

# **Nuneaton & Bedworth Borough Plan Review Examination**

## **Response to Matter 3: Housing**

### **Consortium Response**

Gladman Developments Ltd, St Philips & Richborough

17 June 2024

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## 1.0 Introduction

- 1.1 This statement to Matter 3 (Housing) of the examination of the Nuneaton & Bedworth Borough Plan Review (“the BPR”) is submitted by Lichfields on behalf of a consortium of housebuilders and land promoters, comprising Gladman Developments Ltd (“Gladman”), St Philips and Richborough (“Richborough”) (i.e., “the Consortium”). Separate representations have been submitted in respect of the following Matters:
- 1 Matter 1 – Compliance with statutory procedures and legal matters; and
  - 2 Matter 2 – Vision, Strategic Objectives and Development Strategy.
- 1.2 It follows their respective representations to the Regulation 19 Publication draft version of the Borough Plan Review (2021-2039) (September-October 2023) in respect of their respective land interests. For reference, the representations comprised those identified under the below Representation IDs (see CD14) by the Council:
- Gladman: #111.2, #111.5, #111.6, #111.8, #111.9, #111.10, #111.11, and #111.12;
  - St Philips: #124.1, #124.2, #124.3, #124.4, and #124.5; and
  - Richborough: #110.10, #110.11, #110.1, #110.2, #110.3, #110.4, #110.5, #110.6, #110.7, #110.8, and #110.9.
- 1.3 The National Planning Policy Framework [NPPF] outlines that during the examination process, a Local Plan must demonstrate that it has been positively prepared, is justified, is effective and is consistent with national policy. Outlined below are responses to a select number of the Inspector’s questions which set out why the Consortium considers changes to Nuneaton & Bedworth Borough Council’s (“the Council’s”) BPR are necessary to ensure the soundness of the BPR.
- 1.4 Submitted alongside the Plan, the Council has prepared a schedule of proposed modifications that it wishes to make to the BPR. Reference is therefore made to the policies and paragraphs within the BPR version incorporating the schedule of modifications unless otherwise stated.
- 1.5 The Plan was submitted in February 2024 and thus the September 2023 NPPF is wholly applicable for the purposes of assessing this plan, in accordance with paragraph 230 of the revised December 2023 NPPF.<sup>1</sup> Reference is therefore made to the September 2023 NPPF in response to the Inspector’s questions, unless otherwise stated.
- 1.6 This Statement has been prepared in line with the Guidance Note (EX/3) for the Examination. It is accompanied by a series of technical reports that set out the unmet housing needs of the Coventry and Warwickshire Housing Market Area [C&W HMA] and how these should be addressed by the constituent authorities within the C&W HMA. These include:
- 1 **Coventry Housing Requirement Rebuttal Note (“the Rebuttal Note”) (Appendix 1)** – submitted by the Consortium to the Coventry Local Plan Review

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<sup>1</sup> Paragraph 230 sets out that Plans that reach pre-submission consultation (i.e. Regulation 19) on or before the 19<sup>th</sup> March 2024 will be examined under the relevant previous version of the Framework, rather than the current December 2023 version of the Framework.

Issues and Options [IO] Consultation in respect of concerns regarding Coventry City Council's [CCC] proposed approach to omitting the 35% Urban Centre uplift from their housing requirement, which is considered as 'unjustified';

- 2 **Housing Needs Assessment [HNA] (Appendix 2)** – Prepared by Lichfields, on behalf of the Consortium, which provides the Consortium's alternative assessment of CCC's projected household population and housing need, prepared prior to the Council's 'Coventry & Warwickshire Housing & Economic Development Needs Assessment (November 2022)' [HEDNA]; and
- 3 **Distributing the unmet housing needs of the C&W HMA (“Functional Relationship Model”) (Appendix 3)** – Prepared by Lichfields, on behalf of the Consortium, considers how the unmet housing needs of the C&W HMA could be sustainably distributed amongst the constituent authorities based upon the functional relationships between the authorities.

## 2.0 **Matter 3: Housing**

### **Issue 1: The approach to the housing requirement**

#### **37. Is the housing requirement figure of 545 dwellings annum/9,810 over the plan period as set out in Strategic Policy DS3 soundly based and does it accord with the evidence and national planning policy and guidance?**

- 2.1 As set out in detail in the Consortium's response to Matter 2, the Consortium strongly contends that the Council should be making provision for the future unmet housing needs of CCC through the BPR now. Whilst it is recognised that the Council is at a more advanced stage of plan-making than Coventry, even if CCC are able to make provision for further land within their administrative area, the extent of the unmet housing needs arising up to 2041 is likely to be acute. It is critical that the Council makes an appropriate contribution towards assisting in addressing this unmet housing need now, as these needs are acute and unlikely to be met in full by the C&W HMA authorities without conflicting with the wider policies in the NPPF.
- 2.2 This was the case in the last round of plan-making within the C&W HMA and is therefore likely to be the case again. Indeed, by the Consortium's calculations, there will be an unaccounted-for shortfall of between c.14,100 and c.39,780 dwellings up to 2041 arising within Coventry that needs to be addressed within the C&W HMA – or c.25,420 under the Consortium's HNA's alternative projections (Appendix 2). This is not an insignificant amount, and the Consortium considers that the Council's share would be between c.5,650 and c.15,910 dwellings, based upon the functional relationships between the C&W HMA authorities (Appendix 3).
- 2.3 The Consortium notes that the Council considers that the flexibility provided by c.136 dwellings per annum [dpa] uplift included within the Council's 545 dpa housing requirement to align with economic growth ambitions and the inclusion of the requirement is a 'minimum' would provide flexibility to respond to any unmet needs arising from the C&W HMA – although not explicitly stated anywhere within the BPR. However, as the Consortium has set out in response to Matter 2, this approach is unjustified and does not accord with the requirements of the NPPF.
- 2.4 In this context, the Consortium considers that the Council's proposed housing requirement of 545 dwellings is not sound. Even if it were accepted that the c.136 dpa uplift for economic growth could be attributed in its entirety to meeting Coventry's needs – which the Consortium strongly contends it can't – this would still only result in the Council making provision for c.2,448 dwellings over the 2021 to 2039 plan period. This is far below the contribution the Consortium contends the Council will need to make provision for through the BPR to ensure the needs of the C&W HMA are met (i.e. c.2,448 compared to c.5,650 as a minimum).
- 2.5 In this regard, the NPPF is clear that strategic policies should "*provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas*" (Para 11b) and that Local Plans should be based on "*effective joint*

*working on cross-boundary strategic matters that have been dealt with rather than deferred” (Para 35c).*

- 2.6 As set out above, there is very likely an acute shortfall of housing arising within the C&W HMA, primarily from Coventry. In this regard, the Consortium considers that the proposed housing requirement highlights the Council’s complete deference of this matter. Indeed, although not explicitly stated by the Council that it does not consider the C&W HMA needs to be an issue, this is tacitly implied by the distinct absence of any reference to unmet housing needs arising from the C&W HMA within the BPR, and the Council’s Duty to Cooperate Compliance Statement (2024) (CD4) (“the DtC Statement”) deferring this issue to an as yet unsigned C&W HMA Memorandum of Understanding [MoU].
- 2.7 Ultimately, the Consortium considers that for the housing requirement to be considered sound it is more appropriate for the Council to address these unmet needs now – as required by the NPPF. This is a fundamental issue with policy DS3, particularly as it is not supported by a Statement of Common Ground [SoCG] or MoU between the Council and the other C&W HMA authorities to support the Council’s tacit position that no provision for unmet housing needs should be made, as required by the Duty to Cooperate (Paras 24 and 27 of the NPPF).
- 2.8 Deferring addressing these needs to a subsequent MoU or review of the BPR would not be positive, proactive or pro-growth, and would likely take several years to materialise and could still not result in agreed distribution. It also does nothing to address this issue now, when more immediate measures could be undertaken to quickly address any unmet needs. It is therefore critical that the Council makes an explicit provision towards the unmet needs of the C&W HMA within the BPR now, alongside ensuring a supply of additional, well-located sites, which are capable of meeting these needs, are brought forward through the Council’s BPR. This is critical in order for the BPR to accord with paragraphs 11b, 16a, 16b, 24, 35a-d of the NPPF and the guidance within the Planning Practice Guidance [PPG].
- 2.9 However, failing this, as a minimum, the Council should ensure that draft Policy DS8 should include explicit trigger relating to Coventry declaring unmet housing needs is included in the policy to ensure that these needs can be met shortly after the adoption of the BPR. Whilst the Consortium appreciates that the Inspectors will issue Matters, Issues and Questions [MIQs] in relation to ‘Monitoring and Review’ and specifically draft policies DS7 and DS8 at a later date, the Consortium wishes to highlight that, the Council has explicitly referred the need to meet the strategic – and cross-boundary – strategic employment land needs via a local plan review in draft Policy DS8, which states<sup>2</sup>:

*“Policy DS8 – Review The plan will be reviewed (either wholly or partly) in accordance with the requirements set out in national guidance. In the event of one or more of the following circumstances, a quicker review may be required:*

- If there is clear evidence that the Borough’s local housing need or employment need has changed significantly since the adoption of the plan.*
- Strategic employment land need will be reviewed following publication by the Council of a West Midlands Strategic Employment Land Needs Study*

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<sup>2</sup> When factoring in mm36 and mm37



- *Updated evidence or changes to national policy suggest that the overall development strategy should be significantly changed.*

- *Any other reason that would render the plan, or part of it, significantly out of date.”*

2.10 It goes on to include the below-supporting text:

*“The Council is working with other local authorities in the West Midlands region and the West Midlands Combined Authority to identify the land need for large scale industrial and logistics. Following publication by NBBC of a West Midlands Strategic Employment Land Needs Study, the Council will continue to work with other West Midlands local authorities to meet the identified need.”*

2.11 They do not, however, refer to the need for a plan review being triggered should CCC, or any other authority within the C&W HMA for that matter, identify unmet housing needs, nor do they commit to any particular timescale within the policy. Given the Consortium's concerns regarding unmet housing needs within the C&W HMA above, the Consortium contends that the Council's current position fails to provide any certainty of an outcome or clearly defined timescale. This would fail to deliver against identified emerging unmet housing needs arising from Coventry within the C&W HMA leaving a vacuum until five years post-adoption. Notwithstanding that the Consortium considers that the absence of addressing these matters now raises serious questions regarding the soundness of the BPR, given the importance of these issues, the Consortium considers that consideration should be given to a 'time-limited' early review of the BPR.

2.12 The primary objective of the 'time-limited' early review of the BPR should be to ensure alignment with other Local Plans within the C&W HMA that are currently in the process of preparation, and in particular Coventry. This should ensure that the review takes place alongside the confirmation of the quantum of unmet housing needs within the C&W HMA to ensure that the Council plays its role in accommodating these unmet needs under the requirements of the DtC (Para 24, NPPF). As a result, the Consortium considers that the effectiveness of the BPR could be significantly increased through the provision of an additional trigger to require the plan to be reviewed within 12-24 months of adoption to address the C&W HMA's unmet housing needs. Importantly, this review mechanism secured by way of a policy requirement would prove far more effective than the statutory requirement of NPPF paragraph 33.

## **Appendix 1 Coventry Housing Requirement Rebuttal Note**

## Briefing Note

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**Our ref** 65208/02/JK/MWS  
**Date** 10 August 2023  
**To** Gladman, St Philips Land Ltd and Richborough  
**From** Lichfields

### Subject Coventry's Approach to Calculating Housing Needs

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#### 1.0 Introduction

- 1.1 This Briefing Note has been prepared by Lichfields, on behalf of a consortium of housebuilders and land promoters, comprising Gladman Developments Ltd ("Gladman"), St Philips Land Ltd ("St Philips") and Richborough ("Richborough") (i.e., "the Consortium"), to demonstrate that Coventry City Council's ("the Council") proposed approach to omitting the 35% Urban Centre uplift from their housing requirement, set out in the Issues and Options [IO] consultation is 'unjustified'.
- 1.2 It has been prepared in support of each member of the Consortium's respective representations to the Council's current IO consultation on the Local Plan Review being held between 18 July and 12 September 2023. This Note is also supported by a Housing Needs Assessment [HNA] (Appendix 1), prepared by Lichfields, which provides the Consortium's alternative assessment of Coventry's projected household population and housing need, which was prepared prior to the Council's 'Coventry & Warwickshire Housing & Economic Development Needs Assessment (November 2022)' [HEDNA].
- 1.3 It is important to note that the Consortium welcomed the Council's commitment to reviewing the Local Plan (December 2017), as the National Planning Policy Framework (2021) [NPPF] is clear that local planning authorities [LPAs] should review their Local Plans every five years (i.e., para 33). The Consortium also accepts, in principle, the derivation of independent population projections and agrees with the HEDNA's approach of utilising the broad Standard Method [SM] framework in calculating an objectively assessed housing need [OAHN].
- 1.4 However, the purpose of this Note is to demonstrate to the Council that the currently proposed approach to calculating the Local Plan Review's housing requirement would not accord with the NPPF, nor the Government's ambitions to significantly boost the supply of housing and focus development in the top 20 major urban areas of the country – and is, therefore 'unsound'.
- 1.5 The Consortium considers that there is a clear and cogent need for the Council to ensure that the Council's housing requirement has proper regard to the 35% Urban Centres uplift to ensure that the Council's housing needs up to 2041 are met.

## 2.0 Planning Policy and Guidance

### National Planning Policy Framework

- 2.1 The revised NPPF was updated on 20 July 2021 and sets out the government’s planning policies for England and how these are expected to be applied. This revised Framework replaces the previous National Planning Policy Framework published in March 2012, revised in July 2018 and updated in February 2019.
- 2.2 The NPPF is clear 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 areas” (paragraph 11b) (Emphasis added)*
- 2.3 It goes on to state that:
- “The preparation and review of all policies should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals.” (paragraph 31) (Emphasis added)*
- 2.4 It is also clear that Local Plans should provide:
- “a strategy which, as a minimum, seeks to meet the area’s objectively assessed needs21;” (paragraph 35a) (Emphasis added)*
- 2.5 In terms of housing needs, the NPPF is clear that the Government’s objective is to significantly boost the supply of homes (Para 60). It goes on to state that:
- “To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals.” (paragraph 61) (Emphasis added)*

### Planning Practice Guidance

- 2.6 Planning Practice Guidance [PPG] provides further guidance on the SM, which provides an annual number, based on a 10-year baseline, which can be applied to the whole plan period.<sup>1</sup> It states that it uses a formula to identify the minimum number of homes expected to be planned for, in a way which addresses projected household growth and historic under-supply.<sup>2</sup>
- 2.7 It goes on to provide guidance on how the minimum annual local housing need [LHN] figure is calculated using the Standard Method, which comprises the baseline 2014 household projections, the application of a median affordability-based adjustment, a cap to

<sup>1</sup> PPG ID: 2a-012

<sup>2</sup> PPG ID: 2a-002

help ensure that the minimum LHN figure calculated using the standard method is deliverable, and a 35% urban centres uplift (where applicable).<sup>3</sup>

- 2.8 Importantly, the PPG is clear that for the purposes of calculating the LHN, the 2014-based household projections should be utilised as the baseline household projections, instead of more recent datasets *“to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government’s objective of significantly boosting the supply of homes.”*<sup>4</sup>
- 2.9 In respect of the affordability adjustment, the PPG states that this is applied to ensure that the standard method responds to price signals and that the minimum LHN figure starts to address the affordability of homes.<sup>5</sup> In terms of the cap, the PPG highlights that:
- “The cap reduces the minimum number generated by the standard method but does not reduce housing need itself. Therefore, strategic policies adopted with a cap applied may require an early review and updating to ensure that any housing need above the capped level is planned for as soon as is reasonably possible.*
- Where the minimum annual local housing need figure is subject to a cap, consideration can still be given to whether a higher level of need could realistically be delivered. This may help prevent authorities from having to undertake an early review of the relevant policies.”*<sup>6</sup>
- 2.10 Following the consultations received in relation to the Government’s proposed changes to the standard method, as a part of the ‘Changes to the current planning system’ consultation, in December 2020 the Government revised the standard method. The PPG<sup>7</sup> was revised to include a further stage within the standard method which applies a 35% uplift for those urban local authorities in the top 20 cities and urban centres list.
- 2.11 Crucially, the PPG is clear that the LHN figure generated by the standard method is a minimum starting point (i.e., actual housing need may be higher than this figure).<sup>8</sup> Moreover, elsewhere in the guidance, the PPG differentiates between the minimum figure arrived at through the standard method and the ‘actual’ housing need which can be higher. The PPG goes on to state that it would be appropriate for a higher figure to be adopted on the basis of employment, infrastructure, affordable housing or unmet housing needs.<sup>9</sup>
- 2.12 However, the PPG is also clear that an alternative approach to the Standard Method can be taken in ‘exceptional circumstances’, stating that:

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<sup>3</sup> PPG ID: 2a-004

<sup>4</sup> PPG ID: 2a-005

<sup>5</sup> PPG ID: 2a-006

<sup>6</sup> PPG ID: 2a-007

<sup>7</sup> PPG ID: 2a-004

<sup>8</sup> PPG ID: 2a-002

<sup>9</sup> PPG ID: 2a-010

*“If it is felt that circumstances warrant an alternative approach... 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.”<sup>10</sup> (Emphasis added)*

2.13 And goes on to state:

*“Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination.*

*Any method which relies on using household projections more recently published than the 2014-based household projections will not be considered to be following the standard method as set out in paragraph 60 of the National Planning Policy Framework. As explained above, it is not considered that these projections provide an appropriate basis for use in the standard method.”<sup>11</sup> (Emphasis added)*

### 3.0 The Council’s Proposed Approach

3.1 As noted above, the Council is currently undertaking a consultation on the IO. Although the Local Plan Review is at an early stage, and the IO is a high-level consultation, with the Council generally not defining its chosen approach to various issues, the Council has been clear in its views on its housing requirement for the 2021 to 2041 plan period. The Council’s IO is supported by a suite of initial technical documents, including the HEDNA and Housing Topic Paper (July 2023) (“the Topic Paper”), which it relies on to support its position. A summary of the Council’s position is set out below:

#### The Issues and Options Consultation

3.2 Chapter 3 of the IO sets out a review of the overall levels of growth and the duty to cooperate. Drawing on the HEDNA, the IO states that the Topic Paper has set out three housing needs options for the 2021-2041 plan period:

- **Scenario 1:** SM for LHN - a total minimum need of 63,760 new homes;
- **Scenario 2:** The HEDNA’s 2021 Census ‘trend-based projections’ which are run through the SM’s framework (Inc. 35% Urban Centres uplift applied) - a total of 39,280 new homes; and
- **Scenario 3:** The HEDNA’s 2021 Census ‘trend-based projections’ which are run through the SM’s framework (Exc. 35% Urban Centres uplift applied) - a total of 29,100 new homes.

3.3 Ultimately, the IO concludes that *“Scenario 3 represents the true need for Coventry, as it is based on the best available evidence. The Council, therefore, considers that this is the*

<sup>10</sup> PPG ID: 2a-003

<sup>11</sup> PPG ID: 2a-015

*figure that we should deliver and is seeking views on this approach."* In particular, the IO states that the Council disagrees with the implementation of the SM's 35% Uplift, stating that *"the figure is not justified and appears entirely arbitrary, having no relevance to addressing local need."* – it is noted that the Topic Paper provides no further justification for this position.

- 3.4 In terms of supply, Chapter 5 provides an updated land supply position for the Council. The Council highlights that, as of 31st March 2023, it has a supply of 25,158 dwellings (including c.3,000 windfall dwellings). So, against the Council's preferred housing need figure, the Local Plan Review would need to make further allocations for only c.3,942 dwellings up to 2041.

## The Evidence Base

- 3.5 As noted above, both the IO and Topic Paper refer to the Council's HEDNA. The HEDNA was prepared by Icen Projects,<sup>12</sup> jointly on behalf of the 6 LPAs<sup>13</sup> forming the Coventry and Warwickshire Housing Market Area [HMA] ("C&WHMA"). Notably, the HEDNA draws on the C&WHMA, which was first established in the joint Coventry and Warwickshire Strategic Housing Market Assessment in 2013.
- 3.6 The purpose of the HEDNA was (*inter alia*) to consider the overall housing need within the C&WHMA between 2021 and 2041 and up to 2050, having regard to the standard method, an interrogation of demographic trends and other relevant considerations including economic growth potential. It should also be noted that the HEDNA has also considered the demographic analysis and modelling of housing needs capturing initial Census data released on 28th June 2022.
- 3.7 Given concerns regarding Coventry's population projections and mid-year population estimates with regards to perceived inaccuracies in respect of the impacts of the student population on the housing need figures – a point which the UK Statistics Authority has acknowledged<sup>14</sup> and ONS have indicated would be reviewed<sup>15</sup> – the HEDNA sought to deviate from the SM's use of the 2014-based household projections; as required by the PPG.<sup>16</sup> In particular, the HEDNA considered that there were two main considerations justifying a departure from the 2014-based projections, which comprised:

<sup>12</sup> Supported by Cambridge Econometrics (in respect of economic forecasts), Holt Commercial (in respect of commercial property market dynamics), MDS Transmodal (in respect of warehousing and logistics needs) and Justin Gardner Consulting (JGC) (on demographics, affordable housing and specialist housing needs).

<sup>13</sup> Coventry City Council, Nuneaton and Bedworth Borough Council, North Warwickshire Borough Council, Rugby Borough Council, Warwick District Council and Stratford-on-Avon District Council

<sup>14</sup> Review of population estimates, and projections produced by the Office for National Statistics (May 2021), UKSA

<sup>15</sup> Available at:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/futureplansforresearchonpopulationestimatesandprojections/2021-07-29>

<sup>16</sup> PPG ID: 2a-005

*“• 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.” (Para 5.16).*

- 3.8 On the basis of the PPG’s guidance that an alternative approach to the SM can be taken in ‘exceptional circumstances’,<sup>17</sup> the HEDNA deviates away from the main SM’s required use of the 2014-based projections and prepares its own ‘trend-based projections’. In this regard, the HEDNA derives its own sub-national population projections based on several different datasets to reflect a 10-year migration trend. Namely, it has utilised the population/migration trends from the 2018 Sub-National Population Projections [SNPP] and applied adjustments to reflect the Mid-Year Estimates and 2021 Census on births/mortality and migration.
- 3.9 These are then applied to the households as of 2021 recorded in the Census, with the 2014-based Household Representative Rates, to derive a new household projection for each authority. These baseline population projections are then run through the SM framework (i.e., an uplift for the median affordability ratio), and, importantly, the 35% Urban Centres uplift is applied. Consequently, the HEDNA concludes on an objectively assessed need of 1,964 dwellings per annum [dpa] for Coventry – which is 1,224 lower than the 2014-based LHN.

