Model

Social/Affordable Rented

8.40   In the social/affordable rented sector, the differences between areas are again fairly slight, and
does not point to any different or specific mix as being needed in different locations. It should be
noted that the analysis above for sub-areas does not take account of any information from the
Housing Register. It is possible at any point in time that the register will be able to provide
additional data about a suitable mix of rented housing and this should be considered at the relevant
time for any specific applications.

Table 8.17   Modelled size requirement by sub-area – social/affordable rented

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
M65 Corridor	40%	32%	23%	5%
Rural Pendle	60%	24%	13%	3%
West Craven Towns	40%	35%	21%	4%
TOTAL	43%	32%	22%	4%

Source: Housing Market Model

Sub-area conclusions

8.41   Overall, the analysis does not suggest that a substantially different mix should be proposed for
smaller areas. There may however be a case on a site-by-site basis, or at a specific point in time
for some minor adjustments to the overall conclusions. This is summarised below:

   a) Whilst there are modest 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 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 urban locations may be more suited to flatted development (as well as recognising the point above about role and function) whereas a more suburban/rural site 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;

8.42   Overall, it is suggested that the Council should broadly seek the same mix of housing in all locations but would be flexible to a different mix where specific local characteristics suggest. The Council should also monitor what is being built to ensure that a reasonable mix is provided. 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

8.43   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

8.44   The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the Borough 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.

8.45   Table 8.18 shows a notable proportion of homes in Pendle are bungalows (9% of all flats and houses) with about 41% of these having 2-bedrooms, and a further 32% 3-bedrooms); a similar proportion (also 9%) of homes across England are bungalows.

Table 8.18   Number of **dwellings** by property type and number of bedrooms (**March 2020**) – Pendle

	Number of bedrooms					All
	1	2	3	4+	Not Known	
Bungalow	740	1,420	1,100	190	30	3,480
Flat/Maisonette	1,550	1,340	100	20	40	3,050
Terraced house	670	14,830	6,040	1,100	50	22,700
Semi-detached house	30	1,730	4,970	690	30	7,460
Detached house	10	160	1,100	1,890	50	3,210
All flats/houses	3,000	19,480	13,310	3,890	200	39,900
Annexe	-	-	-	-	-	20
Other	-	-	-	-	-	140
Unknown	-	-	-	-	-	550
All properties	-	-	-	-	-	40,620

Source: Valuation Office Agency

8.46   In general, discussions with local estate agents (discussions nationally) 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).

8.47   Bungalows are often the 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).

8.48   As a new build option, bungalows are often not supported by either house builders or planners (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.

8.49   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.

8.50   Overall, the Council 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. However, the downside to providing bungalows is that they are relatively land intensive.

8.51   Bungalows are likely to see a particular 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

8.52   Regarding flats and houses, 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.

8.53   Table 8.19 shows that in Pendle most 1-bed homes to be flats (54%) and just 1% of 3-bed homes. The table also shows (for 2-bedroom accommodation) a low proportion of flats in Pendle (7% of all 2-bed homes) and this would point to the majority of 2-bedroom homes in the future being houses. However, the analysis shows a higher proportion of flats in the social and to a lesser extent PRS.

Table 8.19   Proportion of homes that are a flat, maisonette or apartment (by tenure) and number of **bedrooms**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Owner-occupied	14%	2%	0%	0%
Social rented	64%	31%	3%	4%
Private rented	57%	9%	3%	5%
All	54%	7%	1%	1%

Source: 2011 Census

8.54   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 might point towards flatted development as being most appropriate. The analysis suggests that the affordable sector might be expected to see a higher proportion of flats than for market housing, although it is still the case that houses are likely to make up the majority of the need in this sector.

Housing Mix - Summary

The proportion of households with dependent children in Pendle is average with around 30% of all households containing dependent children in 2011 (compared with 29% regionally and nationally). Households in the M65 Corridor are more likely to contain dependent children and in particular this area sees a higher proportion of lone parent households. There are notable differences between the types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas lone parents are particularly likely to live in social or PRS accommodation.

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 demographic change concludes that the following represents an appropriate mix of affordable and market homes. 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 in Pendle are high in the market sector).

Table 8.20   Suggested Mix of Housing by Size and Tenure – Pendle

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10-15%	40-45%	30-35%	10-15%
Affordable home ownership	25-30%	50-55%	15-20%	0-5%
Affordable housing (rented)	25-30%	35-40%	20-25%	10-15%

Source: Derived from a range of sources

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-bedroom 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.

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 (AHO) 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 Council should also monitor the mix of housing delivered.

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). Additionally, the Council 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.

Based on the evidence, it is expected that the focus of new market housing provision will be on 2- and 3-bedroom properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2- and 3-beds) from older households downsizing and looking to release equity in existing homes, but still retaining flexibility for friends and family to come and stay.

9.   OLDER PERSONS NEEDS

9.1   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).

Understanding the Implications of Demographic Change

9.2   The population of older persons is increasing, and this will 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 Pendle are presented.

Current Population of Older People

9.3   Table 9.1 provides baseline population data about older persons in Pendle and compares this with
        other areas. The population data has been taken from the 2021 Census. The table shows that
        Pendle has a similar age structure to other areas with 18% of the population being aged 65 and
        over, this compares with 19% across Lancashire, 21% regionally and 19% nationally.

Table 9.1   Older Persons Population, 2021

	Pendle	Lancashire	North West	England
Under 65	81.6%	81.3%	79.3%	82.0%
65-74	9.8%	10.2%	11.2%	10.1%
75-84	6.1%	6.2%	7.0%	5.7%
85+	2.4%	2.3%	2.6%	2.1%
Total	100.0%	100.0%	100.0%	100.0%
Total 65+	18.4%	18.7%	20.7%	18.0%
Total 75+	8.6%	8.5%	9.5%	7.8%

Source: 2021 Census

9.4   Table 9.2 shows the same information for sub-areas, this shows some variation in the proportion of
        people aged 65 and over, ranging from 16% in M65 Corridor, up to 26% of the population in Rural
        Pendle. For the sub-areas data is for 2020 and from ONS mid-year population estimates; at the
        time of writing population data below local authority level was not available from the Census.

Table 9.2   Older Persons Population, 2020 – sub-areas

	Under 65	65-74	75-84	85+	Total	Total 65+	Total 75+
M65 Corridor	84.1%	8.9%	5.0%	2.0%	100.0%	15.9%	7.0%
Rural Pendle	74.0%	14.6%	8.3%	3.1%	100.0%	26.0%	11.4%
West Craven Towns	77.7%	12.8%	6.9%	2.7%	100.0%	22.3%	9.6%
TOTAL	81.1%	10.6%	5.9%	2.3%	100.0%	18.9%	8.2%

Source: ONS Mid-Year Population Estimates

Projected Future Change in the Population of Older People

9.5   Population projections can next be used to provide an indication of how the number of older persons might change in the future with Table 9.3 showing that Pendle is projected to see a notable increase in the older person population. With provision of 140 dwellings per annum the increase in the population aged 65 and over is 14% - the population aged under 65 is in contrast projected to decline by 5%.

9.6   In total population terms, the projections linked to delivery of 270 dwellings per annum show an increase in the population aged 65 and over of 2,800 people. This is against a backdrop of an overall increase of 2,000 – population growth of people aged 65 and over therefore accounts for over 100% of the total projected population change.

Table 9.3   Projected Change in Population of Older Persons, 2021 to 2032 – Pendle (linked to delivery of 270 dwellings per annum)

	2022	2032	Change in population	% change
Under 65	78,702	77,876	-827	-1.1%
65-74	9,896	10,712	816	8.2%
75-84	5,668	7,332	1,664	29.4%
85+	2,092	2,417	325	15.5%
Total	96,358	98,336	1,978	2.1%
Total 65+	17,656	20,461	2,805	15.9%
Total 75+	7,759	9,749	1,989	25.6%

Source: Iceni and JGC Bespoke Demographic Projections

Characteristics of Older Person Households

9.7   Figure 9.1 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 (72% of older person households), and indeed most are owner occupiers with no mortgage and thus may have equity which can be put towards the purchase of a new home. Some 19% of older persons

households across the Borough live in the social rented sector; the proportion of older person households living in the private rented sector is relatively low (about 9%).

9.8   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 9.1 - Tenure of Older Persons (+65) Households in Pendle, 2011
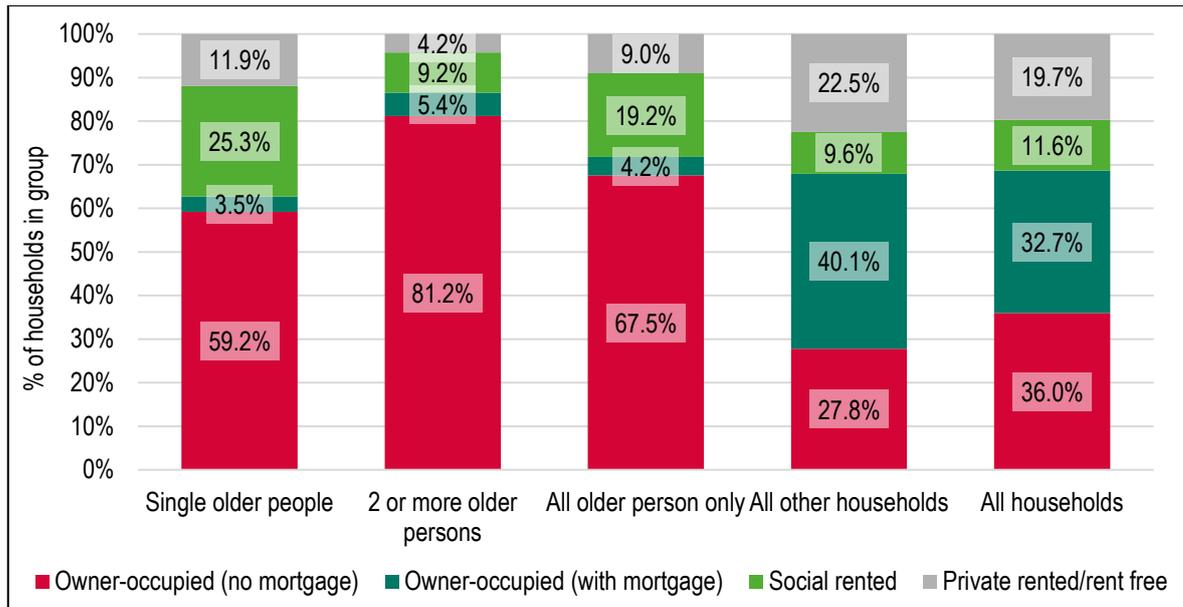
Source: 2011 Census

9.9   Figure 9.2 shows the same information for sub-areas – the data is provided for all older person households. The data shows that the tenure profile of older person households varies slightly across the Borough; a key observation is the lower level of owner-occupation amongst older people in the M65 Corridor – 67% of older person households in this area are owner-occupiers; in Rural Pendle the figure is 81%.

Figure 9.2 Tenure of Older Persons (over 65) Households in Pendle, 2011 – sub-areas
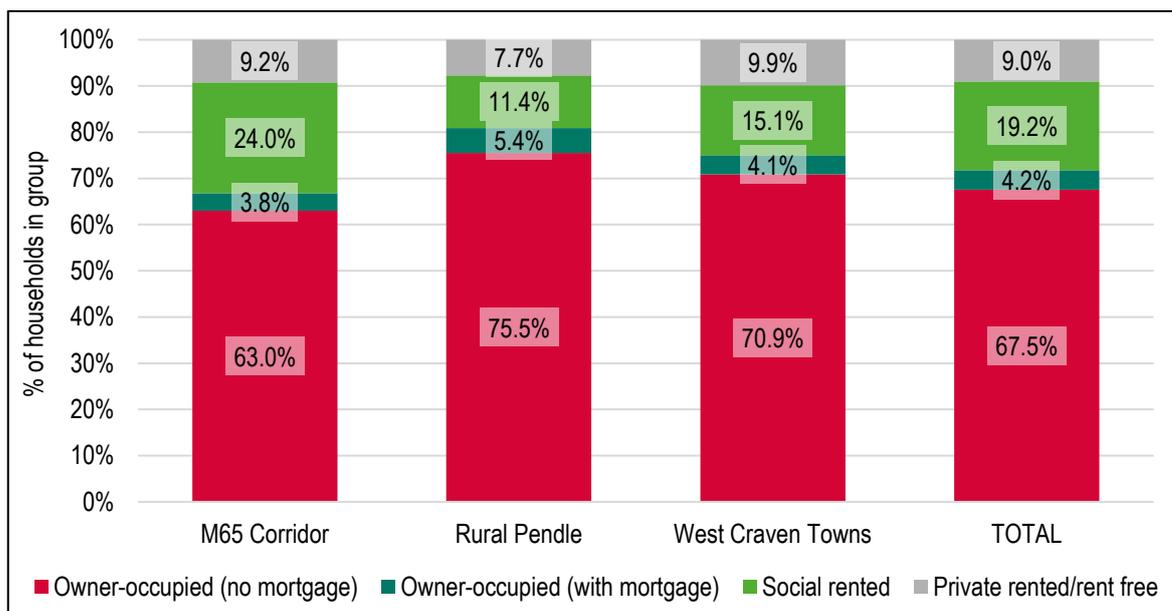
Source: 2011 Census

Prevalence of Disabilities

9.10   Table 9.4 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 39% of households in Pendle contain someone with a LTHPD. This figure is slightly higher than seen across Lancashire and regionally, and well above the national average. The figures for the population with a LTHPD also typically show a proportion above other areas – some 21% of the population having a LTHPD.

Table 9.4   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.	%
Pendle	14,428	38.6%	18,708	20.9%
Lancashire	179,114	36.1%	235,012	20.1%
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

9.11   The analysis also shows some differences between different parts of the Borough, with the M65 Corridor in particular seeing a higher proportion of the population and households with a LTHPD.

Table 9.5   Households and People with a Long-Term Health Problem or Disability, 2011 – sub-areas – Pendle

	Households Containing Someone with a Health Problem		Population with a Health Problem	
	No.	%	No.	%
M65 Corridor	9,489	42.5%	12,469	22.5%
Rural Pendle	2,327	31.1%	2,949	17.5%
West Craven Towns	2,612	34.6%	3,290	19.2%
Pendle	14,428	38.6%	18,708	20.9%

Source: 2011 Census

9.12   As noted, 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. Figure 9.3 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 Pendle when compared with the local, regional and national position.

Figure 9.3 Population with Long-Term Health Problem or Disability by Age
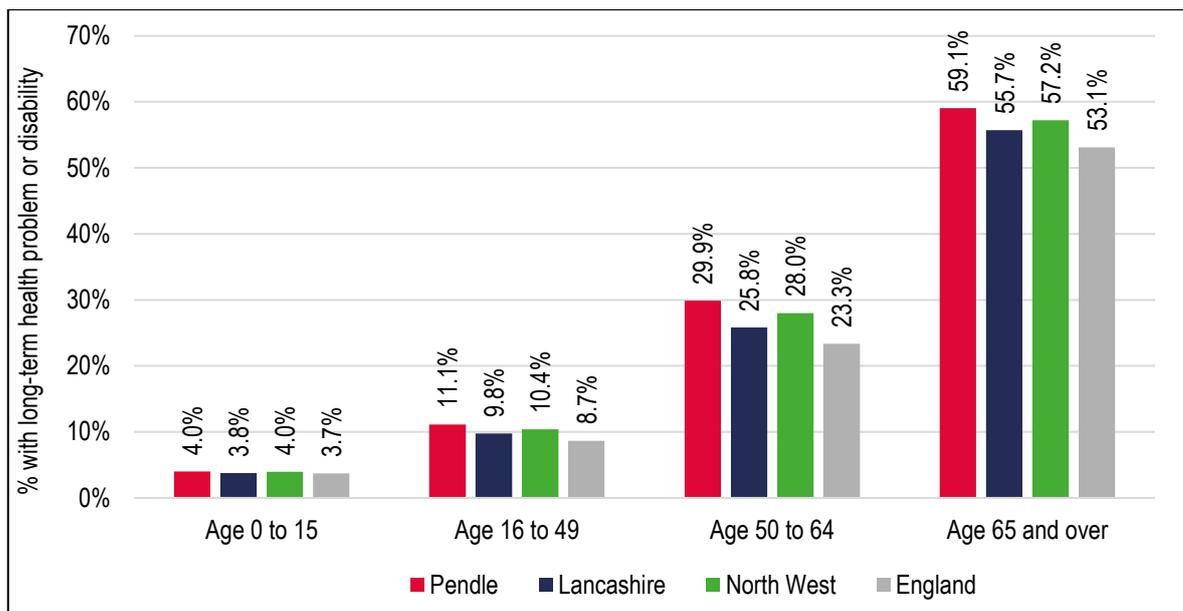
Source: 2011 Census

9.13   Figure 9.4 shows the proportion of the population aged 65 and over with a LTHPD by sub-area – this shows higher levels of disability in the M65 Corridor, with much lower figures in the Rural Pendle area.

Figure 9.4 Proportion of population aged 65 and over with a Long-Term Health Problem or
Disability – Pendle – sub-areas
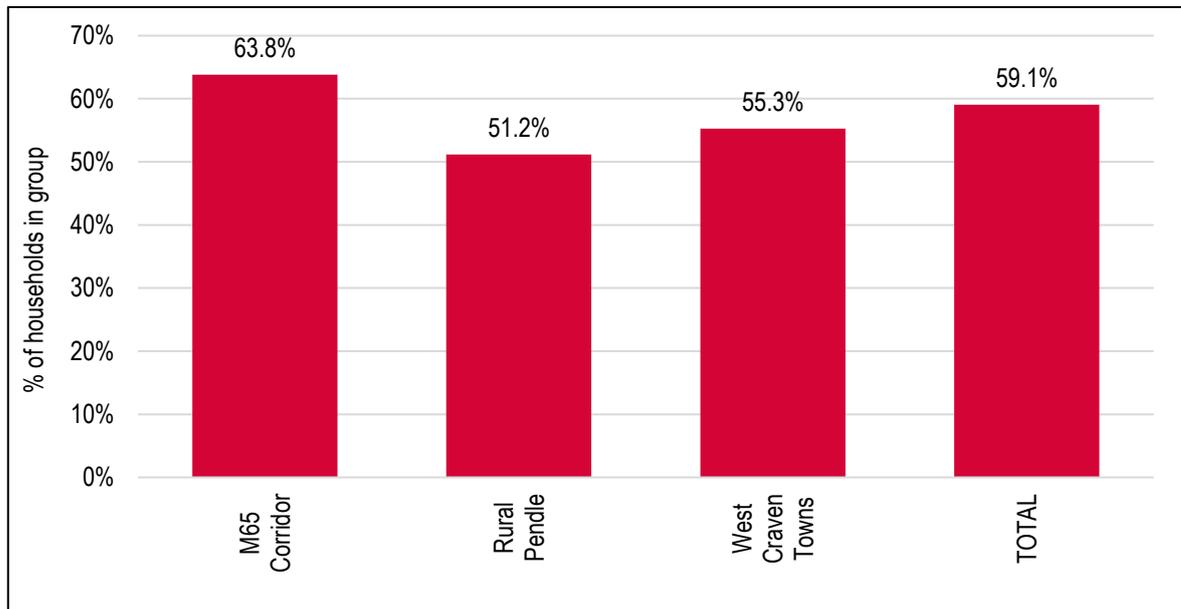
Source: 2011 Census

Health Related Population Projections

9.14   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.

9.15   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.

9.16   Of particular note are the large increases in the number of older people with dementia (increasing
by 20% from 2022 to 2032 and mobility problems (up 18% over the same period). Changes for
younger age groups are smaller, reflecting the fact that projections are expecting older age groups
to see the greatest proportional increases in population.

9.17   It should be noted that there will be an overlap between categories (i.e. some people will have both
dementia and mobility problems). Hence the numbers for each of the illnesses/disabilities should
not be added together to arrive at a total.

Table 9.6   Projected Changes to Population with a Range of Disabilities – Pendle (linked to
                270 dpa)

Disability	Age Range	2022	2032	Change	% Change
Dementia	65+	1,280	1,535	256	20.0%
Mobility problems	65+	3,451	4,060	609	17.7%
Autistic Spectrum Disorders	18-64	709	721	12	1.7%
	65+	189	221	33	17.3%
Learning Disabilities	15-64	1,874	1,910	36	1.9%
	65+	411	472	61	14.9%
Challenging behaviour	15-64	34	35	1	1.9%
Impaired mobility	16-64	3,988	4,046	58	1.5%

Source: POPPI/PANSI and Demographic Projections

9.18   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.

9.19   The projected change shown in the number of people with disabilities provides clear evidence
        justifying continued delivery of 'accessible and adaptable' homes as defined in Part M4(2) of
        Building Regulations, subject to viability and site suitability.

9.20   The Council should also 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

9.21   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 text in the box that follows 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 housing-with-care (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]

9.22   The need for specialist housing for older persons is typically modelled by applying prevalence rates 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.

9.23   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.

9.24   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 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.

9.25   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.

9.26   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).

9.27   For clarity, Table 9.7 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 9.7   Range of suggested baseline prevalence rates from a number of tools and publications – Supply per 1,000 people aged over 75

Type/Rate	SHOP@ (2008)[15]	Housing in Later Life (2012) [16]	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

9.28   In interpreting the different potential prevalence rates it is clear that:

• 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 Council want to require extra care housing as an alternative to

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[15] 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.
[16] https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf

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

9.29   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.

9.30   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).

9.31   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. In Pendle, the data shows slightly worse health in the older person population and so the prevalence rates used have been increased slightly (by an average of about 11%) – these figures are based on comparing the proportion of people aged 65 and over with a LTHPD in Pendle (59.1%) with the equivalent figure for England (53.1%).

9.32   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

Pendle is the 36th most deprived local authority in England (out of 317) – i.e. a higher than average level of deprivation – this suggests a greater proportion of affordable housing than a local authority in the middle of the range.

9.33   Table 9.8 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).

9.34   Overall, the analysis suggests that there will be a notable need for housing with support (in both the market and affordable sectors) and housing with care (again in both tenures). The analysis also suggests a need for some additional nursing care bedspaces and analysis suggests the current supply of residential care is about right).

Table 9.8   **Specialist Housing Need using adjusted SHOP@Review Assumptions, 2022-32 – Pendle (linked to delivery of 270dpa)**

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/ surplus (-ve)	Addition-al demand to 2032	Shortfall /surplus by 2032
Housing with support	Market	34	0	262	262	67	330
	Affordable	105	362	816	454	209	663
Total (housing with support)		139	362	1,078	716	277	993
Housing with care	Market	17	0	129	129	33	163
	Affordable	33	0	259	259	66	325
Total (housing with care)		50	0	388	388	100	488
Residential care bedspaces		44	420	345	-75	88	14
Nursing care bedspaces		50	214	388	174	100	274
Total bedspaces		95	634	733	99	188	287

Source: Derived from Demographic Projections and Housing LIN/EAC

9.35   It can be seen by 2032 there is an estimated need for 1,481 additional dwellings with support or care across the whole Borough. In addition, there is a need for 287 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 160 dwellings.

9.36   In total, the older persons analysis therefore points towards a need for 1,640 units over the 2022-32 period (164 per annum) – excluding the current need would show a need for 48 dwellings per annum.

9.37   The table above covers the 2022-32 period, to be consistent with the period typically studied in this
        report regarding demographic projections – the table below however extends this analysis to cover
        the 2021-40 period (likely to be the next Plan period).

Table 9.9   Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-40 –
             Pendle (linked to delivery of 270dpa)

		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	34	0	260	260	120	380
	Affordable	105	362	807	445	373	818
Total (housing with support)		139	362	1,067	705	493	1,198
Housing with care	Market	17	0	128	128	59	187
	Affordable	33	0	256	256	118	374
Total (housing with care)		50	0	384	384	178	561
Residential care bedspaces		44	420	341	-79	158	79
Nursing care bedspaces		50	214	384	170	178	347
Total bedspaces		95	634	725	91	335	427

source: Derived from Demographic Projections and Housing LIN/EAC

9.38   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.

9.39   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 Council to seek a range of products that will be accessible to
        a wider number of households if needs are to be met.

County Council Engagement

9.40   The County Council's only area of focus is extra care and they are shifting from residential care to
        extra care as preventative measure. The Housing Care and Support Strategy, outlines their
        ambitions and aim to have one extra care in each Borough.

9.41   This would mean the findings set out early in this report can see a shift away from Residential Care (but not nursing care) towards Extra-Care.

9.42   There are issues with the existing supply and the County Council are decommissioning the out of date stock. So far they have decommissioned 24 units that are not fit for purpose.

9.43   For adults with a disability the County Council are aware of them and there is projected to be a 1% (gross) growth a year of total adult social care based on PANSI projections. They have 4.5% in nursing/residential care which is higher than average.

9.44   Some older people are homeless and when this occurs they are typically high-risk, including ex-offenders. It is not always possible to host them in typical sheltered accommodation so seek to place them in 1-bed ground floor flats.

9.45   Affordable sheltered housing can generally be let but internal schemes less so. The units were built very small but most residents have furniture that they do not want to get rid of and simply do not want to live in a small space.

9.46   The Council are trying to get an extra-care scheme off the ground but viability is prohibiting this. All the Lancashire authorities are committed to deliver at least one development. These would have 70 to 80 units minimum.

9.47   Most older people seeking affordable housing are on some kind of benefits. This group are generally not happy with the prospect of a service charges but that is typically before they move in and the concept becomes less alien.

Older Persons' Housing, Planning Use Classes and Affordable Housing Policies

9.48   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".*

9.49   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.

9.50   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

9.51   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)*."

9.52   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 of children and medical care and treatment."

9.53   Personal care has been defined in Regulations[17] 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."

9.54   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."*

9.55   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

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[17] Schedule 1 of the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010.

provision of care is an essential and ongoing characteristic of the development and would normally be secured as such through the S106 Agreement.

9.56   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 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

9.57   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.

9.58   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.

9.59   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.

9.60   The implication for Pendle is that:

- The ability to seek affordable housing contributions from a C2 use <u>at the current time</u> is influenced by how its current development plan policies were constructed and evidenced; and

- If policies in a new development plan 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.

9.61   Within the 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

9.62   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 and are also 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.

9.63   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.

9.64   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 Council wishes to consider through the preparation of a new Local Plan. 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

9.65   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.

9.66   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

9.67   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.

9.68   The analysis below sets out estimates of the number of wheelchair users in the Borough; 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. Table 9.9 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 9.10   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

9.69   The analysis also considers the relative health of the population of Pendle. 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. Table 9.10 shows this information by age in Pendle 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 Pendle, pointing to a slightly higher than average proportion of wheelchair user households.

Table 9.11   Proportion of people with day to day activities limited a lot (by age) – 2011 – Pendle

	% of age group with day to day activities limited a lot		Pendle as % of England	Prevalence rate (per 1,000 population)
	Pendle	England		
Under 60 years	5.7%	4.2%	137.7%	6
60-74 years	18.0%	13.9%	128.9%	34
75-84 years	34.4%	29.1%	118.3%	80
85 years or over	57.7%	52.3%	110.3%	161

Source: 2011 Census

9.70   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 1,718 wheelchair user households in 2022, and that this will rise to 1,937 by 2032 (an increase of 219).

Table 9.12   Estimated number of wheelchair user households (2022-32) – Pendle – linked to delivery of 270dpa

	Prevalence rate (per 1,000 population)	Household population 2022	Household population 2032	Wheelchair user households (2022)	Wheelchair user households (2032)
Under 60 years	6	72,924	71,419	455	446
60 - 74 years	34	15,524	17,018	535	586
75 - 84 years	80	5,510	7,110	440	568
85 years or over	161	1,786	2,088	288	337
TOTAL		95,743	97,634	1,718	1,937

Source: Derived from a range of sources

9.71   The finding of an estimated current number of wheelchair user households does not indicate how many homes might be need 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 640 additional wheelchair user homes in the 2022-32 period – this equates to 24% of all housing need (as set out in Table 9.12). Looking at the projected need only, the analysis points to a need for 8% of homes to be for wheelchair users.

Table 9.13   Estimated need for wheelchair user homes, 2022-32

	Current need	Projected need (2022-32)	Total current and future need	Housing need (2022-32)	% of Housing Need
Including current need	422	219	641	2,700	23.7%
Projected need only	-	219	219	2,700	8.1%

Source: Derived from a range of sources

9.72   The table below shows the same information, but for a 19-year plan period (2021-40) – this continues to show a need for around 8% of homes to be for wheelchair users when based on the projected need only.

Table 9.14   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
Including current need	419	406	825	5,130	16.1%
Projected need only		406	406	5,130	7.9%

Source: Derived from a range of sources

9.73   Furthermore, information in the EHS (for 2017/18) also provides national data about wheelchair users by tenure. This showed that, at that time, 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 Table 9.13. This shows a need for at least 10% of market homes to be M4(3) along with around a quarter of affordable.

Table 9.15   Estimated need for wheelchair user homes by tenure, 2022-32

	Market	Affordable
Including current need	19%	49%
Projected need only	6%	17%

Source: Derived from demographic projections and EHS prevalence rates

9.74   To meet the identified need, the Council could seek a proportion (maybe 10%) of all new market homes to be M4(3) compliant and potentially up to a quarter 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.

9.75   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 9.14).

9.76   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[18].

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[18] https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes

9.77   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.

9.78   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'*.

9.79   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. Table 9.14 shows estimated costs for different types of accessible dwellings, taken from research sitting behind the initial PPG on accessible housing – these costing are now 8-year old.

Table 9.16   **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

9.80   It should be noted that 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.

9.81   A further option for the Council 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.

Older and Disabled Persons Need - Summary

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. 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).

The data shows that Pendle 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 2022-32 period include:

- A 16% increase in the population aged 65+ (potentially accounting for in excess of 100% of total population growth);

- A 20% increase in the number of people aged 65+ with dementia and a 18% increase in those aged 65+ with mobility problems;

- A need for around 1,000 housing units with support (sheltered/retirement housing) – split about a third market and a two-thirds affordable housing;

- A need for around 500 additional housing units with care (e.g. extra-care) – the majority (two-thirds) in the affordable sector;

- A need for additional nursing care bedspaces (around 270 over the period); and

- a need for around 600 dwellings to be for wheelchair users (meeting technical standard M4(3)).

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 Council could require all dwellings (in all tenures) to meet the M4(2) standards (which are similar to the Lifetime Homes Standards)

and have a requirement for around 10% of homes to meet M4(3) – wheelchair user dwellings (a higher proportion in the affordable sector).

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 Council 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.

In seeking M4(2) compliant homes, the Council 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.

In framing policies for the provision of specialist older persons accommodation, the Council 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.

10. NEEDS OF SPECIFIC GROUPS

10.1   This section examines the need for different groups in the borough.

Custom and Self Build

10.2   As of 1st April 2016, and in line with the 2015 Act and the Right to Build, relevant authorities in England are required to have established and publicised a self-build and custom housebuilding register which records those seeking to acquire serviced plots of land in the authority's area in order to build their own self-build and custom houses.

10.3   The Pendle Self-Build and Custom Housebuilding Register was introduced on the 1st of April 2014 and there have now been seven base periods[19] up to 30th October 2022. Pendle does not currently have any eligibility criteria for entry to the self and custom build housing register and therefore it is only in one part.

10.4   The Council is required to grant sufficient planning permissions to meet the demand identified on the Register as per the 2015 Act (as amended). If assessed over the seven base periods, there has been a total of 261 registered expressions of interest in a serviced plot of land. This is an average of 37 plots per annum. Table 10.1 provides a base period breakdown of those individuals who have expressed demand for serviced plots of land in Pendle.

Table 10.1   Serviced Plot Demand in Pendle

Base Period	Individuals
1st base period - November 2014 – 30 October 2016	107
2nd base period - 31 October 2016 – 30 October 2017	35
3rd base period - 31 October 2017 – 30 October 2018	17
4th base period - 31 October 2018 – 30 October 2019	34
5th base period - 31 October 2019 – 30 October 2020	19
6th base period - 31 October 2020 – 30 October 2021	32
7th base period - 31 October 2021 – 30 October 2022	17
Total	261
Average Per Base Period	37

Source: Pendle Borough Council Self and Custom Build Register

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[19] A base period is a period of typically 12 months in which demand for custom and self-build is recorded. However, the first base period. The first base period began on the day on which the register (which meets the requirement of the 2015 Act) was established and ended on 30 October 2016. Each subsequent base period is the period of 12 months beginning immediately after the end of the previous base period. Subsequent base periods will therefore run from 31 October to 30 October each year.

10.5   Iceni have analysed the entries on the self and custom build register in order to find the parishes in which there is most interest for self and custom build housing. Table 10.2 shows the most popular sub-area as reported by the entrants to the register. As shown the Rural Villages are the most popular location, followed by the M65 Corridor.

Table 10.2   Most popular parishes for self and custom build housing

Sub-Area	Enquiries	%
Rural Villages	660	52%
West Craven Towns	248	20%
M65 Corridor	355	28%
Total	1263	100%

Source: Iceni analysis of Pendle Borough Council Self and Custom Build Register

10.6   At a settlement level the most popular locations where Barrowford, Fence and Nelson, all of which had at least 100 enquiries. 72% of people on the register required a single plot while 6% wanted to be involved in a community/collective self-build development.

10.7   Most entrants were seeking larger homes, 78% were interested in a detached home although 13% wanted a bungalow. Over half (51%) wanted at least four bedrooms while a large garden (74%) and multiple parking spaces (81%) were a pre-requisite for many.

10.8   It is worth highlighting that a survey[20] undertaken by YouGov on behalf of the National Custom and Self-Build Association ("NaCSBA") in October 2020 found that awareness of the Right to Build legislation is low with 83% of people unaware that the local authority self-build registers exist. As a result, the number of individuals on a local authority's self-build register may underestimate demand.

Broader Demand Evidence

10.9   In order to supplement the data from the Council's own register, we have looked to secondary sources as recommended by the PPG, which for this report is data from NaCSBA - the national association for the custom and self-build housing sector.

10.10   First, it is worth highlighting that the October 2020 survey undertaken by YouGov on behalf of NaCSBA found that 1 in 3 people (32%) are interested in building their own home at some point in the future, including 12% who said they were very interested. Notably, almost half (48%) of those aged between 18 and 24 were interested in building their own home, compared to just 18% of

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[20] A survey of 2,017 adults with fieldwork undertaken online between 9th – 11th October 2020. The figures are weighted and are representative of all GB adults aged 18+

those aged 55 and over. This is notable as, traditionally, self-build has been seen as the reserve of older members of society aged 55 and over, with equity in their property

10.11 Second, we can draw on NaCSBA data to better understand the level of demand for serviced plots in Pendle relative terms. The association has recently published analysis with supporting maps and commentary titled "Mapping the Right to Build" in 2020. This includes an output on the demand for serviced plots as a proportion of total population relative to all other local authorities across England.

10.12 One of the key maps within the report highlights the areas of strongest demand and this is shown in Figure 10.1. This shows that Pendle (Green (top centre)) has a need for 210 units per 100,000 head of population.