## 4.0 Coventry’s Housing Needs

- 4.1 Crucially, the Consortium strongly contends that the Council’s proposed approach to identifying its housing requirement for the Local Plan Review is neither positively prepared, nor justified as it is contrary to the Council’s own evidence base.
- 4.2 In addition, in arbitrarily removing the 35% Urban Centres uplift, the Council is likely to need to only focus on limited growth within the city centre, which is unlikely to accommodate the Council’s needs nor reflect the size, type and tenure of housing needed for different groups in the community as required by paragraph 62 of the NPPF. This includes affordable housing, families with children and older people, all of which have to be considered in the context of determining the minimum number of homes needed. In this regard, the Consortium’s fundamental concerns are set out below:

### 1. The Principle of the Urban Centres Uplift

- 4.3 As the Council will be aware, following the consultations received in relation to the Government’s proposed changes to the SM, as a part of the ‘Changes to the current planning system’ consultation, in December 2020 the Government revised the standard method. The PPG<sup>18</sup> was revised to include a further stage within the SM which applied a

<sup>17</sup> PPG ID: 2a-003

<sup>18</sup> PPG ID: 2a-004



35% uplift for those urban local authorities in the top 20 cities and urban centres list; which includes Coventry.

- 4.4 As set out in more detail within the Consortium’s HNA, prepared by Lichfields, the Consortium accepts that the broad principle of deriving independent population projections is acceptable in this instance (i.e. deviating from the 2014-based household projections). The Consortium also agrees with the HEDNA’s approach of utilising the broad SM framework in calculating an OAHN. This is because there is a cogent and logical argument that the broad principles of the SM framework should still be utilised to calculate Coventry’s housing needs.
- 4.5 Firstly, prior to the introduction of the SM in the NPPF and PPG, housing need was calculated through OAHN. At the time, the PPG was clear that there was no one methodological approach or use of a particular dataset(s) that would provide a definitive assessment of development needs. However, it did outline an overarching methodology for preparing need assessments in a transparent manner, based on the following criteria:
- 1 Be proportionate and not consider purely hypothetical scenarios, only future scenarios that could reasonably be expected to occur;
  - 2 Be based on facts and unbiased evidence. Constraints should not be applied to the overall assessment of need;
  - 3 Utilise household projections published by the Department for Communities and Local Government as the starting point estimate of overall housing need;
  - 4 Consider sensitivity testing, specific to local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates; and
  - 5 Take account of employment trends and appropriate market signals including market indicators of the balance between the demand for and supply of dwellings and affordable housing needs.
- 4.6 In essence, at their core, OAHN calculations principally assessed projected household growth over a plan period, based on official projections with sensitivity testing on demographic trends (where necessary) and applied a ‘market signals uplift’ ranging between 10-30%.
- 4.7 In this regard, the use of independent projections in the SM framework would be consistent with the PPG’s SM requirements in so far as it would be based on realistic demographic data, which reflects the UK SA and ONS’ acknowledgement that the 2014-based projections do contain some level of inaccuracy for Coventry. Furthermore, in principle, the application of a ‘market signals uplift’ is not too dissimilar to the SM, which applies an affordability uplift to the baseline household projections. Which, in Coventry’s case would be 14.75% – based on a 2022 median workplace affordability ratio of 6.36 – and therefore well within the 10-30% market signal ranges previously utilised.

- 4.8 Secondly, the PPG<sup>19</sup> was revised to include a further stage within the SM which applies a 35% uplift for those urban local authorities in the top 20 cities and urban centres list – this was to ensure that the Government achieved its 300,000 dpa housing target. Fundamentally, the Government's rationale for the uplift was based on three factors: maximising existing infrastructure; responding to the availability of land arising from structural change in retail and commerce, thereby maximising brownfield rather than greenfield development, and responding to climate change by reducing high-carbon travel.
- 4.9 Housing need is a concept that has long been untouched by policy factors that should promote or constrain the delivery of housing in different areas. Indeed, the *Gallagher Estates Ltd v Solihull MBC* judgment confirmed that OAHN is an objectively assessed need for housing in an area, leaving aside policy considerations, whereas a housing requirement is a figure which reflects, not only the assessed need for housing but also any policy considerations that might require that figure to be manipulated to determine the actual housing target for an area. In essence, local housing need is 'policy off' and a housing requirement is 'policy on'.
- 4.10 However, the SM now incorporates three spatial policy judgements into the assessment of need. As such, at its heart, the introduction of the 35% urban centres uplift is clearly a Government-led 'policy-on' approach to calculating housing needs. Therefore, the Consortium strongly contends that, even if an authority were to defer from the SM, the application of the 35% uplift would still be required to meet the Government's expectations. Although not explicitly stated, it is clear that the Council's own HEDNA aligns with this method of thinking, given that it still utilises the SM framework and applies the 35% uplift in deriving the recommended OAHN for the city.
- 4.11 In this respect, the PPG clearly sets out the stages of the SM framework, of which, for the top 20 largest urban areas, a 35% uplift is included. Whilst the Consortium accepts that the principle of deriving independent population projections that reflect realistic demographic data for Coventry based on the 2021 Census and latest household projections (i.e. the 2018-based projections) is acceptable and that the use of the SM framework is appropriate, the Consortium objects to the Council's arbitrary 'picking and choosing' of stages within the SM framework; contrary to their own evidence base.
- 4.12 The 35% uplift is a Government-led 'policy-on' approach to ensuring that cities are the focus of development and that the Government can meet its 300,000 dpa objective. It is not right, nor appropriate, for the Council to contest this policy-on approach through the Local Plan Review. Ultimately, the Consortium contends that, as one of the largest urban authorities in the country, Coventry must play its part in resolving the housing crisis that exists nationally and contributing towards ensuring that the Government's target of delivering 300,000 homes per annum by the mid-2020s is met. Indeed, other authorities in the West and East Midlands who are also subject to this uplift have sought to meet these needs.
- 4.13 By way of example, Birmingham's recent 'Birmingham's New Local Plan 2020-2042 Issues and Options' highlighted that the Council would not depart from the SM and the 35% uplift.

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<sup>19</sup> PPG ID: 2a-004

Similarly, prior to the Black Country Plan Review ceasing production, the Black Country Authorities accepted the 35% uplift to Wolverhampton's LHN and sought to address this within the area and through the Duty to Cooperate. More importantly, Leicester City has also accepted the 35% uplift and worked with the wider Leicester and Leicestershire HMA authorities to address the unmet housing needs arising from the city through the Duty to Cooperate. Notably, in both Birmingham and Leicester, Icenis was responsible for the preparation of the housing needs evidence, and in both instances, applied the 35% uplift to the LHN – as such, the Council's own consultant is consistent in their view that the 35% uplift should be applied. There is, therefore, no reasonable justification for the Council to seek to depart from applying the 35% uplift.

## 2. Meeting Affordable Housing Needs

- 4.14 Both the NPPF<sup>20</sup> and PPG<sup>21</sup> are clear that the LHN figure generated by the SM is a minimum starting point (i.e., actual housing needs may be higher than this figure). Moreover, elsewhere in the guidance, the PPG differentiates between the minimum figure arrived at through the standard method and 'actual' housing need which can be higher.
- 4.15 It is 'actual' housing need that represents the objectively assessed need to which the tests in paragraph 11 of the NPPF apply, and there is also a requirement for the Council to test reasonable alternatives.<sup>22</sup> Therefore, an LPA should actively identify whether there are reasons for testing higher figures as estimates of housing needs.
- 4.16 Fundamentally, this is because the standard method does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour, nor considers local factors, policy and aspiration which might legitimately mean the Council should seek to plan for more homes than the minimum. It goes on to state that it would be appropriate for a higher figure to be adopted on the basis of employment, infrastructure, affordable housing or unmet housing needs.<sup>23</sup>
- 4.17 Whilst the Council's HEDNA has derived its own baseline population projections for Coventry, crucially, it runs these through the SM framework. In this regard, the HEDNA's recommended OAHN should be considered equally as the minimum starting point (i.e., actual housing needs may be higher than this figure).
- 4.18 In the context of affordable housing, the PPG<sup>24</sup> is clear that an increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes. Notably, the Council's HEDNA identified a net need of 1,887 dpa of Social/Affordable Rented Housing between 2021 and 2041 and 149 dpa of Affordable Homes for Ownership of the same period. Notably, the HEDNA recognises that *"The affordable housing need is high relative to the overall housing need."* (Para 15.24). Indeed, the need for Social/Affordable Rented Housing in Coventry equates to 96% of the

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<sup>20</sup> Paragraph 60

<sup>21</sup> PPG ID: 2a-002

<sup>22</sup> PPG ID: 11-017

<sup>23</sup> PPG ID: 2a-010

<sup>24</sup> PPG ID: 2a-024

HEDNAs recommended OAHN for Coventry, which includes the 35% Urban Centres Uplift. Furthermore, the overall need for Affordable Rented and Ownership homes would exceed the Council's OAHN, again, this is even when the 35% Urban Centres uplift is included in the OAHN. Of course, if the Council's proposed approach were taken, the affordable housing need would be well in excess of the Council's housing requirement.

- 4.19 Since the adoption of the Council's Local Plan in 2017, against the 2015 Joint SHMA's<sup>25</sup> identified affordable housing requirement of 600 affordable homes per annum, the Council has consistently failed to come close to meeting these needs. Whilst neither the NPPF nor PPG requires these identified needs to be met in full, as per the Kings Lynn Judgment,<sup>26</sup> against a need for 6,600 affordable homes between 2011 and 2022, the Council has only delivered 2,244 (gross) new affordable dwellings. Even without accounting for Right to Buy losses, the Council has grossly undelivered against these needs, which has likely compounded the need for affordable housing within the existing population and led to the marked increase in needs identified within the HEDNA. The consequence of this is that since 2011, the median quartile workplace-based ratio in Coventry has worsened from 4.62 to 6.36. Although this remains below the national average (8.28), since 2011, the affordability ratio in Coventry has increased by 38%, whilst nationally over the same period it has only increased by 22%.
- 4.20 This low level of delivery is likely to be a result of a significant proportion of the Council's completions arising from Purpose Built Student Accommodation [PBSA]. Indeed, as noted in the 'Authority Monitoring Report 2021/22' ("2022 AMR"), the Council is not able to meet its affordable housing need, as such developments are not required to do so:
- "3.16. Of the 3,818 completions in 2021/22, 2,918 were on sites that did not meet the affordable housing threshold (these were largely PBSA sites but also included 297 completions on sites that fell below the threshold)."*
- 4.21 Moreover, as recognised in the previous 2021 AMR, in which only 74 (gross) affordable homes were delivered, *"applicable sites provided a total of 15% Affordable Housing on site, substantially lower than the policy requirement. This shortfall is due to the fact that viability arguments had been accepted for sites contributing 259 dwellings completions this year"* (Para 3.17).
- 4.22 The Consortium recognises that the HEDNA's identified affordable housing need would be part of the overall housing need for the city, and not in addition to the LHN figure. It also understands that neither the NPPF nor PPG requires the Council to meet these needs in full. Indeed, the precise provision of affordable housing will need to be tested through a viability study to ensure that any proposed affordable housing contribution would not undermine the deliverability of the Local Plan – as required by Paragraph 34 of the NPPF.
- 4.23 However, the above highlights that, by removing the 35% Urban Centres uplift from the Council's OAHN calculation, the Council will be unlikely to come close to addressing much of this need. By way of example, over the last ten years, the Council has only delivered an

<sup>25</sup> Updated Assessment of Housing Need: Coventry-Warwickshire HMA (September 2015)

<sup>26</sup> Borough Council of Kings Lynn and West Norfolk v Secretary of State for Communities and Local Government, ELM Park Holdings Ltd ([2015] EWHC 2464)

average of 224 affordable homes (gross) per annum. Even if losses to stock through the Right to Buy were ignored and the Council's delivery of affordable homes continued at this rate, the Council would only be able to address c.11% of the identified need. If further growth is directed to the city centre, where viability arguments can be made to reduce the provision of affordable housing delivered, or given that most of the Council's purported 25,158 dwelling supply already benefits from outline planning permission permitted with a lower level of affordable housing provision than needed, this would further worsen.

- 4.24 As such, it is clear from the Council's own evidence base that there is an acute and substantial level of demand for affordable housing within the city, far greater than identified in the 2015 SHMA. Therefore, the Consortium strongly contends that the inclusion of the 35% uplift to the OAHN would significantly assist in helping deliver affordable housing, and crucially, necessary to addressing worsening affordability. In the absence of this, the Consortium considers that the Council's proposed approach is not positively prepared nor justified because it would not meet the number, type and size of dwellings required in the city, and is therefore unsound.

### 3. An Appropriate Mix of Dwellings

- 4.25 The NPPF is clear 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." (Paragraph 60). It also states that:

*"...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, service families, travellers, people who rent their homes and people wishing to commission or build their own homes)." (Para 62)*

- 4.26 The HEDNA identified the below mix of market and affordable housing, which clearly identifies a large need for larger family homes. Indeed, 50% of the market needs is for dwellings with 3+ bedrooms.

Table 4.1 Suggested Market and Affordable Housing Mix - Coventry

	1-bed	2-bed	3-bed	4+ bed
Market	10%	40%	40%	10%
Affordable Rent	30%	35%	25%	10%
Affordable Ownership	20%	45%	25%	10%

Source: Tables 15.6 and 15.7, 2022 HEDNA

- 4.27 However, with the Council's proposed approach and based on their available supply set out in the Council's 'Housing and Economic Land Availability Assessment 2023' – 25,158 dwellings (including c.3,000 windfall dwellings) – the Council would only need to make provision for a further c.3,942 dwellings up to 2041. However, whilst a large proportion of the supply is already permitted, a large majority of this existing permitted land supply relates to flatted PBSA or flatted schemes on previously developed land. These types of

development tend to lend themselves more to, naturally, students and not families, and smaller 1-2 bedroom properties. The reliance on such a supply, largely consisting of PBSA and high-density residential accommodation, would not reflect the current demand for new housing in Coventry as identified above.

- 4.28 This details that there is currently a high demand for larger-family dwellings and a significantly low demand for one-bedroom dwellings. In any event, as recognised in the HEDNA, even with the demand for 2-bed properties, analysis of demand in the city suggests that a majority of 2-bedroom homes in the future should be houses (Para 12.54). The evidence, therefore, shows that the proposed removal of the 35% uplift is likely to limit future growth within the city to the current supply, which is unlikely to meet the number, type and size of dwellings required in city, and is therefore unsound. Again, the Consortium contends that the inclusion of the 35% uplift and therefore the need for an additional supply of housing, is required to ensure that these needs can be met.

## 4. The HEDNA

- 4.29 As noted above, in general, the Consortium considers that the principle of deviating from the 2014-based household projections and utilising the SM framework is acceptable in principle. To this end, the Consortium are broadly supportive of the Council's HEDNA and its general approach to calculating the OAHN for the city. That being said, the Consortium has some concerns regarding the HEDNA's approach. In particular, it is noted that the HEDNA applied age-banded migration rates within its baseline population projections. However, it is fundamentally unclear as to how/if these have been applied, as this is not explicitly stated or shown in the HEDNA.
- 4.30 Notwithstanding this, prior to the Council's HEDNA being published, the Consortium commissioned the HNA to provide the Consortium's alternative assessment of Coventry's projected household population to be used as a basis for calculating the level of housing need arising from the city in the future.
- 4.31 These alternative projections have regard to the 2021 Census population and household data, published on 28 June 2022, and made adjustments to the official 2018-based projections to take account of the differences in migration over the 10-year intercensal period. Notably, Lichfields' 2011-21 implied migration trend projections equated to 1,669 per annum (as opposed to the 1,735, which is households converted into dwellings). On the basis that it is entirely appropriate to utilise the SM framework, the HNA then ran these projections through the SM framework.
- 1.1 As such, when adjusted for the 5.96 2021 median workplace-based affordability ratios (the latest at that time), this resulted in a 12.25% uplift. At the time of the HNA, the SM framework would have applied a 40% cap, as the Local Plan was still considered up-to-date. In addition, as set out above, Lichfields considered that the 35% uplift is required. As a result, the HNA considered that Coventry's minimum OAHN figure would be 2,325 dpa. Notably, this was the same as the then 2014-based LHN for Coventry, by virtue of the application of the 40% cap on the Local Plan figure. However, given that the 40% cap was removed in December 2022, the HNA also assessed the OAHN with the 40% cap included, which resulted in Coventry's minimum OAHN figure increasing to 2,529 dpa.



Table 4.2 Coventry's Housing Need

	With 40% Cap	Without 40% Cap
Per annum household change	1,669	1,669
Affordability ratio (2021)	5.96	5.96
Uplift to household growth	12.25%	12.25%
Initial Local Housing Need	1,873	1,873
Cap	Yes (40% - Local Plan Housing Requirement)	N/A
	1,722	
Urban Uplift	Yes – 35%	Yes – 35%
<b>Total Local Housing Need (per annum)</b>	<b>2,325</b>	<b>2,529</b>

Source: Lichfields analysis

- 4.32 The Consortium strongly contends that the Council fundamentally lacks any justification for proposing a housing requirement of 1,455 dpa. Fundamentally, this is at odds with the Council's own evidence base – namely, the HEDNA – and the evidence produced by the Consortium. In all likelihood, the Council's OAHN is between the HEDNA's 1,964 dpa and the HNA's 2,529 dpa. In either event, both point to a markedly higher level of need than the Council is proposing within the IO.

## 5.0 Summary and Conclusion

- 5.1 This Briefing Note has been prepared by Lichfields, on behalf of the Consortium to demonstrate that the Council's proposed approach to omitting the 35% Urban Centre uplift from their housing requirement, set out in the IO consultation is 'unjustified'.
- 5.2 It is important to note that the Consortium welcomed the Council's commitment to reviewing the Local Plan, which aligns with the requirements of the NPPF. Furthermore, importantly, in general, the Consortium also accepts, in principle, the derivation of independent population projections and agrees with the HEDNA's approach of utilising the broad SM framework in calculating an OAHN.
- 5.3 However, the Council's currently proposed approach to calculating the Local Plan Review's housing requirement would not accord with the NPPF, nor the Government's ambitions to significantly boost the supply of housing and focus development in the top 20 major urban areas of the country – and is, therefore 'unsound'.
- 5.4 Ultimately, the 35% uplift is a Government-led 'policy-on' approach to ensuring that cities are the focus of development and that the Government can meet its 300,000 dpa objective. It is not right, nor appropriate, for the Council to contest this policy-on approach through the Local Plan Review. On this basis, the Council, as one of the largest urban authorities in the country, must play its part in resolving the housing crisis that exists nationally and contributing towards ensuring that the Government's target of delivering 300,000 homes per annum by the mid-2020s is met. Indeed, other authorities in the West and East Midlands who are also subject to this uplift have sought to meet these needs. There is, therefore, no reasonable justification for the Council to seek to depart from applying the 35% uplift.

- 5.5 In addition to the above, there is an acute and substantial level of demand for affordable housing within the city, and the inclusion of the 35% uplift to the OAHN would significantly assist in helping deliver affordable housing, and crucially, necessary to addressing worsening affordability. Moreover, given the high demand for larger-family dwellings and a significantly low demand for one-bedroom dwellings and that a majority of 2-bedroom homes in the future should be houses the proposed removal of the 35% uplift is likely to limit future growth within the city to the current supply, which is unlikely to meet the number, type and size of dwellings required in city, and is therefore unsound. When taken together, the inclusion of the 35% uplift and therefore the need for an additional supply of housing, is required to ensure that number, type and size of dwellings required in the city, can be addressed.
- 5.6 Finally, the Consortium strongly contends that the Council fundamentally lacks any justification for proposing a housing requirement of 1,455 dpa. Fundamentally, this is at odds with the Council's own evidence base – namely, the HEDNA – and the evidence produced by the Consortium. In all likelihood, the Council's OAHN is between the HEDNA's 1,964 dpa and the HNA's 2,529 dpa. In either event, both point to a markedly higher level of need than the Council is proposing within the IO.
- 5.7 In conclusion, the Consortium strongly considers that there is a clear and cogent need for the Council to ensure that the Local Plan Review housing requirement has proper regard to the 35% Urban Centres uplift to ensure that the Council's housing needs up to 2041 are met. As such, the Council's Local Plan Review should, as a minimum, seek to plan for Option 2. In the absence of this, the Council's Local Plan Review would not accord with the NPPF, nor the Government's ambitions to significantly boost the supply of housing and focus development in the top 20 major urban areas of the country – and is, therefore 'unsound'.



## **Appendix 2 Housing Needs Assessment**

Celebrating  
**60**  
years

# **Housing Needs Assessment Calculating Coventry's Housing Needs (2021-2041)**

On behalf of Gladman, St Philips Land Ltd, Richborough Estates,  
and Ainscough Strategic Land

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## 1.0 Introduction

- 1.1 This Housing Needs Assessment [HNA] has been prepared by Lichfields, on behalf of a consortium of housebuilders and land promoters, comprising Gladman, St Philips Land Ltd (“St Philips”) Richborough Estates (“Richborough”) and Ainscough Strategic Land (“Ainscough”) (i.e., “the Consortium”).
- 1.2 This HNA considers the concerns raised by MPs and CPRE – acknowledged by the UK Statistics Authority<sup>1</sup> and Office for National Statistics [ONS]<sup>2</sup> – with regards to inaccuracies with Coventry city’s population projections and mid-year population estimates and the impacts this has on the housing needs being planned for within the city and wider Coventry & Warwickshire Housing Market Area [HMA] (“C&W HMA”) and the potential level of housing needs arising in Coventry between 2021 and 2041 that Coventry needs to plan for as a part of the emerging Local Plan Review.
- 1.3 Although the National Planning Policy Framework (2021) [NPPF] requires local planning authorities [LPAs] to use the Standard Method (Para 61), the Planning Practice Guidance [PPG] enables LPAs to use an alternative method for calculating housing needs in ‘exceptional circumstances.’<sup>3</sup> In this context, the Consortium is acutely aware that a joint C&W HMA HEDNA (“Joint HEDNA”) is being prepared to provide an up-to-date assessment of the housing and employment needs of the HMA and each authority, which will likely depart from the Standard Method and have regard to the 2021 Census.
- 1.4 However, the purpose of this HNA is to provide the Consortium’s alternative assessment of Coventry’s projected household population to be used as a basis for calculating the level of housing need arising from the city in the future. These alternative projections have regard to the 2021 Census population and household data, published on 28 June 2022, and make adjustments to the official 2018-based projections to take account of the differences in migration over the intercensal period.
- 1.5 The purpose of this HNA is also to inform the Consortium's wider work on establishing the extent of Coventry’s emerging unmet housing need and how the unmet housing needs of the C&W HMA could sustainably be distributed amongst the constituent authorities of the HMA based upon the functional relationships between the authorities. It has been prepared in support of each member of the Consortium's respective representations to Nuneaton and Bedworth Borough Council’s (“the Council”) forthcoming Pre-Submission (“the PS”) consultation on the Borough Plan Review.