Figure 10.1 Overall Demand for Self-Build Plots per 100,000 of Population
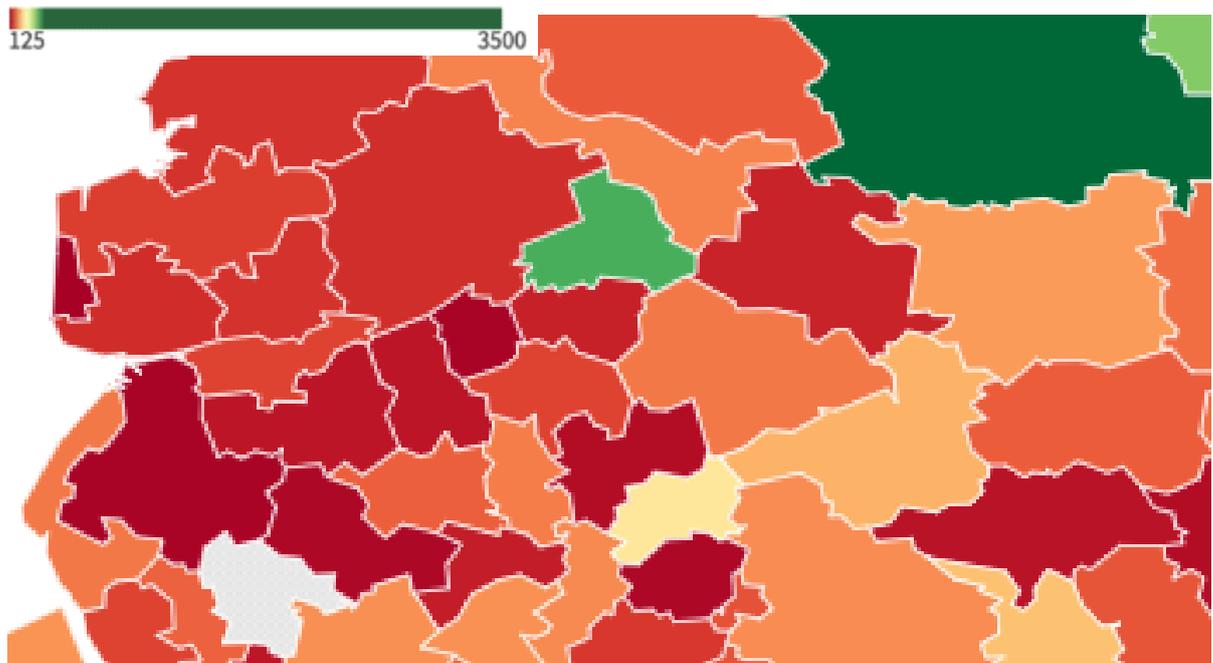
Source: NaCSBA "Mapping the Right to Build," 2020

Policy Response

10.13 The Self-Build and Custom Housebuilding PPG sets out how authorities can increase the number of planning permissions which are suitable for self-build and custom housebuilding and support the sector. The PPG[21] is clear that authorities should consider how local planning policies may address identified requirements for self and custom housebuilding to ensure enough serviced plots with

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[21] Paragraph: 025 Reference ID: 57-025-20210508

suitable permission come forward and can focus on playing a key role in facilitating relationships to bring land forward.

10.14   There are a number of measures which can be used to do this, including but not limited to:

- Supporting Neighbourhood Planning groups where they choose to include self-build and custom build housing policies in their plans;

- Working with Homes England to unlock land and sites in wider public ownership to deliver self-build and custom build housing; and

- When engaging with developers and landowners who own sites that are suitable for housing, encouraging them to consider self-build and custom housebuilding, and facilitating access to those on the register where the landowner is interested;

- Working with local partners, such as Housing Associations and third sector groups, to custom build affordable housing for veterans and other groups in acute housing need.

10.15   Iceni would note that an increasing number of local planning authorities have adopted self-build and custom housebuilding policies in respective Local Plans to encourage delivery, promote and boost housing supply. There are also a number of appeal decisions in the context of decision-taking which have found that paragraph 11(d) of the Framework is engaged in the absence of specific policy on self-build housing when this is the focus of a planning application

10.16   As a general principle, the Council should support the submission and delivery of self-build and custom housebuilding sites, where opportunities for land arise and where such schemes are consistent with other planning policies.

10.17   The Current Core Strategy does indicate some broad support for self and custom build however this should be more clearly set out in policy.

10.18   The Local Plan should also consider whether larger sites should make a contribution (e.g. 5%-10%) of plots marketed for Custom and Self-build before reverting back to Affordable or General Housing if there is a lack of interest after 12 month. Alternatively, the Council could allocate sites specifically for self and custom build housing.

Homelessness

10.19   Based on H-CLIC data produced by DLUHC, on average 116 households have approach Pendle Council per quarter for homelessness support since June 2018. Of these 51% where owed a prevention duty while 49% were actually homeless and owed a relief duty.

10.20   Those approaching the council are in the main are either female single parents (28%) or single male adults (38%). Over 50% are aged between 18 and 34 and a further 37% are aged between 35 and 54. Only 2.5% are aged over 65.

10.21   The main reasons cited for being homeless or threatened with homelessness are that family or friends are no longer willing to accommodate them (25%), end of PRS tenancy (11%) or domestic abuse (10%).

10.22   Many of those approaching the council have varied and multiple support needs this includes mental health problems (19%), ill health and disability (18%), have experienced abuse (14%) and have a drug and alcohol dependency (11%).

Local Authority Engagement

10.23   The Council have informed us that there has been a greater frequency of families presenting themselves as homeless. This is typically due to assured shorthold tenancies coming to an end and particularly where the landlord is bringing it to an end as they are willing to sell the home while others are also putting rents up.

10.24   Overall presentation have increased in the last year. Whether its families or single people. There are about 20 in Temporary Accommodation including families in a Travelodge which is not ideal for residents or the Council.

10.25   The Council are doing all they can but with an increasing case load it is becoming difficult. Pre-pandemic the Council would seek PRS accommodation for most but the dwindling supply means that Temporary Accommodation is just as likely.

10.26   Rough sleeping is only 4 or 5 per night although begging would suggest that the number is higher but that is not the case. The Council are aware of 3 or 4 people that are definitely sleeping rough but this will reduce as it gets colder. Some of those rough sleeping are entrenched including some that issues or pets which make them difficult to home even temporarily.

10.27   Those with support issues, including those discharged from mental health hospitals are coming are mostly housed in B&Bs temporarily although the vast majority are rehoused quickly as they are top of the priority list.

10.28   The Council team work with Drug and Alcohol services and multi-disciplinary teams. They help with social housing and PRS. They need the person to work with them but they often don't and end up in prisons.

10.29   The Council do not have any specialist accommodation but recognise that they should have this but there is not the money to support it and it would require an increase in rents to pay for it.

10.30   They also recognise that it is harder to get specialist services in smaller boroughs as the need is typically low. They would be likely to support a bid across the three boroughs of Burnley and Rossendale if joint funds can be found.

10.31   The Council can access Gateway in Burnley but it has a high occupancy rate. This is a homeless hostel/accommodation with 30 units. They accept different levels of need depending on what the demand is. And as well as accommodation they help people to move on. The Council do not get a set number of beds but can place people there if there is availability.

Asylum Seekers

10.32   This information is taken from the Council Housing Team as no data is provided for this group.

10.33   The Council view is that because Serco have over 100 units in the borough when people have leave to remain the younger ones move to the cities but families will stay. Serco evict people at the point they have leave to remain and the Council expect 50 to 60 families to seek housing with them in the coming years.

10.34   In addition, there are 30 to 40 Ukrainian families that are with host families. If they are evicted sometimes they can be rematched with another sponsor. However if this is not possible they will approach the Council through the usual homelessness route.

10.35   Ukrainian refugees are allowed to work, claim benefits and have legal right to claim homelessness. Typically as there is no social housing so they are put into the PRS with benefit support. The Council expect to get between 3 and 7 people per month asking the council for housing.

Communal Housing and Students

10.36   There are no higher education providers/facilities in the Borough and the last Census only reported three all student households.

10.37   We have spoken to Pendle and Colne College who informed us that their student numbers are static but there is an intention to growth this number modestly over the next few years. However, they said that all students were drawn from the local population and most live with their parents therefore the impact on the wider housing market is likely to be negligible.

10.38   In contrast it identified over 1,100 HMOs ("other" households) which is likely have grown if national trends are to be followed.

10.39   We can consider issues of access to housing from young people, including affordable housing, and the potential for co-living developments having regard relevant drivers such as values and demographics.

Gypsies and Travellers

10.40   The latest evidence in relation to Gypsy and Travellers needs within Pendle is set out in the Housing Needs Assessment (2020)[22]. The HNA states that it tried to engage with various representatives groups in order to support an updated position on their needs. However it failed to gather any meaningful response.

10.41   As such, they have assumed no significant changes in circumstances and the previous assessments of need including the 2012 Gypsy and Travellers Accommodation Assessment[23] remain valid. That report suggested there was no need for additional pitches in Pendle between 2012 and 2026.

10.42   We have also approached a number of stakeholder groups as part of this study and did receive any feedback. The needs assessment has therefore not been updated.

Houseboats

10.43   According to the Canals and Rivers Trust, the Leeds – Liverpool Canal runs for 127 miles and has 97 Locks of which 10 are in Pendle. The Association of Inland Navigation Authorities (AINA) is the industry body in Great Britain for those authorities with statutory or other legal responsibility for the management and operation of navigable inland waterways.

10.44   They have produced a range of reports including[24] in 2008 a survey based report titled "Numbers of Boats on the Inland Waterways". The report recognises that "there has been a lack of definitive nationwide statistics on boat numbers, their locations, their moorings and their use." In response AINA commissioned a study to look at two of the key components of the inland waterways - the numbers and types of boats on them and the numbers of moorings available.

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[22] https://www.pendle.gov.uk/info/20072/planning_policies/277/evidence_base_documents/4

[23] https://burnley.gov.uk/wp-content/uploads/2022/02/FINAL-report-Burnley-and-Pendle-GTAA-Aug-2012.pdf

[24] Numbers of Boats on the Inland Waterways

10.45   Unfortunately, the data relating to canals in Pendle was not reported but the navigation authority, British Waterways, did report for their network of 2,929 km of canals. Since that time British Waterways ceased to exist and was replaced by the Canals and Rivers Trust.

10.46   The report for British Waterways shows that total boat numbers on their network grew by an average annual rate of just over 4% between 2002 and 2007. It also noted that the number of holiday hire boats remained stable over the period, but there was a significant expansion in trip, restaurant and community boats.

10.47   Overall, leisure business boat licenses nearly doubled over the five years. Within the private powered boat sector, growth was particularly strong amongst continuous cruisers and other residential boaters.

10.48   The total number of boats on the network in 2007 was 32,604 an increase of around 7,000 since 2002. This included 29,289 powered boats, 708 unpowered boats, 1,573 trip/restaurant boats, 996 hire boats and 38 unpowered day hire boats.

10.49   In terms of moorings the British Waterways reported that there were 24,714 moorings on their network and a further 3,100 vessels that were without a home mooring as they were in continuous use. The majority of this supply was private and 5,188 were owned by British Waterways.

10.50   AINA also produced a further advisory report[25] in 2011 called the "Residential Use of Inland Waterways". This report examined those using boats as their main residential location. The report acknowledges that "there is currently a strong demand for residential moorings but a scarce supply of suitable berths". The report provides examples of different types of vessels or structures in 'residential use' including:

- Conventional vessels - These are boats that have originally been designed and built for navigation, the majority are cabin cruisers, narrow boats or wide-beam vessels e.g. barges.

- Vessels not capable of navigation - Vessels that have been modified (e.g. engines removed and/or interior altered) and vessels that are simply too large to navigate the waterway

- Floating structures not capable of navigation - Simply accommodation constructed to float on water.

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[25] https://aina.org.uk/wp-content/uploads/2018/04/RUIW-Feb11.pdf

- Houseboat - A static vessel or purpose-built floating structure with no form of mechanical propulsion used, or designed for use, for residential purposes.

10.51 However, the report recognises that the term "houseboat" is sometimes used to refer to any of the other types of vessels and structures that are in residential use. The report also provides an outline of each the different types of moorings. These are:

- Long-term / home mooring / mooring base - This is a mooring which comprises the usual 'parking place' for a vessel, from which it may or may not go cruising. This type of mooring will often be allocated to and/or occupied by a single identifiable vessel for a long period (e.g. one year or longer).

- Residential mooring - This is a long-term/mooring base for a vessel or floating structure with planning permission and navigation authority consent for use as a person's sole or main residence. The vessel may leave the mooring from time to time to go cruising, undergo repair etc. for any period of time.

- Visitor / short-stay mooring - This type of mooring is specifically designated for boats to stop off or stay at for short periods whilst out cruising, usually for a maximum specified period.

- Casual mooring – this type of mooring occurs where boats tie up casually anywhere along the towpath or riverbank. Usually there is a general rule specifying the maximum period for casually mooring in one place (e.g. up to 14 days on waterways owned and managed by British Waterways).

10.52 The report notes that the 2008 boaters' survey conducted by British Waterways included the question "Is your boat your main residence?" and that 18% answered yes as main or Monday-Friday residence, and extrapolating this to the (approximately) 30,000 privately licensed boats, British Waterways estimates that approximately 5,400 boats on its waterways are used for residential purposes.

10.53 If this number increased by 4% each year, as was the estimated growth in the 2002 – 2007 period, then there would be 8,991 boats used as a main residence. Extrapolating this figure further to 2040 would result in an increase to 18,994 boats used as a main residence.

10.54 Although this is purely an extrapolation and there is no evidence to suggest how high this number actually is or will be. Furthermore, these figures are for the whole British Waterways Network which Pendle only comprises a small but notable part of.

- The report then goes on to make a number of recommendations including:

"Some minority household groups are the subject of planning guidance such as Circulars, and a similar approach could help to ensure that the relevant issues specific to people living afloat are appropriately addressed by local authorities in both local housing and planning policy making as well as in development control.

Local authorities therefore have a responsibility to make well-informed planning decisions, using all the 'tools' available to them, including this advisory document. They should consult the relevant navigation authority and take into account their statutory duties, policies and any guidelines and local plans. They should also engage with all stake-holders at an early stage to understand the range of issues.

More generally, planning for residential moorings is most suitably dealt with when developing waterway strategies, local area development plans or similar; these plans should consider all types of moorings (residential, leisure, commercial and visitor moorings) and make appropriate provision for them within a local strategic context."

Service Families

10.55   MOD statistics report that there are no military or civilian personnel in Pendle. Therefore it is unlikely that there will be any significant demand from this group.

10.56   Annex 2 of the NPPF identifies Military Personnel as Essential Key Workers. As such, accommodation specifically comes under the definition of affordable housing. Depending on their incomes this group will already be accounted for within the affordable housing need and will largely not be additional to it.

10.57   The Planning Practice Guidance for First Homes also allows local authorities to set out their own criteria for accessing such housing. One such criteria could be a key worker requirement which would include service personnel.

10.58   The most acute and pressing issues is likely to be finding accommodation for those transitioning out of the forces. First Homes could play a part in meeting this demand as it would provide a discounted route to home ownership.

10.59   While there are issues with homeless veterans, the scale of this need is potentially overstated. One reason for this perception is that some beggars portray themselves as veterans when often they are not. Data shows that service personnel less likely to be homeless and have greater access to help.

10.60   The Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations ensure that Service personnel (including bereaved spouses or civil partners) are allowed to establish a 'local connection' with the area in which they are serving or have served.

10.61   This means that ex-service personnel would not suffer disadvantage from any 'residence' criteria chosen by the Local Authority in their allocations policy. Furthermore, any ex-armed forces personnel with mental health issues who present themselves to the Council as homeless would be assisted as a vulnerable group and will be given priority need for housing.

Other Groups - Summary

The Council is required to grant sufficient planning permissions to meet the demand for custom and self-build housing as identified on the Register as per the 2015 Act (as amended). This is an average of 37 plots per annum.

The most popular locations for this type of housing where Barrowford, Fence and Nelson, all of which had at least 100 enquiries.

72% of people on the register required a single plot and 78% were interested in a detached home. Over half (51%) wanted at least four bedrooms.

The Current Core Strategy does indicate some broad support for self and custom build however this should be more clearly set out in policy including whether larger sites should make a contribution.

On average 116 households have approach Pendle Council per quarter for homelessness support since June 2018. Of these 51% where owed a prevention duty while 49% were actually homeless and owed a relief duty.

Homelessness support is being stretched due to higher presentations and dwindling supply. As a result the council are increasingly reliant on temporary accommodation.

There are no higher education providers/facilities in the Borough and the last Census only reported three all student households.

Pendle and Colne College informed us that their student numbers are static but there is an intention to growth this number modestly over the next few years. However, they said that all students were drawn from the local population and most live with their parents therefore the impact on the wider housing market is negligible.

The latest evidence in relation to Gypsy and Travellers needs within Pendle is set out in the Housing Needs Assessment which suggested there was no need for additional pitches in Pendle by 2026.

MOD statistics report that there are no military or civilian personnel in Pendle. Therefore it is unlikely that there will be any significant demand from this group.

Business Survey – Key Findings

Take up of the survey was felt to be poor and only 18 responses were collected. As such, the number of respondents is not representative, but rather a snapshot based on limited number of opinions.

Key Findings include:

- Most businesses where national rather than purely local or international operators

- A third of respondents declared their facilities do not meet their current needs but plan to remain. A further 5.5% of respondents declared that they are looking to relocate.

- 17% reported they do plan to relocate the business in the next 5 years. Although of these only 22% said they were likely to move outside of Pendle

- Of the respondents who reported that they do plan to relocate, most would be looking for medium sized facilities ranging from 1,000 to 5,000 sq.m and very large facilities of more than 10,000 sq.m.

- Of those looking to move outside of Pendle a lack of available land and suitable sized premises as well as attracting staff were cited as the key factors influencing their decision.

- Good parking provision, distance to motorways, age/condition of building, room to expand were the most sought after attributes.

- The majority of respondents (78%) felt that their business is within a growth sector and most businesses expect to see marginal growth in their staff number over the next 1 – 2 years.

- When asked if they are experiencing staffing issues and skills shortages, businesses largely reported that it is challenging to find staff.

11.   LOCAL ECONOMIC BASELINE AND BUSINESS SURVEY

11.1   This section provides an overview of Pendle's economy in relation to the North West and England as a whole (or Great Britain in some instances). It draws on a wide range of data from the Office for National Statistics (ONS). Unless otherwise stated, all data covers the 2011 to 2022 period, and 2021 or 2022 for single-year datasets.

Jobs by Sector

11.2   There were around 40,500 jobs in Pendle in 2021 according to the latest Cambridge Econometrics (CE) data, with around 32,000 of these being employees. Table 11.1 shows the split of employees by sector compared to the North West and Great Britain. For ease, Pendle has been compared to Great Britain through the use of a location quotient (% employees in Pendle divided by % employees across GB).

Table 11.1   Employee Jobs by Sector, Pendle vs the North West and Great Britain

	Employee Jobs	Pendle (%)	North West (%)	Great Britain (%)	LQ - Pendle:GB
Mining And Quarrying	0	0	0.1	0.1	0
Manufacturing	8,000	25	8.6	7.6	3.3
Utilities	10	0	0.5	0.4	0
Water	125	0.4	0.5	0.7	0.6
Construction	1,750	5.5	5.4	4.9	1.1
Wholesale And Retail	5,000	15.6	14.6	14.4	1.1
Transportation And Storage	900	2.8	5.4	5.1	0.5
Hospitality	2,500	7.8	7.9	7.5	1
Information And Communications	1,500	4.7	2.8	4.5	1
Financial And Insurance	350	1.1	3.5	3.6	0.3
Real Estate	400	1.2	2	1.8	0.7
Professional, Scientific And Technical	1,500	4.7	8.9	8.9	0.5
Admin And Support Service Activities	1,500	4.7	8.3	8.9	0.5
Public Admin And Defence	600	1.9	4.9	4.6	0.4
Education	3,000	9.4	7.9	8.8	1.1
Health Care And Social Work	4,500	14.1	15	13.7	1
Arts, Entertainments And Recreation	400	1.2	2.2	2.3	0.5
Other Services	250	0.8	1.5	1.9	0.4

Source: Iceni analysis of ONS Business Register and Employment Survey

11.3   It can be seen that manufacturing is by far the largest sector in Pendle with 25% of all employees. The sector is comparatively large when compared to the size of the sector across Great Britain, as

can be seen by the location quotient of 3.3. This is the third highest level of manufacturing in England behind only Barrow and Copeland.

11.4   The second largest sector is Wholesale and Retail which is also relatively large when compared to the size of the sector across Great Britain. The borough has a number of large out-of-centre retail outlets, notably the Boundary Outlet in Colne.

11.5   Pendle has a small Transportation and Storage sector both in absolute terms and when compared to Great Britain. This is linked to its peripheral location in relation to the strategic road network.

11.6   Office based sectors are mixed in size but none have a location quotient of greater than one meaning these sectors are small when compared to Great Britain.

Business Sizes, Formation and Survival

11.7   Data from the Inter-Departmental Business Register (IDBR) indicates that there are 271,160 enterprises, operating across the North West in 2022, of which 270,090 are in the private sector. However, this data does not capture businesses with a turnover below the VAT threshold. Data from the Department for Business, Energy and Industrial Strategy (BEIS), which is not available at Local Authority level, provides a more accurate estimate of business numbers. It shows that there were in fact 513,065 private sector enterprises across the North West at the start of 2020.

11.8   According to the IDBR data, there are 3,155 enterprises operating in Pendle of which 3,540 are in the private sector. Based on the North West ratio of IDBR to BEIS private enterprises, there are estimated to be around 6,000 private enterprises in Pendle.

11.9   Table 11.2 shows the split of enterprises in Pendle by size compared to the North West and England as a whole. The differences are that Pendle has a lower proportion of micro enterprises than England but a higher proportion of small enterprises.

Table 11.2 Split of Enterprises by Size, Pendle vs the North West and England

	Pendle	**North West**	**England**
Total businesses	3,155	271,160	2,408,040
Micro (0 to 9 employees)	88.9%	88.7%	89.6%
Small (10 to 49)	9.2%	9.3%	8.5%
Medium-sized (50 to 249)	1.6%	1.6%	1.5%
Large (250+)	0.3%	0.4%	0.4%

Source: ONS, IDBR

11.10 Figure 11.1 shows the indexed rate of change in the number of enterprises in Pendle compared to the North West and England as a whole between 2010 and 2022. It can be seen that the rate of enterprise growth in Pendle was outpaced by the wider comparator areas, particularly between 2015 and 2020.

11.11 However, the Pendle economy has caught up somewhat since 2020, which could be linked to the ability for businesses to access to COVID-19 grant funding. The absolute rate of enterprise growth in Pendle was 56 per annum between 2010 and 2022. This increased to 155 per annum between 2020 and 2022.

Figure 11.1 Indexed Enterprise Growth, Pendle vs the North West and England
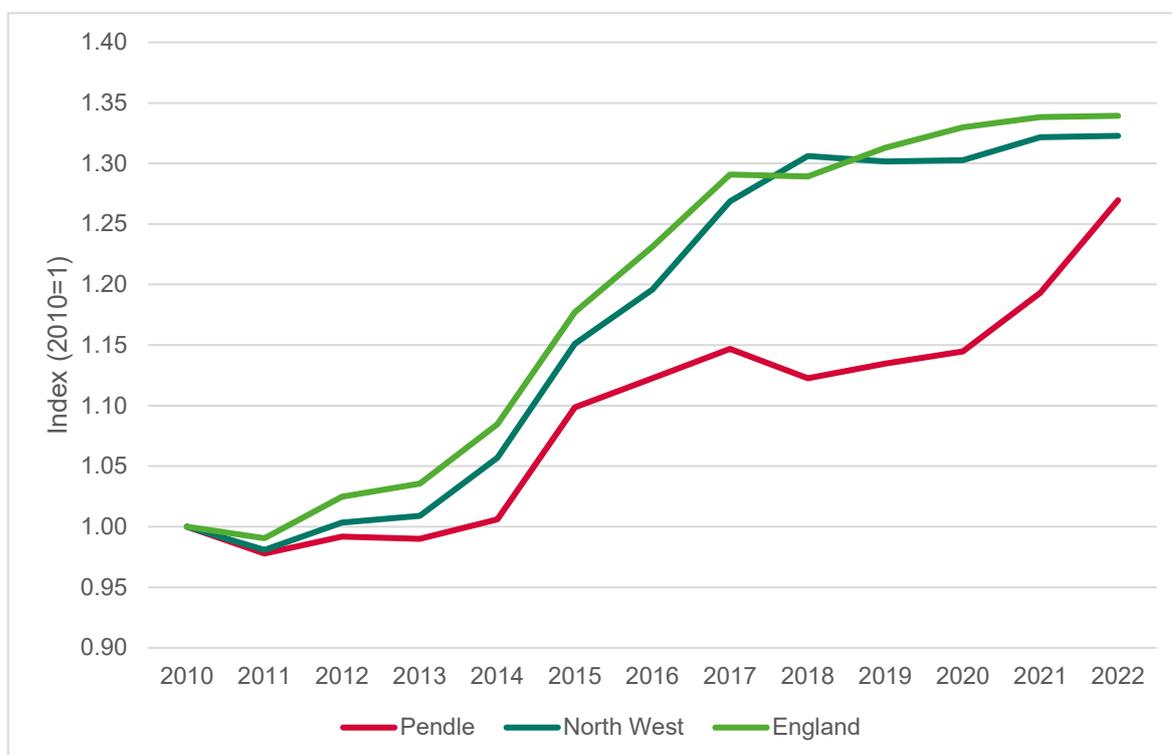
Source: Iceni analysis of ONS, IDBR data

11.12   Table 11.3 shows business survival rates in Pendle compared to the North West and England between 2015 and 2019. This data strongly indicates that new start businesses in Pendle tend to do well and survive.

Table 11.3   Business Survival Rates, Pendle vs the North West and England

Survived at least…	Pendle	North West	England
1 year - Born 2019	94%	89%	88%
2 years - Born 2018	75%	68%	70%
3 years - Born 2017	57%	46%	53%
4 years - Born 2016	47%	40%	43%
5 years - Born 2015	40%	39%	39%

Source: ONS, IDBR

Labour Market

11.13   A key measure of an area's labour force is the percentage of economically active people in the population. This is defined as those in employment plus those who are unemployed (seeking work). Across Great Britain, this rate grew between 2010 and 2020 before falling during the pandemic and stood at 78.6% in June 2022. The North West has a slightly smaller economically active population at 76.6% and Pendle's is significantly smaller than this at 68.4%.

Figure 11.2 Economic activity rate, July 2021 - June 2022
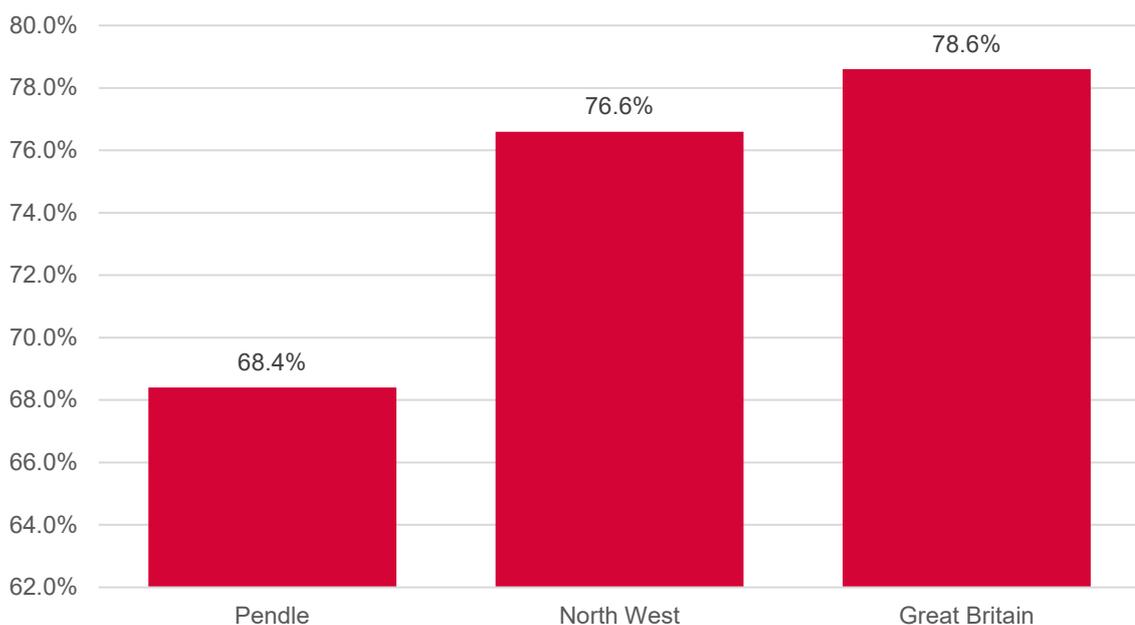
Source: ONS, Annual Population Survey

11.14   The headline measure of unemployment for the UK is the percentage of the economically active population aged 16 and over, which is presented in Figure 11.3. At 5.6% Pendle has a higher unemployment rate than the North West (4.2%) and Great Britain (3.8%).

Figure 11.3 Unemployment rate, July 2021 - June 2022
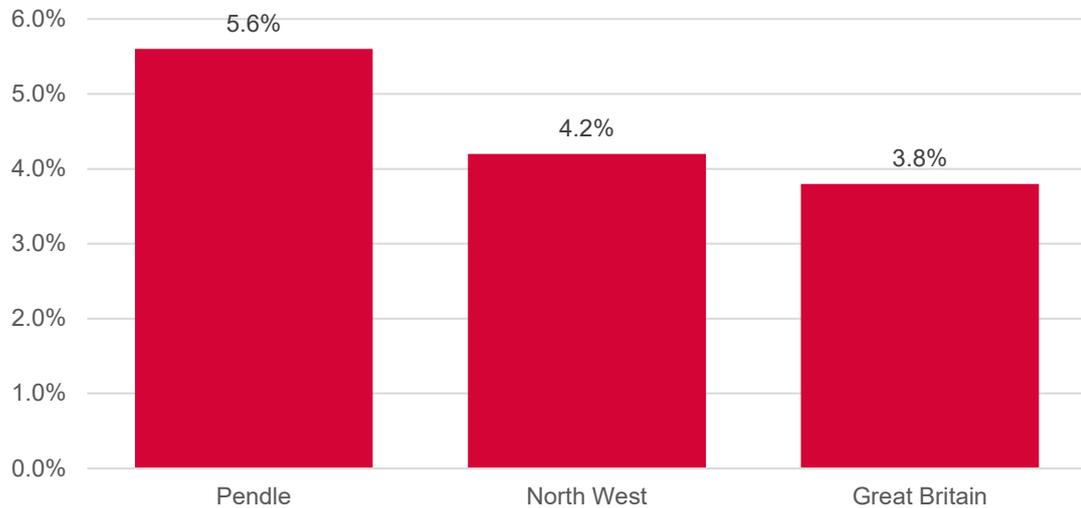
Source: ONS, Annual Population Survey

Skills and Qualifications

11.15   Pendle has a significantly lower percentage of its population in the top three occupation groups (managers, professionals and technical roles) than both the North West and Great Britain.

11.16   However, it does have a slightly higher percentage of its population in the occupational groups 4-5 (administrative roles and skilled trades). Despite this Pendle still has a higher proportion of its population in the bottom four occupation groups.

Figure 11.4 Occupation Level[26], July 2021 - June 2022
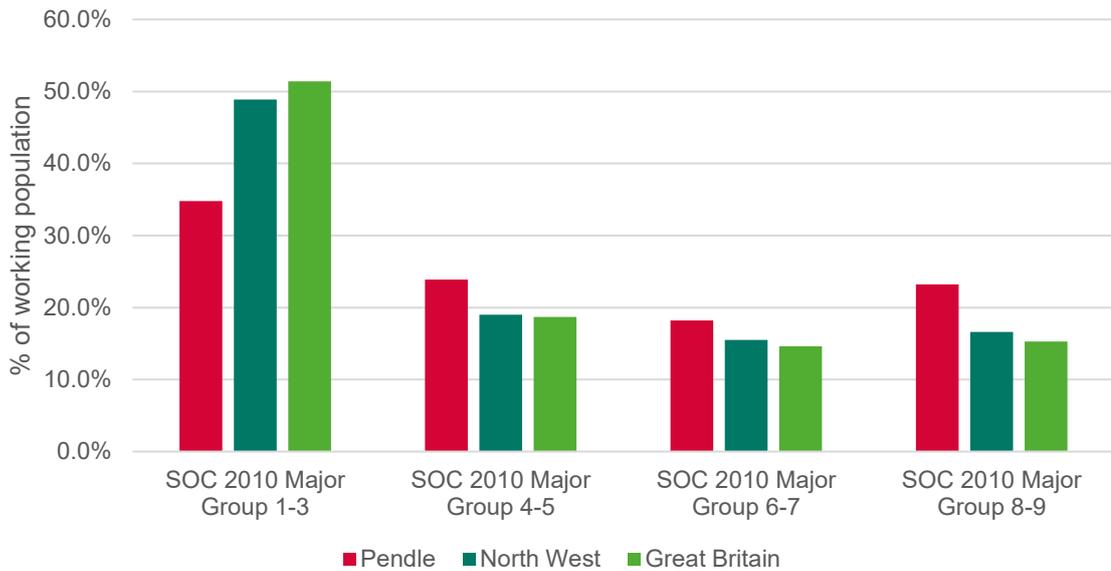
Source: ONS, Annual Population Survey

11.17   The disparities in occupational levels can be closely tied with levels of educational attainment. Pendle's working age population has around half the level of degree educated workers (NVQ4+) than the wider comparator areas. It also has a lower proportion of its population with qualifications at every other level and a higher percentage without any qualifications.

Figure 11.5 Educational attainment, 2021
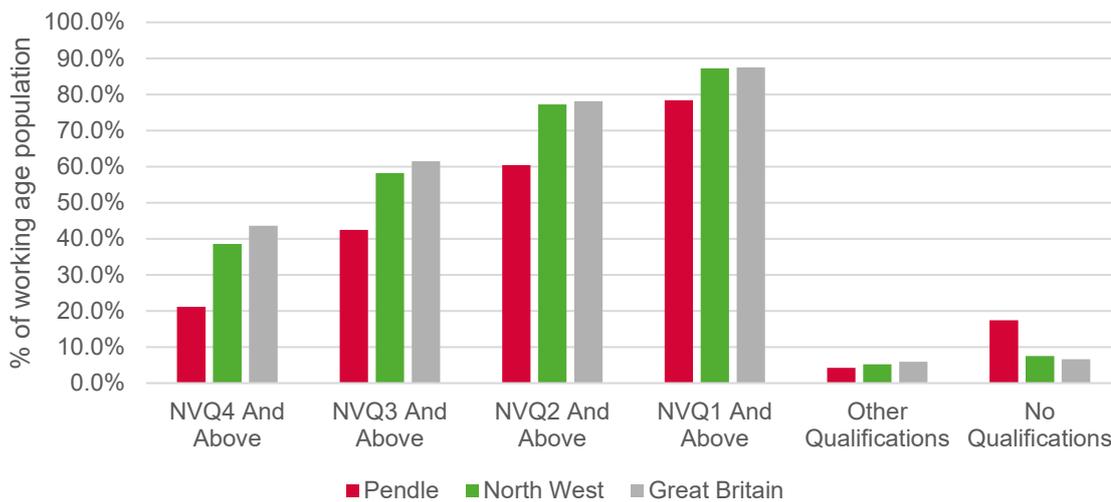
Source: ONS, Annual Population Survey

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[26] 1 = Managers, Directors & Senior Officials, 2 = Professional Occupations, 3 = Associate Prof & Tech, 4 = Admin & Secretarial, 5 = Skilled Trades, 6 = Caring, Leisure and Other Services, 7 = Sales & Customer Services 8 = Process Plant & Machine Operatives, 9 = Elementary Occupations

Earnings and Productivity

11.18   Higher than average levels of employment in the lower occupational levels and low levels of educational attainment feed into lower earnings for those living in Pendle, in comparison to the North West and Great Britain. Median gross earnings in 2021 stood at £477 per week for Pendle residents compared to £578 for the North West and £613 for England as a whole.

Figure 11.6 Median Gross Weekly Residence Based Earnings, 2021

Source: ONS, Annual Survey of Hours and Earnings

11.19   While still lower than the wider comparator areas, those working in Pendle, on average earn more than those living in Pendle. This suggests that a significant portion of the better paid jobs in the borough are taken by in-commuters. The low levels of educational attainment in the borough, is likely to mean that many Pendle residents are unable to access the better paid jobs which are available locally. This might also reflect the quality of jobs and housing and particularly large homes might make the area more unattractive to graduates as would.

Figure 11.7 Median Gross Weekly Workplace Based Earnings, 2021

Source: ONS, Annual Survey of Hours and Earnings

11.20   Low earnings in Pendle are likely to be linked to poorer quality jobs although this might be mitigated by higher quality jobs such as those in aerospace manufacturing. The headline measure of labour productivity for the UK is GVA per hour worked.

11.21   Figure 11.8 shows that GVA per hour worked is lower in Pendle than Lancashire as a whole, the North West and much lower than England. It can be seen that GVA per hour worked has been lower than the North West and England since 2010 but that in 2016 productivity in Pendle rose above Lancashire and close to the level of the North West.

Figure 11.8 GVA Per Hour Worked (Smoothed), 2020
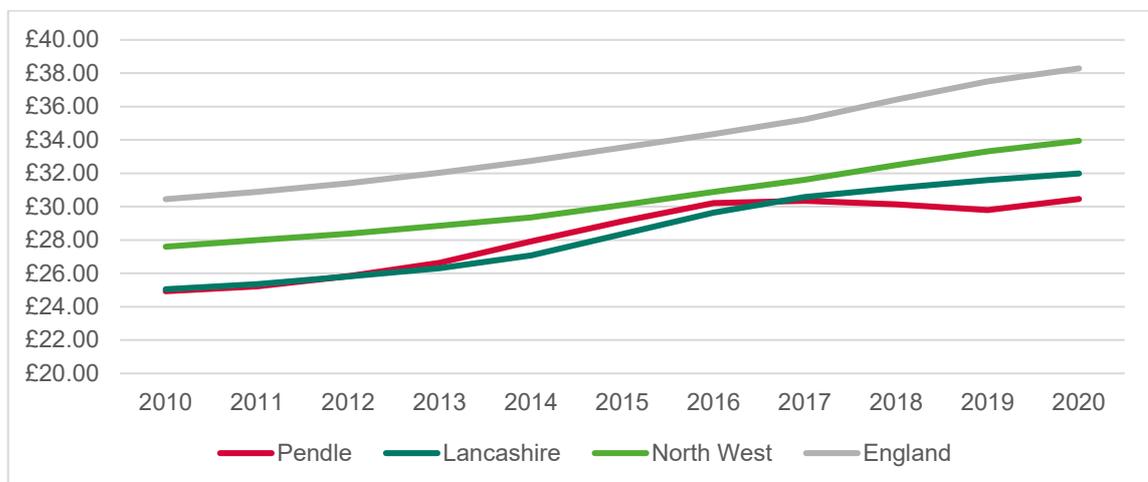
Source: ONS Subregional Productivity

Local Economy SWOT Analysis

11.22   Table 11.4 summarises the Strength, Weaknesses, Opportunities and Threats for Pendle's local economy.

Table 11.4   SWOT Analysis

Strengths	Weaknesses
• High business survival rates • Strong manufacturing sector. • Low cost of business premises. • Location within the wider Lancashire Aerospace Cluster	• Weak business formation rates. • Low economic activity rate • High unemployment rate. • Poor levels of educational attainment amongst the resident population • Prevalence of lower skilled employment. • Low resident and worker earnings. • Low levels of labour productivity. • Weak office-based sector. • Poor transport links and peripheral location
Opportunities	**Threats**
• To grow business base by supporting business formation. • To build on a strong manufacturing sector through growth and/or innovation (e.g. a shift to more productive types of manufacturing). • Potential to increase resident earnings through improved training and education enabling them to access well-paid employment in the Borough. • Ability to do more business online reduces concerns about operating from a peripheral location helping with business retention and allowing inward moving businesses to take advantage of low start-up costs	• Challenging business environment (high energy costs, general inflation and potential reduced spending) may lead to a reduction in business survival rates and already low business formation rates. • Losses of manufacturing activity and employment lead to significantly increased unemployment and deprivation given Pendle's reliance on the sector.

Business Survey – Key Findings

11.23   As part of this commission we undertook a survey of local businesses. However, take up of the survey was poor and only 18 responses were collected. As such, the number of respondents is not representative, but rather a snapshot based on limited number of opinions.

11.24   Full analysis is provided in appendix 3 and the key findings are summarised below:

- Most businesses where national rather than purely local or international operators

- A third of respondents declared their facilities do not meet their current needs but plan to remain. A further 5.5% of respondents declared that they are looking to relocate.

- 17% reported they do plan to relocate the business in the next 5 years. Although of these only 22% said they were likely to move outside of Pendle

- Of the respondents who reported that they do plan to relocate, most would be looking for medium sized facilities ranging from 1,000 to 5,000 sq.m and very large facilities of more than 10,000 sq.m.

- Of those looking to move outside of Pendle a lack of available land and suitable sized premises as well as attracting staff were cited as the key factors influencing their decision.

- Good parking provision, distance to motorways, age/condition of building, room to expand were the most sought after attributes.

- The majority of respondents (78%) felt that their business is within a growth sector and most businesses expect to see marginal growth in their staff number over the next 1 – 2 years.

- When asked if they are experiencing staffing issues and skills shortages, businesses largely reported that it is challenging to find staff.

Local Economic Baseline - Summary

Overall, Pendle's economy is performing below par. This is underlined by a weak labour market with a low economic activity rate and poorly skilled population.

Pendle has weak business formation rates and low levels of pay and productivity. This may be related to the fact that Pendle has a small office-based sector.

Like all areas Pendle's economy is threatened by high costs of doing business and reduced spending but Pendle's reliance on the manufacturing sector may put the Borough in a more challenging position.

However, Pendle's large Manufacturing sector is also a strength which can be capitalised on through growth and/or innovation.

Pendle also has high business survival rates suggesting the Borough has a decent business environment – there is an opportunity to support business formation in order to grow the economy.

The business survey was not well responded to and therefore is likely to be unrepresentative. The findings include most businesses being national rather than purely local or international operators and a third of respondents declared their facilities do not meet their current needs but plan to remain and 17% reported they do plan to relocate the business in the next 5 years.

12.   COMMERCIAL PROPERTY MARKET

12.1   This section provides a separate assessment of the industrial and office markets in Pendle. Both are sub-markets within the wider Lancashire area. This analysis will be used to inform the scale and type of future needs, to be identified later in the report.

12.2   A range of data sources are used including CoStar. CoStar is a national property database that agents feed into. It provides useful overview information for submarkets but reliability is weaker for small deals that are not typically recorded.

Industrial

UK Industrial Market Overview

12.3   Nationally the industrial market has performed well throughout the pandemic, although CoStar report that concerns about rising operating costs are reducing the appetite of companies looking for properties larger than their existing premises. Vacancies are expected to increase very slightly in the short term as a result.

12.4   Rental growth has accelerated since the start of the pandemic. However, this is expected to reduce in the near future as affordability becomes an increasing concern for occupiers. On the other hand, investment remains strong with an estimated £15 billion predicted for warehousing to come forward within the next year.

Lancashire Industrial Market Overview

12.5   The Lancashire industrial market is home to an important logistics hub spanning the M55, M6 and M65 motorway network as a result of these good connections. Successive years of positive net absorption coupled with a lack of speculative development in the area has resulted in historically low vacancies, which has put upwards pressure on rental costs. Despite this, in comparison to the wider North West region, Lancashire rental prices remain more affordable.

Pendle Industrial Market Overview

12.6   The industrial market in Pendle is considered to be mid-sized and contains approximately 582,700 sq.m. (6.3 million sq.ft) of industrial floorspace. Despite the high amount of floorspace, demolition has outpaced construction over the past 10 years with an overall loss of industrial stock.

12.7   Throughout the COVID-19 pandemic the market has remained relatively stable, although when looking over a longer timeframe the market's performance has been stagnant.

12.8   The VOA[27] provide information on the amount of office floorspace by administrative area. In Pendle
        at the end of FY 2020/21, there was 931,000 sq.m of industrial floorspace in total. This makes up
        9.95% of total floorspace across the Lancashire sub-market.

12.9   CoStar reports that in 2022 Pendle has approx. 582,700 sq.m (6,272,125 sq.ft) of industrial
        floorspace, which is 37% less than the VOA data suggests. This is because the definition of
        industrial space used by CoStar as well as the data collection methods differs from that used by the
        VOA.

12.10   Figure 12.1 shows the amount of industrial floorspace in Pendle between 2000/01 and 2020/21.
        Overall, floorspace has decreased by 193,000 sq.m. (2,077,000 sq.ft.) in that time with demolitions
        having outpaced construction.

Figure 12.1 Industrial Floorspace (2001 – 2022) (sq.m.)
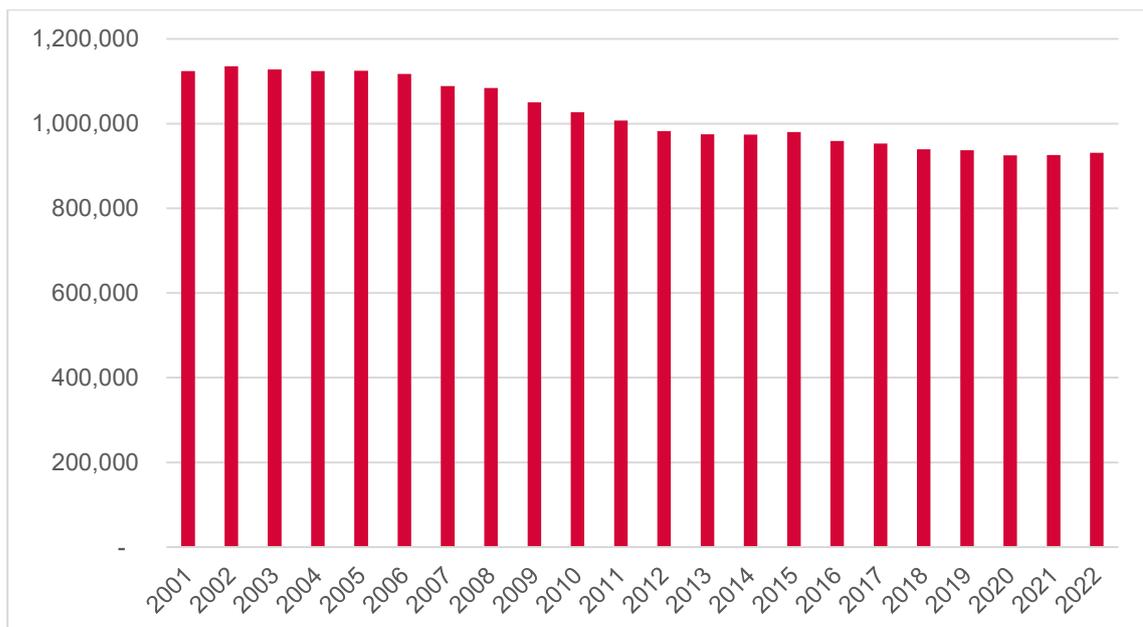
Source: Iceni analysis of VOA data

12.11   Figure 12.2 shows how the amount of industrial floorspace has changed in Pendle relative to the
        county, the region and England. Overall Pendle has decreased by a larger proportional amount
        than other areas, this is likely related to its lower starting point which is more sensitive to changes.

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[27] VOA: Non-domestic rating: stock of properties including business floorspace, 2019

Figure 12.2 Indexed Industrial Floorspace Change (2001 – 2022)
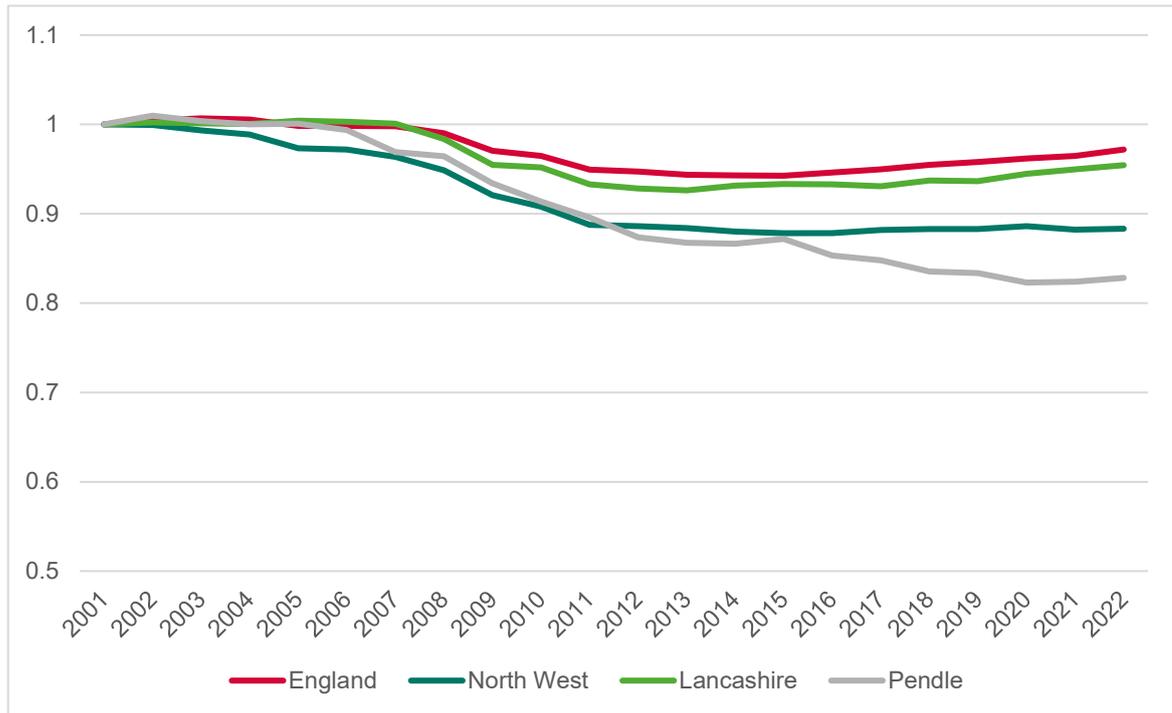
12.12   The index chart demonstrates that from 2016 onwards where Pendle's floorspace has decreased, Lancashire and England's floorspace has increased. Pendle has seen a slight uptick in floorspace since 2020 but the overall amount remains below that seen in 2001. Pendle is the only area to see a decline in the past 5 years (2017-2022) of 2%. A similar trend is seen in Lancashire overall, which increased by 20.6% from 2000/01 to 2020/21 but a decrease in the past 10 and 5 years of -5.4% and -4.2% respectively.

Overall Supply-Demand Balance – Pendle Industrial Market

12.13   The overall supply-demand balance has been assessed by looking at headline indicators – namely vacancy rates and rents. The drivers of changing vacancy rates, demand and supply have then been assessed by looking at net absorption and net deliveries.

12.14   Figure 12.3 shows how the vacancy rate in Pendle has changed over time compared to the county, the region and the UK. Vacancy in Pendle has decreased significantly since 2010, going from 19.3% to a very low 0.3% in 2021, much lower than that of Lancashire and the wider UK at 2.2% and 2.9% respectively.-

Figure 12.3 Industrial Vacancy Rate (2010-22)
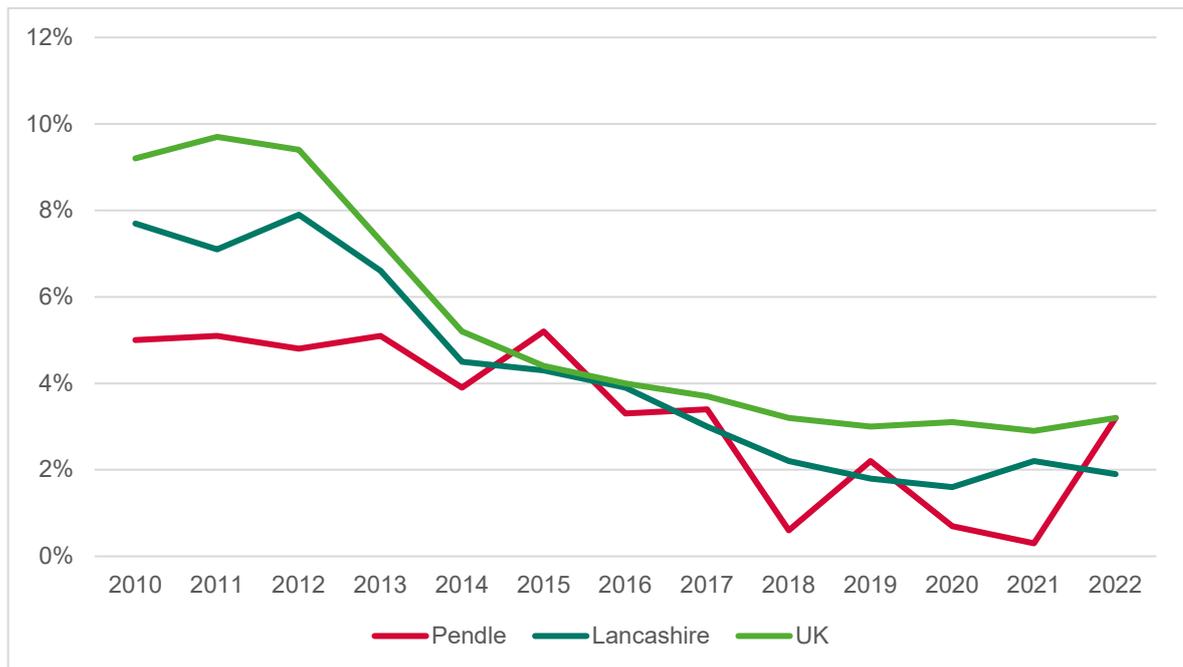
Source: Iceni analysis of CoStar data

12.15   Vacancy has increased up to 2022, currently sitting at 3.2%, matching that of the UK as a whole. Overall, this very low vacancy rate and demonstrates a lack of supply that is able to satisfy the demand for industrial stock in Pendle.

12.16   Figure 12.4 shows how inflation adjusted average rental prices in Pendle have changed over time compared to wider Lancashire, the region and the UK. There has been a slight drop in rents in Pendle down to £3.41 per sq.ft in 2022, despite falling this rents are still higher than the average since 2010 which is £3.23. Overall, rents in Pendle are cheaper than in wider Lancashire and the UK, indicating a market that is slightly less in demand.

12.17   When looking at rental growth in Pendle it can, to some extent, be seen to be stagnating, where rents increased from 2010 to 2016 by £0.31 this slowed from 2017 to 2022 to increase by only £0.24. The wider comparator areas have both grown by significantly more than this, with average rents from 2017 to 2022 increasing by £1.80 in Lancashire and £2.23 in the UK.

Figure 12.4 Inflation Adjusted Average Rental Price (£ per Sq ft)
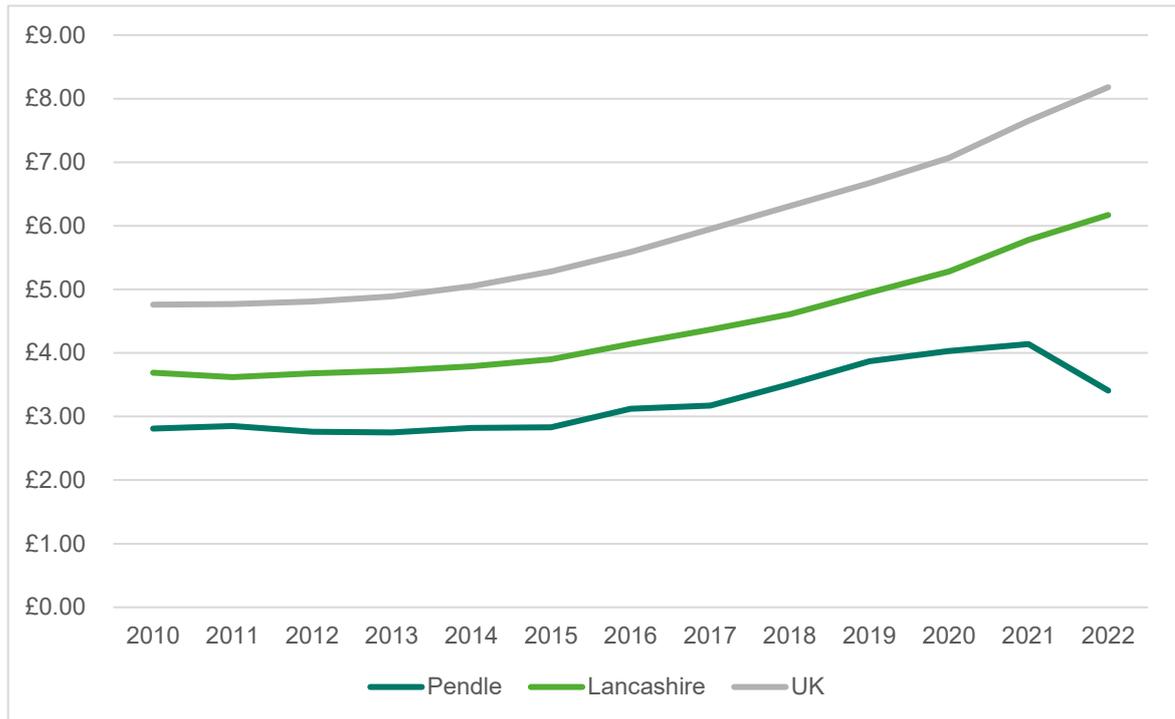
Source: Iceni analysis of CoStar data

12.18 Figure 12.5 shows net absorption, net deliveries and their resulting impact on vacancy rates in Pendle. Overall net absorption has varied year on year with four years since 2009 seeing negative net absorption and as such increasing vacancy rates. This is particularly apparent in 2022 which saw a negative net absorption of 180,650 sq.ft. contributing to the vacancy rate increasing from 0.3% to 3.2%.

Figure 12.5 Net Absorption, Net Deliveries and Vacancy Rates
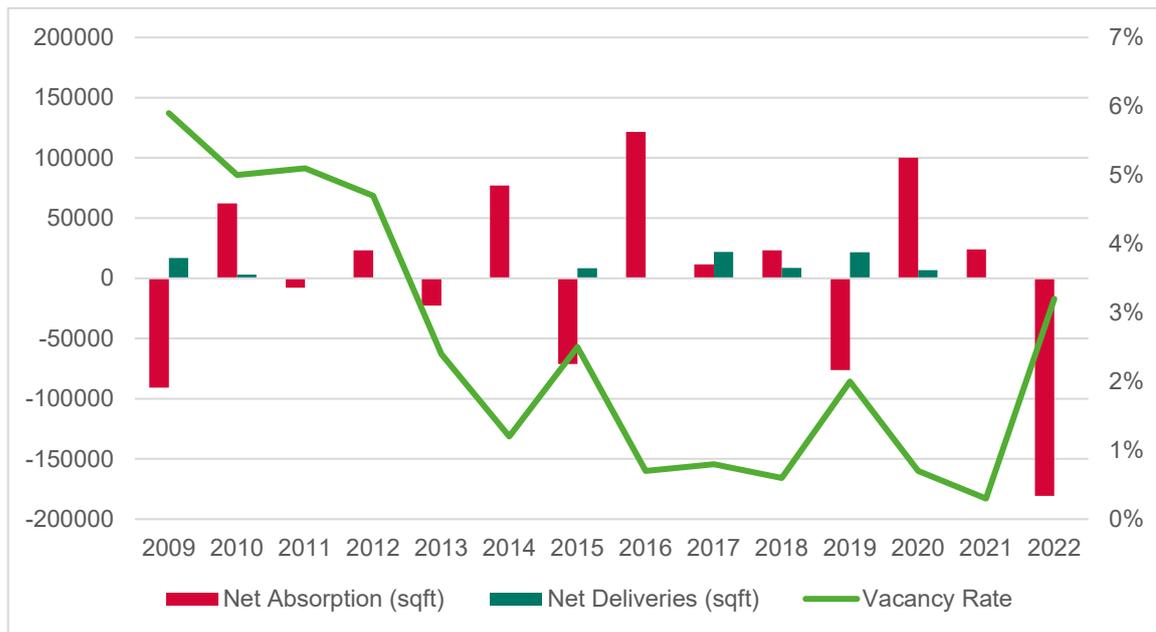
Source: Iceni analysis of CoStar data

12.19   Delivery has been low in comparison to absorption, only 7 years have seen floorspace delivered since 2009 with the highest delivery year being 2017 at 22,000 sq.ft. An average of approximately 6,250 sq.ft of space has been delivered per annum since 2019, whereas average net absorption since 2009 is sits at -450 sq.ft.

Supply-demand Balance by Quality and Age

12.20   It is important to understand if overall vacancy rates are reflected when considering vacancy rates for stock of varying quality/age. It is particularly important to understand vacancy rates in high quality stock as this provides a good indicator of demand for new, high quality stock.

12.21   Table 12.1 shows the vacancy rate for industrial stock by quality (in terms of CoStar's Building Rating System[28]). There is no stock in Pendle rated at 5 stars by CoStar.

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[28] The Building Rating System is explained here - https://www.costar.com/docs/default-source/brs-lib/costar_buildingratingsystem-definition.pdf?sfvrsn=12a507a4_2

Table 12.1   Vacancy by Co-Star Rating

Co-Star Rating	Vacancy Rate
1	0.0%
2	9.7%
3	0.5%
4	0.0%

Source: Iceni analysis of CoStar data

12.22   Stock rated 2 by Co-Star has the highest vacancy at 9.7% overall, followed by stock rated 3 at 0.5%, what is apparent in this is that stock of both the highest and lowest quality is in most demand in Pendle. This is likely down the overall cost per square foot, where stock of lower quality will be suitable for businesses where cost is a more significant factor than quality and vice versa.

12.23   Figure 12.6 shows an assessment of vacancy over time in each industrial class type, to demonstrate the type of industrial stock that is in most demand in Pendle. In 2022 both Logistics (1%) and Light Industrial (0.3%) stock has very low vacancy, in contrast with Specialised stock (6.6%). This is a high vacancy rate in specialist stock, when compared to previous years, where vacancy had remained at 5% or below. Light Industrial vacancy has varied quite dramatically since 2014 reaching peaks of12.4% and 12.3% in 2015 and 2019 respectively, and lows of 0% and 0.3% in 2021 and 2022. Logistics vacancy has remained below 2% since 2016, indicating a lack of space in this group as rents are also rising.

Figure 12.6 Vacancy Rate by Industrial Class Type
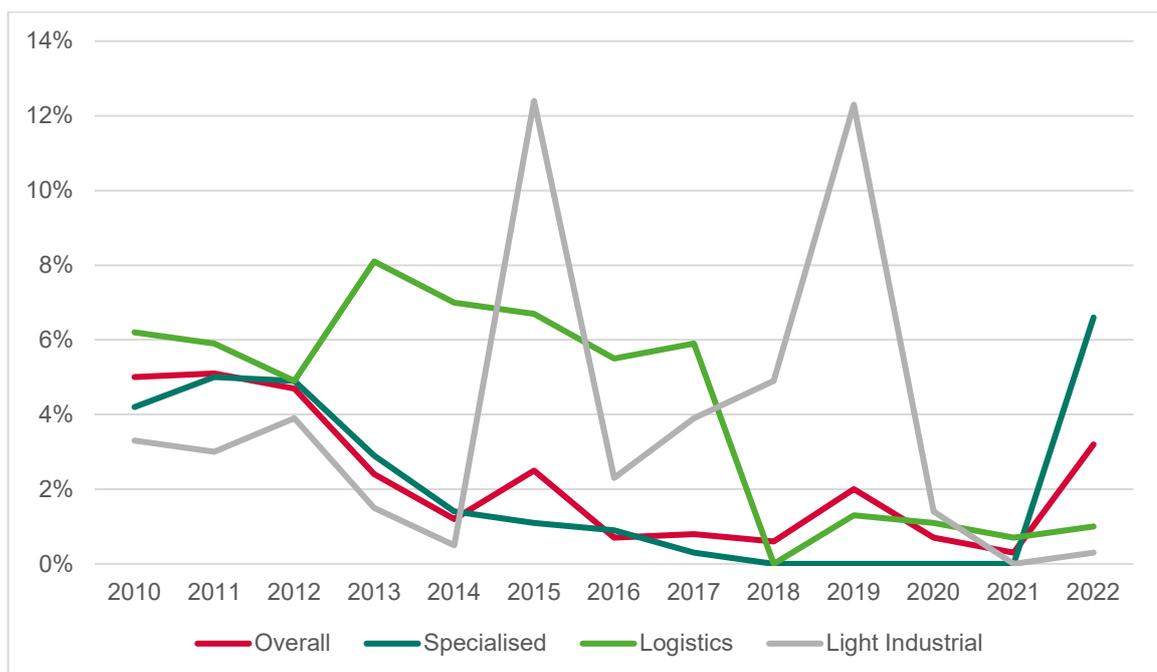
Source: Iceni analysis of CoStar data

12.24   Table 12.2 shows the vacancy rate for industrial stock by age band. Unsurprisingly the highest vacancy rate is within the oldest stock, built prior to 1940; there is also some vacancy, albeit very small, in stock built between 1980 and 2000.

12.25   This high vacancy rate in older stock is likely to be related to the suitability of this stock in relation to modern working practices. It is highly likely that for many occupiers, the floorspace and other attributes of these buildings do not suit their needs. For example older multi-storey Mill buildings will be unsuitable for modern warehousing that typically requires easy access to vehicles.

Table 12.2   Vacancy Rate by Age

Age Band	Vacancy Rate
Pre 1940	13.58%
1940-1960	0%
1960-1980	0%
1980-2000	1.77%
2000-2010	0%
2010-2015	0%
2015-Present	0%

Source: Iceni analysis of CoStar data

12.26   When looking at this alongside the very low vacancy in new stock, it is clear there is a demand for industrial floorspace in Pendle, particularly if it meets modern business needs.

12.27   Consultation with stakeholders indicates that the quality of the surrounding environment also plays a factor in the attractiveness of a unit. One agent believed that there was a shortage of units in Pendle in good quality environments that benefitted from continuity and attractiveness of the built environment ,, sufficient parking and servicing space.

12.28   In a similar vein agents believed that although newer and higher quality space was popular that there was still a place for older units within Pendle, and that not every business wanted to occupy a new unit.

12.29   Concern was also raised regarding government plans to enforce minimum Energy Performance Certificates (EPC) on industrial buildings, noting that this would displace some businesses in older units where making the changes needed would not be viable.

12.30   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 available stock. Therefore, our assessment of demand by size has been considered together with information from stakeholders.

12.31   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).

12.32   Table 12.7 shows the amount of leasing activity by size band which has occurred over the last 5 years. Two particularly large leases are seen in 2012 and 2020, both concern Silentnight, the initial lease at Long Ing Lane, Barnoldswick in 2012 which was subsequently renewed in 2020.

12.33   Over time the amount of floorspace leased has varied with an average of 10,000 sq.m. (107,643 sq.ft.) of space leased each year, however if the repeated Silentnight leases are excluded this drops to 6,200 sq.m. (per annum. Leasing activity in 2022 has been limited to the smaller size bands of less than 500 sq.m.

12.34   A majority of industrial floorspace leased is within the over 2,000 sq.m. band with a total of 103,875 sq.m. (66,738 sq.ft) of floorspace leased since 2006. This is followed by the smaller mid-sized bands with most leases (77) taken out in the 100-500 sq.m band, since 2006 relating to 19,150 sq.m. (206,130 sq.ft), followed by the 500-1,000 sq.m. band where 23,000 sq.m. (247,570 sq.m) of space was leased under 34 deals.

Figure 12.7 Leasing Activity Over Time by Size Band (sq.m.)
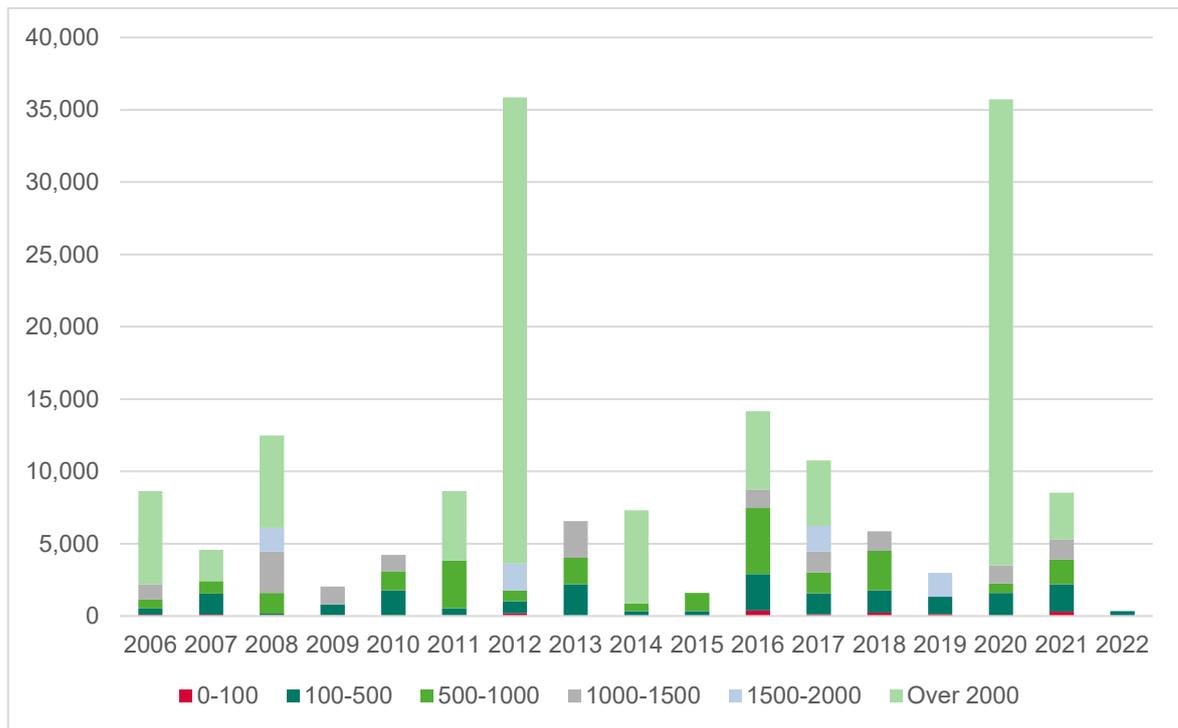
12.35   Commercial agents operating in the Pendle market indicated that demand for units was very mixed, but indicated that spaces of around 140 sq.m (1,500 sq.ft.) were the most popular in the Borough and were generally leased very quickly.

12.36   Overall there was believed to be a shortage of smaller industrial units in the Borough. Large units were not considered popular due to Pendle's lower level of connectivity compared to other areas such as Burnley.

Owner-Occupier Demand

12.37   This section looks at demand for owner-occupier industrial space in Pendle. Figure 12.8 shows the amount of space sold each year by size. This data records sales to both owner occupiers and investors and hence, so it does not accurately indicate the scale of owner occupier demand as it will also capture some investor related deals that are now leased to tenants.

12.38   Much like in leasing, the majority of floorspace sold lies in the over 2,000 sq.m. (21,500 sq.ft) band, with 175,100 sq.m. (1,884,760 sq.ft) purchased since 2006. The only sale so far recorded in 2022 was the Silentnight building in Barnoldswick. This size of this single sale (32,230 sq.m. (346,900 sq.ft)) makes the amount of floorspace purchased in 2022 higher than the average, which since 2006 is 12,300 sq.m. (132,400 sq.ft)

12.39   Whilst sales in the over 2,000 sq.m. band make up the most floorspace sold, much like in leasing activity the greatest number of deals are made in the 100-500 sqm band, which has seen 24 sales since 2006. The average number of deals made each year is 4.2 per annum, with 2010 seeing the highest number of deals (12) and 2021 the lowest (0).