## Structure

- 1.6 The structure of this as follows:
- Section 2 sets out the context of the concerns raised in relation to the household projections for Coventry;

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<sup>1</sup> Review of population estimates, and projections produced by the Office for National Statistics (May 2021), UKSA

<sup>2</sup> Available at:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/futureplansforresearchonpopulationestimatesandprojections/2021-07-29>

<sup>3</sup> PPG ID: 2a-003

- Section 3 sets out the relevant national planning policy and guidance;
- Section 4 sets out the various market signals within Coventry including affordability ratios, property prices, completions, and rental costs;
- Section 5 sets out Lichfields' methodology for calculating Coventry's household projections for the 2021-2041 period;
- Section 6 assesses the housing need for Coventry based on Lichfields' household projections and the Standard Method; and
- Section 7 provides a summary and set of conclusions arising from this HNA.

## 2.0 Context

### Official Population Measures

- 2.1 The ONS is responsible for collecting, analysing and publishing a range of demographic, housing, labour market and economic data for England. This includes censuses (taken once every decade, most recently undertaken in 2021) and a wide range of surveys and other official data and estimates prepared on a monthly, quarterly, and yearly basis.
- 2.2 In terms of measuring population (and population change – births, deaths and migration) ONS relies on two main sources:
- 1 **Censuses** – these provide a ‘snapshot’ of the population usually resident in an area on Census day (most recently 21<sup>st</sup> March 2021) by sex and age (and other characteristics). It is typically regarded as the most accurate measure of the population available (in part due to the legal requirement for households to complete it); the 2011 Census had an estimated confidence interval (95%) of 0.15% across England and Wales – down from 0.21% in 2001; and
  - 2 **Mid-Year Estimates [MYEs]**– these provide estimates of the population on an annual basis (in June of each year), based on data on the number of births, deaths and migration. Recording of births and deaths is based on official records (which are considered to be near-perfect in the UK), whilst migration estimates are based on several sources including the International Passenger Survey [IPS], school census data, patient register data, state pension data and higher education data. ONS notes that a limitation of the migration estimates is that they involve combining multiple administrative sources managed by other organisations whose primary purpose is delivering services (such as healthcare, higher education and benefits) rather than collecting data for population statistics. Difficulties also arise, for example, with those who do not ‘interact’ with any of those data sources but who may be recorded in the census, where people move multiple times within a year, or areas which experience relatively high proportions of non-usual resident populations and/or international migration (e.g. areas with high student populations).
- 2.3 ONS applies a consistent methodology nationally for its MYEs and does not adopt bespoke methodologies for different local authorities where there may be errors in the data sources used. This is partly for consistency in approach nationally (since, for example, over-recording of migration in one area may be accounted for by under-recording in the neighbouring area, and therefore on balance the impact is net zero) and to repeat this even for a small proportion (let alone all) of the 300+ local authorities would unlikely be feasible on an annual basis. Therefore, if there are genuine ‘errors’ in the population estimates for one area, these will unlikely lead to manual amendments to the MYEs by ONS, until the next Census.

### Unattributable Population Change [UPC]

- 2.4 Following each census MYEs are revised; this is because it is rare that MYEs have perfectly recorded population change in an area over the previous 10 years and therefore some revisions are necessary to ‘recalibrate’ the population. These adjustments are termed ‘Unattributable Population Change – UPC’, i.e. the amount of population change (between

each census – e.g. between 2001 and 2011) which cannot be accounted for by births, deaths or migration recorded by the MYEs in the intervening years. This is done at a national level and a local authority level. There are three causes of UPC:

- 1 Errors in the census estimates (either at the start year, end year, or both);
- 2 International migration estimates; and
- 3 Internal migration estimates (at the sub-national level only).

- 2.5 It is difficult to attribute this change to any one factor, although ONS has prepared an analysis which suggests which factors are more likely than others in each local authority. If UPC nationally or in a given local authority is due to errors in the census estimates then population estimates are unaffected, because the change can be accounted for in errors in the start/end population, rather than the components of change (births, deaths, migration). If the UPC is due to migration errors this implies the data sources either over-estimated migration (if the UPC is negative, because a negative component is needed to calibrate the estimate) or under-estimated migration (if the UPC is positive, for the opposite reason). If there is reason to believe the census estimates are broadly correct and an area has a substantial amount of UPC (relative to its size) this could suggest a systematic mis-recording of migration.
- 2.6 Once recalibrated after each census, subsequent MYEs are based on this revised population, and the process repeats until the next census. Because errors compound over time (because the population estimate in a given year is the basis for the estimate of the subsequent year) this also means estimates produced immediately after census years are typically more accurate than estimates produced in later years. For example, a population estimate for 2012 will likely be more accurate than an estimate for 2019, because the 2012 estimate is only one year on from the 2011 Census, compared with eight years on in 2019.
- 2.7 It is important to note that for the 2001-11 period ONS does not make a formal adjustment for UPC at the national level because the amount of UPC is within the margins of error of the censuses. In other words, looking nationally, the amount of UPC in MYEs between 2001 and 2011 could – in theory – be fully accounted by the margin of error in the censuses, in which case there would be implied errors within the estimates of births, deaths and migration at the national level. It is unknown whether ONS will draw the same conclusions for the 2011-21 period at the national level.

### **Use of Mid-Year Estimates in Projections**

- 2.8 It is important that MYEs represent a reasonably accurate picture of population change – notably migration – within a local authority because MYEs are the basis of ONS's population projections. ONS produces Sub-National Population Projections [SNPPs] typically every two years, most recently the 2018-based SNPPs which were published in 2020. SNPPs were not published in 2022 (these would have been 2020-based); these will be delayed allowing for the analysis of the 2021 Census results.
- 2.9 In its SNPPs, ONS trends forward recent trends of migration (in and out, internal and international) in an area, as recorded in the MYEs. Therefore, if there are any systemic errors within migration estimates of MYEs in a certain area, they will feed into future population projections. These population projections form the basis of household



projections<sup>4</sup> which are used within the standard method for assessing local housing needs as set out in the NPPF (2021) and PPG. Prior to the introduction of the standard method, these population and household projections still formed the basis of housing need assessments for local plans, as they are the only official set of centrally produced projections.

- 2.10 As noted in Section 1.0 above, the NPPF expects that local authorities will use the standard method to assess their local housing need, except in 'exceptional circumstances' which should be tested through local plan examination. As the standard method has only been in place for a few years there are currently no examples of authorities which have successfully adopted 'exceptional circumstances' to suggest their local housing need is lower than that suggested by the standard method. However, purported errors within the underlying population projections and estimates might constitute such circumstances; this is the position being advanced by Coventry City Council.

## Coventry's Population

### The Censuses

- 2.11 The censuses provide a reliable basis for Coventry's population (it is understood that the issues raised locally do not suggest the censuses are inaccurate) and there is no reason to believe that any census figures are over- or under-estimates<sup>5</sup> of Coventry's population. The 2021 Census recorded Coventry's population as 345,300, an increase of 50,321 (17.1%) since 1991, as shown in Table 2.1. Coventry's population has grown faster over time, increasing by just 2.0% in the 1991-2001 period, 5.4% in the 2001-11 period and 8.9% in the 2011-21 period.

Table 2.1 Coventry Population Change – 1991, 2001, 2011 and 2021 Censuses

	1991	2001	2011	2021
Census	294,979	300,848	316,960	345,300
10-year change up to...	~	5,869	16,112	28,340
	~	2.0%	5.4%	8.9%
20-year change up to...	~	~	21,981	44,452
	~	~	7.5%	14.8%
30-year change up to...	~	~	~	50,321
	~	~	~	17.1%

Source: ONS

- 2.12 Faster growth in Coventry's population in the most recent decade is not in and of itself unusual, particularly in the context of international migration trends<sup>6</sup> which have been steadily rising in the long-term nationally and Coventry's relatively high proportion of non-UK born residents, and in the context of housebuilding trends in Coventry specifically. In the 2001-11 period Coventry saw 644 homes per year (net) built; indeed in 2003/04, there were -8 net additions to the dwelling stock. By the next decade (2011-21) this had doubled,

<sup>4</sup> The 2018-based and 2016-based iterations of the household projections were published by ONS; prior to this (i.e. 2014-based and earlier) these were published by DLUHC (formerly MHCLG/DCLG).

<sup>5</sup> Statistically significant

<sup>6</sup> For example see p.6 [here](#) which shows long-term net migration trends to the UK

with Coventry seeing 1,205 homes per year (net) built, including a peak of over 2,200 built in 2019/20<sup>7</sup>. Therefore, we would expect Coventry's population to have grown quicker in the 2011-21 period than in the 2001-11 period, all things being equal. Other factors, such as the expansion of higher education institutions in Coventry and economic growth, could also have contributed.

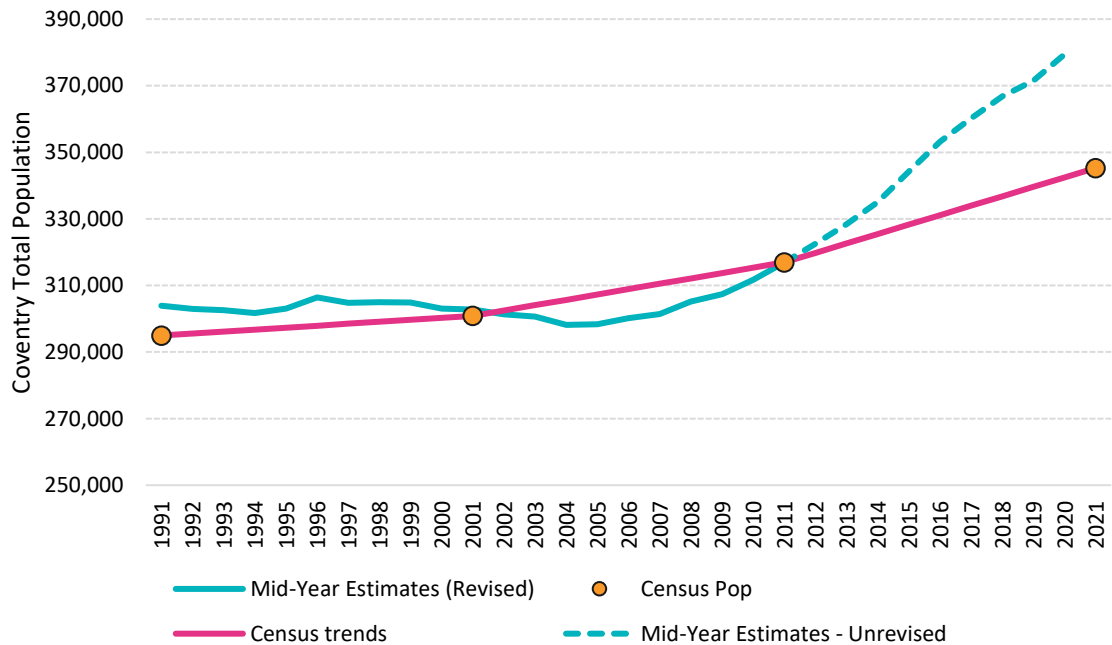
### **Mid-Year Estimates**

- 2.13 Figure 2.1 shows the MYEs for the 1991-2021 period, along with the censuses. Estimates prior to 2011 are revised to account for all census results (in 1991 there does however remain a small margin of error), hence up to 2011, the MYEs align with the censuses in the relevant years. For the 2001-11 period, this process has already occurred; after the results of the 2011 Census became available, ONS revised its 2001-11 MYEs so that the population of Coventry aligned with the Census. This means the MYEs appear to align with the censuses, however, the chart below does not show the significant amount of UPC which was required to be added to the estimates (in this case, a negative UPC).
- 2.14 For the most recent decade (2011-21) however the MYEs are yet to be revised because the 2021 Census results have only been available for a few months. In time ONS will revise its 2011-21 MYEs and will add in an element of UPC (in this case, negative) so that the MYEs produce a population in 2021 which aligns with the 2021 Census. Figure 2.1 shows that the MYEs suggested Coventry's population was growing far quicker than the 2021 Census has shown to be the case. Whilst ONS will unlikely attribute this to a specific cause/s (such as errors in one or both censuses, internal or international migration), absent any indication that the censuses are inaccurate, the Council's view is that this is a result of over-recording of migration (either a result of recording too many people entering Coventry, too few leaving or both). As noted above, these estimates feed into the population and household projections which inform the standard method; the implication being that – in the Council's view - if historic population growth is being systemically over-recorded due to inaccurate recording of migration, this will over-estimate future population/household growth and housing need.

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<sup>7</sup> Source: DLUHC Live Table 122 Net additional dwellings by local authority

Figure 2.1 Coventry Population - 1991-2021

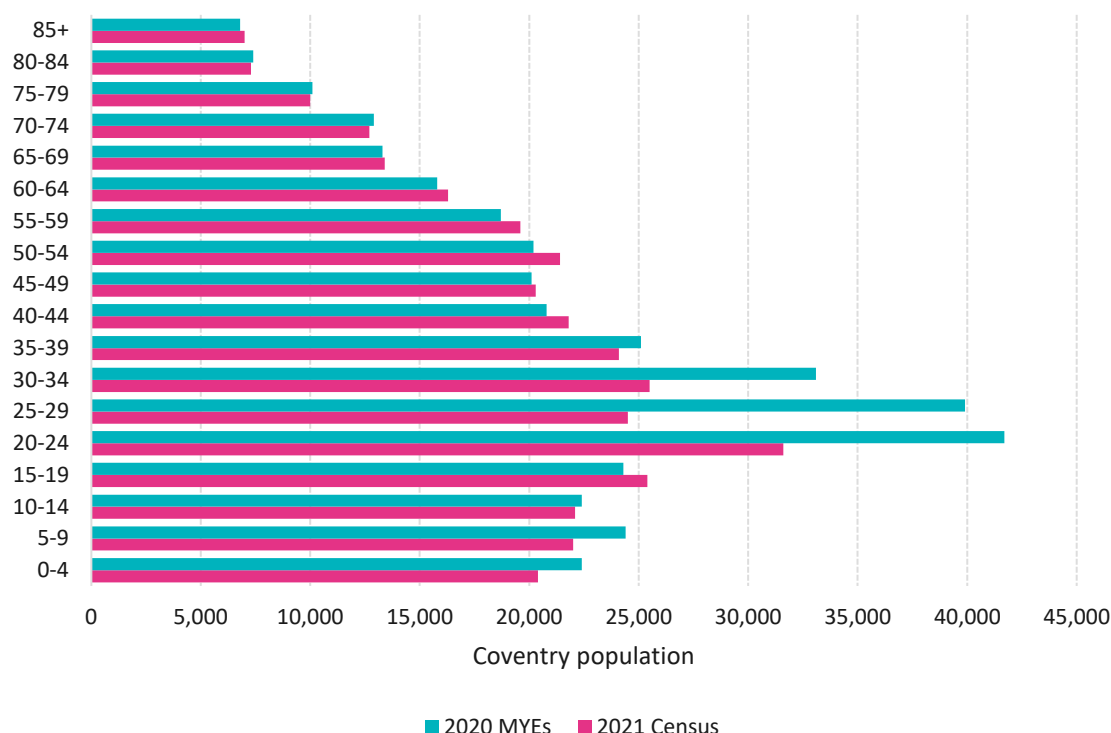


Source: ONS Censuses and Mid-Year Estimates. Note: 1991-2001 estimates were not revised, hence 1991 population does not match the 1991 Census.

2.15

Figure 2.2 shows the difference in Coventry's population between the 2020 mid-year estimates (the latest available) and the 2021 Census. Whilst we would expect minor differences because they refer to slightly different points in time (June 2020 vs March 2021) the differences are significant, especially amongst younger adults. The 2020 estimates anticipated almost 35,000 more residents in Coventry in the 20-34 age groups than the 2021 Census showed were actually resident in the City. This is important because these are the age groups which will form a significant number of Coventry's households in the near future. By way of illustration, at the national level, 38% of males aged 25-29 form a household (as of 2021); for those age 45-49 this rises to 75%. Aged on 20 years, a cohort of 100 males aged 25-29 today would form 38 households but would form almost double this number of households by the time they are aged 45-49.

Figure 2.2 Coventry population - 2020 Mid-Year Estimates and 2021 Census by 5-year age group



Source: Lichfields analysis of ONS MYEs and Census 2021

## Unattributable Population Change in Coventry – 2001-11

2.16 To understand what could happen to the 2011-21 MYEs following the results of the 2021 Census, we can assess what was recorded to have happened in the 2001-11 period. As noted above, the 2001 Census recorded a population for Coventry of 300,848; the 2011 Census showed that in 10 years this increase by 16,112 (5.4%) to 316,960. MYEs show that Coventry's population grew as a result of natural change (i.e. more births than deaths), reflecting its relatively young population. As shown in Table 2.2 Coventry's population grew by an average of around 1,300 per year (13,400 total) as a result of natural change. The MYEs also suggested that Coventry saw net out-migration to the rest of the UK (i.e. more people left Coventry for the rest of the UK than moved into Coventry, around -19,000 in total or -1,900 per year) but saw net immigration from overseas (i.e. more people arrived in Coventry from overseas than emigrated, around +16,000 in total or +1,600 per year). Overall, this suggested Coventry's population should have grown to nearly 332,000 by 2011.

2.17 However, the 2011 Census shows that the actual resident population in 2011 was closer to 317,000; some 15,000 less than suggested by the original MYEs as a result of births, deaths and migration in the prior decade. As a result, the revised MYEs contain a component of UPC which totals around -15,000; approximately 1,500 each year, as shown in Table 2.2. Working on the assumption that this error is not attributable to errors in either of the censuses, this could suggest that the level of overall net migration to Coventry between 2001 and 2011 was over-estimated by around 15,000. As shown in Table 2.2 the total amount of net migration (internal and international) seen in the 2001-11 period amounted to an estimated +15,694, therefore a UPC component of -15,017 accounts for almost all of

the level of net migration seen in Coventry. If these levels of migration are trended forward (e.g. for the purposes of population and household projections) without any account taken of UPC, the result could be that future population and household growth is over-estimated.

Table 2.2 Components of Population Change for Coventry - 2001 to 2011

Year ending	Natural Change			Internal Migration			International Migration			Total mig.	Other Change*	Population
	Births	Deaths	Nat. Change	In	Out	Net	In	Out	Net			
2002	3,601	2,894	707	11,718	14,284	-2,566	4,750	2,863	1,887	-679	-1,537	301,295
2003	3,676	3,004	672	13,036	14,935	-1,899	5,066	2,957	2,109	210	-1,512	300,665
2004	3,920	3,073	847	12,621	15,482	-2,861	4,821	3,816	1,005	-1,856	-1,482	298,174
2005	3,941	3,031	910	12,840	15,120	-2,280	5,657	2,564	3,093	813	-1,511	298,386
2006	4,071	2,918	1,153	13,747	15,479	-1,732	7,179	3,354	3,825	2,093	-1,503	300,129
2007	4,241	2,853	1,388	13,180	15,955	-2,775	7,293	3,087	4,206	1,431	-1,519	301,429
2008	4,550	2,815	1,735	13,575	15,062	-1,487	6,921	1,927	4,994	3,507	-1,485	305,186
2009	4,540	2,849	1,691	13,974	15,329	-1,355	6,548	3,172	3,376	2,021	-1,505	307,393
2010	4,746	2,667	2,079	14,700	15,646	-946	7,455	2,787	4,668	3,722	-1,520	311,674
2011	4,843	2,591	2,252	14,802	15,576	-774	9,043	3,837	5,206	4,432	-1,443	316,915 **
<b>Total</b>	<b>42,129</b>	<b>28,695</b>	<b>13,434</b>	<b>134,193</b>	<b>152,868</b>	<b>-18,675</b>	<b>64,733</b>	<b>30,364</b>	<b>34,369</b>	<b>15,694</b>	<b>-15,017</b>	~
Average	4,213	2,870	1,343	13,419	15,287	-1,868	6,473	3,036	3,437	1,569	-1,502	~

Source: ONS MYEs. \*Most of this 'Other Change' is UPC, however, it includes other adjustments to 'special populations' including armed forces and prison populations. \*\*Population does not match the Census figure because the Census refers to March and MYEs refer to June.

2.18

An alternative way of looking at the 2001-11 change is to assess what the level of overall implied net migration was. Starting from the 2001 Census population and adding births/subtracting deaths in each year leaves an amount of change which is assumed to be attributable to migration. It is not possible to disaggregate this into in/out flows and UK/overseas flows, however, it provides a simplified method of understanding the likely level of population change in Coventry which was attributable to migration. This is shown in Table 2.3; between 2001 and 2011 Coventry's population increased by 16,112. There were 42,129 births and 28,695 deaths, meaning natural change accounted for 13,434 of Coventry's growth and implying that 2,678 (the remainder – 16,112 – 13,434) is attributable to migration. This is substantially lower than the 15,694 total net migration recorded in the MYEs.

Table 2.3 Implied Net Migration for Coventry - 2001 to 2011

	2001	2011	2001-11
Census Population	300,848	316,960	+16,112
Population Change	~		16,112
Births			42,129
Deaths			28,695
Natural Change			13,434
Implied Total Migration			2,678
Recorded* Migration (MYEs 2001-11)			15,694

Source: Lichfields analysis of Census and MYEs. \*Note MYEs refer to the year to June whereas Censuses are taken in March, therefore figures are not precisely comparable to each other.

2.19

Looking at the most recent decade of MYEs (2011-21) shows where the greatest differences are between change recorded in the 2001-11 decade and the 2011-21 decade. Table 2.4 below shows the components of population change recorded for Coventry in ONS's mid-year estimates for 2011 to 2021 (figures for 2020/21 have been estimated using trends for the purpose of this analysis). These figures suggest Coventry's population has grown significantly from natural change (+16,000 over the decade) and international migration (+71,000 over the decade) but has declined from internal migration (-16,000). The latest population estimate for Coventry (for mid-2020) suggested Coventry's population had grown to nearly 380,000 by 2020; the 2021 Census showed this was not the case. It is possible that ONS will need to add an element of UPC to the mid-year estimates for 2011-21, totalling somewhere in the region of 40,000<sup>8</sup>, to reconcile the mid-year estimates with the 2021 Census.