Figure 12.8 Sum of Sales by Year and Size Band (sq.m.)
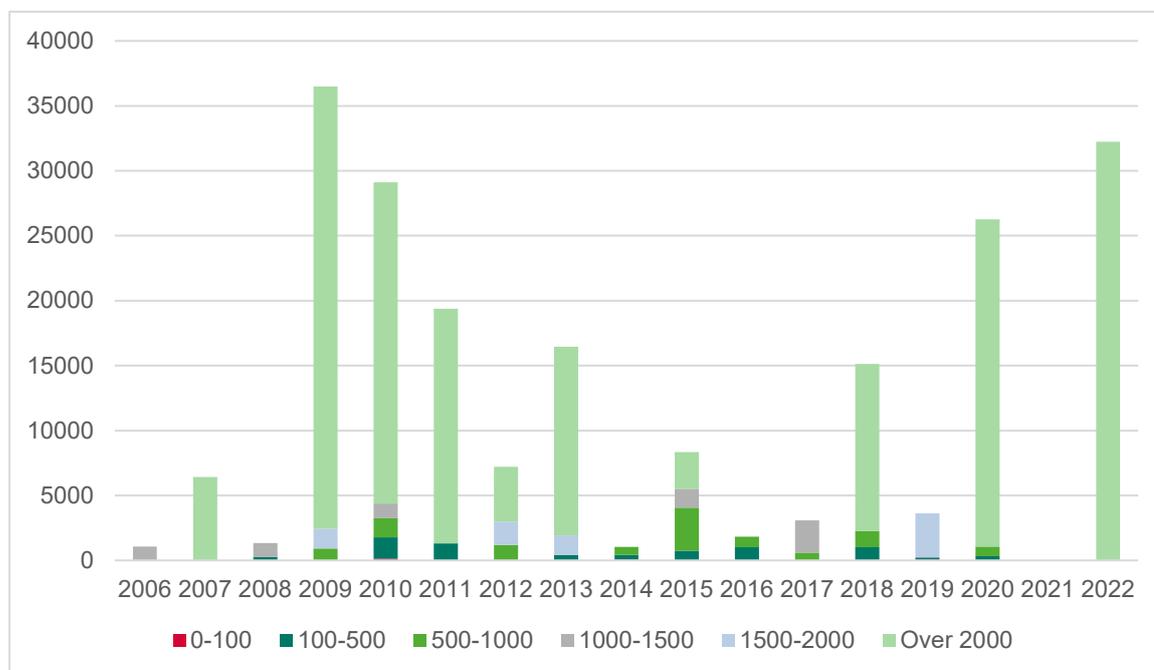
Source: Iceni analysis of CoStar data

12.40   Consultation with commercial agents operating in the Pendle market indicate that the industrial market in the Borough is very strongly swayed towards owner occupation with an anecdotal 70% of the market believed to be owner occupiers.

12.41   Smaller units were seen to be popular with owner occupiers as usually the purchase of a smaller unit was affordable and the benefits of purchase, such as the property appreciating in value were seen as desirable.

Office

UK Office Market Overview

12.42   According to the latest CoStar office market report from September 2022 the recovering economy and relaxing of pandemic restrictions has allowed a rebound in the office market, with take-up reaching its highest level in over two years in the last quarter of 2021.

12.43   Despite this, the demand for offices remains fairly subdued with national net absorptions (move ins minus move outs) remaining negative in the first half of 2022, the result of many companies moving out of larger premises in order to downsize therefore releasing office space to the market.

12.44   The national office vacancy rate is 6.9% and is predicted to increase, as 2.96 million sq.m (31.9 million sq.ft) of office space is under-construction and due to be delivered in the next 18 months.

12.45   Rents fell overall during the pandemic however this appears to have levelled off somewhat as a result of increased demand for high-quality space. Prime quality buildings are expected to perform well in the future as a result of changes in demand from occupiers seeking better space to attract staff, even if this space is less than prior to the pandemic due to the increase in homeworking.

12.46   The life sciences and professional services markets have performed well during the pandemic and are forecast to continue to do so.

Lancashire Office Market Overview

12.47   The Lancashire sub-market is the third largest office market in the North West of England containing 157,000 sq.m (16.9 million sq.ft)f stock. The pandemic has weakened the market in Lancashire with vacancy rates rising from below 3% to 5.1%. CoStar predicts this may rise further although this is likely to be less than the national deterioration of vacancy due to the current Lancashire Office pipeline supply being low.

12.48   Average rental costs in the market currently sit at £121.63/sqm (£11.30/sq.ft.) with growth having been slow at 1% in the last 12 months, this makes Lancashire one of the most affordable office markets in the country. As such investment in Lancashire has increased, rising above £50million for the first time in 2021, largely supported by Sirius Real Estate's purchase of the Bizspace portfolio.

Pendle Office Market Overview

12.49   In comparison to the industrial market the Pendle office market is relatively small containing approx. 91,867 sq.m (990,000 sq.ft.) of floorspace.

12.50   The current vacancy rate sits at 2.8% which is below the 10-year average. Despite this very low vacancy rate the office space pipeline is weak with no new floorspace planned. However, circa. 1,400 sq.m (15,000 sq.ft) of new office space has been delivered over the past three years on Northlight Boulevard, Nelson.

Pendle Office Stock

12.51   The Valuation Office Agency (VOA)[29] provides information on the amount of office floorspace by administrative area. In Pendle at the end of the 2020/21 financial year, there was 73,000 sq.m

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[29] VOA: Non-domestic rating: stock of properties including business floorspace, 2019

(785,700 sq.ft) of office floorspace in total. This is equivalent to 5.75% of total floorspace in the Lancashire sub-market, suggesting that Pendle has a relatively subdued office property market.

12.52   CoStar reports that Pendle had approx. 91,867 sq.m (. 988,855 sq.ft) of office floorspace at the end of Q1 2021, which is 26% higher than the VOA data suggests. This difference is because the definition of office space used by CoStar differs from that used by the VOA and the fact that data is collected in a different manner by each organisation. CoStar suggests that the amount of office floorspace in Pendle has remained the same in 2022 to date with no new completions.

12.53   Figure 12.9 shows the total amount of office floorspace in Pendle between 2000/01 and 2020/21. Overall provision has increased in that time, particularly between 2005-06 and 2010-11 where the total amount increased from 46,000 sq.m to 70,000 sq.m. (approx. 495,000 sq.ft to 753,000 sq.ft). Going forward up to 2020-21 there has been further increases in space but this is low at only 3,000 sq.m (32,300 sq.ft) overall.

12.54   The increase in office floorspace includes new offices constructed for the Health Authority at Whitewalls in Colne. These offices are largely vacant and there plans to turn the site into B8. This is indicative of the relative demand for these uses.

Figure 12.9 Office Floorspace (2000/01 – 2019/20)
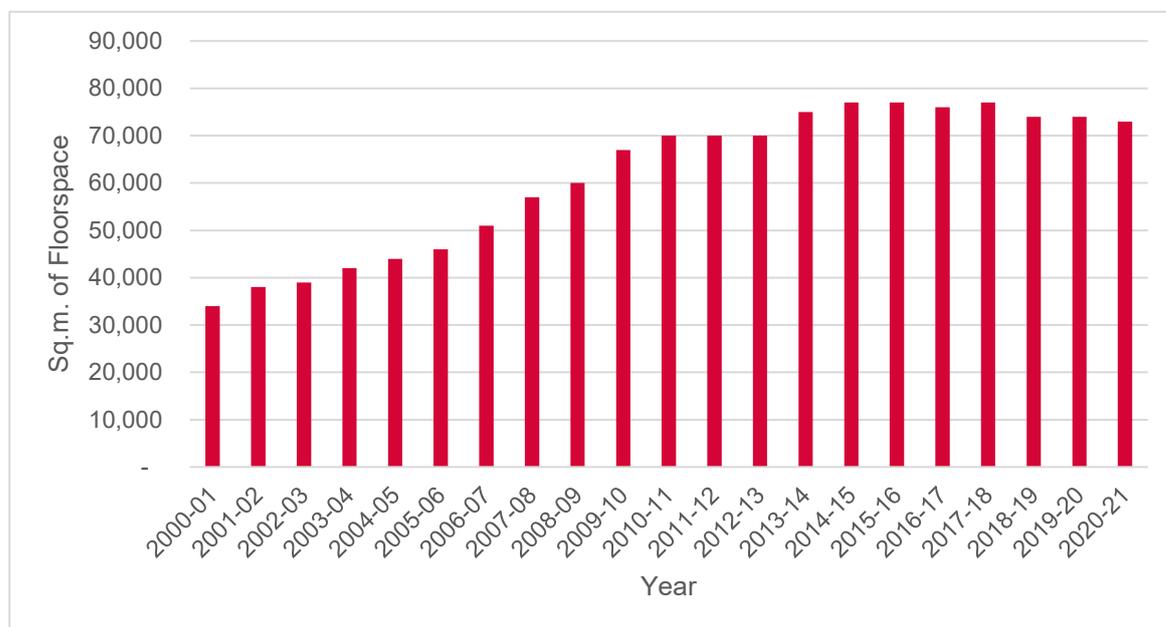
Source: Iceni analysis of VOA data

12.55   Figure 12.10 shows how the amount of floorspace has changed in Pendle relative to the county, the region and England. Overall Pendle has increased by a larger proportional amount, likely related to its lower starting point, all other areas have also seen increases although not at the rate of Pendle.

Figure 12.10 Indexed Office Floorspace Change (2000/01 – 2019/20)
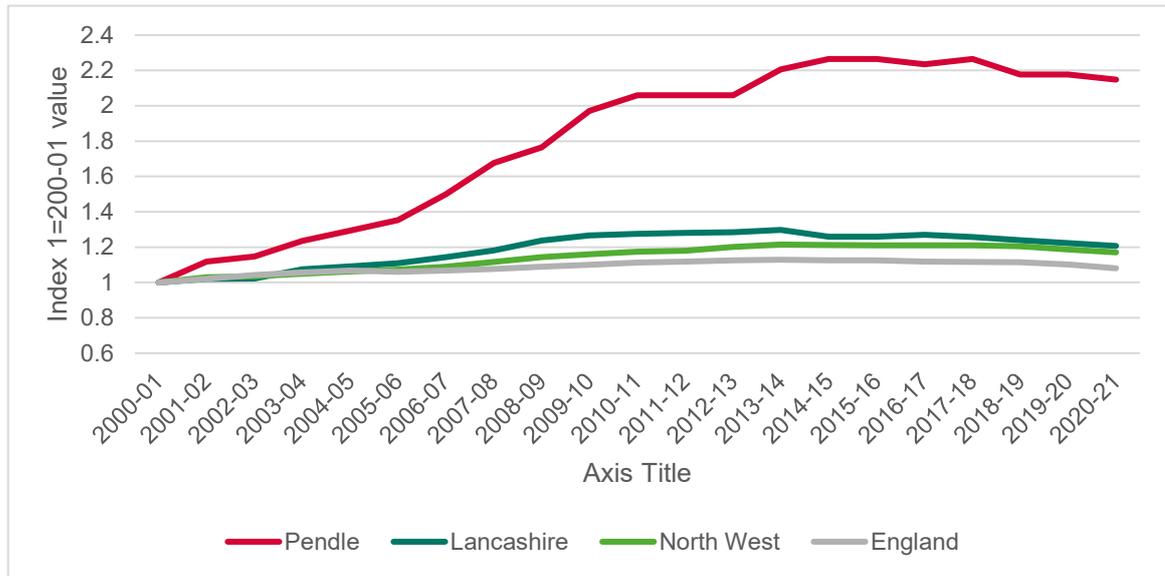
Source: Iceni analysis of VOA data

12.56   Despite this growth within the 20 year period, Pendle has seen a decline in the past 5 years from 2015/16 to 2020/21 of 5.2%. A similar trend is seen in Lancashire overall, which sees a 20.6% increase from 2000/01 to 2020/21 but a decrease in the past 10 and 5 years of -5.4% and -4.2% respectively. This can be related to both changing economy but also permitted development losses to residential.

Overall Supply-Demand Balance – Pendle Office Market

12.57   The overall supply-demand balance has been assessed by looking at headline indicators – namely vacancy rates and rents. The drivers of changing vacancy rates, demand and supply have then been assessed by looking at net absorption and net deliveries.

12.58   Figure 12.11 shows that the office vacancy rate in Pendle has decreased significantly since 2010, going from 19.3% to just 0.7% in 2021, much lower than that of Lancashire and the wider UK at 4.5% and 6.5% respectively. Although this has increased to 2.8% in 2022.

12.59   This is an extremely low level of vacancy and would normally indicate a lack of supply of stock. However, anecdotal evidence from local commercial agents indicates that the market is weak and that demand for office space in Pendle is very low.

Figure 12.11 Vacancy Rate
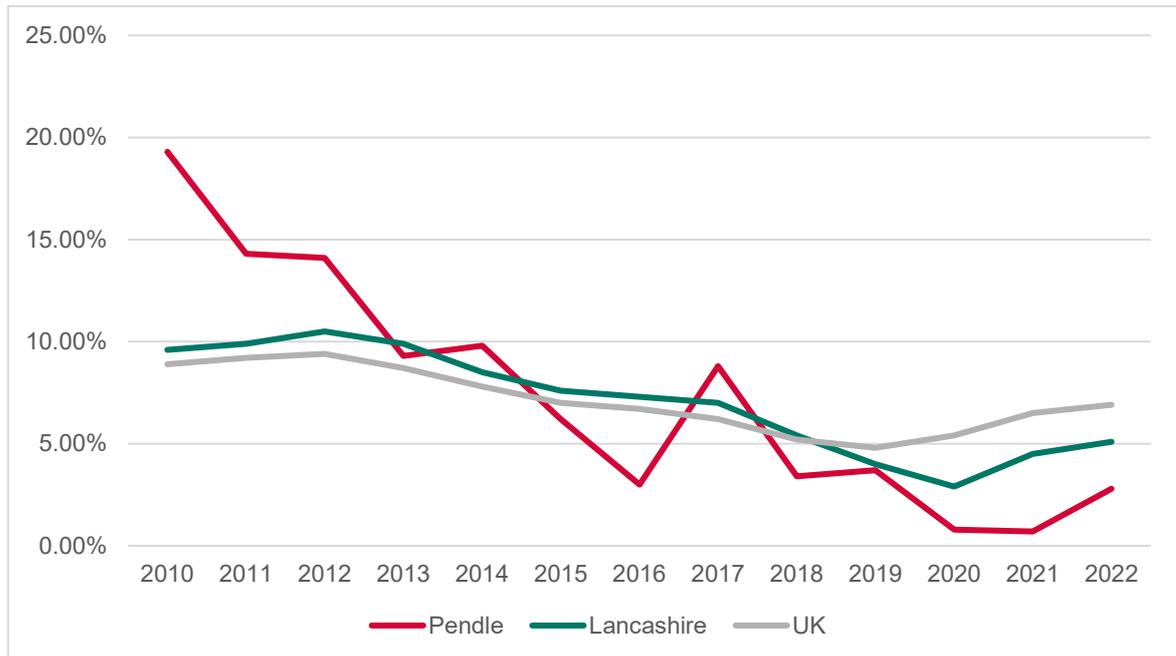
Source: Iceni analysis of CoStar data

12.60   Figure 12.12 shows how average rental prices in Pendle, adjusted for inflation, have changed over time compared to wider Lancashire and the UK. Rental costs in Pendle currently sit at £89.66 sq.m (£8.33 per sq. ft). In both Pendle and Lancashire costs are low in comparison to the UK, with Pendle's consistently the lowest of all the benchmark areas. This indicates the borough is a less attractive location for offices, and as such it is more affordable.

12.61   Overall, office rental costs in both Lancashire and Pendle have remained constant from around 2010 onwards unlike the UK. Both have seen a very slight uplift from 2019 onwards of £11.4/ sqm (£1.06 per sq.ft.) growth in Pendle and £9.68/sq.m (£0.90 per sq.ft.) in Lancashire, surprising given the shift away from office working caused by the pandemic. By comparison the increase in the UK in that time is only £3.87/sq.m (£0.36 per sq.ft.) It should be noted that despite this slightly higher increase in rental costs in Pendle compared to the wider areas, rental costs from 2021 to 2022 did decrease in both the wider areas they continued to increase.

Figure 12.12 Inflation Adjusted Average Rental Price (£ per sq. Ft)
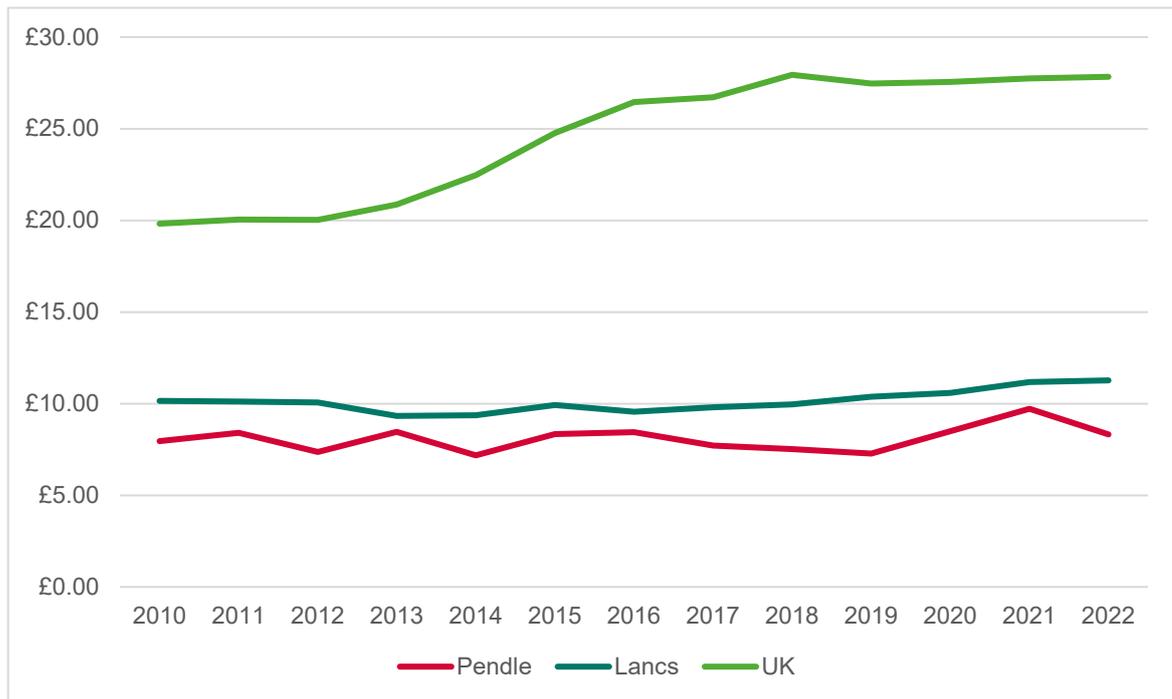
Source: Iceni analysis of CoStar data

12.62   CoStar provides data on net absorption. This is the balance between the amount of floorspace occupied and vacated. 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).

12.63   A positive net absorption figure indicates that there is 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).

12.64   Figure 12.13 shows net absorption, net deliveries and their resulting impact on vacancy rates in Pendle. Overall net absorption has been high, with only 4 years seeing a negative rate, and 5 years seeing positive net absorption over 3,700 sqm. (40,000 sq.ft). It is clear that the deliveries of office space in Pendle as well as losses of space to residential via permitted development rights, has not been able to satisfy demand in the area, ultimately leading to the incredibly low vacancy rates seen in 2022.

Figure 12.13 Net Absorption, Net Deliveries and Vacancy Rates
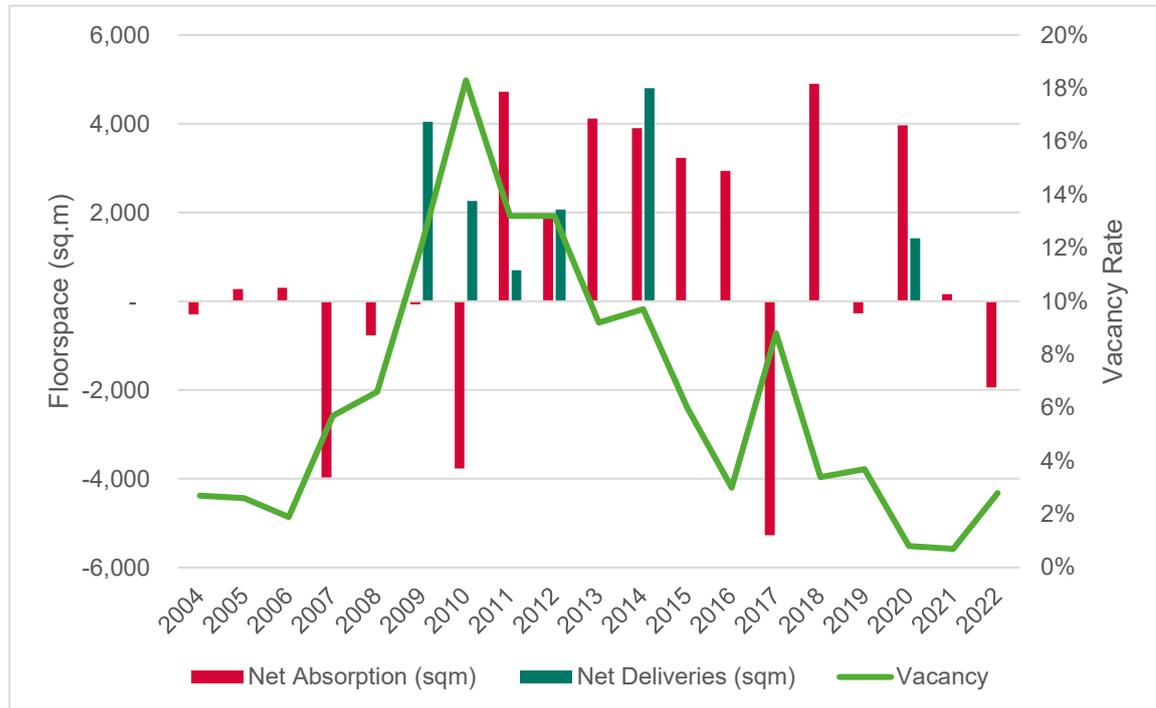
Source: Iceni analysis of CoStar data

Supply-demand Balance by Quality and Age

12.65   It is important to understand if overall vacancy rate is reflected in the vacancy rates for stock of varying quality/age. It is particularly important to understand vacancy rates in the high quality stock as this provides a good indicator of the demand for new office space.

12.66   Figure 12.14 shows the vacancy rate for office stock in terms of its quality, measured in accordance with CoStar's Building Rating System[30]. There is no stock in Pendle rated at 4 or 5 stars by CoStar. This can demonstrate a lack of demand, but moreover that market conditions, notably viability, do not justify the delivery of such stock.

12.67   Across all quality types vacancy has decreased over time. Vacancy in the lower quality 1 and 2 star stock has varied significantly with peaks in 2017 (15.9%) and 2019 (8.9%), this dropped to 0% in 2021 and subsequently increased to 5.4% in 2022, becoming the space type with most vacancy. The vacancy rate for 3 star stock is lower at 1.5% demonstrating a higher demand in Pendle for this mid-quality stock.

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[30] The Building Rating System is explained here - https://www.costar.com/docs/default-source/brs-lib/costar_buildingratingsystem-definition.pdf?sfvrsn=12a507a4_2

Figure 12.14 Vacancy Rate by Star Rating
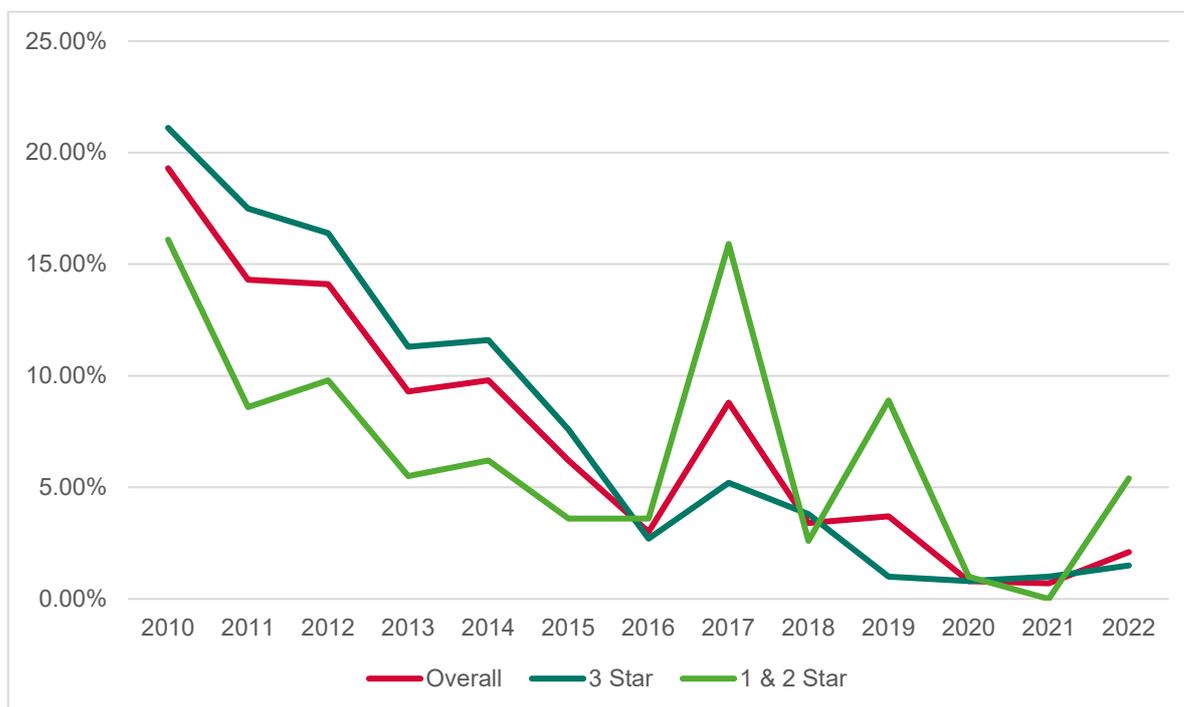
Source: Iceni analysis of CoStar data

12.68   Table 12.3 shows the vacancy rate for office stock by age band. CoStar data shows that properties
built in the 1980-2000 period see the highest vacancy (11.9%) this is followed by newer properties
built from 2015 onwards (1.6%).

12.69   Older, pre-1980, age bands see low vacancy at less than 1%. It is likely that this stock is low cost,
which will be attractive to some businesses. The peak in vacancies is in stock built between 1980
and 2000 and then drops again in newer stock.

Table 12.3   Vacancy by Age

Age Band	Vacancy Rate	Total Floorspace (sqm)
Pre 1940	0.90%	36,277
1940-1960	0%	540
1960-1980	0%	8,358
1980-2000	11.90%	15,102
2000-2010	1.60%	17,599
2010-2015	0%	7,569
2015-Present	0%	1,417

Source: Iceni analysis of CoStar data

12.70   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 available stock. Therefore, our assessment of demand by size has been considered together with information from stakeholders.

12.71   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).Figure 12.15 shows the amount of leasing activity by size band which has occurred over the last 15 years.

Figure 12.15 Leasing Activity Over Time by Size Band (sq.m)
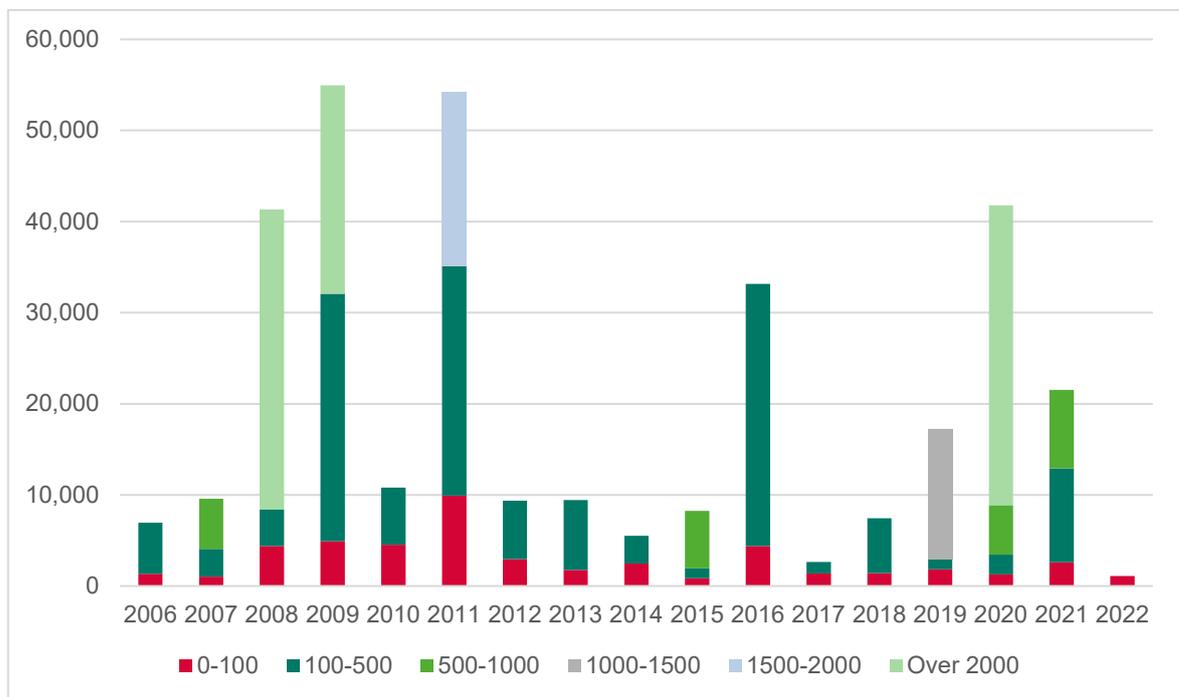
Source: Iceni analysis of CoStar data

12.72   Much of the activity in the Borough is concentrated in the smaller size bands with an average 5.8 deals per annum in the 0-100 sq. m. size band and 3.7 deals in the 100-500 sq. m. band. The most amount of floorspace let is in the 100-500 sq.m. band with a total of 139,272 sq.m. leased since 2006, with the least in the 1,000-1,500 sq.m band.

12.73   Some large deals can be tracked to specific units and tenants. For example the deals in the over 2,000 sq.m. band in 2008 and 2020 are for the same building on Market Street, Nelson. This building is owned by Pendle Borough Council and leased to Liberata Property Services who manage property assets on behalf of public sector clients.

12.74   This section looks at the demand for owner-occupier office space in Pendle. Figure 12.16 shows the amount of space sold (rather than let) each year by size band. This data records sales to both owner occupiers and investors, so it does not accurately indicate the scale of owner-occupier demand, as sales made to investors will also be included.

12.75   Particularly large sales in the over 2,000 sq.m. band in recent years are apparent in this graph. The very large sale in 2021 is that of the Lomeshaye Business Village to investor Sirius Real Estate. The most recent sale in 2022 is the purchase of part of The Ace Centre on Cross Street by Business First who let offices in the building to small businesses.

Figure 12.16 Sum of Sales by Year and Size Band (sq.m)
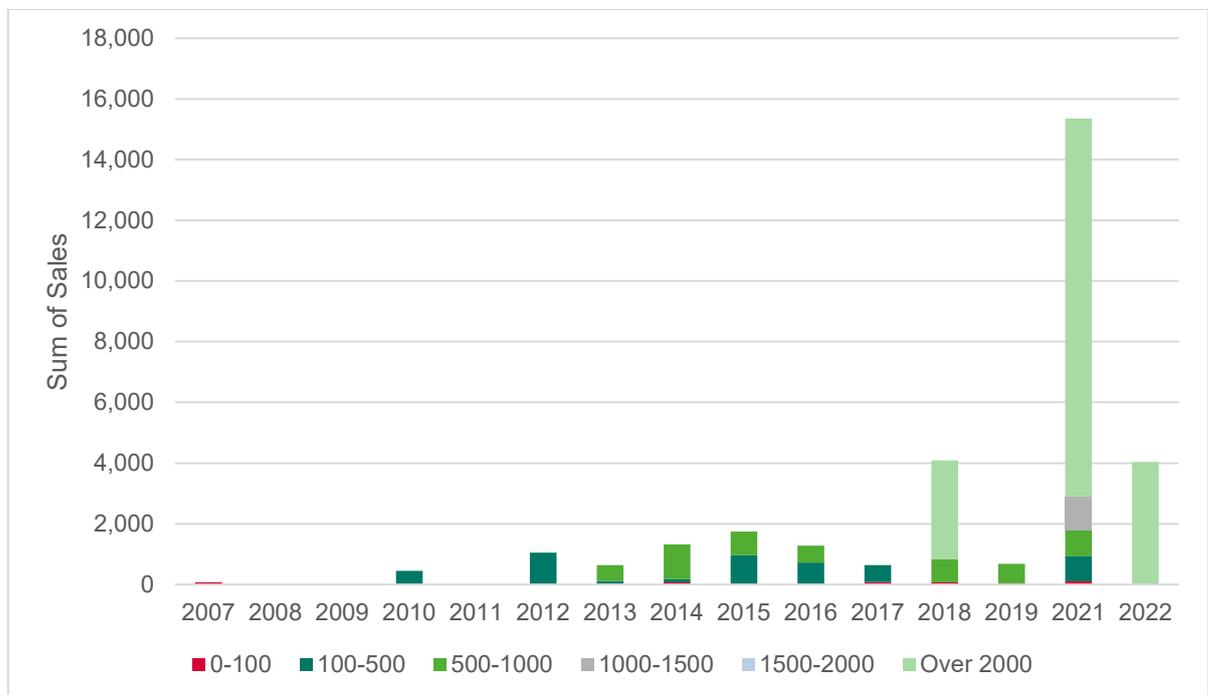
Source: Iceni analysis of CoStar data

12.76   Figure 12.17 demonstrates the number of sales per year in each size band. As in office leasing, sales tend to be concentrated in the smaller size bands with most in the 100-500 sq.m. band which has seen 21 sales since 2007. Across all size bands the average number of sales in 2.6 per annum.

Figure 12.17 Number of Sales by Year and Size Band
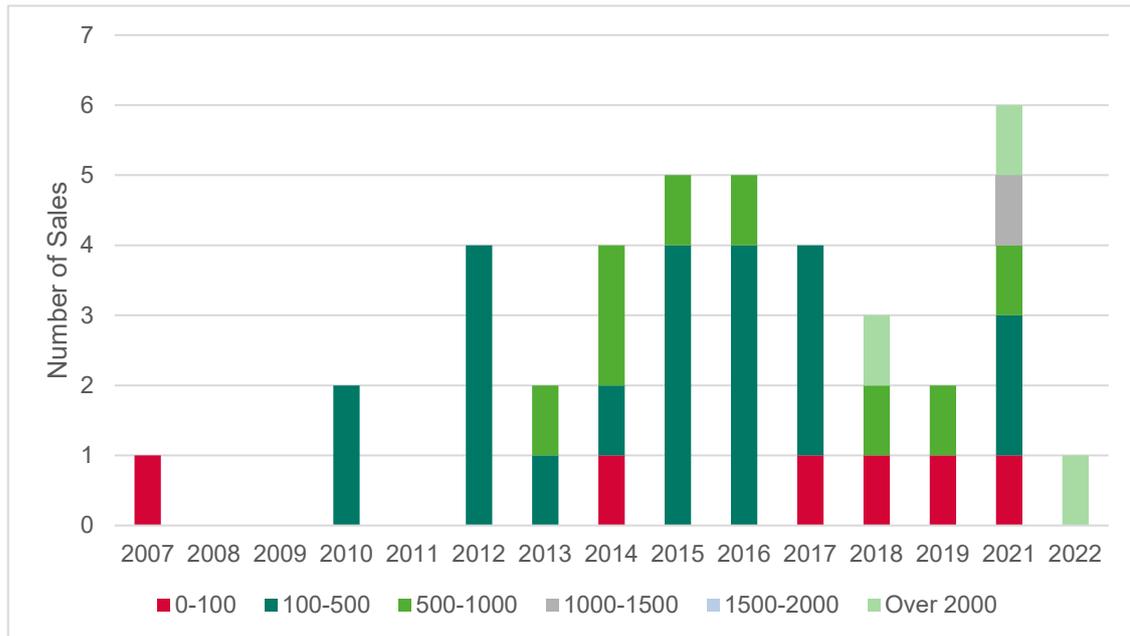
Source: Iceni analysis of CoStar data

Further Stakeholder Engagement Findings

12.77   The views of local agents have been represented where relevant in the market assessment. Further points which are of relevance to this study are as follows;

Office Market

- The office market in Pendle is viewed as more of a by-product of the industrial market;

- It is unlikely that businesses needing office space will relocate to Pendle, other Lancashire areas such as Chorley and Leyland are more popular;

- The Pandemic did not unduly affect the office market in Pendle, as it is so small; and

- Viability is an issue for the provision of new office space.

Industrial Market

- Pendle benefits from a diverse business base;

- Nelson was seen as particularly in demand due to its motorway access – and potentially with land available for expansion;

- There was seen to be a shortage of smaller stock across the entire East Lancashire market;

- The investment market has been strong, but concerns were raised about this dropping off given economic uncertainty;

- Pendle has a high level of manufacturing skills in the population that was both as a result of and a draw to aerospace and other high tech manufacturing companies;

- Some green energy initiatives (e.g. solar panels) had been seen, but this was usually a decision made by the occupier and not the developer; and

- In Pendle, the demand for land for industrial development, is particularly strong from owner occupiers.

Commercial Market - Summary

The Pendle office market is small and has a current vacancy rate of 2.8%. According to the VOA the amount of floorspace has increased since 2000 by approximately 39,000 sq.m.

Rental costs in Pendle are low in comparison to that of the UK, however Pendle's rental costs are consistently the lowest of the comparators and are currently £89.66/sqm (£8.33/sqft).

The lowest vacancy is seen in 3 star stock at 1.5%, demonstrating a higher demand in Pendle for this mid-quality stock. Equally older stock, built prior to 1980, see low vacancies at less than 1%.

Leasing activity in the Borough is concentrated in smaller size bands with an average 5.8 deals per annum in the 0-100 sq. m. size band and 3.7 deals in the 100-500 sq. m. band. Owner occupation is similar with 21 sales in the 100-500 sq.m. band since 2007.

The industrial market is larger than the office market and currently contains 931,000 sq.m, 9.9% of total floorspace across the Lancashire sub-market.

Overall, demolitions have outpaced construction, leading to a drop of 193,000 sq.m. between 2000 and 2021. This contrasts with Lancashire and England where floorspace has increased.

Vacancy currently sits very low at 3.2%, matching that of the UK as a whole. Rental costs are also low at £3.41 per sq.ft.

Net deliveries have been low in comparison to net absorption, an average of 6,250 sq.ft of space has been delivered per annum since 2019, whereas average net absorption sits at -450 sq.ft.

There is no stock in Pendle rated at 5 stars by CoStar which demonstrates a low demand for industrial space of exceptionally high standard.

Stock rated 1- and 4-stars has 0% vacancy indicating that stock of both the highest (available) and lowest quality is in most demand. Similarly, vacancy is highest in stock built prior to 1940 (13.6%).

Most leasing activity takes place in units +2,000 sq.m. band with a total of 103,875 sq.m. leased since 2006. Followed by the smaller mid-sized bands with most leases taken out in the 100-500 sq.m band, which has seen a total of 77 deals since 2006 and the 500-1000 band with 34 deals.

This is similar to the owner occupier market where sales in the +2,000 sq.m. band make up the most floorspace sold but the greatest number of deals are made in the 100-500 band (24) since 2006.

13. EMPLOYMENT SITES

13.1   This section of the report reviews the existing and potential supply of employment land in the borough which can then be assessed against the demand position. It also provides information on the sites and what policy position should be taken against each.

13.2   The chapter is split between the different categories of sites that were examined. These are Protected Employment Areas (PEAs) and Pipeline Sites (Brownfield and Greenfield). Within the PEAs we have identified vacant sites and potential areas of intensification.

13.3   We have referenced CoStar's five-star building rating system within the site assessments. This provides a benchmark for rating and categorizing buildings. Building ratings are based on a combination of building characteristics and the value of the building relative to market averages. The general definitions are described below:

Star rating	Office	Industrial
Five/Four	• New or refurbished construction exhibiting the latest trends in office design. • Prominent in its context. • Sustainable and energy efficient. • High quality materials and systems. • Efficient floor plates and generous ceiling heights. • High glazing ratios for daylight and views. • Rents above market averages	• Efficient loading ratios. • High eaves heights. • Land available for manoeuvrability, access and expansion. • Likely new, large, modern distribution and warehouse facilities. • Adequate roof lights. • Flexibility to accommodate various tenants and uses. • Rents above market average
Three	• An older structure, but not refurbished. • Standard ceiling heights with less efficient floor plates. • Average or near average market rents.	• Smaller structures with • lower eaves heights. • Limited land for expansion • and access. • Average or near average market rents
Two/One	• In need of significant refurbishment or only suitable for smaller tenants. • Lowest rents in market.	• Suitable for smaller, unique industrial uses. • Limited functionality. • Lowest rents in market.

Source: CoStar

13.4   Similarly, we have also referenced the building classes used by CoStar to compare office and industrial buildings; the options are Class A, B, C, or F, with assignment depending on a variety of building characteristics, such as total rentable area, age, building finishes and materials, mechanical systems standards and efficiencies, building features and location/accessibility.

Protected Employment Areas

13.5   This category of sites relates to employment sites which are identified as Protected Employment Areas ('PEA') under Policy 22 of the Replacement Pendle Local Plan (2001-2016). In these areas, proposals for development other than for business or general industry (B1, B2 or B8) will be resisted.

Whitewalls Industrial Estate, Colne

13.6   Whitewalls Industrial Estate is a 27.3ha site located in Colne. The site contains a mix of mid-size industrial, and logistics uses as well as smaller light industrial, tool hire and building merchant businesses to the north-east.

13.7   A large occupier notable across the site is an abattoir and distribution centre (operated by Woodhead Brothers, a wholly owned subsidiary of WM Morrison Supermarkets), located off Junction Street. This occupier can generate an odour in the wider area.

13.8   The employment area neighbours a retail park to the east and residential areas to the south and west. To the north of the site there is a wastewater treatment works, beyond which is the Greenfield Local Nature Reserve. The site is conveniently located for Junction 14 of the M65, which can be accessed via Whitewalls Drive (A6068). Colne railway station is approximately a 15-minute walk from the site.

13.9   The estate was constructed in the 1970s and later expanded in the 1980s. Some buildings are more recent, for example, Walshaw House, a two-storey office block built circa 2008 to house the head office of the NHS Primary Care Trust. This building sits to the western edge of the PEA, alongside the former Boundary Mill Stores warehouse. This warehouse, totalling 4,890sq.m was granted consent for a change of use from a warehouse (Use Class B8) to a general industrial use (Use Class B2) in 2022. (planning application ref. 21/0891/FUL), however it is currently vacant and advertised for let.

13.10   The unit occupies a substantial plot which sits separate to the wider industrial estate, north of Regent Street. It totals 4.13 hectares (10.2 acres) and includes a 150-bay car park and is of a high quality throughout. There is land to the north of the existing car park which also provides room for a small area of further development/expansion.

13.11   According to CoStar, the properties within this PEA range between 2 and 3 stars, and are of building class B.

13.12   Access across the PEA is reasonable; however, Junction Street is narrow and has an extremely poor road surface, due to its frequent use by HGV's accessing the Woodhead Brothers abattoir. On-street parking is prevalent along Edward Street (the western boundary of the site) and around the smaller premises at Enterprise Way.

13.13   **Development opportunities –** The vacant Boundary Mill Stores warehouse is suitable for intensification or redevelopment. Further, the HGV storage area located between Regent Street and Junction Street currently provides operational space for the Woodhead Brothers abattoir and distribution centre but could be expanded to provide further open storage land (part of the site includes vacant scrubland which has not been formally surfaced or laid out).

13.14   **Recommendations –** The site is a reasonably attractive employment area in an accessible location, which should be retained as a PEA. Upgrades and improvements to the road surface of Junction Street would be beneficial.

Greenfield Road, Colne

13.15   The Greenfield Road PEA comprises a collection of former textile mills within a dense 5.6 ha (13.84 acres) site. In addition to the older mill premises, there are a small number of more modern warehouses and offices, including Boundary House located on Phillips Lane, and Bank House located within the centre of the site.

13.16   The former mill premises along Greenfield Road is comprised of a mix of light industrial uses as well as other non-employment uses such as a boxing academy and Greenfield Arts Centre. These are generally of a poorer quality; however, no vacant units were observed on site.

13.17   There are a few residential dwellings located within the site itself. In addition, there are homes bordering the site, some of which were constructed more recently (e.g., 8 dwellings on Collingwood Street, received consent in 2012).

13.18   Land to the north of Greenfield Road, known locally as Bunkers Hill, previously had consent for the erection of 30 dwellings (application ref. 13/12/0063P) but was not implemented. The site is a proposed housing allocation in the Colne Neighbourhood Plan, which was submitted for Examination in August 2022.

13.19   To the south of the site, separated by Colne Water, there are further light industrial units and mill premises, located off Burnley Road (A56). These are not included within the PEA boundary.

13.20   Large commercial vehicles cannot access the site via Phillips Lane, due to the steep slope and narrow bridge across Colne Water, which has a 7.5T weight restriction. Commercial vehicles must enter the site via Greenfield Road; which is very narrow at points, and is further constrained by on-street parking. Off-street parking across the site is extremely limited. The site is generally unsuitable for HGV's however it does benefit from proximity to Junction 14 of the M65 and is within a 10-minute walk from Colne railway station.

13.21   A substantial element of the Greenfield PEA lies within the Primet Bridge Conservation Area and the site also includes Primet Foundry, a Grade II Listed building, which may restrict opportunities for the adaptation or expansion of premises.

13.22   Bankfield Mill (formerly occupied by Bronte Carpets) is currently for sale and comprises of a 3,300sq.m single storey 'north light' mill[31] sited on a plot extending to approximately two acres. This site sits just outside the PEA boundary. Greenfield Mill is located on the eastern boundary of the site, adjacent to Primet Mill, and is currently for sale. The property comprises of substantial three storey stone-built mill extending to approximately 3,266 sq.m. (35,156 sq.ft.)

13.23   CoStar data indicates that properties in this area have a 1- and 2-star rating and are Class B and C buildings.

13.24   **Development Opportunities –** There are no opportunities to intensify the existing site for employment purposes. Subject to the consideration of the Primet Bridge Conservation Area, the site may be suitable for mixed use or residential redevelopment in the future.

13.25   **Recommendation –** Whilst it is recognised that they support the needs of small-scale businesses locally, many of the mill buildings on the site are of a poor quality and unlikely to be fit for purpose for modern occupiers. There has been interest in the land surrounding the site historically for residential development. Considering this, the PEA status should be removed from the site to allow mixed use and residential redevelopment to be considered, which could help to safeguard the long-term future of the historic properties.

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[31] Rooflights face predominantly to the north to provide excellent levels of natural light with minimal direct sunlight.

West Craven Business Park, Earby

13.26   West Craven Business Park is a 13.1ha (32.37 acres) site located on the outskirts of Earby. The
        site was developed in the early 2000s. The site lies on the edge of the Earby Conservation Area
        partially adjoining the open countryside.

13.27   The site also contains some older premises located off Old Lane to the south (Uniroyal Global
        (Europe) Ltd.), with more modern, high-quality premises off West Craven Drive.

13.28   The occupiers' range across sectors, including global scientific pharmaceutical and laboratory
        specialists (Broughton), specialist metal finishing (Curtiss-Wright Surface Technologies) and local
        company Pendle Forklift Services. The two largest units, located to the north of the site, are
        occupied by Senior Aerospace Weston, an aerospace component manufacturer These purpose-
        built units were constructed in 2008 ('west facility') and 2013 ('east facility'). The site is well
        maintained, with high quality landscaping, roads and good levels of parking throughout. CoStar
        data indicates that the buildings have a 2- and 3-star rating and are of Class B grading.

13.29   Part of the site to the rear of the existing units along West Craven Drive remains vacant and ready
        to be developed. Planning permission was granted for a 3,000 sq.m. warehouse in 2010
        (application ref. 13/10/0036P), however the permission has not been implemented and has likely
        lapsed. The site is suitable for either B2/B8 or Class E (offices and R&D) uses.

13.30   Access into the site is directly off Skipton Road (A56), and it is approximately a 20-minute drive from Junction 14 of the M65. The site is not sustainably located, having been established to provide an employment site capable of accommodating high-tech sub-contractors to support one of the borough's largest employers (Rolls-Royce), who have a large wide-chord fan blade manufacturing facility in the nearby town of Barnoldswick. The site currently supports a cluster of high-quality businesses in attractive, modern premises, and no vacant units were evidenced on site.

13.31   **Development opportunities –** There remains an opportunity to develop new B2, B8 and E(g) premises on the eastern portion of the site. This could be delivered in the immediate future, as access into the site is available. The site could also be expanded to the north (i.e., to the rear of the Senior Aerospace Weston units) – see subsequent section of this report for discussion on pipeline sites.

13.32   **Recommendations –** The quality of the environment and premises creates an attractive site, which should be retained and protected for employment purposes.

Long Ing Lane, Barnoldswick

13.33   Long Ing Lane is an 8.7 ha (21.5 acres) site solely occupied by Silentnight Group Ltd. The site is comprised of an office headquarters, factory and operational space. A vacant site situated adjacent to the factory, on the opposite bank of the Leeds and Liverpool Canal has been sold to investors.

13.34   Access to the staff car park at the front of the site is via Long Ing Lane, however HGV's access the rear of the site via Victoria Road. The Victoria Road access is less than optimal as it is shared with a number of terraced and semi-detached dwellings, which also use this road for parking. The rear of the site is suitable for a large amount of HGV parking. CoStar data indicates that the Silentnight Group buildings are rated 3 star and are Class B.

13.35   In 2004, the vacant land off Long Ing Lane was the subject of an outline planning application for B2 (General Industrial), B8 (Storage or Distribution) and Class E(g) (Office) uses, although the application boundary extended further to the south-east including an additional 5 hectares (12.35 acres) (application ref. 13/00/0411P). This application and the reserved matters application were approved, but the permission has not been implemented (application ref. 13/07/0242P). This permission remains extant.

13.36   Later, this same vacant parcel of land was the subject of an outline planning application for residential development, which was approved in January 2017 (application ref. 13/16/0054P). However, a reserved matters application submitted by Seddon Homes was refused in January 2020 as the applicant failed to demonstrate that the development would not result in an unacceptable risk of flooding off site (application ref. 20/0035/REM).

13.37   The outline permission for residential development has now expired (as of January 2020). However, it is worth noting that information presented at the time of the outline application for residential development indicated that there was no interest from developers in bringing forward the vacant land for industrial or logistics purposes due to its location and access issues, and this position was accepted by the local authority.

13.38   **Development opportunities –** The vacant land adjacent to the Leeds and Liverpool Canal is suitable for redevelopment and has an extant permission for B2 (General Industrial), B8 (Storage or Distribution) and Class E(g) (Office) uses, though it is understood that there has been no interest in the site for these uses.

13.39   **Recommendation –** Given the interest in the site for residential purposes, and the lack of interest for employment uses, the vacant land should be removed from the employment protection designation. The remainder of the site should be retained as a PEA.

Crownest Industrial Estate, Barnoldswick

13.40   Crownest is a 10.2ha (25.2 acres) site located within Barnoldswick. It is an industrial estate which developed in the 1970s and expanded in the 1980s. The site contains a mix of occupiers including commercial vehicle repairs, precision engineering operations, refrigerated van suppliers, a Royal Mail Delivery Office and caravan storage providers.

13.41   The site is mixed in quality; the northern part of the site accessed via Rookery Road contains a mix of small, well used, light industrial units, three modern units located off Jackdaw Road (known as the Ravenscroft Business Park) and a large, under-utilised premises, located between Valley Road and Rookery Road, occupied by Leggett & Platt (Springs) UK (bed springs manufacturer). The modern units located off Jackdaw Road are occupied by Pennine Tools Aerospace Ltd and were constructed circa 2007-2008.

13.42   The large premises located at the edge of the employment area occupied by Leggett & Platt is comprised of a number of inter-connected buildings and a large yard area suitable for HGV's. The site is of a poor quality and appears to be under-utilised and possibly vacant. It is understood that demolition of these premises and its replacement with a food store was considered, but that planning applications for this proposal were not granted.

13.43   The quality of both Rookery Road and Ravenscroft Way is poor in places and there is a large amount of on-street parking, although HGV's can still access large parts of the site. Residential dwellings off Vicarage Road back onto the site and are likely to receive some noise pollution.

13.44   The southern portion of the site is known as Ouzledale Business Park and is accessed via two entrances on Long Ing Lane. This part of the site contains older mill buildings and is poorly laid out with low quality roads and limited internal circulation. The site contains a manufacturer of cast iron stoves and cookers (ESSE), a mix of small businesses and ancillary uses such as a café, which appears to be well used.

13.45   CoStar data indicates that the buildings are rated as 3-star, Class B buildings across the site.

13.46   **Development opportunities –** The Leggett & Platt premises could be intensified; this is a large site on the edge of the employment area therefore regard would need to be had for the residential dwellings on the opposite side of Wellhouse Road. There is an opportunity to expand the industrial estate by using the vacant land to the rear of Pennine Tools Aerospace – see subsequent section of report for discussion on pipeline sites.

13.47   **Recommendation –** The employment area should be retained; whilst accessibility to the wider strategic road network is limited, it is a well-used industrial estate that is occupied by a wide variety of local businesses. The extent of the PEA should be expanded to include the more recently constructed units off Jackdaw Road and land to the rear of these units.

Bankfield, Skipton Road, Barnoldswick

13.48   Bankfield is a 12.15ha (30.02 acres) site largely consisting of a Rolls-Royce facility, which manufactures wide-chord fan blades. This part of the site consists of a mixture of buildings which vary in size and quality, (some of which have been used to store hazardous substances historically) and a large car park located off a private access from Skipton Road.

13.49   The remainder of the site consists of a food store (Aldi) and several high-quality light industrial units named 'Victory Business Park'. These were recently constructed on the site of the former Crownest Mill. Some smaller units are located to the east of the food store and include occupiers such as Silentnight and MSM Construction (office).

13.50   There are also 9 units to the rear of the food store, which are the newest to be constructed between 2020 and 2022 (application ref. 19/0814/FUL). This part of the site is of a high quality with dedicated parking (including some EV charging facilities) and has high-quality access roads throughout. To the west of the food store there are larger units, still of a high quality, which include MMC Storage Solutions (self-storage) and Kudos Exhibitions (exhibition stand manufacturers). The non-employment uses on site include the food store, a household waste recycling centre and a soft play centre.

13.51   The site is located near to local open space (Victory Park) and some residential dwellings to the south of Skipton Road. However, the uses on site are unlikely to impact upon residential amenity.

Land to the south of West Close Road, known as Skipton Road Business Park, was granted consent for the erection of four starter units for B2/B8 uses (application ref. 21/0990/FUL) in February 2022. This remains unimplemented.

13.52   CoStar data suggests that the Rolls-Royce premises comprises of 3 star rated buildings, of grade B. However, the more recently constructed units have not been assessed by CoStar yet.

13.53   **Development opportunities –** There are no opportunities to intensify the existing site or redevelop any vacant parcels of land.

13.54   **Recommendation** – The site should be retained for employment purposes. The PEA should be expanded to include the car park associated with Rolls Royce and the Skipton Road Business Park. The PEA should exclude the non-employment uses on site; the food store, a household waste recycling centre and the soft play centre.

Throstle Nest Mill, Nelson

13.55   Throstle Nest Mill is a 0.7ha (1.73 acres) site situated on the edge of Nelson town centre. It is part of a complex of mill properties in a mixed area of secondary retail and residential properties. The site is accessed via Leeds Road (A56), which is one of the main arterial routes connecting Nelson with Colne to the east and Burnley to the west. The site is a 12-minute walk from Nelson railway station and the nearest bus stop is located immediately outside the site entrance on Leeds Road.

13.56   The property is a stone built former textile mill, with north light shed, which includes open plan accommodation, office facilities and tailgate loading from a shared yard. The majority of the site appears to be occupied by 'Ace Beds and Furniture', a furniture manufacturer and showroom. However, adverts on site indicate that space is also available to let for storage and other smaller businesses are also present.

13.57   There is reasonable access into the site via Leeds Road, however, limited circulation space makes it unsuitable for HGV's. There is also limited car parking on site.

13.58   Data from CoStar suggests that at the time of writing, the vacancy rate is 0%. The stock is rated 2 star based on the CoStar five-star building rating system and the site generally comprises of Class B buildings, indicating that the condition of the stock is reasonable, although generally, the site appears in a poor state of repair owing to its age, with some windows boarded up.

13.59   Land to the west of the site has undergone redevelopment in recent years. In support of the Housing Market renewal Programme, the Bradley Area Action Plan (adopted July 2011), large swathes of terraced housing in streets neighbouring the site were cleared, and new residential development has recently come forward, including the development of four, three-bedroom semi-detached properties adjacent to the site, off Beech Street.

13.60   The Throstle Nest Mill Improvement Study (2008) looked at potential future redevelopment options for the mill complex. The study indicated that the large north light mill and the multi-storey mill at the centre of the complex would be best retained for manufacturing use, with potential for reorganisation of this part of the site.

13.61   In the case of the smaller north light mill and multi-storey mill in the western corner of the mill complex, to the west of Queen Street, the study indicated that a variety of uses such as office, studio, residential or live/work may be suitable for this site.

13.62   Taking the study into account, Policy 5 (New and Existing Employment Sites and Retailing) of the Bradley Area Action Plan proposes that the majority of Throstle Nest Mill is protected for use Class B2/B8 and E(g), though a mixed-use element at part of the site west of Queen Street would be supported in order to integrate the employment uses more effectively with the surrounding residential area.

13.63   This would involve the conversion of the 3 storey mill off Throstle Street for residential / employment use and the weaving shed bound by Throstle Street / Bankhouse Road would be redeveloped for new housing.

13.64   **Development opportunities –** The remainder of the site protected for B2/B8, and E(g) uses could
be redeveloped for housing or a mixed-use scheme as it is no longer considered suitable for
employment purposes in the long term.

13.65   **Recommendation** – The site appears to be fully let although not in intensive use by existing
occupiers. Given the low quality and age of the premises, and its accessible location in reasonable
proximity to the town centre, the existing employment protection on the site should be removed to
encourage redevelopment. The site would lend itself to a mixed use or residential scheme,
depending on demand.

Hallam Road, Nelson

13.66   Hallam Road is a 12.7ha (31.38 acres) employment area comprised of a collection of former textile
mills, on the fringe of Nelson. The site is adjacent to residential areas to the northeast and south.
The Preston to Colne railway line runs along the western perimeter of the site.

13.67   The site can be accessed via Glenfield Road and Grafton Street off Hallam Road. Whilst
accessible by HGVs, both Grafton Street and Waterford Street are relatively narrow. Grafton Street
in particular attracts on-street parking of both vehicles and HGVs, and the roads throughout the site
are deteriorating in quality.

13.68   The site benefits from relatively straightforward access to the motorway network at Junction 13 of the M65, 1.4 km to the north, via Hallam Road, which runs along the western edge of the site, the A56 (Leeds Road) and the A6068 (Reedyford Road).

13.69   The buildings themselves are of varying quality and include manufacturing premises, offices and distribution warehouses. All stock is rated 2-3 star based on the CoStar five-star building rating system and the site generally comprises of a mix of Class C and B buildings.

13.70   Notable occupiers include a clothing and fabric manufacturer (Mackintosh), a specialist furniture and equipment supplier to the salon, barber and spa industries (REM) and sofa manufacturer (Buoyant Upholstery).

13.71   The western edge of the site is used for distribution purposes and provides a yard large enough to accommodate circa 30-40 HGV's. Parking and circulation for HGV's is limited across the rest of the site.

13.72   On the opposite side of Hallam Road, separated from the main employment area, sits Manor Mill, which is occupied by a number of businesses, including a prefabricated housing provider (Build-a-Kit (UK) Ltd). The site is well used; CoStar data indicates that there are only two self-contained storage/workshop units extending to 87-147 sq.m are currently available and advertised for let.

13.73   **Development opportunities –** There are no potential development opportunities available on site.

13.74   **Recommendation –** The site is well used and whilst the buildings are aged, they are in reasonable condition. The site has attracted a number of well known, established occupiers and is in an accessible location. We would recommend that the site is retained as a safeguarded employment site for B2, B8 and E(g) uses.

Valley Mills and Brook Street (1), Nelson

13.75   The Brook Street element of this two-part employment area is circa 7.6ha (18.78 acres). It is located within walking distance of Nelson railway station and benefits from reasonably direct access to the motorway network with Junction 13 of the M65 1.3 km to the north.

13.76   The site is bound by residential dwellings and open space, and contains a mix of uses including offices, industrial, manufacturing, vehicle repair premises and car wash facilities. Some of the largest occupiers of the industrial estate are a biscuit producer (Farmhouse Biscuits) and a window and door manufacturer (Sovereign Group).

13.77   The site is also home to the Pendle Innovation Centre and Pendle Business Centre, which are offices home to a number of small businesses. Both of these buildings are of a reasonable quality and include dedicated parking but have vacant space at present.

13.78   There is also a vacant site located off Rigg Street (site of the former Brook Vale Mill) which has recently gained planning permission for the erection of 6 light industrial units (use class E) (application ref. 21/0510/FUL).

13.79   The site also contains some non-employment uses including Edenfield Girls High School, Masjid Sunnah Nelson Mosque and The Sutton Building, a community centre located between Brunswick Street and Commercial Road.

13.80   The premises across the site are of mixed quality, averaging 2-3 stars according to CoStar's rating system. On-street parking is present along Brook Street where Farmhouse Biscuits and a number of smaller premises adjacent to it compete for space, however the rest of the site is free from excessive on-street parking. HGVs are able to access most of the site although the levels (topography) difference across the site and relatively narrow roads impedes circulation.

13.81   The environment is of a reasonable quality throughout, however, there is some odour pollution associated with Farmhouse Biscuits and some areas appear relatively unkempt.

13.82   **Development opportunities –** There are no development opportunities asides from the already identified vacant site which has recently gained planning permission for 6 starter units.

13.83   **Recommendation –** The site is of a reasonable quality in a highly accessible location within Nelson. The site should be retained, but the cluster of non-employment uses that has developed to the west of the site should be removed from the PEA.

Valley Mills and Brook Street (2), Nelson

13.84   The Valley Mills element is a 4.5ha (11.12 acres) site located on the urban fringe of Nelson, approximately 2.0 km from Junction 13 of the M65. The site comprises of a collection of former textile mills accessed off Southfield Street.

13.85   Furniture importer (Giatalia International Limited) occupies the largest premises to the south of the site, with smaller more modern premises located to the north of the site, including Pendle Engineering and Pendle Bike Racks (constructed in the late 90s). According to CoStar, the buildings are rated 2-3 star and comprise a mix of class B and C premises.

13.86   The Southfield Street access is narrow and compromised by the presence of on-street parking associated with residential dwellings, a car garage and MOT centre. The street also includes traffic calming measures with priority/give way signage. However, it does include a large turning head at the southern end of the road to assist with vehicles manoeuvring.

13.87   Access within the site itself is reasonable, however the rear access to units occupying the westernmost units in the Valley Mills complex (Accrued Plastics and Aspire UK interiors) is extremely narrow and steep and is unsuitable for HGV's or frequent vehicle traffic.

13.88   The site is of varying quality overall, with litter and discarded vehicles on Southfield Street detracting from the appearance of the area. There are nearby buildings in employment use to the north of this site, on the opposite side of Southfield Street. However, these are of poor quality and unlikely to be suitable for modern occupiers. The boundary of the site should not be extended to include this area.

13.89   Whilst there are dwellings located off Southfield Street, opposite the site, the difference in levels (the industrial units set at a lower level) means the amenity of nearby residents is unlikely to be impacted. Scholefield Mill (currently occupied by Giatalia) is currently to let, available in parts or as a whole, (from 1,000 to 15,000 sq.m available).

13.90   **Redevelopment opportunities – T**here are no opportunities for redevelopment of this site. The existing access via Southfield Street also inhibits intensification of the site.

13.91   **Recommendation –** The site should remain designated for employment purposes. It is well used and is in accessible location close to the strategic road network.

Lomeshaye Industrial Estate and Extension, Nelson

13.92   Lomeshaye Industrial Estate is a 39.2ha (96.86 acres) mixed employment site established in the 1980s, located on Junction 12 of the M65. It is a 25-minute walk from the centre of the site (junction of Kirby Road and Churchill Way) to Brierfield railway station.

13.93   The estate is home to a large number of engineering and manufacturing premises (Use Class B2) including the leading contract packer and drinks producer in the UK (Refresco). There are also offices (use class E(g) present across the site, including the headquarters of a leading construction and property development business (Barnfield Construction).

13.94   The site is bound by open countryside to the north and west, the M65 motorway to the south and east, with a handful of residential dwellings and Nelson Football Club located along the northeastern perimeter of the site. The site is divided in two by Pendle Water. In the portion of the site to the south of Pendle Water, the Lomeshaye Marsh Local Nature Reserve, is not included within the employment designation.

13.95   Most of the site benefits from good levels of internal circulation and dedicated parking, however Kenyon Road suffers from on-street parking leading into a narrow access to offices at the far western end. This is likely to limit the potential to expand in this direction.

13.96   In contrast, the site north of Pendle Water, is more spacious than the south, and Churchill Way is wide enough to accommodate frequent HGV movements.

13.97   The site is well maintained and generally the buildings are of a good, to very good standard; rated 2-3 stars according to CoStar and consisting of class B and C premises. There are a number of premises available to let at present, totalling 3,183 sq.m (34,263 sq.ft.), which are a combination of warehouses and offices (converted from former warehouses).

13.98   Wrapping around the northwest perimeter of the existing industrial estate, 30.6 ha (75.61 acres) of greenfield land has been allocated as an extension to Lomeshaye, offering a net developable area of approximately 16 ha (39.54 acres). Development is required to adhere to the guidelines set out in Policy WRK 3 of the Pendle Core Strategy.

13.99   In accordance with this policy, outline planning permission has been granted for an extension to the existing industrial estate to accommodate up to ten industrial units with means of access off Churchill Way (application ref. 17/0672/FUL).

13.100   In 2019 reserved matters permission was then granted for the construction of an access road into the site (application ref.19/0504/REM), and in September 2022, reserved matters permission was also granted for the erection of a single industrial unit comprising of 11,250 sq.m (121,098 sq.ft.) and a 158-bay car park (application ref. 20/0457/REM). Although the Council understand that ELE are no longer pursuing this application.

13.101   A separate full planning application was approved in August 2022 for the erection of a 2,952 sq.m. (31,776 sq.ft) industrial unit and 62 bay car park (application ref. 22/0131/FUL). These proposed units are located along the western perimeter of the site.

13.102   To the north of the existing industrial estate, an outline application was approved in September 2020 which proposed the erection of up to 55,750 sq.m. (600,108 sq.ft.) of commercial development, comprising Class B2 B8 and E(g) uses, with access off Barrowford Road (A6068) to the north (application ref. 19/0767/OUT). This area of land is currently being marketed as 'Pendle Park', an industrial and logistics opportunity offering units of between 92 sq.m – 37,000 sq.m (1,000 sq.ft. – 400,000 sq.ft.).

13.103   **Development opportunities –**Development is coming forward in accordance with existing Policy WRK 3 of the Pendle Core Strategy.

13.104   **Recommendation –** The site is a strategic employment site. When delivered and built out, the extension should also be classified as a protected employment area.

Riverside Business Park, Barrowford/Nelson

13.105   Situated between Nelson and Barrowford, the Riverside Business Park is a 9.3 ha (22.98 acres) site which is the only PEA in the borough to be protected specifically for Class E(g) use (office) through the Local Plan. The site is accessed via the A6068 (Barrowford Road) immediately west of Junction 13 of the M65.

13.106   Outline planning permission was granted in 1996 (application ref.13/95/0637P) with subsequent reserved matters consent gained in 2006 (application ref.13/06/0442P) for 3,710 sq.m (33,935 sq.ft.) of office space. There are currently 6 office blocks located on the site, which is named 'Vantage Court'. These office units are of a high quality with dedicated parking. According to CoStar, the units were constructed in 2010 and are rated as 3 star and graded as Class B buildings.

13.107   Land to the east of Vantage Court gained reserved matters consent for the erection of a hotel, pub, restaurant, creche and office buildings in January 2017 (application ref. 16/0734/REM) however this permission has lapsed.

13.108   More recently, land to the northeast of Vantage Court has gained consent for the erection of 3 No. industrial buildings forming 8 units with a total floorspace of 3,577sq.m. 38,504 sq.ft.) for Use Classes B2, B8 and E(g) (application ref. 21/0885/FUL). It is noted in the associated committee report that at the time of the adoption of the Replacement Pendle Local Plan (May 2006) there was

a greater need for office space in the Borough than there is now. With the change in demand for commercial office space seen nationally since then, there is no longer the necessity for this Protected Employment Area to be restricted to Class E(g) only.

13.109   **Development opportunities –** Owing to the recent permission on the land to the northeast of Vantage Court, there are no further development opportunities on this site. The land to the east of Vantage Court is not included within the PEA, and as development of this plot has failed to materialise, it should not be included within the PEA as this may restrict development opportunities in the future.

13.110   **Recommendation –** The site should remain protected for employment purposes, but this should be expanded to include Class B2 and B8 uses in addition to Class E(g).

Pipeline Sites – Developed and Consented Sites

13.111   These sites are developed or have planning permission for their redevelopment but are not currently designated as Protected Employment Areas under the adopted Local Plan.

Brierfield Mills, Glen Way, Brierfield

13.112   Brierfield Mills, now known as 'Northlight', is a complex of Grade II Listed buildings located within a conservation area within Brierfield. The site is within walking distance of Brierfield railway station

and the town centre. The nearest bus stop is located on Railway Street (B6248), but those serving the frequent Mainline services, operating on the A56, are also accessible. The site is less than a 2-minute drive from Junction 12 on the M65, and there is parking available on site.

13.113 Manufacturing at Brierfield Mills ceased in 2006 and since then the site has been transformed into a mixed-use scheme which includes 85 apartments, offices and a leisure centre. There is 1,323 sq.m. (14,241 sq.ft.) of office floorspace consented (application ref. 20/0842/FUL) across the site, plus a separate area of office floorspace which is dedicated to the Lancashire Adult Learning Centre. The office space is fully let and comprises of 32 individual offices as well as shared lounge areas and meeting rooms. CoStar data classifies the office premises as a 3-star, Class B building.

13.114 **Recommendation –** As a new high-quality employment, residential and leisure offering in the borough, the site could be protected for these purposes as part of a mixed-use designation in a future Local Plan. However, to provide flexibility, the site should not be designated as a Protected Employment Area.