Table 2.4 Components of Population Change for Coventry - 2011 to 2021

Year ending	Natural Change			Internal Migration			International Migration			Total mig.	Other Change*	Population
	Births	Deaths	Nat. Change	In	Out	Net	In	Out	Net			
2012	4,728	2,650	2,078	16,392	17,384	-992	7,050	2,576	4,474	3,482	29	322,504
2013	4,599	2,727	1,872	15,671	16,267	-596	7,330	2,737	4,593	3,997	50	328,423
2014	4,513	2,584	1,929	16,912	17,176	-264	8,043	3,105	4,938	4,674	-8	335,018
2015	4,565	2,828	1,737	16,774	17,153	-379	10,757	2,845	7,912	7,533	0	344,288
2016	4,555	2,755	1,800	17,042	17,543	-501	10,416	2,764	7,652	7,151	-24	353,215
2017	4,453	2,786	1,667	20,125	21,139	-1,014	8,674	2,368	6,306	5,292	-25	360,149
2018	4,365	2,895	1,470	21,097	23,370	-2,273	10,999	3,369	7,630	5,357	-191	366,785
2019	4,266	2,815	1,451	21,341	25,582	-4,241	11,126	3,549	7,577	3,336	-51	371,521
2020	4,118	3,105	1,013	20,689	23,725	-3,036	12,782	3,002	9,780	6,744	109	379,387
2021**	4,118	3,105	1,013	20,689	23,725	-3,036	12,782	3,002	9,780	6,744	109	~ ***
<b>Total</b>	<b>44,280</b>	<b>28,250</b>	<b>16,030</b>	<b>186,732</b>	<b>203,064</b>	<b>-16,332</b>	<b>99,959</b>	<b>29,317</b>	<b>70,642</b>	<b>54,310</b>	<b>0</b>	<b>~</b>
Average	4,428	2,825	1,603	18,673	20,306	-1,633	9,996	2,932	7,064	5,431	0	~

Source: ONS MYEs. \*Other change here does not relate to UPC, rather it relates to adjustments for 'special populations' such as armed forces and prison populations. \*\*Note: ONS has not published estimates for the components of change for the 2020/21 year; for the purposes of obtaining a 10-year average for this research the 2019/20 figures have been trended. \*\*\*ONS has not published a population estimate for mid-2021; this will follow the results of the 2021 Census.

2.20

Table 2.5 shows the total change from each component for Coventry in the 2011-21 decade compared to the 2001-11 decade. It shows that:

- Births have increased slightly while deaths have remained broadly similar. In a growing and relatively young population, we would expect to see these trends. Given recording of births and deaths is considered to be near-perfect, there is no reason to question this increase;
- Internal migration flows (both in and out) have increased, from around 13,000 to 19,000 inflows and 15,000 to 20,000 outflows. The result is that net internal migration has increased only slightly, by 234 (from -1,800 to -1,600). This is small in the context of the overall gross flows seen (almost 40,000 flows in the 10 years to 2021). However, it is unknown whether the increase in inflows and outflows is being caused by a statistical issue (i.e. both in and outflows are being inflated, despite this only increase

<sup>8</sup> This is estimated based on ONS's mid-2020 population estimate of 379,387 with components of change trended from 2019/20 added (+1,013 natural change, -3,306 internal migration, +9,780 international migration) giving an estimated mid-2021 population of 387,253. Compared to the 2021 Census (345,300) this is 41,953 more.

net flows by a small margin) or whether these flows are accurately representative of trends in Coventry, and appear to suggest that population ‘churn’ from the rest of the UK is increasing; and

- International inflows in have increased substantially (by around 50%, from around 6,5000 to nearly 10,000) while outflows have remained broadly stable, resulting in net international migration doubling from around 3,500 to 7,000. Again, it is unknown whether the increase in inflows is a result of statistical errors or whether these flows are accurately representative of trends in Coventry. Some increase in overseas migration during this period would be expected, given this trend was occurring at the national level, however, it is not possible to determine the accuracy of the migration estimates.

Table 2.5 Difference between components of change recorded for Coventry - decade to 2011 and 2021

Decade ending	Natural Change			Internal Migration			International Migration			Total migration
	Births	Deaths	Nat. Change	In	Out	Net	In	Out	Net	
2011	4,213	2,870	1,343	13,419	15,287	-1,868	6,473	3,036	3,437	1,569
2021*	4,428	2,825	1,603	18,673	20,306	-1,633	9,996	2,932	7,064	5,431
<b>Difference</b>	<b>+215</b>	<b>-45</b>	<b>+260</b>	<b>+5,254</b>	<b>+5,020</b>	<b>+234</b>	<b>+3,523</b>	<b>-105</b>	<b>+3,627</b>	<b>3,862</b>

Source: Lichfields analysis of ONS MYEs. \*Note: Components of change for the 2020/21 year have been trended using 2019/20 figures for the purposes of this analysis.

2.21

In summary:

- 1 The result of the 2001, 2011 and 2021 Censuses show that Coventry saw higher population growth in the 2011-21 period compared with the 2001-11 period. There is no reason to question the accuracy of the Census estimates in Coventry (at least, to a statistically significant degree) and indeed we would expect faster growth for a variety of reasons including higher rates of housing growth, more international migration nationally, growth in higher education and economic growth;
- 2 The degree of UPC which was added to the MYEs for Coventry between 2001 and 2011 (following the results of the 2011 Census) suggested that overall net migration could have been over-estimated. It is not possible to determine which flows (in/out/internal/international) may have been inaccurately recorded, however, the inclusion of UPC clearly has a significant impact on Coventry's population estimates (and therefore potentially its future projections) given that it equated to c.5% of Coventry's population<sup>9</sup>; and
- 3 Information from the 2011-21 MYEs suggests overall natural change and internal migration net flows have been fairly consistent with those seen between 2001 and 2011, however, net international migration flows have doubled. UPC will not be added into the mid-year estimates until the results of the 2021 have been fully analysed, but based on current population figures ONS could be required to add in an element of UPC in the region of c.-40,000 for the 2011-21 period to reconcile the mid-year estimates with the Census.

2.22

This analysis sets the context for our alternative projections for Coventry, set out in Section 5.0.

<sup>9</sup> Other change accounted for c.15,000 of overall growth between 2001 and 2011, compared with a 2001 population of c.300,000, i.e. 5%.

## Office for Statistics Regulation findings

- 2.23 In May 2021 the Office for Statistics Regulation [OSR] published a review<sup>10</sup> of population estimates and projections used by the ONS. This review was initiated in response to concerns raised in 2020 by Coventry City Council regarding population estimates and projections for Coventry. In short, this review found that ONS's approach was "*generally seen as fit for purpose and is highly regarded internationally*" but that "*one area of challenge has been migration, where there are limitations in the data available... more needs to be done to investigate the root and scale of the issue associated with students and outward migration*". OSR also stated that it would "*like to see ONS be more open and responsive to issues when they first arise and view challenge as an opportunity to improve outputs and not a criticism of its approach*". OSR went on to make several recommendations for improving methods, enhancing communication and embracing challenges.
- 2.24 Following the OSR review, ONS has not specifically revised, or re-issued population estimates or projections, for Coventry or any other authority which raised similar concerns. This leaves authorities such as Coventry in a difficult position regarding its population estimates and projections; there appears to be an acceptance from the OSR that population estimates in areas with high levels of international migration and/or large student populations may have more limited accuracy due to data limitations. However, improving such estimates will be an ongoing and long-term process, and no revised estimates or projections have yet been produced. In the absence of alternative data or revised figures, is unclear what the migration figures for Coventry *should* be. However, the 2021 Census does provide some assistance in terms of assessing the overall scale of population growth seen in Coventry – of which migration is a key factor.
- 2.25 As such, although not explicitly stated by any of the C&W HMA authorities, the Consortium understands that the C&W HMA authorities have concerns with using the Standard Method to calculate Coventry's housing needs, on the basis that the PPG requires authorities to utilise the 2014-based projections. Indeed, in this regard, it is noted that Joint HEDNA is being prepared to provide an up-to-date assessment of the housing and employment needs of the HMA and each authority. It is also noted that this Joint HEDNA will look to take account of the updated 2021 Census population and household data which has recently been published.

## Summary

- 2.26 Population estimates published by ONS are important for planning (and a variety of other) purposes as they provide an annual picture of the population in a given area and how it has changed. The census is an inherently more accurate measure of the population, but lacks in frequency, only being undertaken every decade. An element of 'unattributable population change' is required to some degree in every local authority, however, ONS does not consider it significant enough at the national level to warrant adjusting the estimates or projections. In most authorities, UPC will also not have a significant enough effect to warrant departing from the official projections.

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<sup>10</sup> Available [here](#)



- 2.27 However, the OSR has acknowledged that there can be much larger margins of error in the estimates (i.e., much more significant levels of UPC) in areas where international migration flows make up a significant portion of population change, including where there are significant student populations. In the case of Coventry, it is suggested that flows associated with students, particularly international students, are not being accurately recorded and are inflating the number of young adults in the city. When trended forward in projections, if – hypothetically – residents are not recorded as out-migrating when they in fact are, this will over-inflate the population and therefore household growth and housing need in Coventry.
- 2.28 Our analysis shows that, following the 2011 Census, ONS added a UPC element into the mid-year estimates of over -15,000 - in other words, there were over 15,000 fewer people in Coventry in 2011 than the estimates expected. Assuming this difference is not accounted for by errors in either the 2001 and/or 2011 censuses, this would imply the difference is a result of the mis-recording of migration. Based on the population in the 2021 Census, it would be reasonable to assume that, once again, ONS will be required to add a significant element of [negative] UPC to Coventry's mid-year estimates once again, potentially in the region of -40,000. However, until ONS publishes these revised estimates and/or makes any changes to the way it projects population growth in Coventry or similar areas, we must estimate future change based on scenarios which might be reasonably expected to occur. This is set out in Section 5.0.

## 3.0 Planning Policy and Guidance

### National Planning Policy Framework

3.1 The revised NPPF was updated on 20 July 2021 and sets out the government's planning policies for England and how these are expected to be applied. This revised Framework replaces the previous National Planning Policy Framework published in March 2012, revised in July 2018 and updated in February 2019.

3.2 The NPPF is clear 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 areas" (paragraph 11b) (Emphasis added)*

3.3 It goes on to state that:

*"The preparation and review of all policies should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals." (paragraph 31) (Emphasis added)*

3.4 It is also clear that Local Plans should provide:

*"a strategy which, as a minimum, seeks to meet the area's objectively assessed needs;" (paragraph 35a) (Emphasis added)*

3.5 In terms of housing needs, the NPPF is clear that the Government's objective is to significantly boost the supply of homes (Para 60). It goes on to state that:

*"To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals." (paragraph 61) (Emphasis added)*

### Planning Practice Guidance

3.6 The PPG provides further guidance on the Standard Method, which provides an annual number, based on a 10-year baseline, which can be applied to the whole plan period.<sup>11</sup> It states that it uses a formula to identify the minimum number of homes expected to be planned for, in a way which addresses projected household growth and historic under-supply.<sup>12</sup>

3.7 It goes on to provide guidance on how the minimum annual local housing need [LHN] figure is calculated using the Standard Method, which comprises the baseline 2014 household projections, the application of a median affordability-based adjustment, a cap to help ensure that the minimum LHN figure calculated using the standard method is deliverable, and a 35% urban centres uplift (where applicable).<sup>13</sup>

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<sup>11</sup> PPG ID: 2a-012

<sup>12</sup> PPG ID: 2a-002

<sup>13</sup> PPG ID: 2a-004

- 3.8 Importantly, the PPG is clear that for the purposes of calculating the LHN, the 2014-based household projections should be utilised as the baseline household projections, instead of more recent datasets *“to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government’s objective of significantly boosting the supply of homes.”*<sup>14</sup>
- 3.9 In respect of the affordability adjustment, the PPG states that this is applied to ensure that the standard method responds to price signals and that the minimum LHN figure starts to address the affordability of homes.<sup>15</sup> In terms of the cap, the PPG highlights that:
- “The cap reduces the minimum number generated by the standard method, but does not reduce housing need itself. Therefore strategic policies adopted with a cap applied may require an early review and updating to ensure that any housing need above the capped level is planned for as soon as is reasonably possible.*
- Where the minimum annual local housing need figure is subject to a cap, consideration can still be given to whether a higher level of need could realistically be delivered. This may help prevent authorities from having to undertake an early review of the relevant policies.”*<sup>16</sup>
- 3.10 Following the consultations received in relation to the Government’s proposed changes to the standard method, as a part of the ‘Changes to the current planning system’ consultation, in December 2020 the Government revised the standard method. The PPG<sup>17</sup> was revised to include a further stage within the standard method which applies a 35% uplift for those urban local authorities in the top 20 cities and urban centres list.
- 3.11 Crucially, the PPG is clear that the LHN figure generated by the standard method is a minimum starting point (i.e. actual housing need may be higher than this figure).<sup>18</sup> Moreover, elsewhere in the guidance, the PPG differentiates between the minimum figure arrived at through the standard method and the ‘actual’ housing need which can be higher. The PPG goes on to state that it would be appropriate for a higher figure to be adopted on the basis of employment, infrastructure, affordable housing or unmet housing needs.<sup>19</sup>
- 3.12 However, the PPG is also clear that an alternative approach to the Standard Method can be taken in ‘exceptional circumstances’, stating that:
- “If it is felt that circumstances warrant an alternative approach... 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.”*<sup>20</sup> (Emphasis added)
- 3.13 And goes on to state:

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<sup>14</sup> PPG ID: 2a-005

<sup>15</sup> PPG ID: 2a-006

<sup>16</sup> PPG ID: 2a-007

<sup>17</sup> PPG ID: 2a-004

<sup>18</sup> PPG ID: 2a-002

<sup>19</sup> PPG ID: 2a-010

<sup>20</sup> PPG ID: 2a-003

*“Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination.*

*Any method which relies on using household projections more recently published than the 2014-based household projections will not be considered to be following the standard method as set out in paragraph 60 of the National Planning Policy Framework. As explained above, it is not considered that these projections provide an appropriate basis for use in the standard method.”<sup>21</sup> (Emphasis added)*

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<sup>21</sup> PPG ID: 2a-015

## 4.0 Coventry's Market Signals

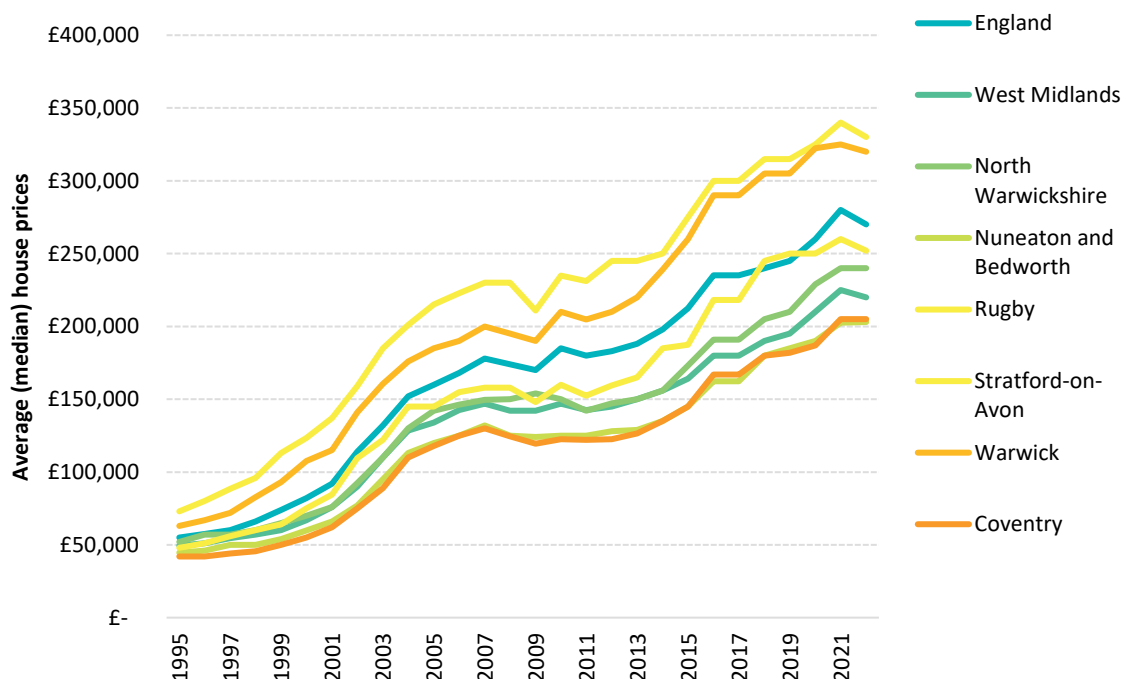
4.1 Market signals can act as an indicator of the balance between the demand and supply of housing within an area. Prior to the introduction of the Standard Method, the PPG provided guidance which set out six market key signals; land prices, house prices, rents, affordability, rate of development and overcrowding/homelessness (albeit the latter is typically addressed in an assessment of affordable housing needs separately).

4.2 To this end, this section reviews the housing market signals and the extent to which they indicate a supply and demand imbalance in Coventry (and the other authorities in the C&W HMA) and therefore indicates whether demographic-led needs would be sufficient to address housing needs, or whether uplifts would be required.

### 1. House Sales

4.3 Average (median) house prices in Coventry as of 2022 are £205,000, which is significantly under the National average (£270,000) and below the West Midlands average (£220,000). Compared to the other authorities who form part of the C&W HMA, Coventry is the second least expensive, at only £2,000 more than Nuneaton and Bedworth. Conversely, areas such as Stratford-on-Avon and Warwick are markedly higher, at £330,000 and £320,000 respectively. The city is therefore one of the least expensive areas to live within the HMA and wider West Midlands region.

Figure 4.1 Average (median) house prices - 1996-2022



Source: ONS

4.4 Since 1996, house prices in Coventry have typically followed the regional and national trends, increasing steadily up to 2007, falling sharply in 2008-09 and rising since. Indeed, even with the effects of the 2008-09 recession, between 2001 and 2011, house prices

increased by 97% in Coventry – a marginally higher rate than the national average (96%) and much higher than the other C&W HMA authorities, which range between 69-89% increases over this same 10-year period. However, between 2011 and 2021, house prices only rose by 68%, with other areas rising more instead; such as North Warwickshire (69%) and Rugby (70%). Notably, the more rural areas of Stratford-on-Avon and Warwick saw increases of between 47% and 59% instead, suggesting that over the last 10 years there has been a market shift towards the urban areas within the C&W HMA.

- 4.5 Although the city is one the most affordable places for housing within the C&W HMA, well below the regional and national average house prices, it is clear that house prices clearly represent a ‘worsening trend’ in Coventry, having increased 231% over the 2001-2021 period, which is the highest increase in average property prices within the C&W HMA over this same period (ranging from 141-216%).

## **2. Rental Prices**

- 4.6 As of September 2021, the average (median) monthly rent for all dwellings in Coventry was £695. Rents in Coventry are higher than the West Midlands regional average (£675 per calendar month [pcm]), but c.£60 pcm lower than the national average. Similar to house prices, rents in Coventry are some of the cheapest within the C&W HMA, with the highest pcm rental costs being in Stratford-on-Avon (£795 pcm) and Warwick (£820 pcm). However, both North Warwickshire and Nuneaton and Bedworth are cheaper areas to rent than Coventry.
- 4.7 Rents in Coventry have risen by £200 (40%) since 2011, which in relative terms is in excess of the regional (which saw a £175 – 35% – increase) and national averages (which saw a £180 – 31% – increase). Of the C&W HMA authorities, despite recent increases in rental costs, Coventry’s rental costs remain relatively low within the HMA, alongside North Warwickshire, Nuneaton and Bedworth and Rugby, and are still some ways below the national average.
- 4.8 However, although house prices are relatively low in Coventry, the increase in prices above the national rate over the last 20 years is likely to be having a knock-on impact on private rents; as fewer people are able to buy, more people move into the privately rented sector. Without sufficient supply to meet demands, the cost of renting increases. Overall, the cost of rents is a further indicator that the housing supply in Coventry should be increased to help address housing demand.

Figure 4.2 Average monthly rents (all dwellings) - 2011-21



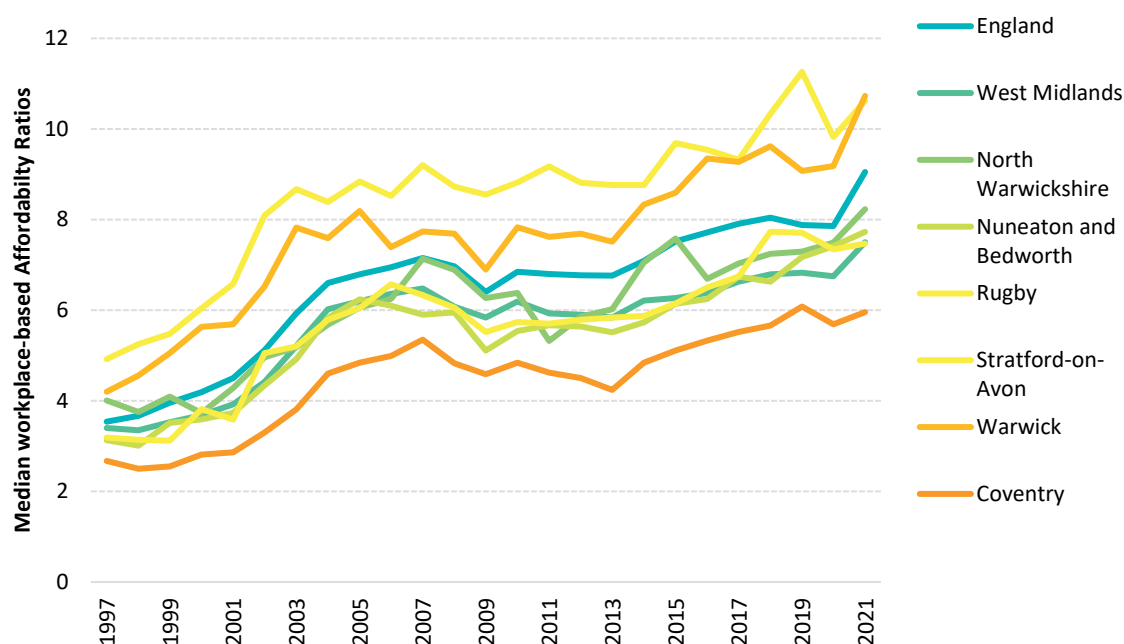
Source: VOA Private Rental Market Statistics

### 3. Median Affordability Ratios

- 4.9 Measuring affordability involves comparing house prices to earnings; this is known as the affordability ratio. This indicator, therefore, provides information not only on house prices but how these prices compare to earnings. These earnings can be resident-based (the earnings of those living in the District) or workplace-based (the earnings of those who work in the District, i.e. of jobs).
- 4.10 As of 2021, the median quartile (median house prices to median earnings) resident-based affordability ratio in Coventry was 5.33 (i.e. median quartile house prices were just over 5 times median quartile earnings). The workplace-based affordability ratio was 5.96 which suggests those who commute out of the city for work have marginally better earnings and purchasing power than those who work in the city.
- 4.11 Figure 4.3 shows the median quartile workplace-based ratio between 1997 and 2021. Affordability in Coventry and the C&W HMA has followed a similar pattern, rising steadily up to 2008, before falling. In recent years, affordability in most areas, including Coventry has exceeded the 2008 peak. Whilst national affordability historically remained relatively stable at around 7.0 since the onset of the recession, as of 2021 it too has increased to 9.05. Notably, between 2001 and 2011, Coventry saw the sharpest increase in the median workplace-based affordability ratios, increasing by 62% in this 10-year period – the highest in the C&W HMA and far higher than the national average increase (51%). However, in the following 2011 to 2021 10-year period, Coventry's affordability ratio previous rapid increase abated, increasing by only 29%, whereas other areas such as North Warwickshire and Warwick saw increases in excess of 41%.