Greenfield Road, Colne

13.115 This 3.5 ha 8.65 acres) greenfield site is located at the junction between Whitewalls Drive (A6068), and the M65 west of Colne. The site was the subject of a recently allowed appeal for one 3,530 sq.m (37,998 sq.ft.) and one 1,200 sq.m (12,917 sq.ft.) warehouse (Use Classes B2 and B8), a drive thru coffee shop and petrol filling station (application ref. 21/0583/FUL). Accessed from a new

left-turn T-junction from Whitewalls Drive onto Greenfield Road, the scheme would have a 110-bay car park.

13.116   **Recommendation –** The site will deliver 4,730 sq.m (50,915 sq.ft.) of new employment floorspace for the borough. Once delivered, the site could be designated and protected for employment purposes, however owing to the site's relatively small size, this isn't considered to be necessary.

Spring Gardens Mill, Colne

13.117   This brownfield site is the former Spring Gardens Mill located within the settlement of Colne.

13.118   The site is accessed from Spring Gardens Road., To the west are dwellings on Daisy Street and Green Road, Colne Water runs in an artificial channel to the north of the site and there are commercial and industrial buildings to the south and east.

13.119   The mill has been demolished and the site cleared, except for the former engine house building that housed a sub-station.

13.120   Planning permission has been granted for the first phase of development comprising the demolition of the former engine house and erection of a 1,273 sq.m. (13,703 sq.ft.) building for general industrial / storage and distribution use in the central area of the site ((application ref.

19/0917/FUL). A second phase of development was more recently approved which would comprise of a further no. 9 B2/B8 units (totalling 5,770sq.m./62,110 sq.ft.) (application ref. 22/0222/FUL).

13.121 **Recommendation –** The site will deliver an additional 7,043 sq.m (75,813 sq.ft.) of new employment floorspace for the borough. Once delivered, the site could be designated and protected for employment purposes, but owing to the site's relatively small size, this isn't considered to be necessary.

Eden Works, Kelbrook

13.122 Eden Works is a circa 4.5ha (11.12 acres) site located between Sough and Kelbrook, villages to the south of Earby. It is an existing urban fringe employment area comprising of a mix of uses. Some of the businesses on site include concrete product suppliers (Wolfenden Concrete), engineering consultants (Ceretex Engineering) and climbing wall manufacturers (EP Climbing).

13.123 There is limited parking (owing to the amount of open storage across the site) and it is not formally laid out. HGV access is also poor; however, it appears adequate for existing users. Most buildings are of a reasonable quality; however, the internal access roads are of a poor quality.

13.124 The site is bound by Church Lane to the south, which also provides a secondary access point into the site, in addition to the main access off the A56 along the western edge of the site. To the south and east of the site there are agricultural fields. The field to the south of the site is known as

Chapelfields and is identified as Local Green Space in the Kelbrook and Sough Neighbourhood Plan; it provides an important spatial gap that is important for the setting and character of Kelbrook village. This area would not be suitable for extending the existing site.

13.125   To the north of the site is Sough Bridge Mill, is a traditional north light weaving shed that has been sub-divided to form multi-let industrial and office / studio units. Some units are currently vacant and advertised to let. Access to the parking area to the rear is reasonable with some additional parking located on the forecourt alongside the A56 (Colne Road). This site is visually separate to the Eden Works site to the south and adjoins residential properties to the north. Owing to this, the site could be suitable for residential redevelopment in the future, subject to demand for the existing site for employment purposes.

13.126   To the southwest of the site, on the opposite side of the A56, there are two high quality buildings occupied by Euravia, Engineering a specialist aviation company. A car park located to the rear of the site does not appear to be adequate for the existing number of users, leading to on-street parking along Colne Road.

13.127   There is a bus stop located on Colne Road within walking distance of the entire site. This provides half hourly services towards Colne, Burnley and Clitheroe and an hourly service to Skipton during peak periods.

13.128   CoStar data is limited however the buildings that have been assessed are rated between 2 and 3 stars and are graded as Class B and C premises.

13.129   **Development opportunities –** There are no development opportunities within Eden Works. Sough Bridge Mill could represent a redevelopment opportunity in the future for residential uses.

13.130   **Recommendations –** The site appears well used and provides a range of reasonable quality employment units, supporting a number of local businesses, including specialist companies within the aerospace industry. Eden Works should be designated and protected for employment purposes and while existing employment remains on the Euravia site this should also be supported.

13.131   However there is opportunity to split the allocation with the Euravia site, which is detached from the rest of the site and closer to the village being more suitable for release to other uses including residential.

Ghyll Brow Works, Barnoldswick

13.132   Ghyll Brow Works is an isolated site located in the open countryside to the east of Barnoldswick. The site is circa 4 ha (9.88 acres) and is currently in use as a specialist factory for the Rolls-Royce aerospace division. The site fronts onto Church Road (B6252) and contains a large car park to the rear.

13.133   The site is comprised of a number of buildings and includes specialist plant and equipment which store hazardous chemicals/materials. The site will require remediation before it can be redeveloped. The site is bound by open fields and Ghyll Golf Club to the south.

13.134   There is a footpath located outside of the site, but this does not continue into Barnoldswick. However, a bus stop close to the entrance provides hourly services towards Colne, Burnley and Skipton. There is no CoStar data available for this site.

13.135   **Redevelopment opportunities** – The site's attractiveness for alternative uses is limited owing to its isolated location, limited accessibility and the need for remediation. The site may be suitable for alternative employment uses however demolition of the existing buildings is likely required due to their specialist nature (e.g., storage of hazardous chemicals/materials).

13.136   **Recommendation** – The site should not be allocated or designated for any particular purpose.

Pipeline Sites – Greenfield

West Craven Business Park Extension

13.137   The site is a 11.4 ha 28.17 acres) greenfield site located to the north of the existing West Craven Business Park. There are no historic or pending planning applications on this site.

13.138   The site is currently designated as open countryside under Saved Policy 1 of the Replacement Pendle Local Plan. This policy restricts development outside designated settlement boundaries.

13.139   The site (ref. P013) was a proposed employment land allocation (B2, B8 and E(g) uses) in the draft Pendle Local Plan Part Two Preferred Options Report. The draft policy stated that proposals for freestanding or ancillary Office, Research and Development, and Light Industry (Use Class E(g)) will be limited to occupy no more than 25% of the total cumulatively created floorspace or site area (whichever is smaller). A condition will be used to prevent the change of use from Use Class E(g) to other Class E uses within the West Craven Business Park Extension.

13.140   It is noted that there are potential issues with surface water flooding on part of the site, and fluvial flooding from Earby Beck along the eastern margin where there is also a main sewer.

13.141   Unless the site is brought forward by Senior Aerospace Weston, access would need to be taken from West Craven Drive and directed to the east of their 'east facility' building. Access through the

middle of the 'east facility' and the 'west facility' is not feasible due to the restricted access and parking arrangements to the rear of these buildings.

13.142 **Recommendation –** The site was previously put forward as the only draft employment land allocation within the borough under the draft Part Two Pendle Local Plan. The site is located to the north of Earby and is accessible to existing services and facilities by foot, as well as being served by public transport on Skipton Road (A56). This is a strategic transport route linking the M65 motorway at Colne to the A59 at Skipton and thus has the benefit of being accessible from both Lancashire and Yorkshire. The identified employment need within the Borough justifies the allocation of this site for employment purposes. The extension has the potential to attract new business that would help to support and strengthen Rolls-Royce and the wider Lancashire Aerospace cluster.

Crownest Industrial Estate Extension, Barnoldswick

13.143 This 2.06ha (5.09 acres) site is located adjacent to the existing Crownest Industrial Estate and is known as the Ravenscroft Business Park. An access road already links this vacant land parcel to the wider site (Jackdaw Road) and could accommodate additional vehicle movements associated with new units.

13.144   There are no pending planning applications for this site however the site is being marketed and the landlord is offering prospective tenants the opportunity to commission the construction of new warehouse units ranging from (232 – 1,393 sq.m. (5,000 – 15,000 sq.ft.).

13.145   **Recommendation –** The site forms a natural extension to the existing industrial estate and should be designated and protected for employment purposes.

14. EMPLOYMENT LAND SUPPLY

14.1   This section summarises the borough's employment land supply. We have categorised the sites into the following:

- **Unimplemented planning permissions** – Details on unimplemented permissions have been collated by Pendle Council. This includes permissions for new development schemes, extensions to existing buildings and changes of use. Similarly, permissions where there is a loss of employment space expected have been considered. This includes permissions on both allocated/designated sites and non-allocated and non-designated sites.
- **Vacant land on existing safeguarded employment sites** – These have been identified by Iceni Projects through site visits and desk-based research.
- **Unallocated sites with no extant planning permission** – there are two sites in the borough which are not currently protected or allocated for employment purposes, but they are adjacent to existing employment sites and would be suitable for future employment use should they be required.

14.2   In relation to the supply we have used floorspace and site area data from planning applications and site areas are taken form GIS where this is unknown. We have translated this to floorspace using plot ratio (0.35) assumption.

Unimplemented planning permissions on allocated & designated sites

14.3   These sites are existing employment sites with unimplemented planning permissions. Riverside Business Park is an existing protected employment area. Lomeshaye Industrial Estate extension is allocated as a strategic employment site allocation.

Table 14.1   Industrial & warehousing (use class B2/B8)

Site ID	Name	Gross floorspace (GEA, sq.m)	Site area (Ha)	Recommendation
8	Land to the north east of Vantage Court, Riverside Business Park	3,765	1.12	The site should remain protected for employment purposes, but this should be expanded to include Class B2 and B8 uses in addition to Class E(g).
1b	Lomeshaye Industrial Estate Extension	72,883	30.8	Retain allocation.
Total		**76,648**	**31.92**	

*Source: Iceni Projects *numbers may not add due to rounding*

14.4   We have not included the extant permission at Long Ing Lane because it is unlikely to come forward for employment uses and is more likely to come forward for residential purposes.

14.5   There is an extant permission for light industrial/R&D (use class E(g)(ii)) units within the Valley Mills employment area.

Table 14.2   Office and R&D (use class E)

Site ID	Name	Gross floorspace (GEA, sq.m)	Site area (Ha)	Recommendation
7a	Site of the former Brook Vale Mill, Rigg Street, Valley Mills	778	0.2	Retain designation
Total		**778**	**0.2**	

*Source: Iceni Projects *numbers may not add due to rounding*

Unimplemented planning permissions on non-allocated & designated sites

14.6   There are three sites which are not existing allocated or designated employment sites, but have extant permission for employment uses in the borough, as follows:

Table 14.3   Industrial & warehousing (B2/B8)

Site ID	Name	Gross floorspace (GEA, sq.m)	Site area (Ha)
11	Land at Greenfield Road, Colne	4,978	3.53
12	Spring Gardens Mill, Colne	7,413	2.69
	Walk Mill, Colne	920	11.81
	Skipton Road Business Park	343	0.03
Total		**13,654**	**18.06**

*Source: Iceni Projects *numbers may not add due to rounding*

Vacant land on existing safeguarded employment sites

14.7   In addition to the above, we also need to consider vacant land on existing safeguarded employment sites that could be suitable for intensification or are vacant.

14.8   Table 14.4 summarises the additional development potential of the protected employment areas. It also includes a policy recommendation for each site. Overall, there is just under 1ha of vacant land with development potential within the PEAs.

Table 14.4   Vacant land on existing employment sites suitable for development

Site ID	Name	Site Area (Ha)	Indicative gross floorspace supported (GEA, sq.m)	Recommended use
1a	Vacant parcel within Lomeshaye Industrial Estate (North)	0.45	1,800	B2/B8
3	Land to the west of Boundary Mill Warehouse	0.26	1,040	B2/B8
3	Land adjoining Woodhead Brothers HGV parking area	0.55	2,200	B2/B8
5a	Vacant parcel within West Craven Business Park	0.6	2,100	B2/B8/E(g)
Total		**1.86**	**7,140**	

Source: Iceni Projects *numbers may not add due to rounding *Indicative gross floorspace supported is calculated based on a plot ratio of 0.4 for B2/B8 and 0.35 for B2/B8/E(g).

Unallocated sites with no planning permission

14.9   We have also identified further potential allocations, within this category, there are two sites which are not allocated or protected employment sites, and do not have an extant permission.

14.10   However, they are sites which are likely to be suitable for employment development in the future as there are adjacent to existing protected employment sites.

Table 14.5   Unallocated sites with no extant planning permission

Site ID	Name	Site Area (Ha)	Indicative Gross floorspace Supported (GEA, sq.m)	Recommended use
5b	West Craven Business Park extension	11.4	39,900	B2/B8 and E(g)
6d	Crownest Industrial Estate extension	2.06	8,240	B2/B8
Total		**13.46**	**48,140**	

Source: Iceni Projects *numbers may not add due to rounding

Employment Land Supply – Summary

In total the supply across the Borough can be summarised into the following categories:

Type of site	Gross floorspace (GEA, sq.m)	Site area (Ha)
Unimplemented planning permissions on allocated sites	77,426	32.1
Unimplemented planning permissions on non-allocated sites	13,654	18.1
Vacant land on existing safeguarded employment sites	7,140	1.9
Unallocated sites with no extant planning permission	48,140	13.5
Total	**146,360**	**65.5**

15.   EMPLOYMENT GROWTH

15.1   This section sets out the outlook for employment growth up to 2040 (including by sector) in Pendle. The results of the analysis are used to inform our employment floorspace and land needs forecasts.

Overall Employment Growth

15.2   Table 15.1 shows historic employment change in Pendle as well as forecast employment change under a range of models.

15.3   The CE Forecast Model is Cambridge Economics' forecast of employment change in Pendle which takes into account historic trends at a borough level, regional and national macro-economic forecasts and makes adjustments to take into account known local dynamics. The CE Forecast predicts employment growth of around 4,000 jobs between 2021 and 2040 at a rate of 215 jobs per annum.

15.4   The Historic Growth Models are projections of past trends over various time periods. These projections use a linear model, which means that they are based on the absolute rate of change per annum (rather than a percentage change). Their inclusion in our analysis reflects the NPPF/PPG requirements to assess trends.

15.5   The time periods on which the Historic Growth Models are based take into account economic cycles. The time periods either run from peak to peak or trough to trough of the last two economic cycles.

15.6   Linear models are widely used, but cannot handle discrete or skewed data. At this stage we have chosen to disregard the two extreme models and focus our analysis on the three moderate models – two of the Historic Growth Models and the CE Forecast Model.

15.7   The 1999-2021 based Historic Growth Model is based on the period from the trough in employment following the early 1990s economic recession to the trough in employment following the COVID-19 induced recession (although it is unclear whether this is the bottom of an economic cycle). It should be noted that Pendle took longer to return to employment growth than the UK as a whole following the 1990s recession.

15.8   This forecast comes in above the CE Forecast Model with projected employment growth of around 6,000 jobs between 2021 and 2040 at a rate of 317 jobs per annum.

15.9   The 2008-2020 based Historic Growth Model is based on the period from the peak in employment before the employment impact of the recession resulting from the global financial crisis (2007-2009) to the peak in employment before the COVID-19 induced recession. This forecast comes in slightly above the CE Forecast Model with employment growth of around 4,400 jobs between 2021 and 2040 at a rate of 233 jobs per annum.

Table 15.1   Historic and Forecast Employment, Pendle
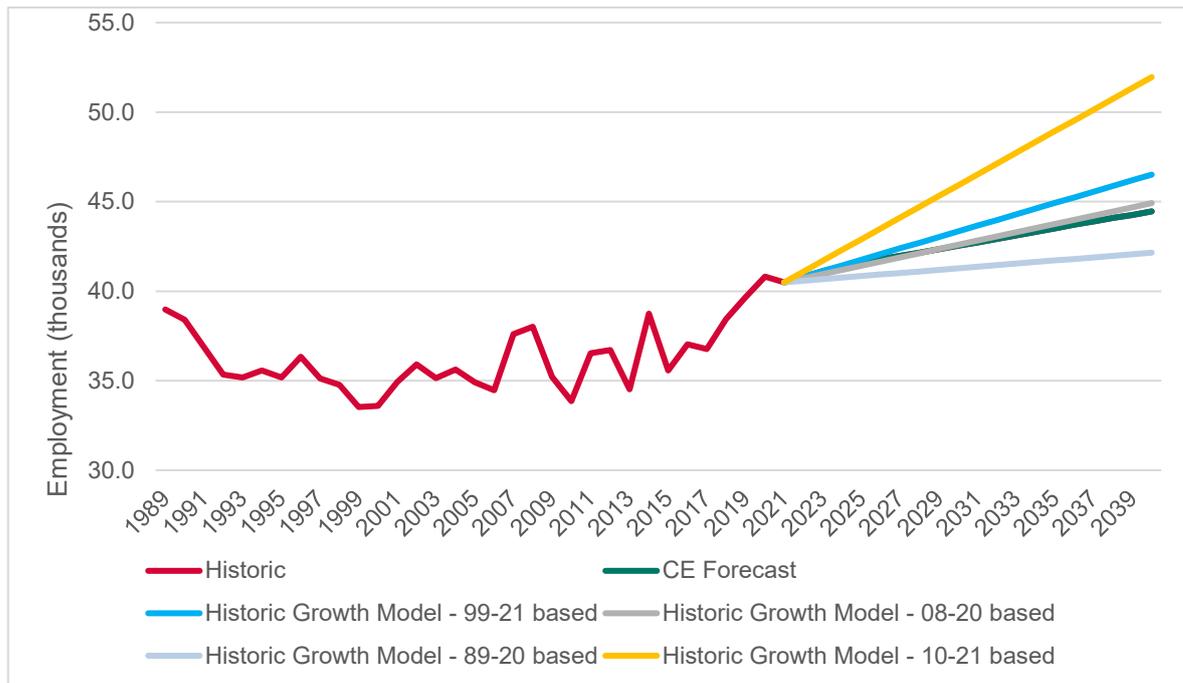
Source: Iceni analysis of CE data

Employment Change by Sector

15.10   We have analysed employment growth by sector for our three chosen models. The sectoral forecasts for each model are based on the same methods as the overall employment forecasts.

15.11   Table 15.2 shows the forecast change in employment in the seven most relevant sectors to this study (i.e. which require most employment floorspace) between 2021 and 2040. A table containing data for all sectors has been appended to this report.

15.12   The CE Forecast Model predicts decline in the Manufacturing sector but limited growth in Retail and Transport and Storage. In terms of the four key office-based sectors the CE Forecast Model predicts a growth in employment. The majority of this comes from the ICT sector, but there are lower levels of growth in Professional Services and Business Support.

15.13   Despite forecasting only slightly more overall employment growth than the CE Forecast Model, the 2008-2020 based Historic Growth Model forecasts significantly more growth across the sectors which are most relevant to this study.

15.14   This model forecasts particularly strong growth in Manufacturing, Retail, ICT and Business Support. However, it also forecasts a decline in Transport and Storage and Public Administration and Defence employment.

Table 15.2   Employment Change by Sector, 2021-2040, Pendle

Source: Iceni analysis of CE data

15.15   Despite forecasting significantly more overall employment growth than the 2008-2020 based Historic Growth Model, the 1999-2021 based Historic Growth Model forecasts less growth across the sectors which are most relevant to this study.

15.16   This model forecasts a significant decline in the Manufacturing sector, but does forecast some growth in Retail and Transport and Storage. It also forecasts strong growth in the four key office-based sectors.

15.17   As Pendle is a strong manufacturing location the 2008-2021 based Historic Growth Model is likely to best represent the future **industrial employment growth,** which should be planned for.

15.18   The council should look to continue to grow those elements of the manufacturing sector which provide much needed well paid and productive employment. The 2008-2021 based Historic Growth

Model forecasts positive employment growth in contrast to the decline predicted by the other two models.

15.19   Our commercial market review makes it clear that the national and local logistics market is strong. Demand from e-commerce is forecast to continue growing, a key driver of the Transport and Storage and Retail sectors, which require warehouse floorspace.

15.20   Taking this into account, it is unclear which model is likely to best represent the **warehouse based employment growth** which should be planned for.

15.21   In terms of office-based sectors (ICT, Professional Services, Business Support, Public Administration and Defence), we feel that the CE Forecast Model is likely to best represent the future **office and research and development (R&D) based employment growth** which should be planned for.

15.22   This takes into account the findings of our policy review, office market review and local economic baseline – the CE Forecast Model predicts the lowest level of employment growth across the office-based sectors, which is reasonable given the subdued office market and weakness of office-based sectors at present.

Employment Growth – Summary

We have considered employment growth in Pendle using a range of models. Cambridge Econometrics forecast employment growth at a rate of 215 jobs per annum between 2021 and 2040.

The Historic Growth Models forecast a wide range of growth rates depending on the time period that was projected forward. We forecast growth from peak to peak and trough to trough of recent economic cycles.

Our 1989-2020 and 2010-2021 based Historic Growth Models forecasted extreme jobs growth (low and high respectively) and were hence discounted from further analysis.

Our 2008-2020 based models forecasted growth slightly above the CE Forecast Model (a rate of 233 jobs per annum) and our 1999-2021 based Historic Growth Model forecast growth significantly above the CE Forecast Model (a rate of 317 jobs per annum).

We then considered employment growth by sector. This showed that whilst the 2008-2020 based Historic Growth Model forecast only slightly more overall employment growth than the CE Forecast Model, it forecast significantly more employment growth in key employment floorspace based sectors.

The 1999-2021 based Historic Growth Model also forecast a significantly different pattern of employment growth between sectors than the CE Forecast Model.

We concluded that:

The 2008-2021 based Historic Growth Model is likely to best represent the future industrial employment growth which should be planned for given that this is the only model to forecast growth in the Manufacturing sector, which is very strong in Pendle and should be capitalised upon.

It was unclear which model best represented the warehouse based employment growth which should be planned for.

It was concluded that the CE Forecast Model is likely to best represent the future office and R&D based employment growth, which should be planned for given that the office market is subdued and office-based sectors are weak in the area.

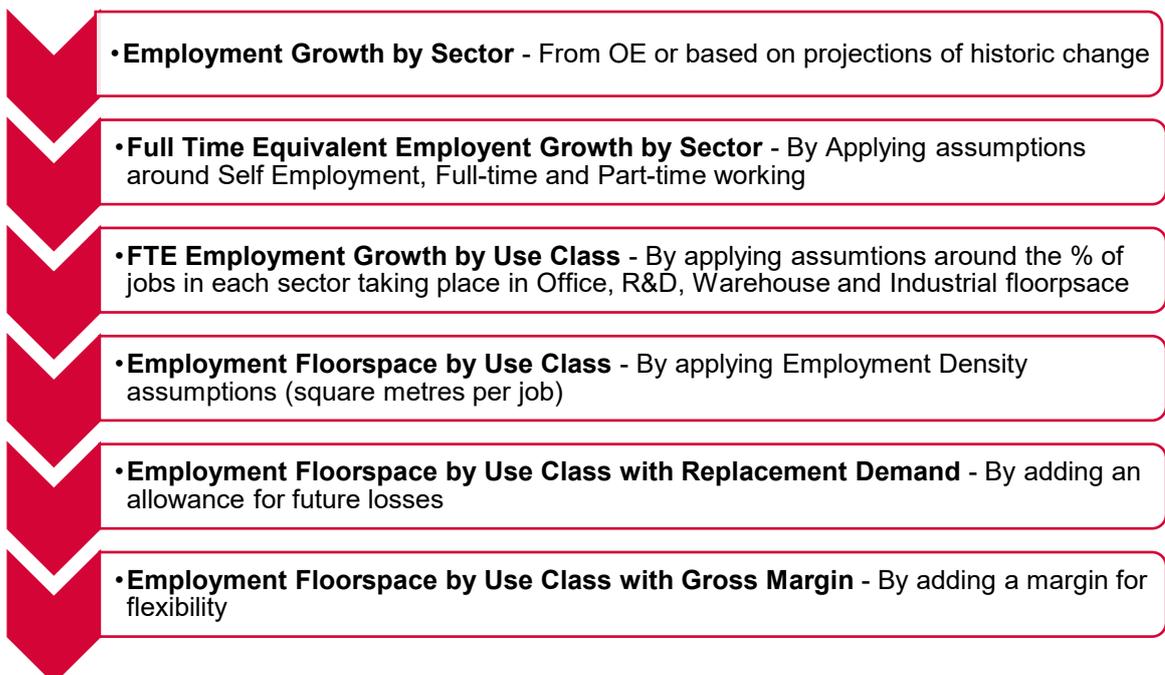# 16. EMPLOYMENT LAND REQUIREMENTS

16.1 This section of the report considers the demand for employment land and floorspace over the period from 2021-2040. When considering the scale of the need for employment land Planning Practice Guidance recommends the use of a number of different techniques to estimate future requirements, namely assessments based on:

- Labour Demand – We have estimated requirements based on econometric forecasts and projections of historic change (as set out in the Employment Growth chapter).

- Past take-up of employment land – i.e. past completions of new floorspace;

- Past take-up of property – i.e. past take-up of floorspace;

16.2 The guidance does not indicate a preference for any of these techniques, nor does it say that they should be used consistently across the different use classes. We therefore look at each of the techniques in turn before examining whether their use is appropriate for each use class.

Labour Demand

16.3 Jobs forecasts are translated to employment floorspace requirements through a series of steps.

- **Employment Growth by Sector** - From OE or based on projections of historic change

- **Full Time Equivalent Employent Growth by Sector** - By Applying assumptions around Self Employment, Full-time and Part-time working

- **FTE Employment Growth by Use Class** - By applying assumtions around the % of jobs in each sector taking place in Office, R&D, Warehouse and Industrial floorpsace

- **Employment Floorspace by Use Class** - By applying Employment Density assumptions (square metres per job)

- **Employment Floorspace by Use Class with Replacement Demand** - By adding an allowance for future losses

- **Employment Floorspace by Use Class with Gross Margin** - By adding a margin for flexibility

16.4 The first step is to translate forecast employment growth into full-time equivalent (FTE) employment growth. This is required as the employment densities that are used are to be applied to FTE jobs.

The number of FTE jobs is calculated by looking at the number of self-employed, full-time and part-time employees in each sector. Full-time and self-employment jobs have been assumed to equate to 1 FTE while part time jobs have been assumed to equate to half an FTE (in line with HCA guidance).

16.5   Table 16.1 shows that forecast FTE jobs growth over the period from 2021 to 2040 ranges from 3,327 in the CE Forecast Model to 5,113 jobs based on data from the 1999-2021 based Historic Growth Model.

Table 16.1   Total Jobs and FTE Jobs Growth by Model, 2021-2040

Model	Total Jobs	FTE Jobs
CE Forecast	3,963	3,327
2008-2020 based Historic Growth	4,427	3,737
1999-2021 based Historic Growth	6,016	5,113

Source: Iceni analysis of CE data

16.9   The next step translates FTE employment growth by sector into FTE employment growth by use class. For the purposes of this study, we have proportioned the number of FTE jobs in each sector into jobs in Industrial, Warehouse, Office and R&D floorspace.

16.10   To translate FTE employment growth to floorspace we have assumed a set of employment densities[32], which are set out in Table 16.2. These are informed by the Homes and Communities Agency Employment Density Guide third edition[33], but also take into account Iceni Projects' experience and our assessment of the Pendle economy.

16.11   We note that the 2014 Pendle Employment Land Review for offices used a density of 19 sqm per FTE as "in the Pendle context in view of the absence of very high density B1a office developments" (p93). However this was based on the previous HCA Employment Density Guide second edition 2010, rather than the 2015 edition which moves the base assumption from 17sqm per FTE to 12 sqm per job NIA (14 sqm GEA). Higher density offices are 8-10 sqm per FTE. Without specific evidence to the contrary, we have reverted to the general national densities (12 sqm NIA) although some narrative is later included on the implications of a lower density.

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32 Employment Densities are the assumed floorspace per FTE e.g. for offices it is assumed that every FTE will have 14 sqm (GEA) of floorspace

33 https://www.kirklees.gov.uk/beta/planning-policy/pdf/examination/national-evidence/NE48_employment_density_guide_3rd_edition.pdf

16.12   Furthermore the 2014 Pendle study used a B8 assumption of 64 sqm per FTE rather than 75 sqm in the 2010 HCA Guide (for 'general and high bay warehousing'). This has been replaced in the HCA Guide 2015 for 70 – 77 sqm (GEA) for final mile and regional distribution centres, although retail warehousing is 90 sqm per FTE of which there is some evidence in Pendle. Here we have defaulted to the mid-point of the latest guidance but again provide some narrative later on the implications of an alternative at a higher density – furthermore the study concludes that the labour based model is unlikely to provide the best indicator of need.

Table 16.2   Employment Densities and Plot Ratio Assumptions

	Office	R&D	Industrial	Warehouse
Employment Density (sq.m Gross Employment Area (GEA) per job)	14	49	43	74

Source: HCA Employment Densities Guide: 3rd Edition (Drivers Jonas Deloitte, 2015), adapted by Iceni Projects

16.15   Applying these employment densities to the FTE forecasts results in the employment floorspace requirement set out in Table 16.3. This includes an alternative office scenario which takes into account reduced post-pandemic levels of working from home, when compared to pre-pandemic levels. Iceni Projects has reviewed literature published by real estate agency Savills and Remit Consulting on the occupancy of in-use office floorspace pre and post pandemic. Based on this information Iceni Projects has concluded that post-pandemic office occupancy is at 43% of pre-pandemic levels. Therefore, we have reduced levels of employment growth and replacement demand in the 'Post-Pandemic Working from Home' scenario by this factor.

16.16   We have also included an allowance for replacement demand which refers to the demand for land (expressed in terms of floorspace at this stage) that is required to accommodate losses of floorspace elsewhere.

16.17   We consider historic gross floorspace losses to be a good predictor of future losses given the fact that there is still only a limited amount of modern stock in the Borough. However, we do not recommend that replacement demand should be assumed to be at the full rate of historic gross losses as: a) some gross losses will be able to be re-provided on the same plot; and b) some gross losses will be due to structural changes in the economy, which means that less floorspace is required to accommodate the same number of jobs and/or economic activity.

Table 16.3   Employment Floorspace Requirement by Labour Demand Model, 2021-2040

	CE Forecast	2008-2020 based Historic Growth	1999-2021 based Historic Growth
Office	13,166	22,838	18,965
Office - Post Pandemic WFH	5,642	9,788	8,128
R&D	4,453	5,754	4,656
Industrial	-31,807	159,044	-82,138
Warehousing	11,752	6,901	23,696
With Replacement Demand @ 50% of rate of historic losses			
Office	19,540	29,212	25,339
Office - Post Pandemic WFH	8,374	12,519	10,860
R&D	4,453	5,754	4,656
Industrial	9,449	200,300	-40,882
Warehousing	11,830	6,979	23,774
With Margin for Flexibility (equal to 2 years' worth of gross deliveries)			
Office	19,864	29,536	25,663
Office - Post Pandemic WFH	8,698	12,843	11,184
R&D	4,453	5,754	4,656
Industrial	17,334	208,185	-32,997
Warehousing	15,507	10,655	27,451

Source: Iceni analysis of CE data

16.18   Finally, Table 16.3 also takes into account a 'margin for flexibility'. This allows for the allocation of sufficient land to cover inaccuracies in forecasting, helps to provide a choice of sites to facilitate competition and allows for delays in any sites coming forward. Based on past experience and industry standards, we recommend that a 'margin for flexibility' equivalent to two years' worth of gross completions should be used.

Past Completions

16.19   Historic completions, based on local authority monitoring data, have been considered and projected forward to provide an indication of future floorspace needs. Both gross and net historic completions have been considered:

- **Gross completions** are useful as they inherently take into account replacement demand. However, using gross completions may actually overestimate replacement demand given some historic gross completions may have been on plots where the previous use was the same (i.e. re-development for the same use).

- **Net completions** do not inherently take into account replacement demand.

16.20   An appropriate historic completion-based forecast is therefore likely to be in between the gross and net completion trends.

16.21   A forecast for R&D floorspace has not been produced as none has been delivered in Pendle in the past.

16.22   Table 16.4 shows the time period for which Local Authority Monitoring data is available for and the average gross and net completions rates over this period. The historic completions rates presented have then been projected forward to estimate employment floorspace requirements for 2021-2040.

Table 16.4   Average Completions

	Gross Completions	**Net Completions**
Time Period	*2005/06 - 2021/22*	*2011/12 - 2021/22*
Office	1,945	45
Industrial	3,943	-231
Warehousing	1,838	183

Source: Iceni analysis of Local Authority data

16.23   The results of the historic completions-based projections are presented in Table 16.5, as well as the employment floorspace requirements after considering replacement demand and a margin for flexibility. It should be noted that, for gross completions, an allowance for replacement demand has not be added as gross completions inherently take replacement demand into account.

Table 16.5   Employment Floorspace Requirement by Completions Projections, 2021-2040

	Gross Completions	**Net completions**
Office	36,955	859
Office - Post Pandemic WFH	15,838	368
Industrial	74,909	-4,393
Warehousing	34,924	3,480
With Replacement Demand @ 50% of rate of historic losses		
Office	36,955	7,233
Office - Post Pandemic WFH	15,838	3,100
Industrial	74,909	36,863
Warehousing	34,924	3,558
With Margin for Flexibility (equal to 2 years' worth of gross deliveries)		
Office	37,279	7,557
Office - Post Pandemic WFH	16,162	3,424
Industrial	82,794	44,748
Warehousing	38,600	7,235

Source: Iceni analysis of Local Authority data

Past Take-Up

16.24   A third supply-based calculation looks at past take-up of space measured by net absorption using CoStar data. As explained in the Property Market Review chapter this is the balance between the amount of space moved into and moved out of (i.e. Net absorption = Move ins – Move outs).

16.25   This differs from the net completions-based projections in that it predicts future floorspace requirements directly based on demand for floorspace rather than past completions of floorspace (which is a proxy for floorspace demand).

16.26   CoStar has data on net absorption in Pendle's office market from 2004 and in Pendle's industrial market from 2009. Table 16.6 shows the average rate of delivery over the time period for which a full years data is available. For the purposes of this forecasting approach, we have grouped industrial and warehousing as, for small rural areas like Pendle, CoStar does not differentiate well between the two types of floorspace and a combined forecast is likely to be more reliable.

Table 16.6   Average Net Absorption

Time Period	2004-2021	2009-2021
Office	1,102	
Industrial and Warehousing		1,381

Source: Iceni analysis of CoStar data

The historic net absorption rates presented in Table 16.7 have then been projected forward to estimate employment floorspace requirements for 2021-2040. This also shows the employment floorspace requirements after considering replacement demand and a margin for flexibility. It should be noted that an allowance for replacement demand has been added as the net absorption based projection does not inherently take replacement demand into account.

Table 16.7   Employment Floorspace Requirement by Net Absorption Projection, 2021-2040

Type	Floorspace
Office	20,933
R&D	
Industrial	26,230
Warehousing	
With Replacement Demand @ 50% of rate of historic losses	
Office	27,307
R&D	
Industrial	67,564
Warehousing	
With Margin for Flexibility (equal to 2 years' worth of gross deliveries)	
Office	27,631
R&D	
Industrial	79,126
Warehousing	

Source: Iceni analysis of CoStar data

Overall Need Conclusions

16.27   As set out above we have examined a range of ways to determine the future need for employment floorspace in Pendle. Table 16.8 shows the employment floorspace requirements (after accounting for replacement demand and a margin for flexibility) for each use class. In this section we look to recommend the most appropriate forecast requirement for each use class.