- 4.12 This suggests that over the last 10 years, the increase in development within the city – discussed further below – has slowed the rate of increase in the median quartile workplace-based ratio. Nevertheless, the above also highlights that wider issues around affordability that exist in the region which has worsened in recent years, although is still indicative of affordability pressures in Coventry.

Figure 4.3 Workplace-based Median Quartile Affordability



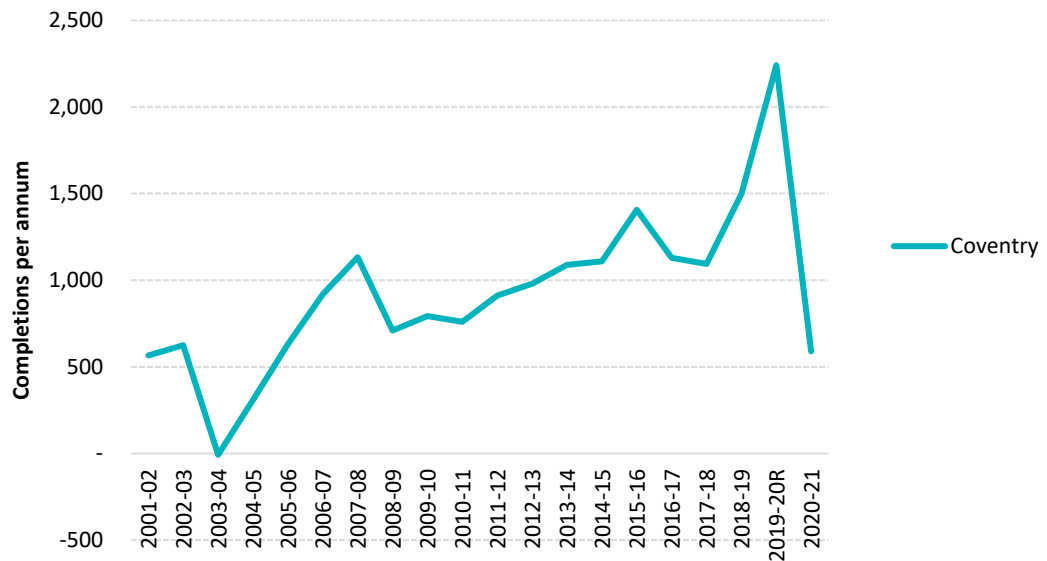
Source: ONS

## 4. Completions

- 4.13 As shown in Figure 4.4 below, dwelling completions since 2001 have been on a steady increase; albeit, with a noticeable decline in 2003. Again, similar to house prices, rent and affordability, completions in Coventry have typically followed the HMA, regional and national trends, increasing steadily up to 2007, falling sharply in 2008-09 and rising since. However, in Coventry, there is a slight reduction in annual nett completions in 2015, followed by a rapid jump in completions post-2017. This is likely linked to the adoption of the Coventry Local Plan and its housing allocations, meaning that it has taken a few years for the Local Plan's proposals to be translated into completions – hence completions in 2018 returned to a similar level to 2015 and continued up to a peak of 2,241 in 2019. Over the 2001-2011 period, Coventry was averaging 644 completions per annum. However, from 2011 to 2021, this nearly doubled to 1,205 completions per annum. It is likely that the lower 10-year period of delivery prior to 2011 is likely to be largely reflected in the other market signals (e.g. house prices and affordability) which deteriorated over that same period.



Figure 4.4 Completions in Coventry 2001-2021

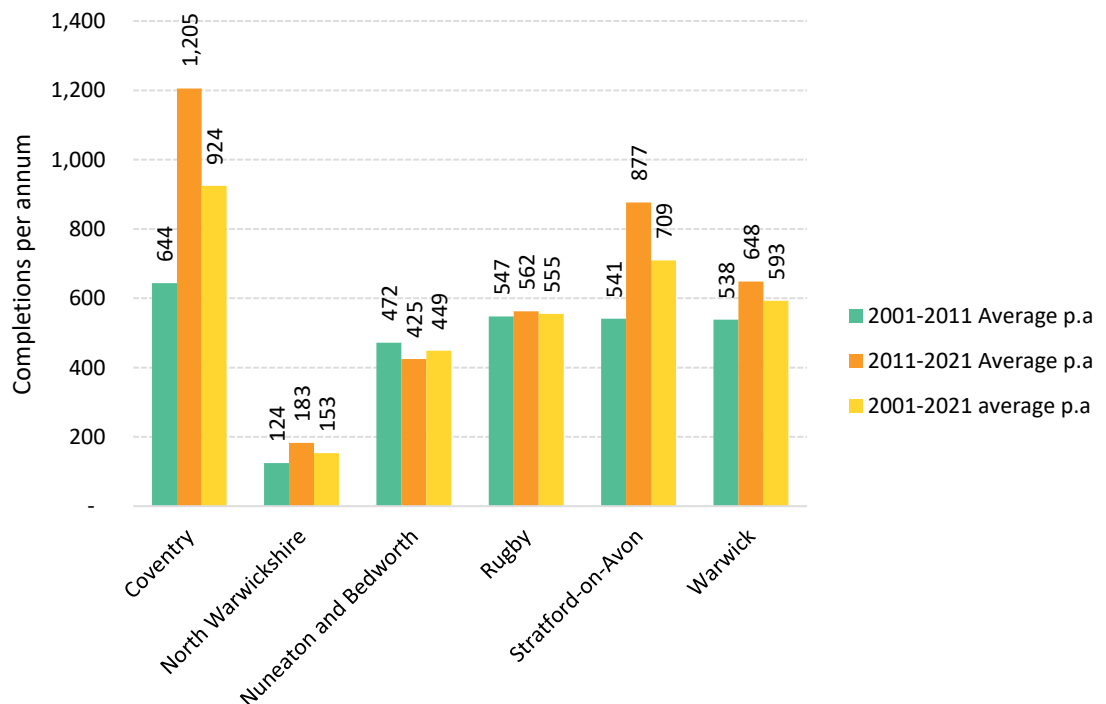


Source: Table 122, DHLUC

4.14

Although not directly comparable, particularly given that Coventry as a city can achieve higher densities than other C&W HMA areas, Coventry has consistently been delivering a larger number of dwellings per annum than the other C&W HMA authorities over the 20 years up to 2021.

Figure 4.5 10 and 20 year average completions between 2001-2021



Source: Lichfields analysis based on Table 122, DHLUC

## 5. Overcrowding

### Overcrowding

- 4.15 In 2011, 9.5% of households in Coventry were overcrowded, which is higher than both the regional (6.8%) and national (8.7%) averages. It is also markedly higher than the other authorities within the C&W HMA, which ranged from 3.4% to 6.5%. It is therefore clearly that, as of 2011, overcrowding in Coventry was quite acute. Indeed, the number of overcrowded households in the city increased by 2,314 between 2001 and 2011, increasing the number of overcrowded households from 8.5% to 9.5%. Coventry's overcrowding rate is the highest in the C&W HMA, with the other C&W HMA authorities well below the national average.

### Concealed Families

- 4.16 As of 2011, there were c.1,973 concealed families in Coventry which represented 2.4% of all the families in the city. Between 2001 and 2011, the number of concealed families increased by c.745, a rate more severe than other C&W HMA authorities. Similar to overcrowding, the rate of concealed families in Coventry is the highest across the C&W HMA and exceeds regional (2.2%) and national (1.9%) averages.

### Summary

- 4.17 Market signals provide a helpful indicator of the balance between the demand and supply of housing within an area. For Coventry, over the 2001 to 2011 period, the city was building an average of 664 dwellings per annum. In that same period, Coventry saw its rates of overcrowding and concealed families markedly increase, resulting in rates higher than the other C&W HMA authorities, and both the regional and national averages. This period of lower housing growth also correlated with a period in which both workplace-based and resident-based median affordability ratios rose sharply, at some of the highest growth rates in the C&W HMA and in the case of the workplace-based ratio, well above the national average. Again this period also saw average house prices increase by 97%. Whilst, on the face of it, Coventry appears affordable by comparison to many of the other C&W HMA authorities, the 2001-2011 period shows a deterioration in affordability for residents of the city.
- 4.18 However, largely linked to the adoption of the Local Plan, average completions have nearly doubled for the 2011 to 2021 period. As a result, the rate of increase in both average house prices and both workplace-based and resident-based median affordability ratios dropped to below other C&W HMA authorities and the national level. Albeit average monthly rents have increased in excess of other C&W HMA authorities and the regional and national averages between 2011 and 2021. This trend is broadly similar to the national trend in so far as since Covid-19 there has been reported a big disparity between supply and demand in rental properties. In any event, as of 2022, average property prices are £205,000 in Coventry, the second lowest in the C&W HMA and far lower than the national average (£270,000). Similarly, both affordability ratios are the lowest across the C&W HMA and well below regional and national levels. In essence, it could be argued that higher levels of growth have positively impacted on the affordability of the city over the last 10 years.

However, with rents increasing, an uplift in housing needs could be warranted to alleviate these pressures.

## 5.0 Lichfields' Assessment of Coventry's Future Housing Growth

### Methodology

- 5.1 The assessment of future population and housing for Coventry uses the industry-standard toolkit PopGroup. PopGroup is a family of demographic models (developed by the University of Manchester and owned by the Local Government Association) to develop population, household and labour force forecasts. PopGroup incorporates a cohort component methodology for its population projection model and a headship rate model for its household projection model.
- 5.2 PopGroup is used by a large number of local authorities in the UK and has been subject to extensive enhancement and development over the last ten years. It is widely adopted by those preparing the evidence base for local plans to help establish estimates of housing needs.
- 5.3 Scenarios run through PopGroup for the purposes of this report are 'demographic-led'; in demographic-led scenarios, the change in population between each year is calculated and based on this population – including its size and age structure - the number of homes is calculated (using inputs on the number living in communal establishments, household formation rates by sex and age, and dwelling vacancy rates). Therefore, the number of homes is an output, driven by demographic change. The number of households and dwellings is not only a function of the overall population change, but the age structure of the population (given that scenarios will produce different age structures, and household formation varies by sex and age). A growing population which is relatively young (including with high populations of children) will experience lower household growth relative to overall population growth compared with a growing population which is relatively old because the average household size in younger populations is larger (i.e. household formation is lower).
- 5.4 Demographic scenarios can be driven by:
- 1 An assumed level of overall population growth (**population-led**). In these scenarios, a 'target' level of the overall population is input into the model, which then adjusts (i.e. inflates or constrains) levels of births, deaths and migration (taking into account any birth/death rates and migration profiles entered into the model) so that the overall population matches the target level. From this population, estimates of households and housing growth are calculated; or
  - 2 Assumed levels of specific components of change (**component-led**), in this case, by levels of migration. Birth and death rates are fixed (based on official projections), and the levels of migration are flexed based on different assumptions. These components drive population growth, which in turn dictates household growth and housing need.
- 5.5 Scenarios are modelled over the 2021-41 period, i.e. using the 2021 Census as the base population and modelling population growth and housing need over 20 years. All scenarios use the 2021 Census (by sex and age) as the base population and apply fertility rates, mortality rates (by sex and age) and migration profiles (by sex and age) set out in the ONS 2018-based SNPPs for Coventry. The projection of housing needs based on population

growth includes an allowance for the communal population (e.g. those living in halls of residence, care homes, medical institutions, etc). For those under age 75 this is held constant (this means that no consideration is given to any growth in the student population, which could affect housing needs<sup>22</sup>); for those age over 75, this is applied as a rate to ensure the care home population increases proportionally in line with the number of elderly people in the city.

## Scenarios assessed

5.6 Section 2.0 set out the detailed context for Coventry's historic population growth, including that from mid-year estimates and the Censuses. These form the basis of future population modelling for Coventry, as follows:

- 1 **'Population-led'** scenarios, based on trending forward historic levels of overall population growth seen in Coventry, based on Census data;
  - a 10-year rate of growth – between the 2011 and 2021 Censuses Coventry's population grew by an average of 0.9% per year. If Coventry's population continued to grow at this rate, it would imply the population increasing from 345,300 in 2021 to **417,000 by 2041**;
  - b 20-year rate of growth – as above, but using the 2001-21 rate of growth (0.7%) which would imply the population increasing to **402,000** by 2041; and
  - c 30-year rate of growth – as above, using the 1991-2021 rate of growth (0.5%) which would imply the population increasing to **388,000** by 2041.
- 2 **'Component-led'** scenarios, based on adjusting inputted levels of migration;
  - d International migration 2001-11 trend – in this scenario, international migration flows (total, in and out) are based on levels seen between 2001 and 2011;
  - e 2001-11 migration trends and UPC – in this scenario, migration flows recorded in the 2001-11 period are adjusted to take into account UPC (applied pro-rata across in/out/internal/international flows) and are trended forward;
  - f 2001-11 implied migration – in this scenario, the level of migration which is implied between 2001-11 (based on the 2001 and 2011 Censuses, accounting for natural change and assuming any remaining change is attributable to migration) is trended forward;
  - g 2011-21 implied migration – as above, but using implied levels of migration based on the change between the 2011 and 2021 Censuses; and
  - h 2001-21 implied migration – as above, but using implied levels of migration based on the change between the 2001 and 2021 Censuses.

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<sup>22</sup> If, for example, the universities planned on providing additional halls of residence without increasing the overall number of spaces at university, this would move some of the younger adult population who currently live in households into communal accommodation, reducing housing need below that indicated in this analysis. If the universities planned to expand but did not plan on delivering halls of residence, the housing need would likely be higher. The outcome will depend on whether any student growth is 'additional' to the projections and how these people are expected to be accommodated (communal or in households).

## Outputs

- 5.7 Figure 5.1 overleaf shows the output of the scenarios, alongside historic trends and official projections for context.

## Historic Context

- 5.8 Historically, Coventry has seen its fastest growth in the most recent decade (2011-21) with a population growth of 2,834 per year (based on the 2011 and 2021 censuses) and housing growth of 1,205 per year. In the decade prior, population growth was 1,611 per year with housing growth of 644 per year. Over the 20 years, this has an average of 2,233 population growth and 924 housing growth per year.

## Official Projections

- 5.9 The 2018-based SNPP – when not re-based to the 2021 Census – suggests Coventry's population will grow by 3,386 per year up to 2041 and there will be a need for 1,707 dwellings per year<sup>23</sup>. This is lower than the 2014-based household projections, which suggested a need for approximately 2,169 dwellings<sup>24</sup> over the same period. When re-based to the 2021 Census, the official projections suggest even higher population growth at 4,471 per year, but slightly lower dwelling growth of 1,521 per year. This is because of the difference in age profiles in the base year (2021) between the projections, and the impact this has on future population size and age profile, and subsequently household and dwelling growth.

## Lichfields Scenarios

- 5.10 Looking at Lichfields scenarios for future growth, the highest of the population-led scenario is the 10-year rate of growth (2011-21) because these trends forward the growth of 0.9% per annum seen in this decade. It suggests Coventry's population will grow by 3,210 per year over the next 10 years, with a need for 1,304 dwellings per year. This exceeds the historic trends in housebuilding seen in the decade (1,205 per year, according to DLUHC) however when applying a constant rate of growth the population will grow faster – in absolute terms – than it has historically, and furthermore as Coventry's population begins to age the rate of household growth will begin to accelerate faster than population growth as household size falls. The 20-year rate of growth scenario is slightly lower, at 1,016 dwellings per year and the 30-year rate of growth is the lowest at 744 per year.
- 5.11 Across the component-led scenarios, the lowest growth is seen under the scenario which trends forward 2001-11 migration trends and fully accounts for UPC. However, this relies upon absolute levels of growth which occurred 10-20 years ago and may not be reflective of trends seen in the most recent decade, which we know have been faster for a number of reasons (housebuilding, higher education expansion, higher international migration seen nationally, etc). For this reason, it would be sensible to focus on scenarios which trend

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<sup>23</sup> Note that this does not correspond with the 2018-based Sub-National Household Projections for Coventry – 1,644 households per annum 2021-41 – because the model has converted these into dwellings, which takes into account an allowance for vacancy.

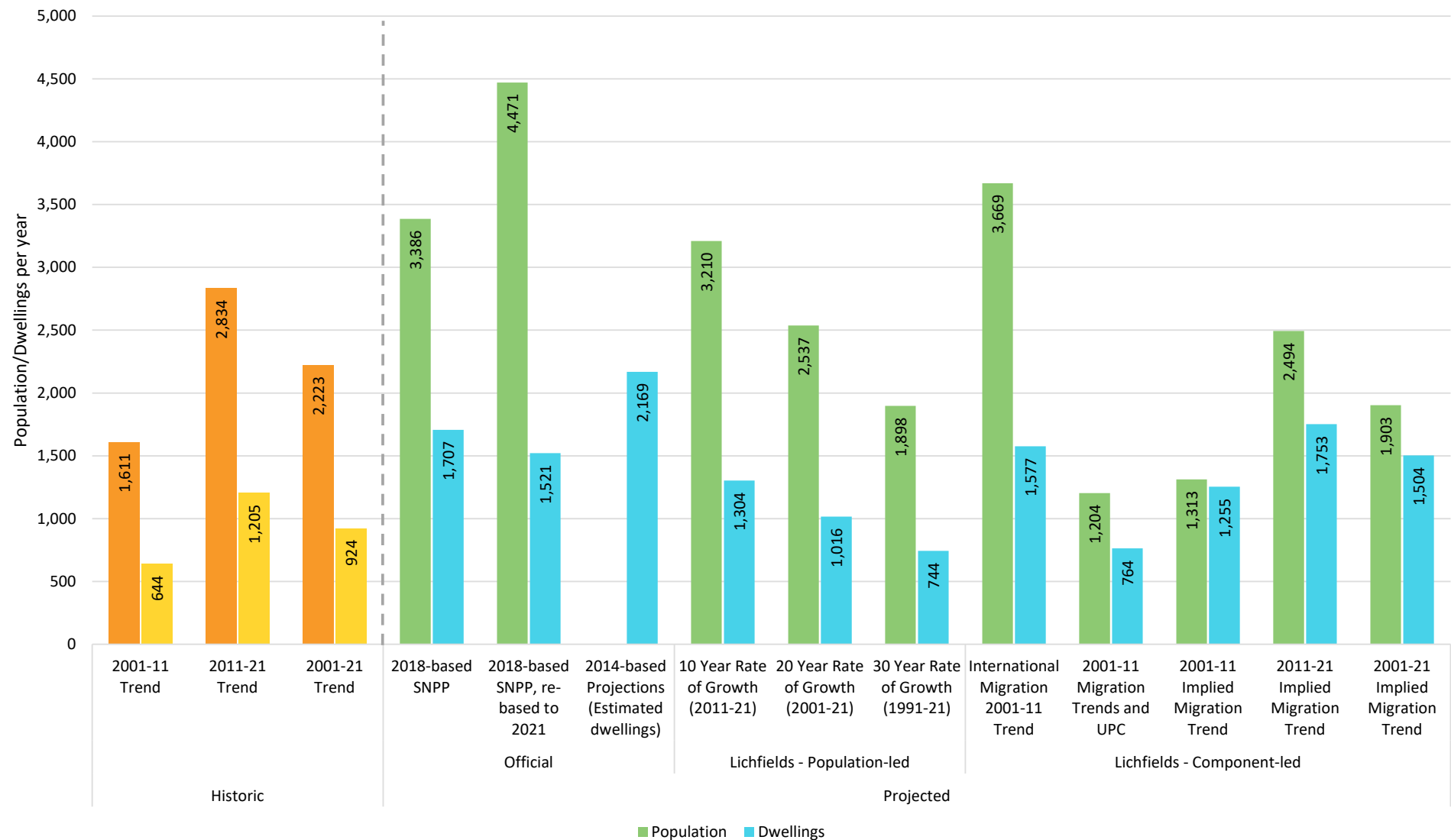
<sup>24</sup> ONS 2014-based population projections and associated DLUHC 2014-based household projections only run to 2039 and therefore have been trended thereafter to obtain an estimate for 2041. Dwelling estimate based on household growth plus a vacancy rate of 3% based on Coventry's vacancy rate at the time of the 2011 Census. This scenario has not been modelled through PopGroup.

forward levels of migration seen either in the most recent decade (2011-21), or a longer period, such as 20 years, which includes 2011-21 as well as 2001-11.

### **Comparison with official projections**

- 5.12 Notably, the scenario which applies the 2011-21 implied levels of migration (i.e. migration implied based on the population recorded in the 2011 and 2021 Censuses, less natural change) yields a level of housing – 1,753 per year – which is broadly comparable to the latest official projections – the 2018-based SNPP – before they are re-based to 2021, i.e. 1,707 per year. This is despite the fact that the scenarios have significantly different levels of overall population growth – 2,494 per year compared to 3,386 per year respectively. This highlights the significant impact that the population age structure (as driven by the base population and the profile of migrants moving into and out of Coventry) has on household growth and housing need.

Figure 5.1 Population/Dwellings per year for Coventry - Historic, Official Projections and Lichfields scenarios



Source: ONS/DLUHC/Lichfields using PopGroup



## Summary

- 5.13 In our view, it would be sensible to adopt a scenario for Coventry that:
- 1 Uses the 2021 Census as its base population, to reflect that recent mid-year estimates for the city are likely to significantly over-estimate the number of young adults in the City. This rules out official projections (2014-based, 2018-based) which are not re-based to 2021; and
  - 2 Uses trends which include the period 2011-21 (as a minimum), because there are legitimate reasons why Coventry's population growth in the 2011-21 period has been higher than in earlier decades and trending forward trends seen in the 2001-11 period may be under-representative of likely future growth. Scenarios based on longer-term trends (i.e. those based on the 20 years 2001-21, suggesting 1,016-1,504 dwellings per year, or 30-year trends at 744 per year) are based on periods far longer than those adopted in official projections (typically 5 years) and do not pick up on recent trends which will be important in informing future need in Coventry. A 10-year base period (2011-21) is sufficient to capture a full economic cycle (e.g. in terms of housebuilding) in the case of Coventry.
- 5.14 This would point towards the 10-year rate of growth scenario (**1,304 dwellings per year**) or the 2011-21 implied migration trend (**1,753 dwellings per year**) – a mid-point of which would be c.1,500 dwellings per year. The top end of this range would be broadly in line with the latest official projections, albeit with lower levels of population growth (as a result of differences in the projected age profile). Both scenarios are lower than the growth suggested in the 2014-based projections (estimated at 2,169 dwellings per year for Coventry), which form the basis of the standard method for assessing LHN.
- 5.15 It is noted that in the last 10 years Coventry has seen population growth of 2,800 per year (based on the censuses) and housing growth of 1,205 per year, therefore future population growth in the region of 2,500-3,200 and housing growth in the region of 1,300-1,700 per year is not unreasonable in this context (particularly in the context of wider trends of ageing, which will accelerate household growth nationally even as population growth may slow).
- 5.16 This analysis also illustrates how sensitive population and household projections can be to the population age profile of an area, which in turn is largely informed by the profile of migrants moving to and from the area (and, subsequently, the fertility and mortality rates of those people). This analysis has been based on the migration profiles (for in/out/internal/international flows) set out in the SNPP, absent any alternative data sources. Therefore, even though the overall flows have been manually adjusted, these flows will still be subject to the age profile set out in the SNPP, which will influence the overall population age profile, household growth and housing need. Should ONS revise its data in the future, such that the profile of migrants moving to/from Coventry is significantly different to that set out in the 2018-based SNPP, this might result in a different population projection and housing need than the analysis set out in this report, even if overall population growth or migration flows remained the same.