Table 16.8   Employment Floorspace Requirement Summary, 2021-2040

	CE Forecast	2008-2020 based Historic Growth	1999-2021 based Historic Growth	Gross Completions	Net completions	Net Absorption
Office	19,900	29,500	25,700	37,300	7,600	27,600
R&D	4,500	5,800	4,700			
Office and R&D	**24,300**	**35,300**	**30,300**	**37,300**	**7,600**	**27,600**
Office - Post Pandemic WFH	8,700	12,800	11,200	16,200	3,400	
Office and R&D - Post Pandemic WFH	**13,200**	**18,600**	**15,800**	**16,200**	**3,400**	
Industrial	17,300	208,200	-33,000	82,800	44,700	79,100
Warehousing	15,500	10,700	27,500	38,600	7,200	
Industrial and Warehousing	**32,800**	**218,800**	**-5,500**	**121,400**	**52,000**	**79,100**

Source: Iceni analysis of CE, Local Authority Monitoring and CE data

Office & R&D

16.28   In terms of office requirements, it can be seen that the gross and net completions projections fall at either end of the range. Given that an appropriate forecast is likely to lie between the gross and net completions projections (as explained in the Past Completions section above) we can consider the other forecasts to be reasonable.

16.29   As detailed in the Employment Growth chapter, we consider the CE forecast to be the most appropriate in terms of planning for future office floorspace requirements. If R&D requirements under this forecast are added, this is the most similar labour demand forecast to the net absorption projection. We therefore conclude that the CE Forecast is most appropriate for estimating future requirements of office floorspace.

16.30   **We consider that the office requirement planned for should be in line with the Post Pandemic WFH scenario (13,200 sqm) given that there has not been a full return to the office since the pandemic.** Although a pragmatic response may be to monitor this issue and work with a range (13,200 to 24,300 sqm[34]).

16.31   In terms of R&D specific requirements, it can be seen that all of forecasts (all of which are labour demand forecasts) are relatively similar. As detailed in the Employment Growth chapter, we consider the CE forecast to be the most appropriate in terms of planning for future R&D floorspace requirements.

16.32   We therefore conclude that the CE Forecast is most appropriate for estimating future requirements of R&D floorspace. This need would be around 4,500 and is already included within the 13,200 sqm set out for the office conclusion.

Industrial and Warehousing

16.33   In terms of industrial and warehousing requirements, there is a wide range of forecasts. Employment densities are highly uncertain meaning the relationship between jobs and floorspace is also uncertain.

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[34] If a lower density office occupation was used in Pendle at 19 sqm per FTE the outcome would be an additional 5,200 sqm or a minimum total of 18,400 sqm after the increased work from home adjustment. The unadjusted outcome would be 29,500 sqm which exceeds the historic net absorption and is therefore unlikely to be realistic.

16.34   Therefore, we consider the completions and net absorption-based projections to be more appropriate. An appropriate forecast is likely to lie between the gross and net completions projections (as explained in the Past Completions section above).

16.35   When considering industrial and warehousing components combined the net absorption forecast falls between the gross and net completions projections. **We therefore conclude that the net absorption forecast is most appropriate (79,100 sqm) for estimating future requirements of industrial and warehousing floorspace.**

Supply-demand Balance

16.36   This section concludes by bringing together the assessment of employment floorspace requirements and land supply as established in this and earlier chapters.

16.37   To do this we first take the floorspace requirements (demand) and subtract unimplemented permissions. We then convert the residual floorspace from sqm to hectares of land using the plot ratios (based on local evidence/professional judgment) seen in the table. From here we subtract supply from vacant land on existing safeguarded employment sites to leave the residual land requirement.

16.38   It should be noted that land which is deemed to be suitable for both office and industrial has been allocated to Offices/R&D as this is where the greater requirement lies once the known supply (from sites suitable for a single use) is subtracted. Therefore, the residual land requirement by use class group is only indicative.

16.39   As shown in Table 16.9 there is an indicative residual need for 3.8 ha of Office and R&D land but an oversupply of 4.4 ha of Industrial and warehousing land.

Table 16.9   Supply-demand Balance, 2021-2040

		Office and R&D	Industrial and Warehousing
Floorspace Requirement (Sqm GEA)		13,151	79,126
Unimplemented Permissions (Sqm GEA)		778	90,460
Requirement minus Unimplemented Permissions	Floorspace (Sqm GEA)	12,373	-11,176
	Plot Ratio	0.3	0.4
	Land (Ha)	4.1	-2.8
Vacant land on existing protected employment sites (Ha)		0.6	1.3
Residual land requirement (Ha)		3.5	-4.1

*Source: Iceni analysis of various datasets. *Mutli-use sites allocated to office and R&D as this is where the requirement lies.*

16.40   Assuming some land can be utilised which we have recommended for Industrial and warehousing uses can be utilised for Office and R&D uses, there would be an oversupply of 0.6 ha of employment land. However, this may not be the case.

16.41   As set out in the Supply Assessment chapter, we have identified some non-allocated sites which do not have planning permissions which could be considered for allocation. Table 16.10 shows the impact that the allocation of these sites would have on the supply-demand balance. Where we have identified sites which are suitable for both use class groups, the land supply is split evenly. Therefore, Table 16.10 is again only indicative.

Table 16.10 Supply-Demand Balance considering potential further site allocations, 2021-2040

	Office and R&D	Industrial and Warehousing
Residual land requirement (Ha)	3.5	-4.1
Non-allocated sites without planning permission (Ha)	5.7	7.8
Adjusted residual land requirement (Ha)	-2.2	-11.9

*Source: Iceni analysis of various datasets. *Mutli-use sites split evenly between the two broad use class groups.*

16.42   As shown, taking into account the additional sites, there would be an oversupply of both Office and R&D and Industrial and warehousing floorspace. Whilst the allocation of further Industrial and warehousing space is not deemed to be required, allocating an additional site for Office and R&D uses may be required. Particularly given these secondary sources of supply will require further investigation as to their suitability.

16.43   The Council may also wish to be reactive to any specific inward investment opportunities that might require larger sites than those identified.

Employment Land Need - Summary

We have forecasted employment floorspace requirement using a range of different techniques in line with Planning Practice Guidance which are as follows:

- Labour Demand based modelling - applying sector to use class conversions and employment density assumptions to the jobs forecasts presented in the Employment Growth chapter.

- Past take-up of employment land – projecting forward the rate of past completions of floorspace on a gross and net basis.

- Past take-up of property – projecting forward the rate of past take-up of floorspace on a net basis (i.e. termed net absorption).

An allowance for replacement demand (i.e. replacement of existing stock) and a 'margin for flexibility' have also been included. For each office forecast, we also produced a Working from Home scenario to account for reduced post-pandemic office occupancy.

We consider that the office requirement planned for should be in line with the Post Pandemic WFH scenario (13,200 sqm) given that there has not been a full return to the office since the pandemic. Although a pragmatic response may be to monitor this issue and work with a range (13,200 to 24,300 sqm).

We consider the completions and net absorption-based projections to be most appropriate. As the net absorption forecast falls between these, we conclude that it is reasonable basis (79,100 sqm) for estimating future requirements of industrial and warehousing floorspace.

Once the core supply figures are netted off from the need we conclude that there is a small requirement for additional land to be allocated for Office use. In addition, if pre-pandemic levels of office working returns then this need might increase.

However we have also identified a secondary supply which may well address this need although further investigation is required to ensure these sites are suitable.

A1.   SUB-AREA DISTRIBUTION

A1.1   Analysis within the main report focusses on housing need for the whole of Pendle Borough Council area. It may additionally be the case that the Council would want to set housing need figures for smaller areas (such as M65 Corridor, West Craven Towns and Rural Pendle) and this is consistent with paragraph 66 of the NPPF which states:

'… Within this overall requirement [requirement for the whole local authority], strategic policies should also set out a housing requirement for designated neighbourhood areas which reflects the overall strategy for the pattern and scale of development and any relevant allocations…'.

A1.2   The NPPF specifically notes that figures for smaller areas should reflect the overall strategy and this points to fixing need figures for these areas as not just being a simple process based on key statistics such as demographic trends and market signals but also taking account of the spatial policy for the area (e.g. locations of strategic sites). It is also notable that the quote uses the term housing requirement and not housing need which means the policy on considerations such as capacity should be taken into account.

A1.3   That said, there are a range of methods that can be used at a sub-area level to help provide an understanding of housing need. Some are already included within this report and we have provided links to them within the text. Below is a discussion of some of the methods the Council might use including references to some data for sub areas in Pendle.

Pro-rata

A1.4   The simplest method would be to simply take the overall housing need across the Council area and split this on a pro-rata basis depending on the population (Table 4.1 (or number of households (table 4.4)) in each area. For example, if the annual housing need for a local authority is 500 dwellings per annum and a specific location contains 10% of the population, then the housing need would be put at around 50 per annum.

A1.5   A slightly more advanced variation of the pro-rata method might take the overall need and then remove the estimated amount of housing to come forward on strategic sites. The remaining housing need can then be split on a pro-rata basis

Past demographic trends

A1.6   As population and household projections are not published for smaller areas (below local authority) it is not possible to use trend-based projections as a part of an assessment of need (as would be the case through the Standard Method for example). However, demographic trends at a smaller area level are available from ONS through both the Census and annually in mid-year population estimates (MYE).

A1.7   From this data, it is theoretically possible to see which areas have seen the highest levels of population change and in trend terms would be likely to see stronger growth in the future. It is possible to model future change on the basis of past trends but such an approach does require more detailed demographic modelling.

A1.8   However, due to changing ward boundaries and thus sub-area boundaries this is not straightforward for Pendle as published data is not like for like. As an alternative, and as a reasonably good proxy for population growth, we can use the growth in dwellings since 2011 in these sub areas which use Energy Performance Certificate data (see Table 4.5).

A1.9   This can be used to look at those locations with stronger population/dwelling growth trends. It is however not recommended that this information is used for anything more than in an indicative manner. This is simply because locations seeing higher levels of population growth are often those locations seeing greater levels of housing delivery and so to suggest even more homes might not be a logical conclusion or at best circular.

A1.10   Arguably a better approach would be for a Council to seek to put new housing in locations to have seen less recent delivery. That said, understanding which locations have seen greater or lesser levels of population growth can help the overall picture of need.

Projections

A1.11   A further approach would be to develop bespoke projections for sub-areas. This is not likely to be something easily accomplished without access to and knowledge of demographic models. However, such an approach can be useful in understanding how the age structure of an area might develop in the future and how this might impact on the vitality and viability of locations.

A1.12   Under such an approach it is suggested that a base model is developed which links to published projections (at local authority level) and then uses information about the local population age structure to develop a series of scenarios. One scenario would be to link to past population trends, although as noted above this may not be particularly useful as it may be strongly linked to past housing delivery.

A1.13   Additional scenarios that are more useful to look at include the level of delivery likely to be needed to maintain a working-age population (Table 6.25) and also the delivery needed to maintain the number of children (school-age population).

A1.14   These projections can be considered as showing a minimum need so that an area does not start to decline. The working-age figures are important as it maintains a labour force but it is also these people likely to be spending on services locally (e.g. local shops, pubs and other leisure).

A1.15   The school-age projections will be important if (particularly primary) schools are to not see falling pupil rolls and thus impact on their viability in a local community although because birth rates are falling significantly and also nationally and so the number generated can become quite large.

A1.16   With such a projection it is possible to not only look at population but also consider household structures (e.g. ages of household heads (household reference persons) and the extent to which people are living in communal establishments (which can have a significant impact on statistics for smaller areas if there is for example a sizeable care home).

Affordable Housing Need

A1.17   A further analysis to provide an indication of the relative need in different locations is to estimate the need for affordable housing at a sub-area level. The methodology used in the main report (Table 7.15) can be used with caution as where data is more limited (for example, it is difficult to establish private sector rent levels in areas with few options) and so some modelling assumptions have been used.

A1.18   It is not suggested that the level of need is used to determine local housing requirements but a standardised measure of need (probably standardised on a per person or household basis) will point to locations with greater or lesser pressures on the housing stock.

Other contextual data

A1.19   Finally, it is possible to use other data to provide an indication of locations where additional housing might be most beneficial. A range of data can be looked at and for the purpose of this note we comment on three readily available pieces of information.

A1.20   Firstly, it is possible to use Land Registry data to look at house prices information for sub-areas (Tables 5.2 and Table 7.4). The data is provided for different dwelling types.

A1.21   Generally, the finding of an area where house prices are particularly high may point to a location where additional housing is required, it may also be the case where looking at sales profiles that these locations could also do with some diversification of the stock (e.g. smaller, more affordable dwellings).

A1.22   Secondly, we would suggest looking at the age structure of an area (Table 9.2). In this case we have typically found that locations where the is an older age structure are also areas where a) there has been limited development recently (therefore limiting opportunities for new households to move to an area) and b) the ageing of the population is such that more new development is likely to be needed to address issues of a falling working-age population. Therefore areas with an older age structure should generally be preferred for additional development where there are opportunities to do so.

A1.23   Finally, we suggest looking at the housing stock in an area. This could include looking at dwelling sizes, built-form and most importantly tenure (Table 4.7). With tenure, a key focus should be on the number of affordable homes within the stock (data can be drawn from the Census relating to social rented housing) (Figure 4.3).

A1.24   Under this contextual measure we would suggest that locations with a smaller social stock should be promoting more housing – in part as a proportion of new stock would typically be expected to be affordable.

Conclusions

A1.25   There is no set way to determine sub-are housing needs and requirements with various data sources available as well as the potential for more detailed modelling. Overall, it is suggested that consideration can be given to a range of factors, including:

- The pro-rata split of an authority housing need figure (pro-rata based on population or households)
- A pro-rata split for any residual housing required after strategic sites are removed
- Past demographic trends (but also needing to consider the potential impact of past housing delivery)
- Detailed demographic modelling to look at changes to the working- and school-age population
- Contextual data (including house prices, population age structure and current stock profile)

A1.26   Whilst following these steps and analysis will not give a definitive figure for housing need (which in any case will need to be brought together with other data around land supply to turn into a requirement) it will provide a clear indication of areas with specific characteristics and pressures which will help to point to locations where additional housing could be sought if opportunities exist.

A2. EMPLOYMENT CHANGE BY SECTOR

Table A2.1   Employment change by sector

	CE Forecast	Historic Growth 08-19	Historic Growth 99-20
Agriculture	17	-135	37
Manufacturing	-740	2,826	-1,906
Utilities	-1	204	181
Construction	281	- 3,851	-36
Retail	234	1,569	511
Transport & storage	71	- 856	199
Accommodation & food	971	108	509
ICT	819	1,437	851
Professional services	361	358	708
Business support	317	1,680	1,128
Public Admin & Defence	7	-1,146	- 255
Education	518	1,995	1,655
Health and Social Care	1,103	1,254	2,325
Arts, entertainment and rec.	4	- 342	61
Other services	-1	- 675	47

A3.   RESULTS OF BUSINESS SURVEY

A3.1   To inform the Employment Land Study, Iceni undertook a survey of businesses in the Borough during October and November 2022. Despite support from the Council in publicising it, and several rounds of communications, only 18 responses were collected. As such, the number of respondents does not represent a complete view of Pendle's business environment, but rather a snapshot based on limited number of opinions. While the survey is not statistically robust, these views give an indication of key issues for a number of local businesses.

Overview of Respondents

A3.2   Businesses that completed the survey work in a range of sectors but the manufacturing sector was the most represented, as illustrated in Figure A3.1.

Figure A3.1 - Respondents by Sector
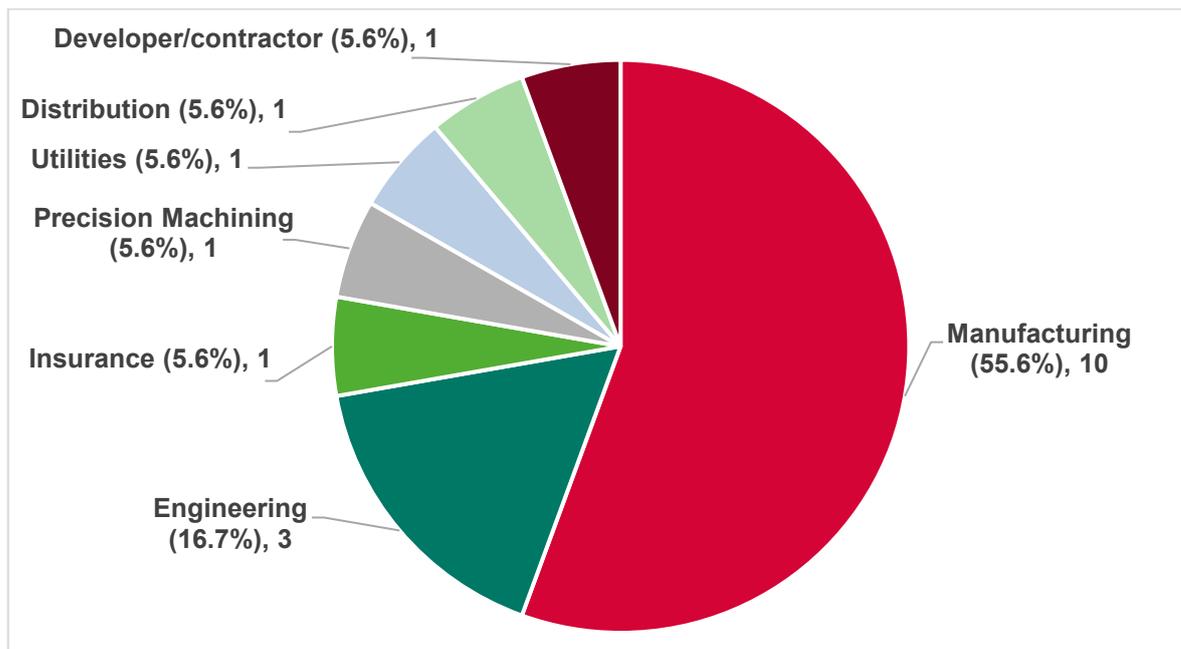
Source: Iceni Projects and Pendle Borough Council Business Survey- 2022

A3.3   Respondents' turnover ranged from £100,000 a year to more than £10m, with a clear predominance of £1m to £5m and £5m to £10m businesses. However, a significant proportion of respondents (over 10%) were either unsure what their turnover is or preferred not to provide this information.

Figure A3.2 - Businesses by Turnover
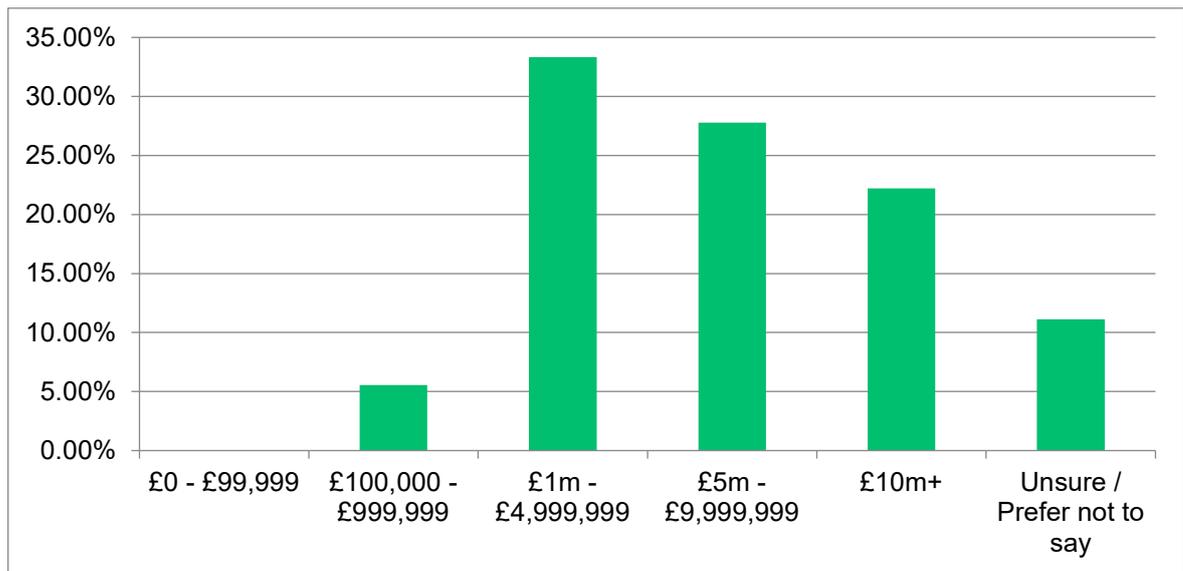
Source: Iceni Projects and Pendle Borough Council Business Survey- 2022

A3.4   Based on Figures A3.3 and A3.4, the majority of respondents have businesses ranging from 10 to 49 (small business) and 50-249 employees (small to medium business), with over 70% of responding businesses having operated for more than 25 years. Only 11% of respondents were less than 5 years old.

Figure A3.3 - Business Size (No Employees)
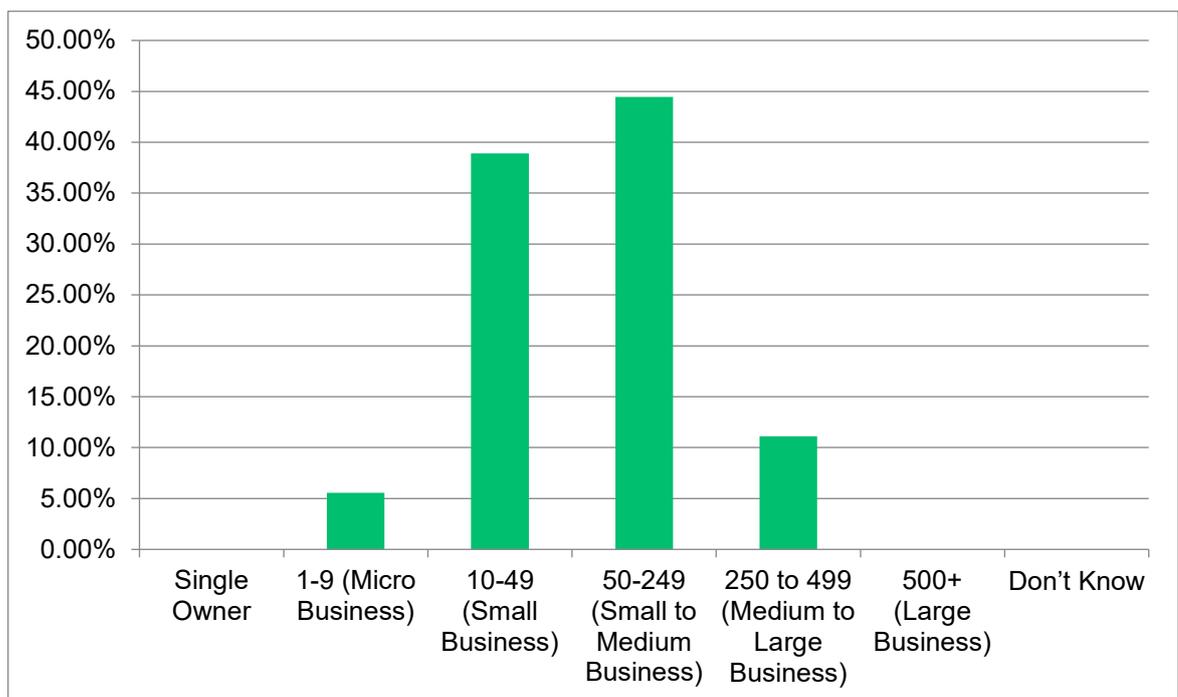
Source: Iceni Projects and Pendle Borough Council Business Survey- 2022

Figure A3.4 - Years Operating
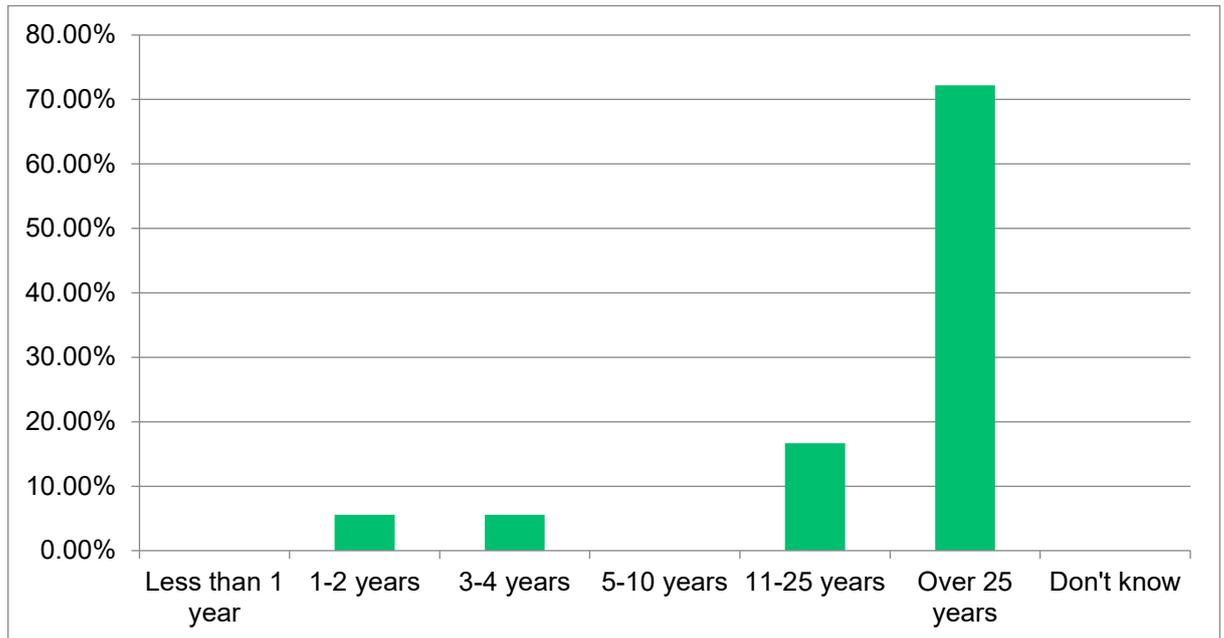
Source: Iceni Projects and Pendle Borough Council Business Survey- 2022

Location of Customers, Clients and Suppliers

A3.5   The majority of respondents (over 60%) work with customers / clients across the UK. However, a significantly proportion (over 30%) also operate internationally.

Figure A3.5 - Proportion of Goods/Services Sold by Area
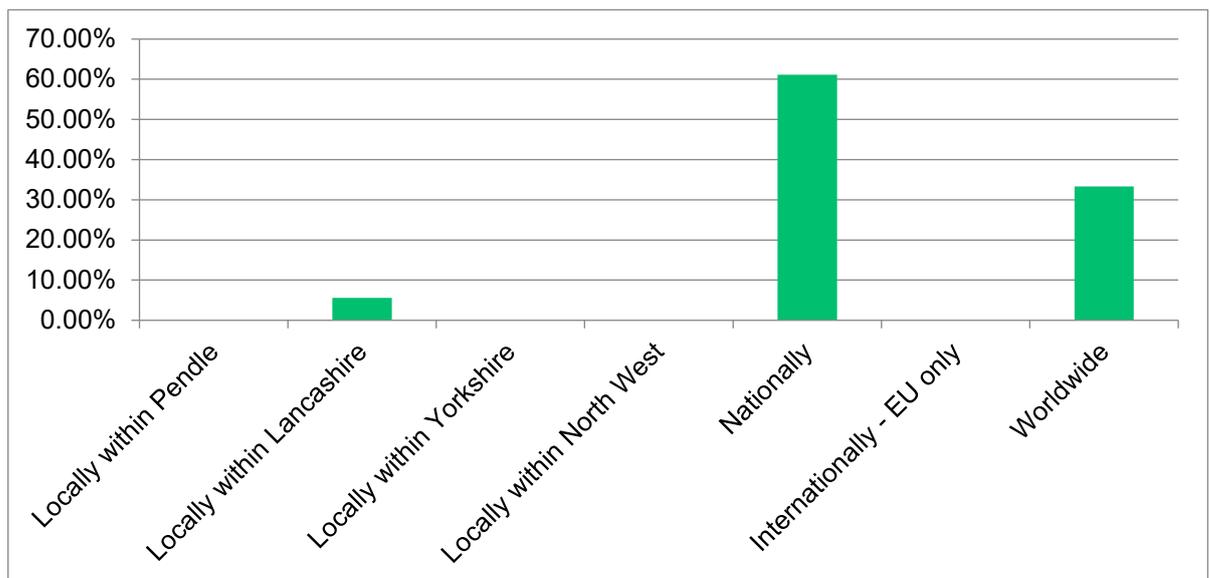
Source: Iceni Projects and Pendle Borough Council Business Survey- 2022

A3.6   Similarly, the supply chain of the businesses responding is also predominantly based across the UK (over 60%), with a much smaller proportion of businesses accessing a supply chain within the local area (17%) or outside the UK (22%).

Figure A3.6 - Where is your supply chain predominantly located?
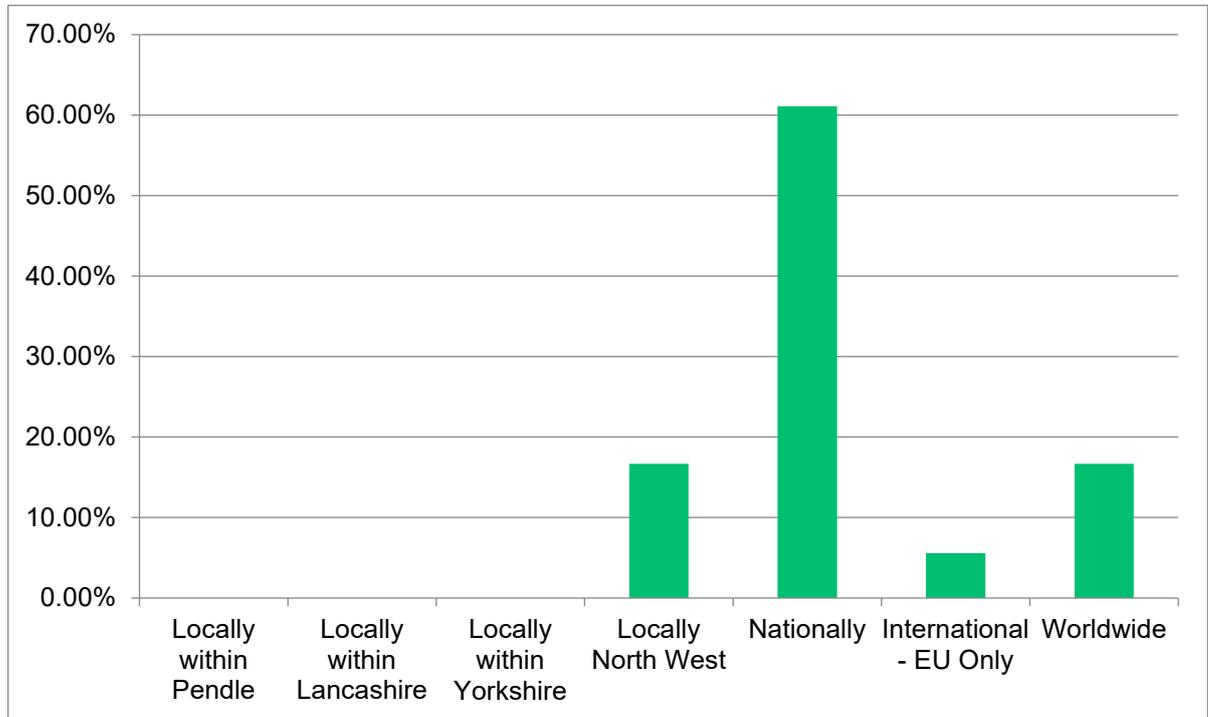
Source: Iceni Projects and Pendle Borough Council Business Survey- 2022

Premises

A3.7   As might be expected from a business profile heavily biased towards manufacturing, industrial premises were the most common premises type sought by respondents at almost 80%. At 17% the next most common requirement was from office based industries.

Figure A3.7 - What type of premises do you occupy?
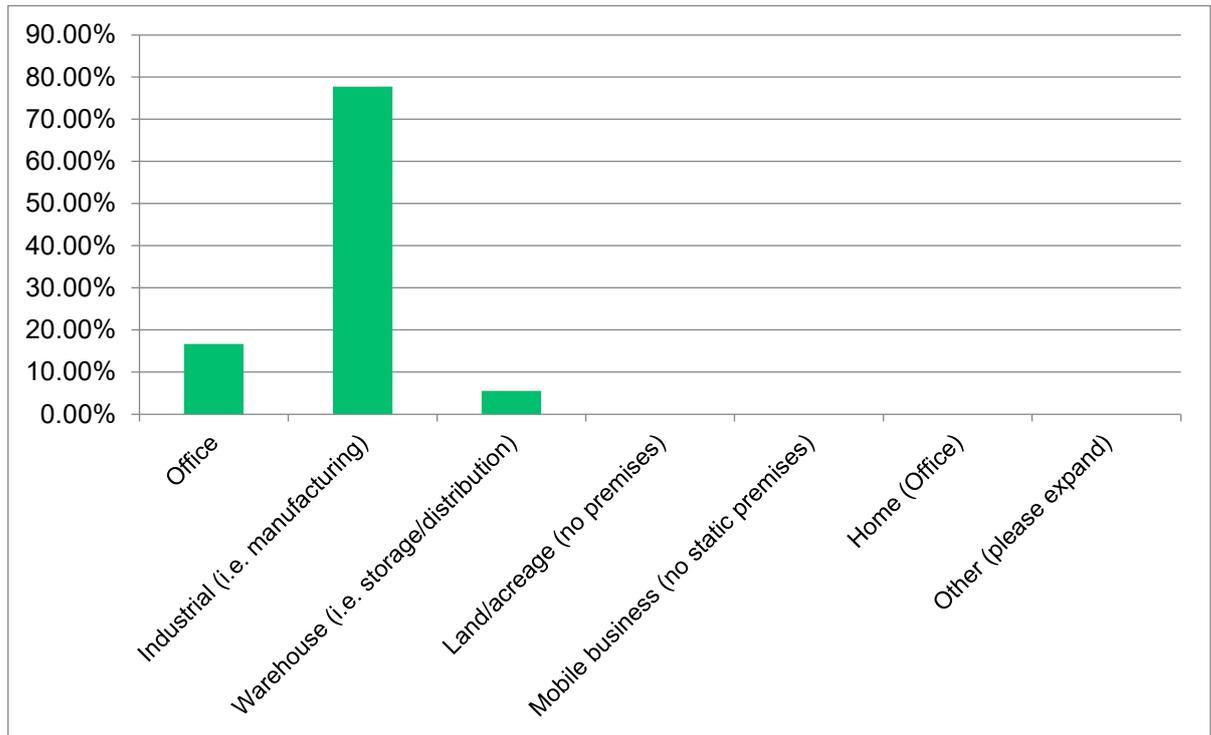
Source: Iceni Projects and Pendle Borough Council Business Survey- 2022

A3.8   The majority of respondents (50%) occupy average-size facilities ranging from 1,000 to 5,000 sq. m, with a significant proportion (22%) also occupying larger facilities from 5,000 to 10,000 sq. m.