## 6.0 Lichfields' Assessment of Coventry's Housing Need

- 6.1 As set out above in Section 3.0, the PPG requires that the Standard Method utilises the 2014-based projections and does not allow for later population/household projections to be utilised – this is to ensure a notional need and demand of 300,000 homes is reflected as on output of the Standard Method across the Country. However, it does also highlight that:
- “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”<sup>25</sup> (Emphasis added)*
- 6.2 On the basis of Lichfields' analysis in Section 5.0, it is considered that the most recent demographic trends in migration and the implications of the 2021 Census may provide a potential 'exceptional circumstance' to deviate from the Standard Method, noting the overestimated migration trends feeding into the 2014-based projections. However, the PPG does not specify what an alternative approach should comprise.
- 6.3 Whilst it is understood that the C&W HMA has reservations regarding the accuracy of the 2014-based projections, none of the HMA authorities has expressed any concerns regarding the use of the Standard Method. Indeed, in the Nuneaton & Bedworth Housing & Economic Development Needs Assessment (May 2022), prepared by Icení, the Council's own housing need assessment considered that the recent population growth is higher for Nuneaton and Bedworth than reflected in the 2014-based household projections, but still utilised the Standard Method framework.
- 6.4 In this regard, Lichfields considers that, although deferring from the 2014-based would not align with the PPG's Standard Method framework and Lichfields' 2018-based projections would be lower than the 2014-based projections, there is a cogent and logical argument that the broad principles of the Standard Method framework should still be utilised to calculate Coventry's housing need.
- 6.5 Firstly, prior to the introduction of the Standard Method in the NPPF and PPG, housing need was calculated through Objectively Assessed Housing Needs [OAHN]. At the time, the PPG was clear that there was no one methodological approach or use of a particular dataset(s) that would provide a definitive assessment of development need. However, it did outline an overarching methodology for preparing need assessments in a transparent manner, based on the following criteria:
- 1 Be proportionate and not consider purely hypothetical scenarios, only future scenarios that could reasonably be expected to occur;
  - 2 Be based on facts and unbiased evidence. Constraints should not be applied to the overall assessment of need;
  - 3 Utilise household projections published by the Department for Communities and Local Government as the starting point estimate of overall housing need;

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<sup>25</sup> PPG ID: 2a-015

- 4 Consider sensitivity testing, specific to local circumstances, based on alternative assumptions in relation to the underlying demographic projections and household formation rates; and
  - 5 Take account of employment trends and appropriate market signals including market indicators of the balance between the demand for and supply of dwellings and affordable housing needs.
- 6.6 In essence, at their core, OAHN calculations principally assessed projected household growth over a plan period, based on official projections with sensitivity testing on demographic trends (where necessary) and applied a 'market signals uplift' ranging between 10-30%.
- 6.7 In this regard, the use of Lichfields' projections in the Standard Method framework would be consistent with the PPG's Standard Method requirements in so far as it would be being based on realistic demographic data, which reflects the UK SA and ONS' acknowledgement that the 2014-based projections do contain some level of inaccuracy for Coventry. Furthermore, in principle, the application of a 'market signals uplift' is not too dissimilar to the Standard Method, which applies an affordability uplift to the baseline household projections. Which, in Coventry's case would be 12.5% – discussed further below – and therefore well within the 10-30% market signal ranges previously utilised.
- 6.8 Secondly, as noted above in Section 3.0, the PPG<sup>26</sup> was revised to include a further stage within the Standard Method which applies a 35% uplift for those urban local authorities in the top 20 cities and urban centres list – this was to ensure that the Government achieved its 300,000 dwellings per annum housing target. Fundamentally, the Government's rationale for the uplift was based on three factors: maximising existing infrastructure; responding to the availability of land arising from structural change in retail and commerce, thereby maximising brownfield rather than greenfield development; and responding to climate change by reducing high-carbon travel.
- 6.9 Housing need is a concept that has long been untouched by policy factors that should promote or constrain the delivery of housing in different areas. Indeed, the *Gallagher Estates Ltd v Solihull MBC* judgment confirmed that OAHN is an objectively assessed need for housing in an area, leaving aside policy considerations, whereas a housing requirement is a figure which reflects, not only the assessed need for housing but also any policy considerations that might require that figure to be manipulated to determine the actual housing target for an area. In essence, local housing need is 'policy off' and a housing requirement is 'policy on'.
- 6.10 However, the Standard Method now incorporates three spatial policy judgements into the assessment of need. As such, at its heart, the introduction of the 35% urban centres uplift is clearly a Government-led 'policy-on' approach to calculating housing needs. Therefore, Lichfields' considers that, even if an authority were to defer from the Standard Method, the application of the 35% uplift would still be required to meet the Government's expectations.
- 6.11 When taken together, even if Coventry were to defer to the previous OAHN-based calculations, they would still need to factor in a market signals uplift and apply the 35% urban centres uplift. To this end, such an approach would in essence be materially similar

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26 PPG ID: 2a-004

in approach to the current Standard Method framework. Therefore, Lichfields considers that it would be entirely sensible and reasonable to continue to work within the framework of the Standard Method but have regard to the realistic demographic data for Coventry which reflects the 2021 Census and latest household projections (i.e. the 2018-based projections).

## Coventry's Housing Needs 2021-2041

6.12 On the basis of the top-end of the above alternative household projections (i.e. the 2011-21 implied migration trend projections), and when using the Standard Method calculation as set out in the PPG (with the exception of deferring from the 2014-based household projections), the four-step analysis below considers the level of LHN for Coventry over the 2021 to 2041 period:

- 1 **Step One: Setting the Baseline** – As noted above, Lichfields have derived an alternative set of household projections for Coventry, based on the 2018-based household projections and adjusted to reflect the trends shown in the intercensal period between 2011 and 2021 to reflect more accurately the level of migration into and out of the city. The baseline household growth of Lichfields' 2011-21 implied migration trend projections equates to 1,669 per annum (as opposed to the 1,735, which is households converted into dwellings, shown above). As set out above in Section 3.0, the PPG is clear that the LHN, although based on a 10-year period, can “*be applied to the whole plan period*” in calculating housing needs;<sup>27</sup>
- 2 **Step Two: Affordability Adjustment** – The affordability adjustment has regard to the most recent median workplace-based affordability ratios, published by the ONS, which provide a barometer for the area's market signals (i.e. relative affordability of housing in the area). As such, this adjustment increases the housing need where house prices are high relative to workplace incomes. For Coventry, the latest 2021-based median house price to median earnings ratio, published in March 2022, is 5.96, resulting in a 12.25% uplift;
- 3 **Step 3: The Cap** – As set out in the PPG, there are two scenarios in which the cap is applied; the first, which applies to Coventry for now, is capping the need at 40% above the Local Plan housing requirement of a Local Plan adopted in the last five years, and second is capping the need at 40% above the household projections in the absence of an up-to-date Local Plan. On the basis that Coventry benefits from an up-to-date adopted Local Plan, the cap is applied to Coventry's Local Plan housing requirement. As the adopted Local Plan requirement is 1,230 dpa, and the projected household growth and affordability uplift is 1,878, this would exceed the 40% cap. As such, the initial LHN figure is limited to 1,722 dpa; and
- 4 **Step Four: Urban Uplift** – The final step of the Standard Method calculation is the application of the urban centres 35% uplift, which requires the 20 largest urban areas in England to apply within the Standard Method calculation. Fundamentally, the purpose of this uplift is to ensure that the Government's housing target of 300,000 dpa is met (i.e. a policy-on approach). As Coventry is listed within the top 20 urban areas in the country it is therefore subject to this additional uplift.

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<sup>27</sup> PPG ID: 2a-012

## Standard Method Calculation

- 6.13 A summary of the above Standard Method calculation is set out below in Table 6.1, which demonstrates that, based on Lichfields' household projections and the Standard Method calculation, Coventry's minimum LHN figure would be 2,325 dpa. Notably, this is the same as the 2014-based LHN for Coventry, by virtue of the application of the 40% cap on the Local Plan figure.

Table 6.1 Coventry's Housing Need – Local Plan Cap Applied

	Lichfields' Household Projections
Per annum household change	1,669
Affordability ratio (2021)	5.96
Uplift to household growth	12.25%
Initial Local Housing Need	1,873
Cap	Yes (40% - Local Plan Housing Requirement)
	1,722
Urban Uplift	Yes – 35%
<b>Total Local Housing Need (per annum)</b>	<b>2,325</b>

Source: Lichfields analysis

## Removal of the Cap

- 6.14 A key component of the Standard Method calculation is the application of a cap to the LHN figure, which applies a 40% cap above the projections or plan requirement, depending on the age of the plan (i.e. if adopted within the last five years).
- 6.15 The consequence of this is that, in many instances, particularly in LPAs which have recently adopted plans where they were unable to fully meet their housing needs in the adopted Local Plan, the cap results in an artificially lowered housing need for the LPA. Indeed, by way of example, as a part of the adoption of Coventry's Local Plan, Policy 1 (Housing Land Requirements) confirmed that the Council could only meet 24,600 dwellings of its 42,400 dwelling OAN over the 2011 to 2031 period. As such, as Coventry's Local Plan was adopted within the last five years, the Standard Method cap applies to the lower plan requirement, and not the Council's OAN.
- 6.16 Although the PPG recognises this and is clear that the cap *“does not reduce housing need”* and LPAs can exceed the minimum LHN if ‘deliverable’,<sup>28</sup> given the timescales of Coventry's emerging Local Plan Review, it is likely that the cap would not be applied to the Local Plan. This is because, in December 2022, the Coventry Local Plan will become more than five years old, and as such, the 40% cap would be applied to the household projections. As a result of this change, from December 2022, when following the abovementioned calculation but omitting the Local Plan-based cap, Coventry's minimum LHN figure would increase to 2,529 dpa – see Table 6.2 below for a summary of the Standard Method calculation.

<sup>28</sup> PPG ID: 2a-007

Table 6.2 Coventry's Housing Need – Cap Removed

	Lichfields' Household Projections
Per annum household change	1,669
Affordability ratio (2021)	5.96
Uplift to household growth	12.25%
Initial Local Housing Need	1,873
Cap	N/A
Urban Uplift	Yes – 35%
<b>Total Local Housing Need (per annum)</b>	<b>2,529</b>

Source: Lichfields analysis

## Summary

- 6.17 In summary, when calculating an authority's LHN figure using the Standard Method the PPG requires the use of the 2014-based household projections. However, it is clear that an *'alternative approach'* based on *'realistic assumptions of demographic growth'* can be used in *'exceptional circumstances'*. It, however, does not specify how this might be demonstrated (i.e. a methodology for calculating OAHN).
- 6.18 As acknowledged by the UK SA and ONS and shown in Section 5.0, there are clearly some overestimations in Coventry's population and household growth forecasts on the basis of inaccurate migration trends. Lichfields has undertaken an analysis of a series of demographic-led scenarios through PopGroup, which clearly shows that the 2011-21 implied migration trend would be broadly in line with the latest official projections, albeit with lower levels of population growth (as a result of differences in the projected age profile) but would result in a lower level of growth than suggested in the 2014-based projections. In essence, on the face of it, this may provide a potential *'exceptional circumstance'* to deviate from the Standard Method.
- 6.19 However, Lichfields considers that, although deferring from the 2014-based would not align with the PPG's Standard Method framework and Lichfields' 2018-based projections would be lower than the 2014-based projections, there is a cogent and logical argument that the broad principles of the Standard Method framework should still be utilised to calculate Coventry's housing need.
- 6.20 In this regard, based on a household growth rate of 1,669 per annum, the Standard Method framework would generate a minimum LHN figure of 2,325 dpa. Notably, this is the same outcome of the Standard Method when utilising the 2014-based projections. This is fundamentally due to the application of the 40% cap on the Local Plan requirement, which caps growth to 1,722 dpa. As both the 2014-based projections and Lichfields' projections exceed this cap, when a 12.5% affordability uplift is applied, they are both capped at 1,722 dpa. However, when the Local Plan-based cap is removed in December 2022, the Standard Method Framework would generate a minimum LHN figure of 2,529 dpa, which is much lower than the minimum uncapped 3,188 dpa figure generated by the 2014-based projections.

## 7.0 Conclusions

- 7.1 This HNA has been prepared by Lichfields, on behalf of a consortium of housebuilders and land promoters. The purpose of this HNA was to consider the concerns raised with regard to inaccuracies in Coventry city's population projections and mid-year population estimates and the impacts this has on the housing needs calculations.
- 7.2 As authorities within the C&W HMA begin to prepare Local Plan Review, these will need to be undertaken in the context of the revised NPPF, which now requires authorities to use the Standard Method (Para 61), which requires the use of the 2014-based projections – per the PPG. However, the PPG enables LPAs to use an alternative method for calculating housing needs in 'exceptional circumstances.' It is understood that the forthcoming C&W HMA Joint HEDNA will look at providing an alternative assessment for Coventry to reflect the above 2014-based projection concerns. As such, this HNA provides the Consortium with an alternative assessment of Coventry's projected household population to be used as a basis for calculating the level of housing need arising from the city in the future.
- 7.3 Population estimates published by ONS are important for planning (and a variety of other) purposes as they provide an annual picture of the population in a given area and how it has changed. Whilst an element of 'unattributable population change' is required to some degree in every local authority, ONS does not consider it significant enough at the national level to warrant adjusting the estimates or projections. However, the OSR has acknowledged that there can be much larger margins of error in the estimates in areas where international migration flows make up a significant portion of population change, including where there are significant student populations, such as in Coventry. This could – hypothetically – over-inflate the population and therefore household growth and housing need in Coventry.
- 7.4 Our analysis shows that, following the 2011 Census, ONS added a UPC element into the mid-year estimates of over -15,000 people. Based on the population in the 2021 Census, it would be reasonable to assume that, once again, ONS will be required to add a significant element of [negative] UPC to Coventry's mid-year estimates once again, potentially in the region of -40,000. However, until ONS publishes these revised estimates and/or makes any changes to the way it projects population growth in Coventry or similar areas, we must estimate future change based on scenarios which might be reasonably expected to occur.
- 7.5 Lichfields' analysis has also shown that over the last 20 years, Coventry has seen a dramatic change in its completions and housing market trends. Over the 2001 to 2011 period, with lower average levels of completions than currently, the city saw worsening trends in affordability – increased housing costs and affordability ratios and worsening of overcrowding and concealed families. Most of these negative housing trends were in excess of the C&W HMA, regional and national trends. However, since 2011, completions have nearly doubled, and the rate of worsening in these market signals has decreased. As of 2022, the city remains one of the most affordable areas within the HMA and region. Notably, completions have markedly increased since the adoption of the Local Plan, which was underpinned by the earlier 2012-based projections.
- 7.6 Notwithstanding this, as set out in the PPG, an alternative assessment of housing needs should be based on 'robust evidence' and 'realistic assumptions of demographic growth'.

Given the concerns around the accuracy of the 2014-based projections, it is likely that the 'exceptional circumstances' necessary to deviate from the Standard Method in Coventry could be justified. To this end, Lichfields have assessed the future population and housing for Coventry using the industry-standard toolkit PopGroup. This analysis comprises two scenarios – population-led and component-led – modelled over the 2021-41 period and utilising the 2021 Census as a base population and wider trends from the ONS 2018-based SNPPs for Coventry.

- 7.7 For Coventry, Lichfields' alternative assessment of the population includes the period 2011-21 (as a minimum), because there are legitimate reasons why Coventry's population growth in the 2011-21 period has been higher than in earlier decades, and trending forward trends seen in the 2001-11 period may be under-representative of likely future growth. As such, a 10-year base period (2011-21) is sufficient to capture a full economic cycle (e.g. in terms of housebuilding) in the case of Coventry. This would point towards the 10-year rate of growth scenario **(1,304 dwellings per year)** or the 2011-21 implied migration trend **(1,753 dwellings per year)**.
- 7.8 Working on the basis of the top-end of the 10-year implied migration trend, this HNA has utilised the Standard Method framework to calculate Coventry's housing needs over a 2021 to 2041 plan period. This is because the PPG does not specify the methodology for an 'alternative assessment'. Although deferring from the 2014-based would not align with the PPG's Standard Method framework and Lichfields' 2018-based projections would be lower than the 2014-based projections, there is a cogent and logical argument that the broad principles of the Standard Method framework should still be utilised to calculate Coventry's housing need – particularly the 'policy-on' urban centres 35% uplift.
- 7.9 In this regard, based on a household growth rate of 1,669 per annum, the Standard Method framework would generate a minimum LHN figure of 2,325 dpa. Notably, this is the same outcome of the Standard Method when utilising the 2014-based projections. This is fundamentally due to the application of the 40% cap on the Local Plan requirement, which caps growth to 1,722 dpa. As both the 2014-based projections and Lichfields' projections exceed this cap, when a 12.5% affordability uplift is applied, they are both capped at 1,722 dpa. However, when the Local Plan-based cap is removed in December 2022, the Standard Method Framework would generate a minimum LHN figure of 2,529 dpa, which is much lower than the minimum uncapped 3,188 dpa figure generated by the 2014-based projections.
- 7.10 In conclusion, there are legitimate concerns regarding the population estimates informing the 2014-based projections for Coventry. These have been acknowledged by the UKSA and ONS. In addition, Lichfields analysis suggests a level of population growth below the official figures. However, on the basis of Lichfields analysis, Coventry's minimum OAHN figure would be 2,325 dpa. Notably, this is the same as the 2014-based LHN for Coventry, by virtue of the application of the 40% cap on the Local Plan figure. However, given that the 40% cap will be removed in December 2022, the HNA also assessed the OAHN with the 40% cap included, which resulted in Coventry's minimum OAHN figure increasing to 2,529 dpa.



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## **Appendix 3 Distributing the unmet housing needs of the C&W HMA**

# **Distributing the unmet housing needs of the C&W HMA**

## **Functional Housing Market Analysis**

On behalf of Gladman Developments Ltd, St Philips Land Ltd, and  
Richborough

25 August 2023

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## Appendices

Appendix 1 Nuneaton and Bedworth's Functional Relationship Analysis

Appendix 2 Housing Needs Assessment: Calculation Coventry's Housing Needs (2021-2041)

## 1.0 Introduction

- 1.1 This Report has been prepared by Lichfields, on behalf of a consortium of housebuilders and land promoters, comprising Gladman Developments Ltd (“Gladman”), St Philips Land Ltd (“St Philips”) and Richborough (i.e., “the Consortium”), to consider how the unmet housing needs of the Coventry and Warwickshire Housing Market Area [HMA] (“C&W HMA”) could be sustainably distributed amongst the constituent authorities based upon the functional relationships between the authorities.
- 1.2 The purpose of this Report is to consider the levels of unmet housing need arising in Coventry in light of the Council’s objectively assessed housing needs [OAHN], set out in the ‘Coventry & Warwickshire Housing & Economic Development Needs Assessment (November 2022)’ [HEDNA] and the Consortium’s alternative assessment of Coventry’s projected household population and housing need, set out in their Housing Needs Assessment [HNA] (Appendix 2). This Report is not an ‘OAHN’ report. It has been prepared in support of each member of the Consortium’s respective representations to Nuneaton and Bedworth Borough Council’s (“the Council”) forthcoming Publication Draft Plan (“the PDP”) consultation on the Borough Plan Review.
- 1.3 It is important to note that the Consortium welcomed the Council’s previous commitment to assisting in addressing the unmet housing needs of the C&W HMA through the Borough Plan 2011-2031 (adopted June 2019) (“the Borough Plan”), as agreed through the 2017 C&W HMA Memorandum of Understanding [MoU]. However, the purpose of this Report is to demonstrate to the Council that the currently proposed withdrawal from the MoU is inappropriate and would not accord with the National Planning Policy Framework’s (2021) [NPPF] clear instructions that local planning authorities [LPAs] should work together to identify and meet (where it is sustainable to do so) housing needs across neighbouring areas, underpinned by adequate, relevant and up-to-date evidence now, rather than deferring these matters (Paras 11b, 31, 35a and 35c) – and is, therefore ‘unsound’.
- 1.4 As such, the Consortium considers that there is a clear and cogent need for the Council to work alongside the other C&W HMA authorities to ensure that the HMA’s existing unmet housing needs up to 2031 are addressed alongside the likely emerging unmet needs up to 2041 and beyond.
- 1.5 It should be noted that in Consortium’s representations to the Council’s Preferred Options [PO] consultation on the Borough Plan Review held between 13 June and 22 July 2022, the Consortium recommended that the Council considered undertaking analysis that considered the functional housing market relationship between the various local authority areas, taking account of: the degree of migration and commuting linkages within the C&W HMA, opportunities to capitalise on sustainable transport links and improve affordability, and the degree of environmental and physical constraints which might impede on an authority’s ability to accommodate unmet housing needs.
- 1.6 In this regard, this Report seeks to further justify this approach and demonstrates how this analysis would, ultimately, illustrate the functional linkages between the authorities within the C&W HMA, the origins of the unmet housing need, and how Coventry’s unmet housing needs could be sustainably distributed across the C&W HMA and within Nuneaton and Bedworth.



## Structure

1.7

This Report Update is structured as follows:

- Section 2.0 – Sets out the Council’s proposed approach to addressing the unmet housing needs of the C&W HMA through the emerging Borough Plan Review;
- Section 3.0 – Defines the extent of the C&W HMA;
- Section 4.0 – Sets out the current unmet housing need position across the C&W HMA, explores the genesis of, and the quantum of the need, and defines the potential scale of unmet housing needs within Coventry to be met up to 2041;
- Section 5.0 – Sets out the approaches taken by other authorities to distributing unmet housing needs, the need for an evidence-led approach, and Lichfields’ approach to modelling the location of where Coventry’s unmet housing needs should be addressed;
- Section 6.0 – Sets out Lichfields’ step-by-step analysis of key indicators to conclude on how much of Coventry’s unmet housing needs should be addressed within Nuneaton and Bedworth; and
- Section 7.0 – Provides Lichfields’ conclusions on the quantum of unmet housing needs that the Council should be testing and planning to meet through its Borough Plan Review.