Figure A3.8 - How much floorspace do you occupy?
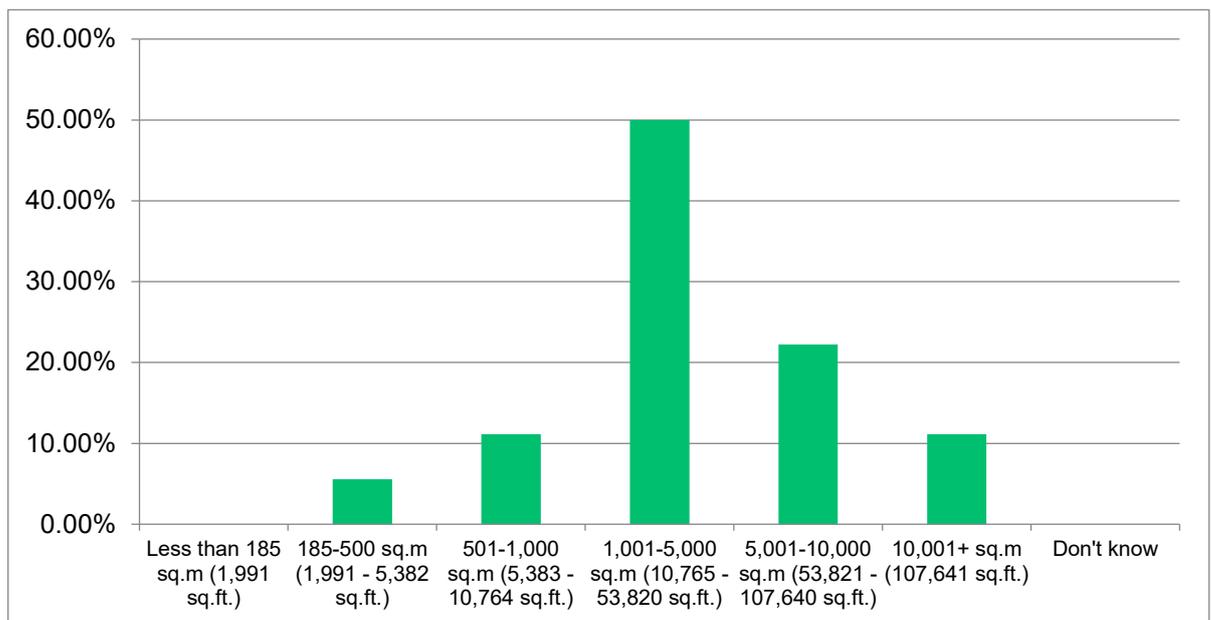
Source: Iceni Projects and Pendle Borough Council Business Survey- 2022

A3.9   In terms of current and future needs, respondents were almost equally split into three categories: close to a third (28%) declared their facilities meet their current needs only; a third (33%) declared their facilities meet their current and foreseeable future needs; while a final third (33%) declared their facilities do not meet their current needs but plan to remain. Only 5.5% of respondents declared that they are looking to relocate.

Figure A3.9 - Current and future trends
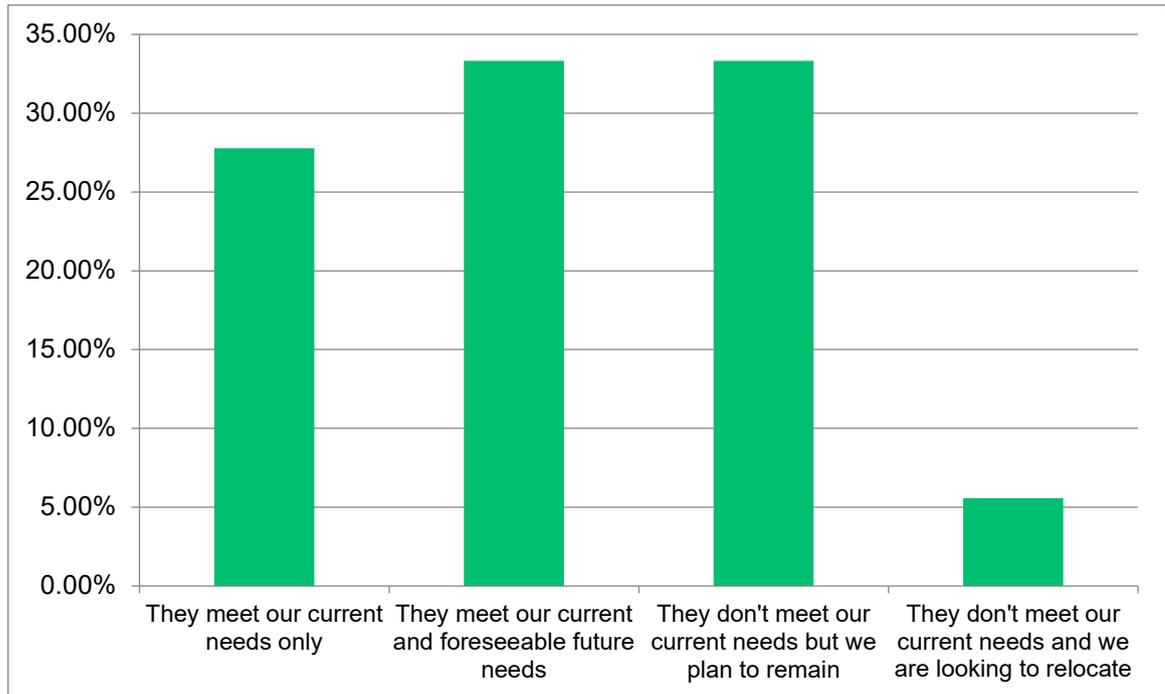
Source: Iceni Projects and Pendle Borough Council Business Survey- 2022

A3.10   The majority of respondents identified a lack of room to expand (57%), followed by age/condition of their premises (43%) as the key factors associated with their current sites restricting the operation of the business.

Figure A3.10 - Factors with the current site / location restricting business operation
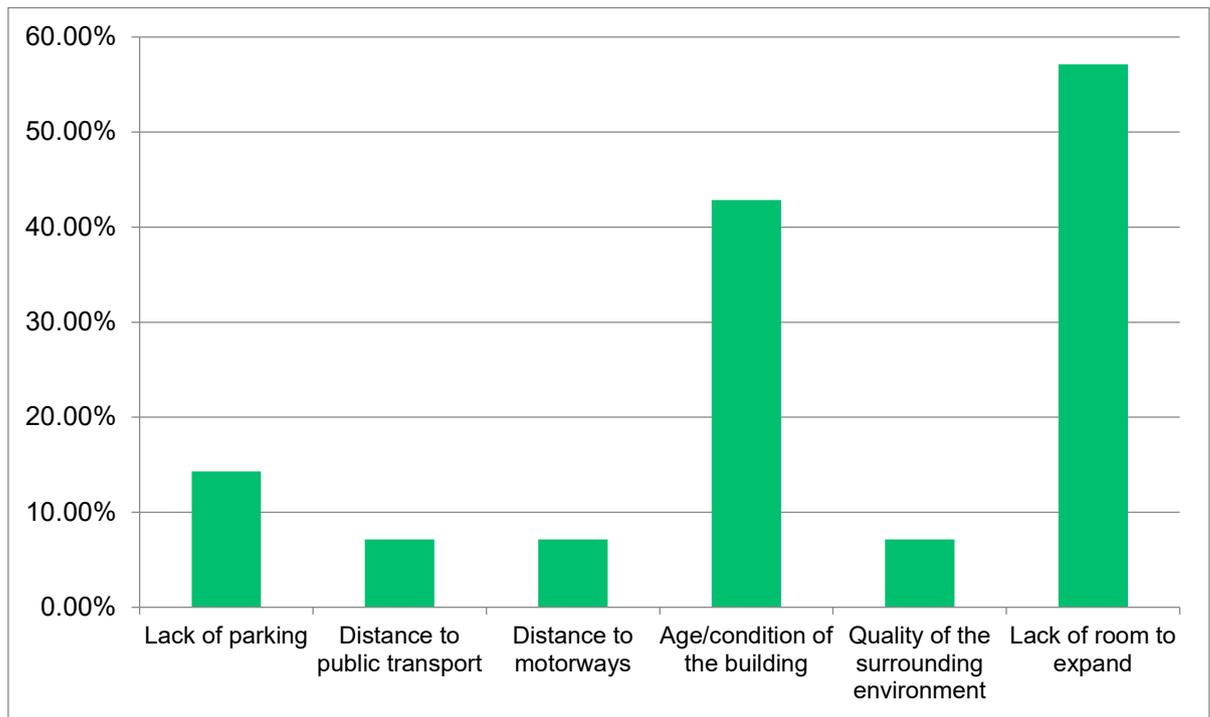
Source: Iceni Projects and Pendle Borough Council Business Survey- 2022

A3.11   The majority of respondents (78%) felt that planning or development factors do not restrict or affect their business operations. However, a small number identified issues such as a lack of available, suitably-sized premises on the market and standard parking requirements, which have the effect of restricting their ability to expand their premises.

Relocation Plans

A3.12   As might be expected from the respondents' answer to the future need assessment, most (44%) reported that they do not know if their business plans to relocate in the next 5 years, with another 39% stating they do not plan to relocate in the next 5 years. Still a significant proportion at 17% reported they do plan to relocate the business in the next 5 years.

A3.13   Of the respondents who reported that they do plan to relocate, most would be looking for medium sized facilities ranging from 1,000 to 5,000 sq. m and very large facilities of more than 10,000 sq.m.

A3.14   Most reported that the size of facility they intended to move to would be slightly bigger than their current premises (44%) but a significant proportion of respondents also reported that the size they intended to move to would be much bigger than their current premises (19%) while a further 31% were unsure.

Figure A3.11 - Is the business looking to relocate in the next five years?
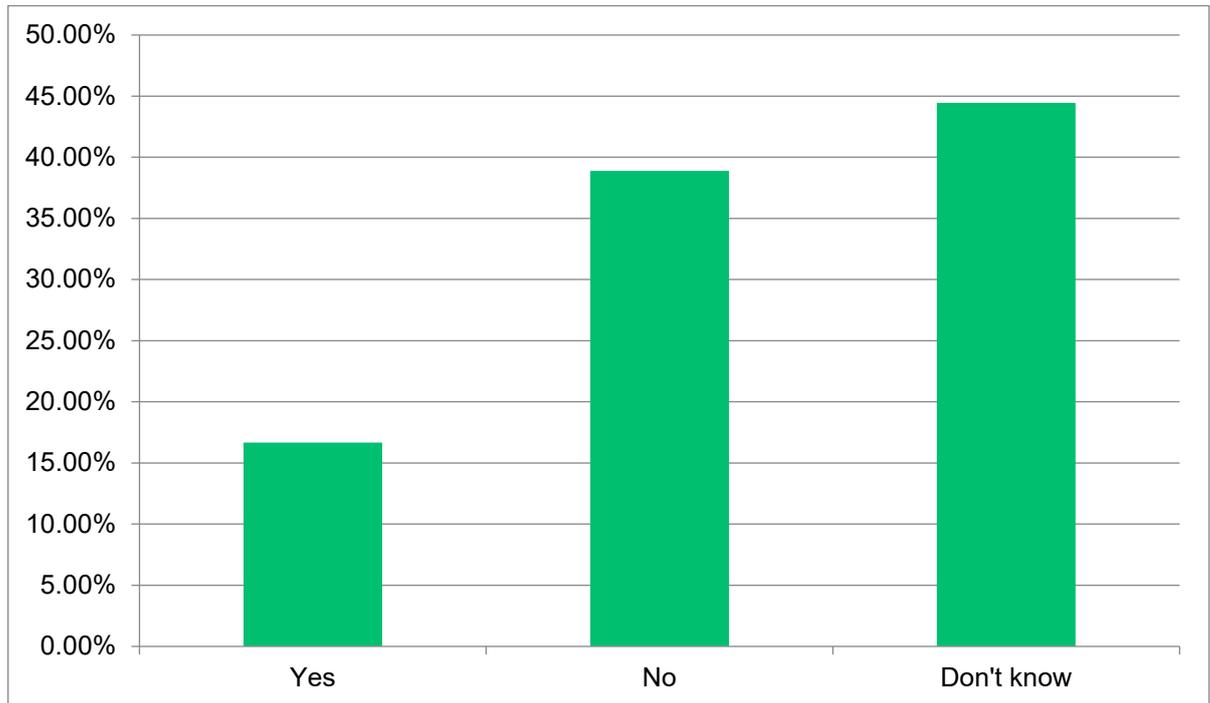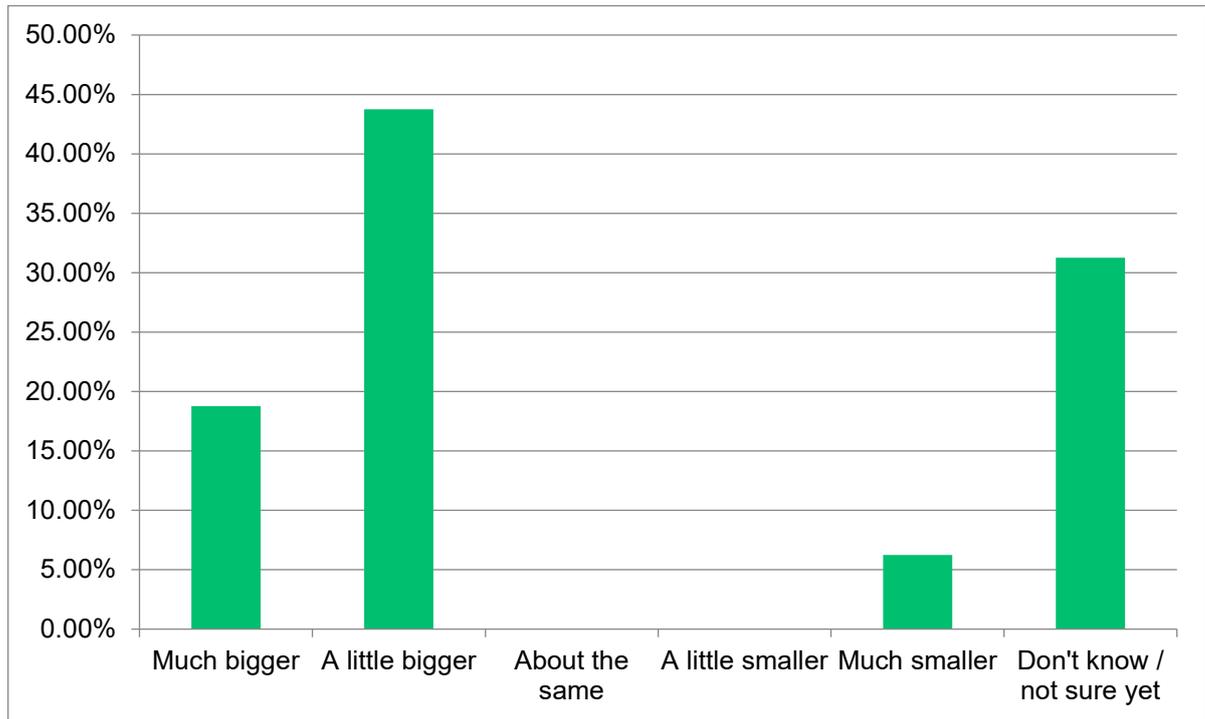

Source: Iceni Projects and Pendle Borough Council Business Survey- 2022

Figure A3.12 - What size of property would you be looking for?
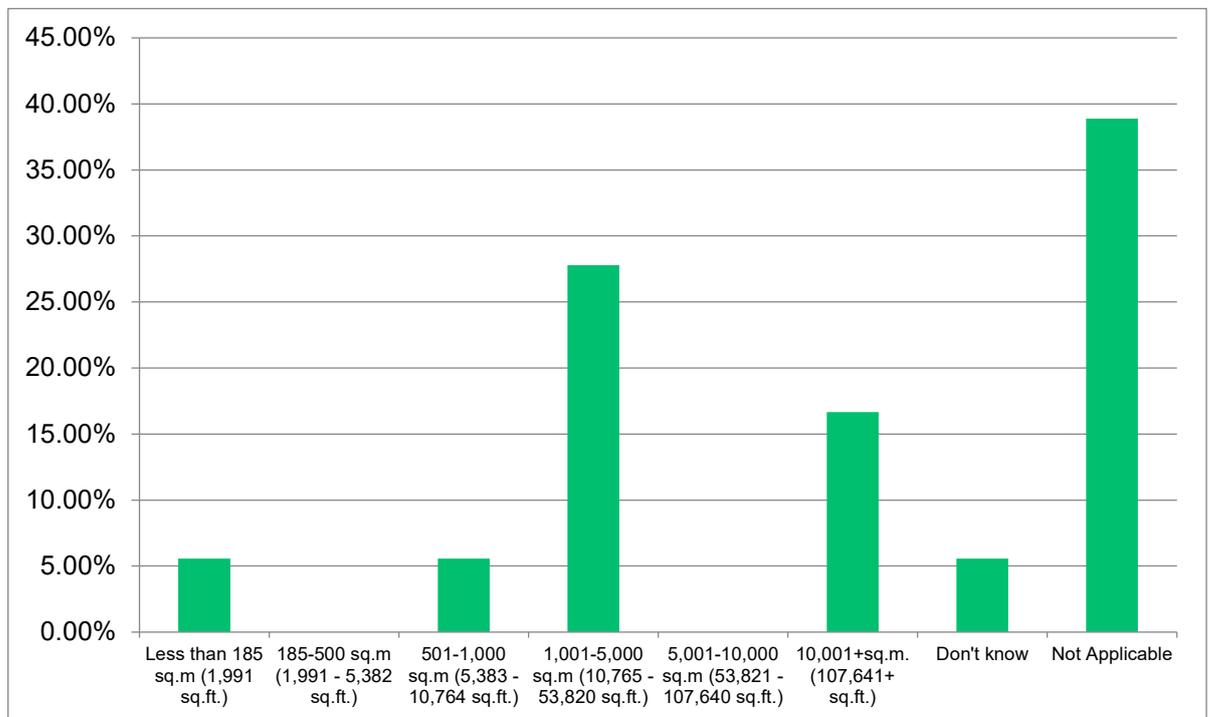
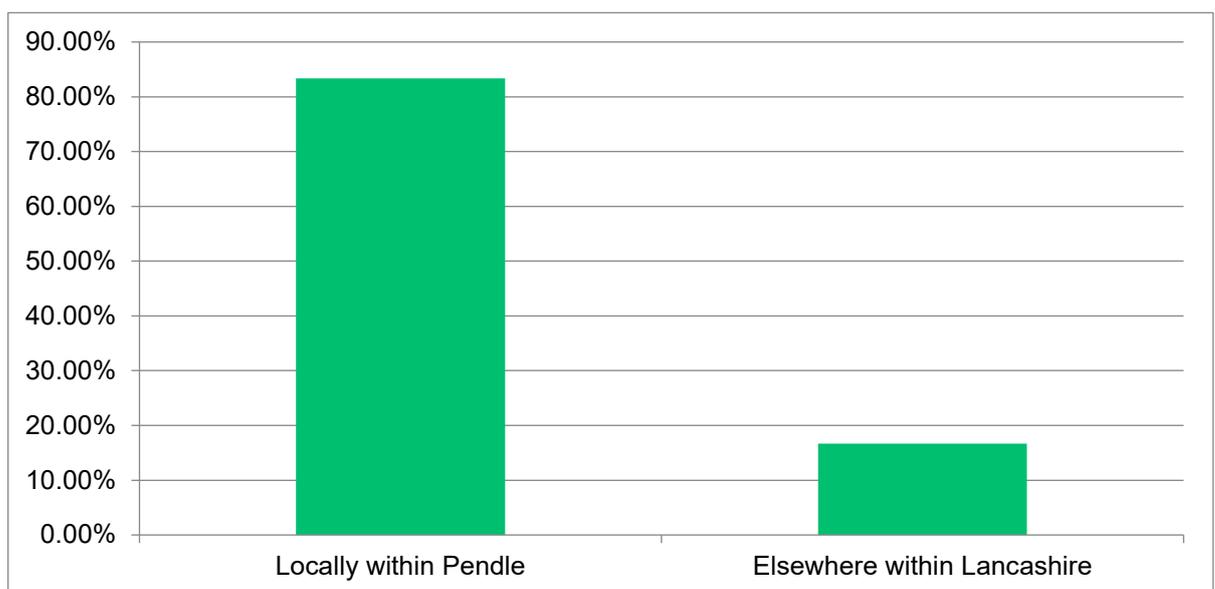*Source: Iceni Projects and Pendle Borough Council Business Survey- 2022*

Figure A3.13 - Would this be bigger or smaller than your current premises?

Source: Iceni Projects and Pendle Borough Council Business Survey- 2022

A3.15   In terms of location, over half of the respondents reported that they would be looking to relocate within the Pendle area, with a significantly smaller percentage (22%) reporting that they would relocate elsewhere within Lancashire or elsewhere within the UK.

Figure A3.14 - Where would the business wish to relocate to?

Source: Iceni Projects and Pendle Borough Council Business Survey- 2022

A3.16 Of those looking to move outside of Pendle a lack of available land and suitable sized premises as well as attracting suitably qualified staff were cited as the key factors influencing their decision.

**Figure A3.15 - Key factors influencing the decision to relocate outside of Pendle**
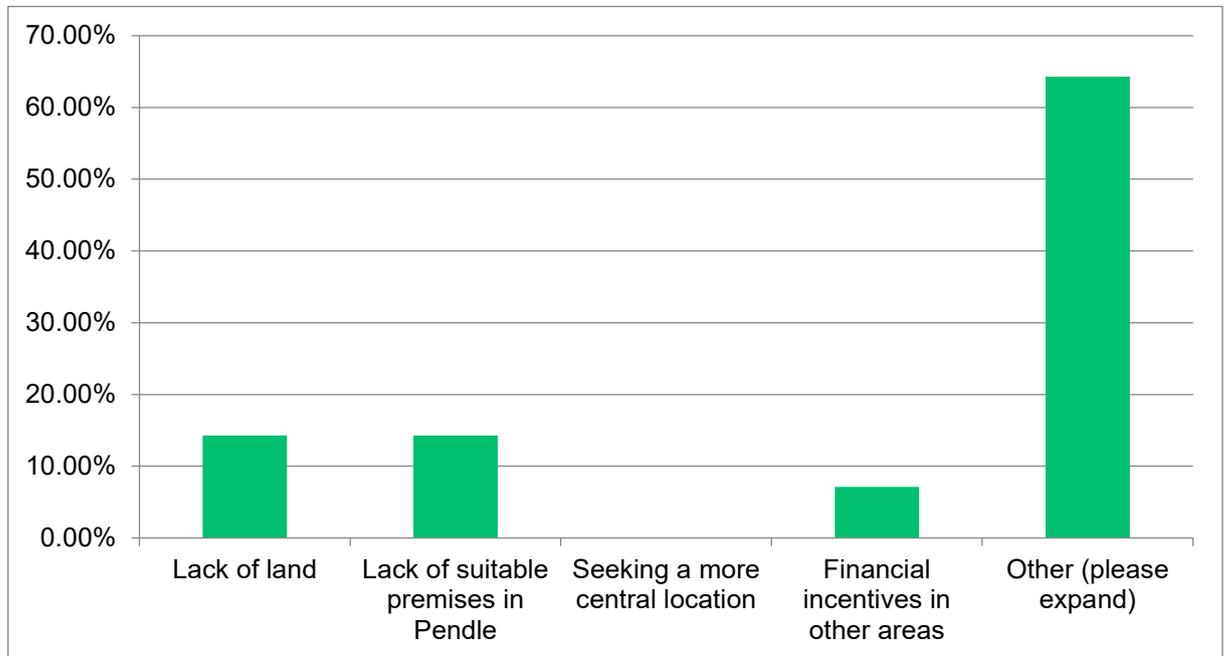
Source: Iceni Projects and Pendle Borough Council Business Survey- 2022

A3.17 When asked to identify the key factors influencing their choice of a new location/site, respondents were fairly evenly split between the options given. Including good parking provision, distance to motorways, age/condition of building, room to expand.

A3.18 Quality of the surrounding environment and distance to public transport were the lowest performing factors.

A3.19 Respondents identified a number of additional key factors influencing their choice of a new location/site. These included availability of qualified employees, proximity to their companies other premises and a need for a combination of warehousing, office and workspace facilities.

**Figure A3.16 - Key factors influencing choice of a new location or site**
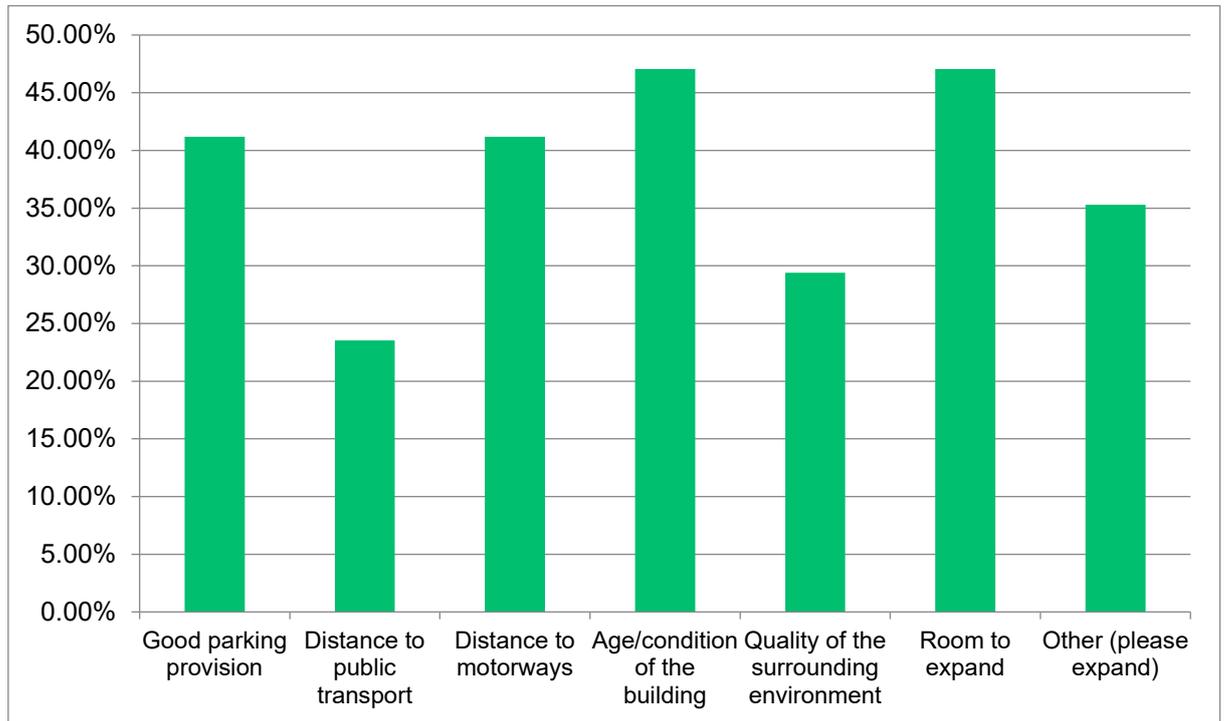
Source: Iceni Projects and Pendle Borough Council Business Survey- 2022

Intensification and expansion

A3.20   Respondents were almost equally split when asked if they have or would consider intensification / expansion of their existing site. Those who responded 'Yes' were in the slight majority at 53%.

Figure A3.17 - Consideration of intensification and/or expansion of existing site
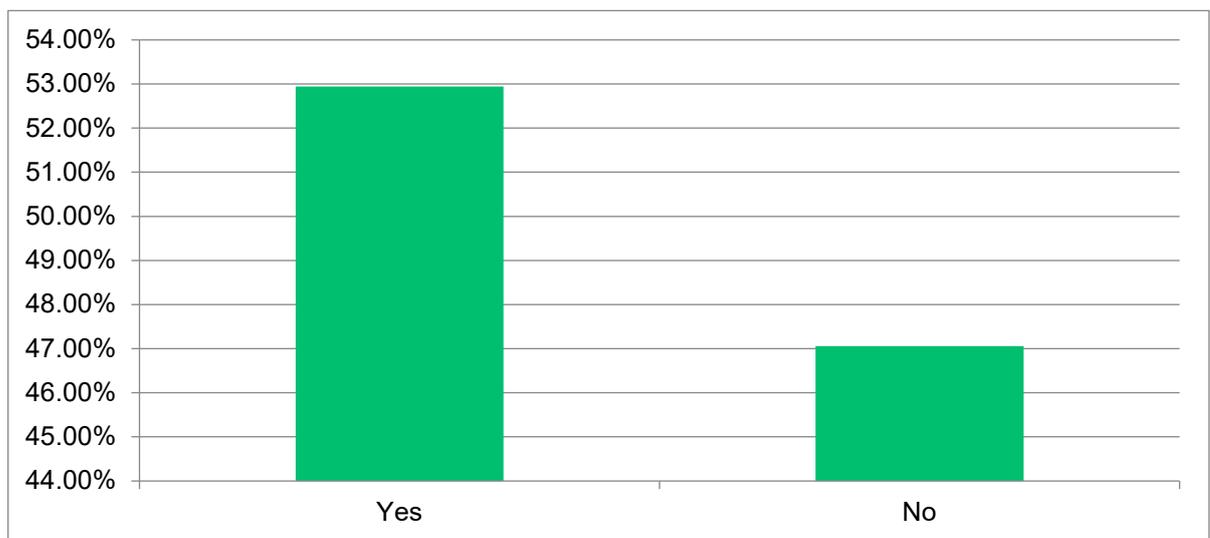
Source: Iceni Projects and Pendle Borough Council Business Survey- 2022

A3.21   Expanding on their answers, respondents explained that they had either recently expanded on their existing site or had explored the option of doing so, with some having acquired planning permission.

A3.22   Interestingly, one respondent felt that intensification/expansion of their existing site was the preferred option to relocation due to the risk of losing staff. However, most have not gone ahead with expansion plans or are not considering it as an option due to inhibiting costs; a physical lack of space or a lack of space due to spatial requirements such as the need for staff car parking.

A3.23   With regards to the availability of commercial properties, half of businesses reported that quality commercial property at the right size is in short supply, with one respondent suggesting there is an oversupply of office premises in the area. The other half did not comment on the quality of commercial property available in Pendle.

Impact of COVID-19

A3.24   Most respondents reported that their business experienced short-term negative impacts as a result of the COVID-19 pandemic lock down restrictions in 2020. Identifying a temporary reduction in turnover/revenues, disruption to the supply chain and significant turbulence in the labour market as the key negative impacts.

A3.25   Most of these report that business has since picked back up, however labour market turbulence has continued.

A3.26   Conversely, a number of respondents reported that their business continued to operate throughout the pandemic or that they experienced a busier period that has since returned to normal levels.

Future Growth

A3.27   The majority of respondents (78%) felt that their business is within a growth sector. However, those who did not feel their business was in a growth sector identified environmental factors, financial impacts associated with climate change, increasing cost of energy and changing consumer patterns as the key factors contributing to this. With a respondent commenting *"the equipment we design and manufacture is for baking bread products and bread is slowly in decline in the UK due to it being considered unhealthy by some governing bodies"*.

Figure A3.18 - Do you consider your business to be within a growth sector?
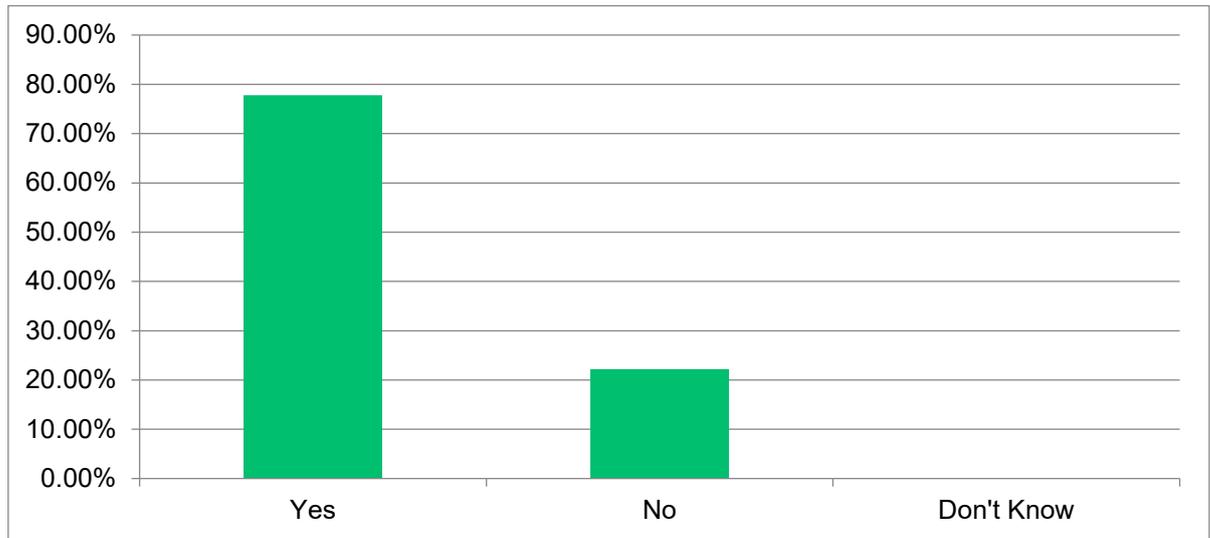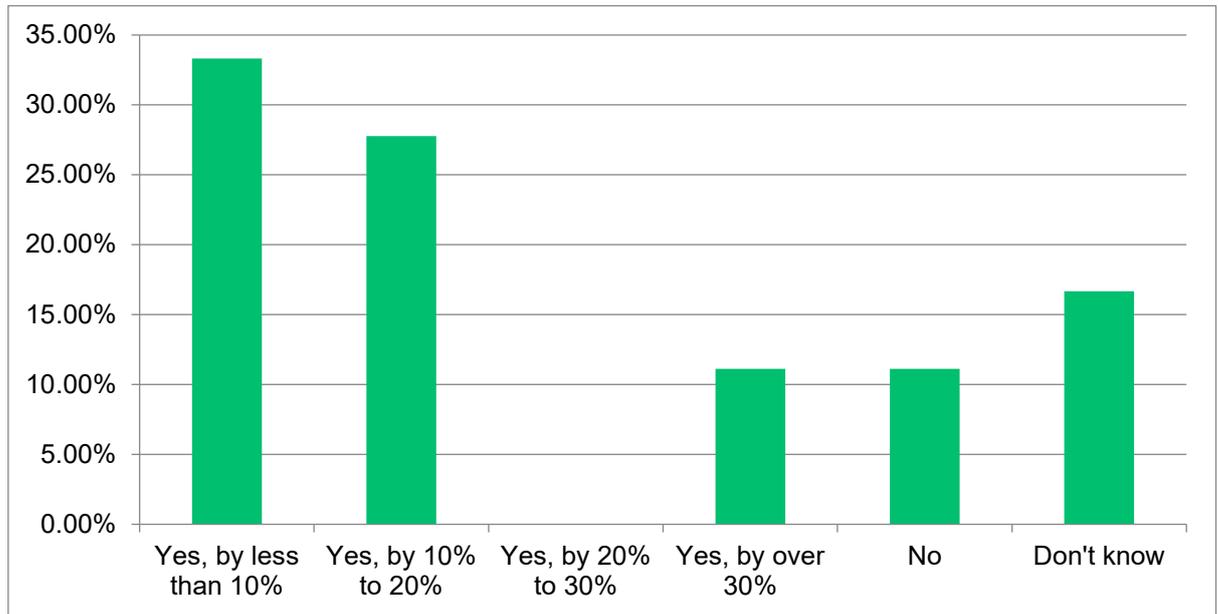

Source: Iceni Projects and Pendle Borough Council Business Survey- 2022

A3.28   Most businesses expect to see marginal growth in their staff number over the next 1 – 2 years, with 33% expecting growth of less than 10% and 28% expecting 10 – 20% growth. Despite this 12% of respondents reported that they expect to see growth of more than 30%.

A3.29   The majority of respondents identified lack of availability of industrial land, suitably sized quality commercial premises and skilled experienced staff / quality talent as the key local barriers to growth. Others also cited factors impacting the UK nationwide as local barriers, such as a lack of government support for local businesses and the cost of living crisis as key contributing factors.

Figure A3.19 - In the next 1 to 2 years do you expect staff numbers to grow?

Source: Iceni Projects and Pendle Borough Council Business Survey- 2022

A3.30   When asked if they are experiencing staffing issues and skills shortages, businesses largely reported that it is challenging to find staff with the experience and skills needed but also highlighted that it is challenging to find new younger employees, with one stating that this is the reason they have been running a fairly sizable apprenticeship scheme over the last 50 years.

A3.31   Others indicated that they have had issues with experienced staff leaving for different sectors as they cannot compete with the rates offered by these other sectors.