## 2.0 The Council's Current Approach

- 2.1 As the Council will be aware, as a part of the preparation of currently adopted Local Plans across the C&W HMA a series of Joint Strategic Housing Market Assessments [SHMAs] were produced between 2013 and 2015 for the C&W HMA, which assessed the housing needs of the C&W HMA over the 2011 – 2031 period.
- 2.2 Importantly, the 2015 Joint SHMA<sup>1</sup> underpinned the Coventry Local Plan and was endorsed by the Inspector at the Coventry City Local Plan Examination in Public [EiP]. For Coventry, the 2015 Joint SHMA identified an OAN for the 2011-2031 Local Plan period of 42,400 dwellings or 2,120 dwellings per annum [dpa]. However, Coventry's Strategic Housing Land Availability Assessment [SHLAA] only identified capacity for c.25,000 dwellings.
- 2.3 Consequently, Policy H1 (Housing Land Requirements) of Coventry City Council's 'Local Plan 2011-2031' ("the Local Plan") set out that provisions would be made for a minimum of 24,600 additional dwellings over the plan period (2011-2031) within the Council's administrative boundary, with the 17,800 dwellings shortfall to be met elsewhere within the C&W HMA.
- 2.4 To distribute Coventry's unmet housing needs up to 2031 and demonstrate the Duty to Cooperate [DtC], the C&W HMA authorities prepared and signed the 2017 MoU, which required each LPA to prepare a Local Plan that reflected the agreed distribution (Para 6) – the Council subsequently signed the 2017 MoU on 23 January 2018. For Nuneaton and Bedworth, the 2017 MoU identified that the Council should make provision for 4,020 dwellings up to 2031. To this end, consequently, the Council made provision for these needs within the 2019 Borough Local Plan.
- 2.5 However, the Council has expressed its concerns regarding the adopted existing level of unmet needs arising from Coventry, owing to inaccuracies in Coventry's population projections and mid-year population estimates and the consequences this has on Coventry's unmet housing needs up to 2031. As such, the Council has expressly stated that it intends to withdraw from the MoU and re-negotiate its contribution because of this.<sup>2</sup>
- 2.6 Notwithstanding this, although the Coventry Local Plan Review Issues and Options [IO] consultation indicates that the Council's OAHN is markedly lower than the Standard Method [SM] figure – discussed further below – it is considered that it is extremely likely that there will still be an acute level of unmet housing needs arising in Coventry in the future as the current round of plan-making extends plan periods beyond 2031 and up to 2050 in some instances.
- 2.7 Indeed, the Council's own 'Nuneaton & Bedworth Housing & Economic Development Needs Assessment (2022)' ("the Nuneaton HEDNA") clearly stated that there "*is a reasonable prospect that an unmet need will again arise*" in Coventry, which "*given the strong functional relationship between Nuneaton and Bedworth and Coventry*" may be "*an important consideration in considering overall housing provision within the Borough Plan Review*" (Para 10.7). Moreover, the HEDNA, although not explicitly stated, suggested

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<sup>1</sup> Updated Assessment of Housing Need: Coventry-Warwickshire HMA (September 2015)

<sup>2</sup> <https://edemocracy.coventry.gov.uk/mgAi.aspx?ID=34061>

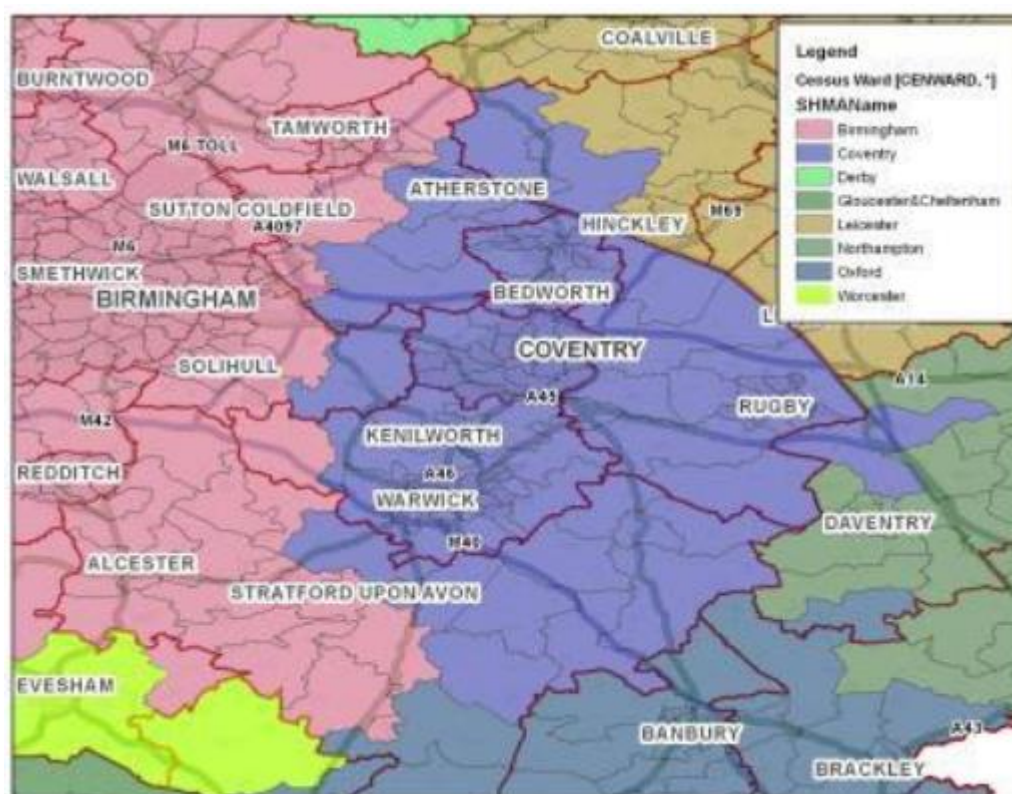
that some of the C&W HMA authorities would need to consider unmet needs arising from the C&W HMA (Para 15.8).

- 2.8 Despite this, the Council's previous PO consultation and PDP consultation make no commitment to a contribution towards the unmet needs of Coventry. Whilst the PDP is silent on the matter, the PO stated that this was on the basis of uncertainties surrounding Coventry's housing need with regards to ongoing doubts regarding the 2014-based household projections for the city (Para 7.25). As such, the Council's emerging Borough Plan Review is not seeking to make provisions for the unmet housing needs of Coventry beyond 2031 – quantified and discussed further below.

### 3.0 The Housing Market Area

- 3.1 As indicated above, the Council falls within the C&W HMA. The extent of the HMA was first established in the joint Coventry and Warwickshire Strategic Housing Market Assessment in 2013 (“the 2013 Joint SHMA”), prepared by GL Hearn and Justin Gardner Consulting, which was commissioned jointly by the authorities for the functional housing market area. The purpose of the Joint SHMA was to (inter alia) bring together the evidence base necessary to make policy decisions on overall housing requirements within the HMA.
- 3.2 In defining the HMA, the 2013 Joint SHMA utilised a ‘best fit’ approach, which uses LPA boundaries, and concluded that the C&W HMA comprised 6 LPAs.<sup>3</sup> Notably, the C&W HMA is also contiguous with the Coventry and Warwickshire Local Enterprise Partnership [CWLEP].

Figure 3.1 CLG Strategic Housing Market Areas



Source: 2013 Joint SHMA (GL Hearn)

- 3.3 The 2013 Joint SHMA was subsequently updated in 2014 and again in 2015 to reflect the publication of new population and household projections since the publication of previous versions of the Joint SHMA. Nevertheless, the spatial extent of the C&W HMA remained unchanged throughout these subsequent updates. Although not explicitly, as set out in the Coventry’s Local Plan and Stratford-on-Avon ‘Core Strategy 2011-2031’ (“the Core Strategy”) Inspectors Reports, the Inspectors accepted the scope and extent of the C&W

<sup>3</sup> Coventry City Council, Nuneaton and Bedworth Borough Council, North Warwickshire Borough Council, Rugby Borough Council, Warwick District Council and Stratford-on-Avon District Council

<sup>4</sup> 2012-based Sub-National Population Projections & Economic Forecasts: Implications for Housing Need in Coventry & Warwickshire (September 2014)

HMA (IR 21 and IR13 respectively). In essence, the C&W HMA has been endorsed by Inspectors through the examinations and adoption of the currently adopted Local Plans across the HMA and therefore represents a long-established functional strategic HMA. Indeed, the HMA was adopted as the framework, and starting point, in the 2017 MoU for distributing Coventry's unmet housing needs and it is settled that the area comprises the geographic extent of 'neighbouring areas' from which the NPPF requires unmet needs be addressed. Moreover, it is considered that the C&W HMA remains an appropriate HMA geography, with the HEDNA reviewing the HMA and concluding that:

*"Whilst functional geographies do not in reality precisely fit onto local authority boundaries, Coventry and Warwickshire remains an appropriate 'best fit' Housing Market Area (HMA) and Functional Economic Market Area (FEMA)." (Para 1.9)*

## 4.0 The Origins and Scale of Unmet Housing Needs

- 4.1 As set out above, the Coventry's Local Plan confirmed an unmet housing need of 17,800 dwellings up to 2031. These needs were met within respective adopted Local Plans throughout the C&W HMA, as agreed through the 2017 MoU; albeit there are legitimate questions as to whether this need was fully addressed.
- 4.2 Indeed, the 2017 MoU agreed distribution of growth implied that c.3,800 dwellings of the shortfall had not been accounted for within the distribution, Warwick adopted a shorter plan period (2011-2029) resulting in a 664 dwelling lower contribution and Stratford-on-Avon deferred addressing these needs to a future Site Allocations Plan [SAP] which now does not propose to make any provision for the unmet housing needs of the C&W HMA. As such, on the face of it, there remains an unaccounted shortfall of 4,464 dwellings up to 2031.
- 4.3 Notwithstanding this, it is important to note that as authorities within the C&W HMA begin to review their Local Plans, these reviews will need to be undertaken in accordance with the revised NPPF and Planning Practice Guidance [PPG].
- 4.4 As the Council will be aware, Coventry's Local Plan Review should have regard to policy requirements set out in the revised NPPF, including calculating its local housing need [LHN] figure using the SM. Indeed, the NPPF is clear that LPAs should, as a minimum, provide for the OAHN of the area (Para 11b), which should be informed by the SM for calculating LHN (Para 61). However, Coventry has sought to demonstrate that 'exceptional circumstances' exist that would justify an alternative approach to the SM (i.e., Para 61 of the NPPF), which are set out in the HEDNA and Coventry IO.
- 4.5 Whilst this may be Coventry's position, the Consortium contends that Coventry's approach to calculating its OAHN would not accord with the NPPF, nor the Government's ambitions to significantly boost the supply of housing and focus development in the top 20 major urban areas of the country – and is, therefore 'unsound' – which is discussed further below. When taking the correct approach, and when coupled with the underbounded nature of Coventry, it is considered highly likely that Coventry will continue to face further significant land capacity and availability pressures (i.e., more unmet housing needs up to 2041), which the Council and other C&W HMA authorities will need to assist in meeting. In this regard, there are several housing need scenarios arising in Coventry which need to be considered when determining the likely level of unmet housing needs arising in Coventry:

### 1. The Standard Method

- 4.6 As the Council will be aware, on 24 July 2018, the Government published the revised NPPF, which amongst other things, introduced the new standardised methodology to assess LHN, which took immediate effect. As such, for the purposes of plan-making in the C&W HMA, the SM applies for the C&W HMA authorities, unless 'exceptional circumstances' justify an alternative approach.
- 4.7 Notably, and as the Council will be aware, the SM is calculated – for the vast majority of local authorities – based on the 2014-based household projections, uplifted where

appropriate to address the latest median workplace-based affordability ratios, and in certain instances, capped at a level 40% above the annual average housing requirement figure set out in existing up-to-date policies.<sup>5</sup>

- 4.8 However, following the consultations received in relation to the Government's proposed changes to the SM, as a part of the 'Changes to the current planning system' consultation, in December 2020 the Government revised the SM. The PPG<sup>6</sup> was revised to include a further stage within the SM which applied a 35% uplift for those urban local authorities in the top 20 cities and urban centres list; which includes Coventry.
- 4.9 As a consequence of the new SM, as of August 2023, Coventry's minimum annual housing requirement is 3,247 dpa ("**Scenario 1**"). This is markedly higher than the OAHN of 2,120 set out in the 2015 Joint SHMA Update, and previous LHN figures for Coventry. Ultimately, this is because in December 2022, the Coventry Local Plan became more than five years old, and as such, the 40% cap no longer applies to the Local Plan requirement. Instead, it applies to the household projections. This is important, as the 40% cap on the Local Plan requirement artificially lowered housing needs within Coventry by virtue of the Local Plan being unable to meet its housing needs. This is tacitly accepted in the PPG<sup>7</sup>, which states that the "*cap reduces the minimum number generated by the standard method, but does not reduce housing need itself*".
- 4.10 Moreover, the current SM figure for Coventry includes the 35% uplift for those urban local authorities in the top 20 cities and urban centres list. Nevertheless, the above represents the NPPF's and PPG's starting position for Coventry's minimum housing requirement for the 2021-2041 Local Plan Review period.

## 2. The HEDNA's Approach

- 4.11 Given concerns regarding Coventry's population projections and mid-year population estimates with regards to perceived inaccuracies in respect of the impacts of the student population on the housing need figures – a point which the UK Statistics Authority has acknowledged<sup>8</sup> and ONS have indicated would be reviewed<sup>9</sup> – the HEDNA sought to deviate from the SM's use of the 2014-based household projections; as required by the PPG.<sup>10</sup> In particular, the HEDNA considered that there were two main considerations justifying a departure from the 2014-based projections, which comprised:

*“• 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*

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<sup>5</sup> PPG ID: 2a-004: “Where the relevant strategic policies for housing were adopted more than 5 years ago (at the point of making the calculation), the local housing need figure is capped at 40% above whichever is the higher of: a. the projected household growth for the area over the 10 year period identified in step 1; or

1. the average annual housing requirement figure set out in the most recently adopted strategic policies (if a figure exists).”

<sup>6</sup> PPG ID: 2a-004

<sup>7</sup> PPG ID-2a-007

<sup>8</sup> Review of population estimates, and projections produced by the Office for National Statistics (May 2021), UKSA

<sup>9</sup> Available at:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/futureplansforresearchonpopulationestimatesandprojections/2021-07-29>

<sup>10</sup> PPG ID: 2a-005



• *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.*" (Para 5.16).

- 4.12 On this basis, the purpose of the HEDNA was (*inter alia*) to consider the overall housing need within the C&W HMA between 2021 and 2041 and up to 2050, having regard to the SM, an interrogation of demographic trends and other relevant considerations including economic growth potential. It should also be noted that the HEDNA has also considered the demographic analysis and modelling of housing needs capturing initial Census data released on 28th June 2022.
- 4.13 When having regard to the PPG's guidance that an alternative approach to the SM can be taken in 'exceptional circumstances',<sup>11</sup> the HEDNA deviates away from the main SM's required use of the 2014-based projections and prepares its own 'trend-based projections'. In this regard, the HEDNA derives its own sub-national population projections based on several different datasets to reflect a 10-year migration trend. Namely, it has utilised the population/migration trends from the 2018 Sub-National Population Projections [SNPP] and applied adjustments to reflect the Mid-Year Estimates and 2021 Census on births/mortality and migration.
- 4.14 These projections are then applied to the households as of 2021 recorded in the Census, with the 2014-based Household Representative Rates, to derive a new household projection for each authority. The HEDNA then runs these baseline population projections through the SM framework (i.e., an uplift for the median affordability ratio), and, importantly, the 35% Urban Centres uplift is applied. Consequently, the HEDNA concludes on an OAHN of 1,964 dpa for Coventry ("**Scenario 2**") – which was 1,224 lower than the then 2014-based LHN (utilising the then 2021 Median Affordability Ratio) and is 1,283 lower than the current SM for Coventry.

### 3. The Consortium's Alternative Approach

- 4.15 The PPG states that an alternative approach to the SM can be taken in 'exceptional circumstances', stating that:
- "If it is felt that circumstances warrant an alternative approach... 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."*<sup>12</sup> (Emphasis added)
- 4.16 And goes on to state:
- "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."*

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<sup>11</sup> PPG ID: 2a-003

<sup>12</sup> PPG ID: 2a-003



*Any method which relies on using household projections more recently published than the 2014-based household projections will not be considered to be following the standard method as set out in paragraph 60 of the National Planning Policy Framework. As explained above, it is not considered that these projections provide an appropriate basis for use in the standard method.”<sup>13</sup> (Emphasis added)*

- 4.17 It is therefore clear that the SM should be used for the purposes of calculating housing needs, unless ‘exceptional circumstances’ justify an alternative approach. In this regard, prior to the HEDNA being published, the Consortium commissioned the HNA (Appendix 2), prepared by Lichfields, to provide the Consortium’s alternative assessment of Coventry’s projected household population to be used as a basis for calculating the level of housing need arising from the city in the future.
- 4.18 As required by the PPG,<sup>14</sup> the SM still utilises the 2014-based household projections. However, the Consortium was acutely aware of the concerns expressed by the Council in respect of the challenges to Coventry’s population projections and mid-year population estimates with regards to perceived inaccuracies. Therefore, as a part of the HNA, it was concluded that the principle of deviating from the 2014-based household projections, but utilising the SM framework was acceptable in principle – an approach the HEDNA subsequently took. As such, the Consortium accepts, in principle, the derivation of independent population projections and agrees with the HEDNA’s approach of utilising the broad SM framework in calculating an OAHN for Coventry.
- 4.19 In this context, the HNA prepared its own alternative projections for Coventry, which had regard to the 2021 Census population and household data, published on 28 June 2022, and made adjustments to the official 2018-based projections to take account of the differences in migration over the 10-year intercensal period. As such, when the HNA’s alternative population and household projections were run through the SM framework, including the 35% uplift, this resulted in a minimum LHN figure of 2,529 dpa (“**Scenario 3**”).

## 4. Coventry’s Approach

- 4.20 Coventry is currently consulting on the IO, which sets out Coventry’s views on its housing requirement for the 2021 to 2041 plan period. Drawing on the HEDNA, the IO states that the Topic Paper has set out three housing needs options for the 2021-2041 plan period:
- 1 Scenario 1: SM for LHN - a total minimum need of 63,760 new homes – or 3,188 dpa;
  - 2 Scenario 2: The HEDNA’s 2021 Census ‘trend-based projections’ which are run through the SM’s framework (Inc. 35% Urban Centres uplift applied) - a total of 39,280 new homes – or 1,964 dpa; and
  - 3 Scenario 3: The HEDNA’s 2021 Census ‘trend-based projections’ which are run through the SM’s framework (Exc. 35% Urban Centres uplift applied) – a total of 29,100 new homes – or 1,455 dpa.
- 4.21 Ultimately, the IO concludes that *"Scenario 3 represents the true need for Coventry, as it is based on the best available evidence. The Council, therefore, considers that this is the figure that we should deliver and is seeking views on this approach."* In particular, the IO

<sup>13</sup> PPG ID: 2a-015

<sup>14</sup> PPG ID: 2a-005

states that the Council disagrees with the implementation of the SM's 35% Uplift, stating that *"the figure is not justified and appears entirely arbitrary, having no relevance to addressing local need."* Fundamentally, whilst the Consortium accepts that it is appropriate to deviate from the 2014-based household projections in this instance, the Consortium considers that Coventry's proposed approach would not accord with the NPPF, nor the Government's ambitions to significantly boost the supply of housing and focus development in the top 20 major urban areas of the country – and is, therefore 'unsound'. To this end, the Consortium has made representations to the IO which set out the Consortium's concerns with this approach. As such, the Council's IO approach should be disregarded at this time.

## Available Land Supply

- 4.22 As a part of the Coventry Local Plan Review, Coventry has now updated its evidence base, and prepared a 'Housing and Economic Land Availability Assessment' (2023) [HELAA]. It is understood that the HELAA was prepared within the context of the jointly prepared Housing and Economic Land Availability Assessment Methodology in September 2021.<sup>15</sup> Crucially the HELAA updates the Council's information in respect of available housing land supply and sets out the projected delivery of new housing between 2021/22 and 2040/41. The purported housing land supply comprises several components, including:

Figure 4.1 Coventry's components of housing land supply

Housing land supply	Number of Homes
Past net completions	3,818 (2021 /22 monitoring year)
	1,620 (2022 / 23 monitoring year)
Call for brownfield sites	1,200 (approx.)
Sites with planning permission (includes those under construction but not completed)	11,914
Local Plan allocations – remaining capacity	3,151
City Centre Area Action Plan Remaining Allocations	455
Windfall	3,000 (2026 onwards)*
<b>Total</b>	<b>25,158**</b>

Source: Table 5, Coventry IO Consultation

- 4.23 As such, as of 31st March 2023, Coventry has confirmed a supply of 25,158 dwellings. As is shown above, a large proportion of this supply is already permitted; albeit, a large majority of this existing permitted land supply relates to flatted PBSA or flatted schemes on previously developed land.
- 4.24 The HELAA supply also indicates that c.3,000 windfalls would occur between 2026 and 2041, equating to an annual rate of 200 dpa. This is, of course, an optimistic position, which assumes that existing trends will continue beyond 2031. For example, it may become apparent that there is a lack of windfall sites suitable for redevelopment in the future because brownfield land is, by its nature, diminishing in supply, which would consequently impact the likely Local Plan windfall completions. Notwithstanding this, at present, the

<sup>15</sup> Coventry and Warwickshire Sub-Regional Joint Method Statement Housing and Economic Land Availability Assessment – Methodology September 2021

above supply represents a reasonable starting point for considering the likely unmet housing need in Coventry up to 2041.

## Coventry's likely level of Unmet Housing Need

4.25 Table 4.1 demonstrates the likely range of Coventry's shortfall across the 2021-2041 period.

Table 4.1 Likely Housing Shortfall for Coventry up to 2041

	2021-2041		
	Scenario 1	Scenario 2	Scenario 3
Minimum Annual Need (p.a)	3,247	1,964	2,529
	(based on 2014-based LHN figures and including 35% Urban Centre Uplift)	(based on 2018-based HEDNA adjusted LHN figure and including 35% Urban Centre Uplift)	(based on 2018-based Lichfields adjusted LHN figure and including 35% Urban Centre Uplift)
Minimum Housing Need over Plan Period 2021-2041	64,940	39,280	50,580
Total Supply (2021-2041)	25,158		
<b>Minimum Shortfall</b>	<b>-39,782</b>	<b>-14,122</b>	<b>-25,422</b>

Source: Lichfields' analysis

4.26 The above suggests that, based on the SM, there would be a minimum shortfall of c.39,782 dwellings over the 2021-2041 period. This would markedly reduce if the HEDNA OAHN was utilised, falling to c.14,122, which is still an acute level of unmet housing need within the C&W HMA. However, if an alternative approach was utilised, which draws on the 2018-based household projections adjusted to reflect 10-year intercensal migration trends and re-run through the SM calculation, there would be a minimum shortfall of c.25,422 dwellings over the 2021-2041 period.

4.27 It is important to note that the NPPF and PPG are clear that the LHN figure generated by the SM is the minimum starting point (i.e., a 'policy-off' housing need) and it very well may be that Coventry needs to explore further uplifts to these minimum figures. Therefore, these shortfalls should be seen as the minimum level of unmet housing need, which does not take into consideration whether higher levels of growth would be required.

4.28 On this basis, a key hurdle for the Council, and indeed all authorities in the C&W HMA, will be the need to once again strategically and collaboratively grapple with how these unmet housing needs can be addressed through the raft of emerging Local Plan reviews to ensure that the Council and HMA can demonstrate that it has complied with the DtC. In this regard, the Consortium strongly contends that the Council, alongside other C&W HMA authorities, should work together to identify and meet (where it is sustainable to do so) the housing needs of the C&W HMA, underpinned by adequate, relevant, and up-to-date evidence now, rather than deferring these matters.

## 5.0 Distributing Unmet Housing Needs

5.1 The NPPF is clear 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 areas” (paragraph 11b) (Emphasis added)*

5.2 It goes on to state that:

*“The preparation and review of all policies should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals.” (paragraph 31) (Emphasis added)*

5.3 It is also clear that Local Plans should be:

*“based on effective joint working on cross-boundary strategic matters that have been dealt with rather than deferred, as evidenced by the statement of common ground” (paragraph 35c) (Emphasis added)*

5.4 In essence, the NPPF is clear that local planning authorities [LPAs] are required to work together to identify and meet (where it is sustainable to do so) the housing needs of the relevant HMA, underpinned by adequate, relevant and up-to-date evidence.

### The Need for an Evidence-led and Functional Housing Market Relationship Approach

5.5 At present, due to a slow-down in plan-making, it is unclear whether any of the C&W HMA authorities will work together to address the likely unmet housing needs arising from Coventry up to 2041. This is despite, as noted above, the Council’s Nuneaton HEDNA and the HEDNA recognising that there is a reasonable prospect that an unmet need will again arise in Coventry, which “*given the strong functional relationship between Nuneaton and Bedworth and Coventry*” maybe “*an important consideration in considering overall housing provision within the Borough Plan Review*” (Para 10.7, Nuneaton HEDNA). It is considered that Coventry’s approach to determining its OAHN, set out in the IO, is fundamentally inappropriate. As such, even if, subject to exceptional circumstances, Coventry seeks to use alternative projections rather than the SM (i.e., Scenarios 2 and 3), Coventry’s own evidence base on land supply indicates that there is likely to be unmet housing needs arising from Coventry.

5.6 On this basis, as required by the NPPF, the Council will need to work alongside other C&W HMA authorities to address these needs – per the DtC. In this context, whilst the NPPF is clear that LPAs should meet their own housing needs and the unmet needs of other authorities where they cannot be met (Para 11b) based on up-to-date evidence (Para 31) and cross-boundary joint working (Para 35), it does not explicitly set out a single, or definitive, approach to distributing this unmet need. How, therefore, should the C&W HMA authorities seek to address the unmet housing needs of Coventry within the HMA and how much (and what proportion) of those unmet needs should that location seek to plan for?

- 5.7 It is clear that, for many HMAs, a ‘fair share’ approach would not work as some authorities may be nearly as constrained as the origin of the unmet housing needs in the first place, albeit in respect of Footnote 7 constraints rather than administrative boundaries. Such an approach is also unlikely to be supported by evidence (i.e., Para 31). Indeed, this was an issue faced by North Warwickshire, who initially utilised a 10% figure for their contribution towards the GBBCHMA’s unmet need, with the Inspector stating that:
- “28. Although establishing housing needs is not an exact science, LP paragraph 7.39 explains that NWBC has tested delivering 10% of that residual (3,970 homes), which is referred to in the LP as an ‘aspiration’. Whilst that aspiration is significant in pro-rata terms given the number of authorities within the Greater Birmingham Housing Market Area (‘GBHMA’), the justification for a figure of 10% is not readily apparent.”* (Inspector’s Preliminary Note Ref: INSP1) (Emphasis added)
- 5.8 Furthermore, there is little point looking beyond the C&W HMA, as there are likely to be few socio-economic linkages between the origin of the unmet housing needs and the respective authority. Again, an Inspector at the Stratford-on-Avon Core Strategy EiP stated, “there is no point trying to meet the unmet needs of Birmingham in Glasgow because the socio-economic links would be lost.” (IR61, Inspectors Report). Moreover, given the wider West Midlands’ unmet housing need issues, it is unlikely that many authorities beyond the C&W HMA would be in a position to offer much assistance in any event.
- 5.9 In this regard, as the Council will be aware, at the very heart of the approach adopted by the C&W HMA authorities to distribute Coventry’s unmet housing needs through the 2017 MoU was a functional relationship (e.g., migration and commuting) that also attributed economic uplifts to individual authorities. It should be noted that the Consortium, and development industry more widely across the West Midlands, has long supported the C&W HMA authorities’ approach to dealing with this matter in this way. The preparation of the 2017 MoU, based on a joint evidence base, enabled a consistent approach to plan-making and addressing these needs quickly across the HMA which dealt with, rather than deferred, this important and strategic cross-boundary matter. Crucially, the Inspectors at the EiPs endorsed this approach too – see for example the Stratford-on-Avon Core Strategy (2017) Inspector’s Report.<sup>16</sup>
- 5.10 Notably, other authorities have drawn on the HMA’s Functional Relationship approach. Indeed, to help address the unmet housing needs of GBBCHMA, North Warwickshire considered the proximity, connectivity, and strength of functional inter-relationships with Birmingham in determining its contribution towards addressing the unmet housing needs of the GBBCHMA. This was naturally similar to the approach taken by C&W HMA and, again, was an approach that the Inspector supported.<sup>17</sup> More recently, in considering how the unmet housing needs of Leicester – another city subject to the 35% urban centres uplift – could be addressed throughout the Leicester and Leicestershire Housing Market Area [LLHMA] a similar functional relationship approach was utilised. Albeit this approach differed slightly and drew on considerations of economic alignment and market capacity.
- 5.11 Whilst the NPPF and PPG provide no formal mechanism to undertake this task, it is clear that the initial functional relationship approach taken by the C&W HMA authorities, which was endorsed by Inspectors, has now been utilised elsewhere within the country as a critical

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<sup>16</sup> IR63, Inspectors Report

<sup>17</sup> IR129, Inspectors Report

mechanism for evidencing the apportionment of unmet housing needs. As such, the Consortium contends that there is a clear and cogent need to explore distributing the unmet housing needs of Coventry based upon the functional relationships between the authorities to provide an evidence-led approach to addressing this matter now. In the absence of this, there is a very real risk that Coventry's housing needs may not be fully met, that the DtC cannot be sufficiently evidenced and that the Borough Plan Review may be found 'unsound'.

## 6.0 Lichfields Methodology

- 6.1 The NPPF requires housing needs to be met, it does not explicitly set out a single, or definitive, approach to distributing this unmet need. Whilst the Consortium welcomes the proactive approach taken to date by the C&W HMA authorities (e.g., the 2017 MoU), it nevertheless is clear that this issue will once again be at the fore of DtC discussions as the C&W HMA authorities review their adopted Local Plans under the current NPPF.
- 6.2 The key question, therefore, is where outside of Coventry will those needs arise and how much (and what proportion) of those unmet needs should that location seek to plan for? To this end, Lichfields has developed a three-stage ‘Functional Relationship and Gravity Model’, which builds on the foundations of the functional relationship approaches taken by the C&W HMA and LLHMA, which is as follows:
- 1 **Stage 1: Quantifying Linkages** – It is important to begin by identifying and analysing the functional linkages between the C&W HMA. This draws on an analysis of out-migration and in-commuting flows,<sup>18</sup> which are then converted into a percentage of the total flows into and out of Coventry. A blended average is then taken. This then represents a baseline degree of housing market linkage (“baseline share”) that an area has with Coventry and forms the starting position;
  - 2 **Stage 2: Sustainability and Market Signals Adjustments** – There is a need to consider how, and whether, additional factors might influence the proportion of the baseline share that an authority has. Stage 2 includes adjustments for:
    - a **Sustainable rail links:** Authorities that benefit from good public transport links to Coventry can enable the promotion of sustainable commuting patterns. This is particularly important as the NPPF is clear that plans should actively manage patterns of development to support sustainable transportation.<sup>19</sup> The adjustment utilises the quickest train travel times from a station within the District to Coventry;
    - b **Sustainable bus links:** As per the above, this adjustment utilises the percentage of a district within 45 minutes travel time, at peak times, from a District to Coventry; and
    - c **Affordability pressures:** Higher affordability ratios are a core indicator of a worsening housing market. It is necessary to consider how some areas (i.e., with greater affordability pressures) should be expected to do more than their ‘share’, as pressures are more pronounced. Doing so could reasonably be expected to improve affordability and ensure that housing needs are met. This adjustment utilises the ONS median workplace-based affordability ratios (i.e., the 2022 ratios<sup>20</sup>) and the SM’s affordability adjustment.<sup>21</sup>
  - 3 **Stage 3: Environmental, Policy and Physical Constraints** – The NPPF is clear that strategic policies should, as a minimum, provide for objectively assessed needs for housing and any unmet housing needs, unless it is not sustainable to do so.<sup>22</sup> There is a

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<sup>18</sup> PPG ID: 61-018

<sup>19</sup> Paras 104 and 105, NPPF (2021)

<sup>20</sup> Published in March 2023

<sup>21</sup> PPG ID: 2a-004

<sup>22</sup> Para 11b, NPPF (2021)



need to consider whether environmental and physical constraints could prevent development. The Stage 3 analysis includes adjustments for:

- a **Fundamental environmental constraints:** The analysis maps fundamental constraints (e.g., NPPF footnote 7 environmental constraints) and considers the proportion of the district's area that is fundamentally constrained; however, this excludes Green Belt;
- b **Policy constraints:** The analysis maps Green Belt and considers the proportion of the District's area that is covered by Green Belt designations; and
- c **Under-bounded authorities:** Some authorities' urban areas have grown to the extent of their administrative boundaries and have limited available land to accommodate the pressure for further expansion. These authorities are considered 'under-bounded' and are unable to accommodate significant further growth.

6.3 A summary of the Stage 2-3 adjustments is shown in Table 6.1 below. As a part of Stage 3, authorities that are under-bounded are excluded from the analysis; accordingly, a -100% adjustment factor is applied to these authorities. In addition, the final stage accounts for existing/emerging commitments in Local Plans and includes the application of a cap that limits the increases any one individual local authority can face up to 25% and rebalances the proportions accordingly. However, in instances where the HMA only comprises a small number of authorities, a 25% cap may not be appropriate as the implications of applying a 'cap' could unreasonably and unjustifiably shift higher contributions on to authorities with much weaker social-economic links. The model then summarises the proportion of the overall sub-HMAs unmet housing needs that each of the C&W HMA authorities and others should seek to meet through their Local Plan Reviews.

Table 6.1 Stage 2-3 adjustments applied to each district's base share of unmet needs

Adjustment	Stage 2			Stage 3	
	Time from Station in District to Coventry (Minutes)	% of District within 45 minutes peak travel time from District to Coventry	Standard Method Theoretical Uplift	Footnote 7 Constraints (% of Districts Available Land)	Green Belt (% of Districts Available Land)
+20%	<10 mins	>20%	>20%	<10%	<25%
+10%	10-20 mins	15-20%	15-20%	10-20%	25-50%
0%	20-30 mins	10-15%	10-15%	20-30%	50-70%
-10%	30-40 mins	5-10%	5-10%	20-40%	70-90%
-20%	>40 mins	0-5%	<5%	>40%	>90%

6.4 Importantly, Lichfields' model reflects the key choices people make in respect of where they live and work and utilises this to demonstrate how far, and the degree to which, this impacts on the authorities within the HMA and beyond. Fundamentally, the model is weighted towards locations and communities that can accommodate greater levels of growth across the region, but it also ensures that each authority would still take a 'fair share' and would not be disproportionately impacted by the outcomes of the model.

## 7.0 Nuneaton and Bedworth's Functional Relationship

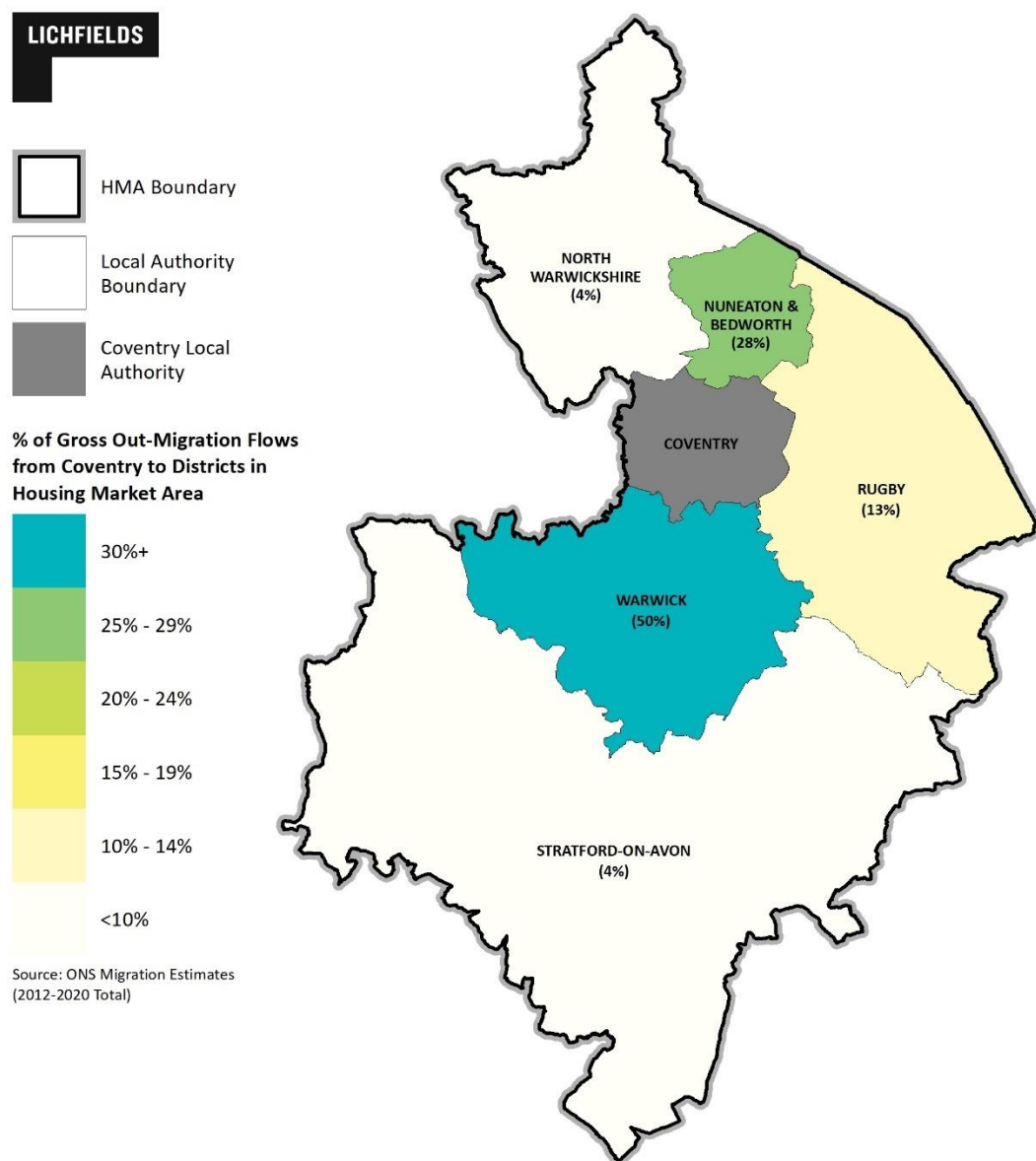
### Stage 1: A baseline degree of Linkage

- 7.1 As a result of some residents being unable to find appropriate housing in Coventry, this will place additional pressures on those areas that are linked in housing market terms to the city. This is because, compared to past trends, this will result in either more migration out of these areas (as people move to seek a home) or less migration into these areas as people cannot find a home to move to and therefore choose a different location but commute to a place of work. As such, areas that are strongly related to Coventry will face greater pressures from the unmet needs. Identifying how inter-dependent a location is within the C&W HMA is a function of movement, both to live (migration) and to work (commuting).

#### 1. Migration

- 7.2 In respect of migration patterns for the C&W HMA, Lichfields' analysis of migration flows between 2012 and 2020 show that whilst Coventry is a major inward migration destination, it also sees significant levels of outward migration to neighbouring authorities reflecting different stages of life and living preferences. In particular, just over half of all of the city's outward migration into the C&W HMA is into Warwick (c.50%), with a majority of the remaining people migrating to Nuneaton and Bedworth (c.27%).
- 7.3 It is therefore clear that Coventry exerts a significant migration pressure on these areas, to a much greater extent than it does the other areas such as Rugby (c.13%), Stratford-upon-Avon (c.4%) and North Warwickshire (c.4%). This may be the result of both Districts having large towns in close proximity to the city, such as Kenilworth in Warwick, and Bedworth in Nuneaton and Bedworth. Moreover, it may have been the result of Coventry to Nuneaton and Coventry to Leamington Spa Railway Lines, which provide direct access from these areas to Coventry that were upgraded in 2016 and 2019.
- 7.4 Importantly, this gross outward migration flow over the 2012 to 2020 period provides an indicator of the spatial extent of the geography that Coventry's unmet housing need might impact. As shown in Figure 7.1, it is clear that Coventry exerts significant housing pressures on the Warwick and Nuneaton and Bedworth authorities collectively.

Figure 7.1 Gross out-migration (from Coventry)



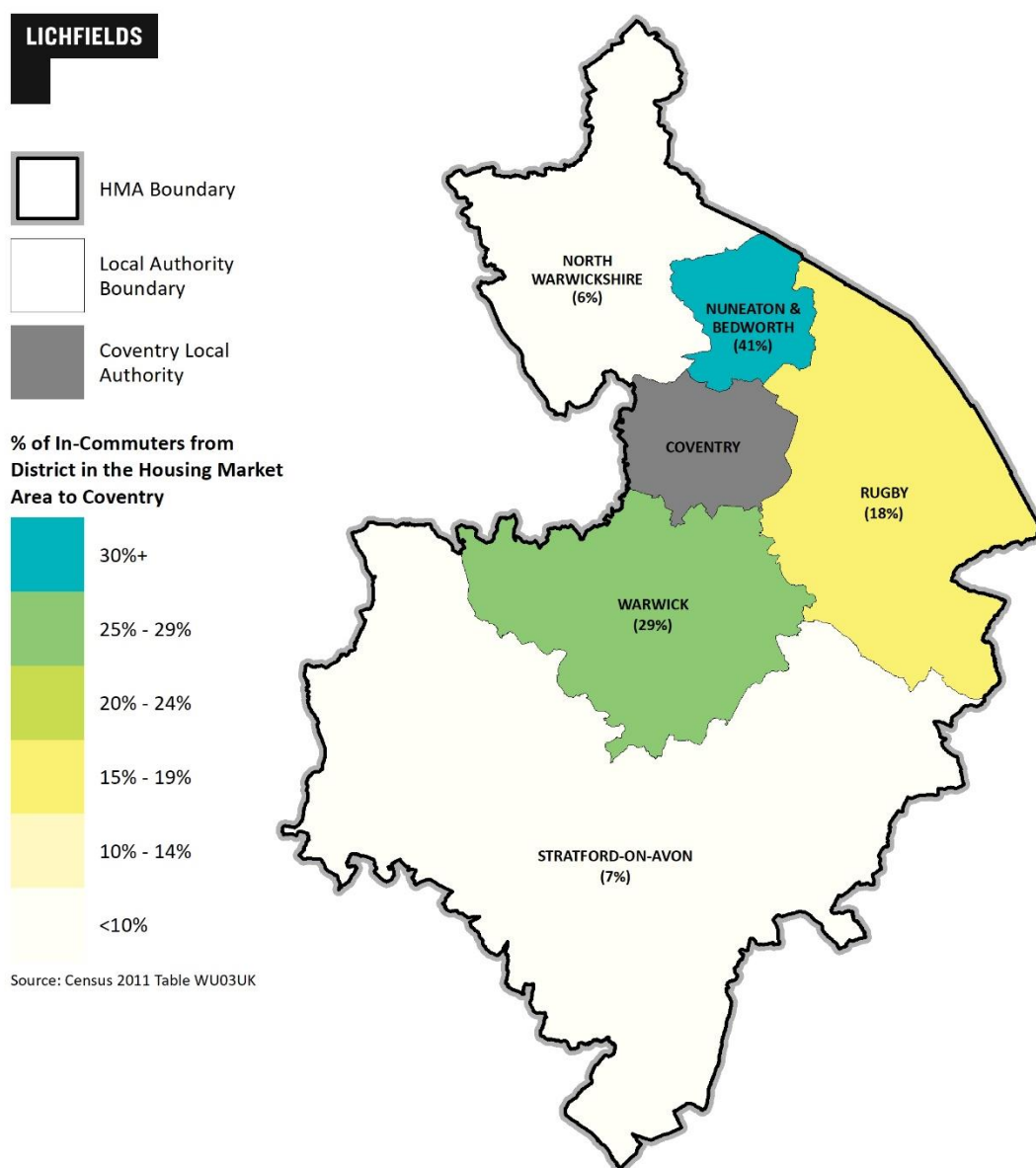
Source: Lichfields analysis based on ONS Migration Estimates (2012-2020 Total)

## 2. Travel to Work

- 7.5 With regards to the travel to work patterns, Lichfields' analysis demonstrates that Coventry's economy is relatively wide-reaching across the C&W HMA and beyond into Birmingham and parts of Leicestershire, with a gross inflow of c.10,800 commuters into Coventry every day. As a result, the city's economic opportunities in education, manufacturing, retail and healthcare are placing pressure on local housing markets in areas where there is good commuter access.
- 7.6 In this regard, Lichfields' analysis shows that, in general, the travel inflows within the C&W HMA tend to correlate with the above-mentioned migration patterns. However, the 2011

Census showed that the strongest travel inflow from within the C&W HMA into Coventry arises from Nuneaton and Bedworth (c.41%), rather than Warwick (c.29%), with most of the remaining people commuting in from Rugby (c.18%). Conversely, as was seen in migration flows, more rural areas, such as North Warwickshire (c.6%) and Stratford-upon-Avon (c.7%) see significantly weaker inflows of residents commuting into the city daily.

Figure 7.2 In-commuters (to Coventry)



Source: Lichfields analysis based on 2011 Table WU03UK

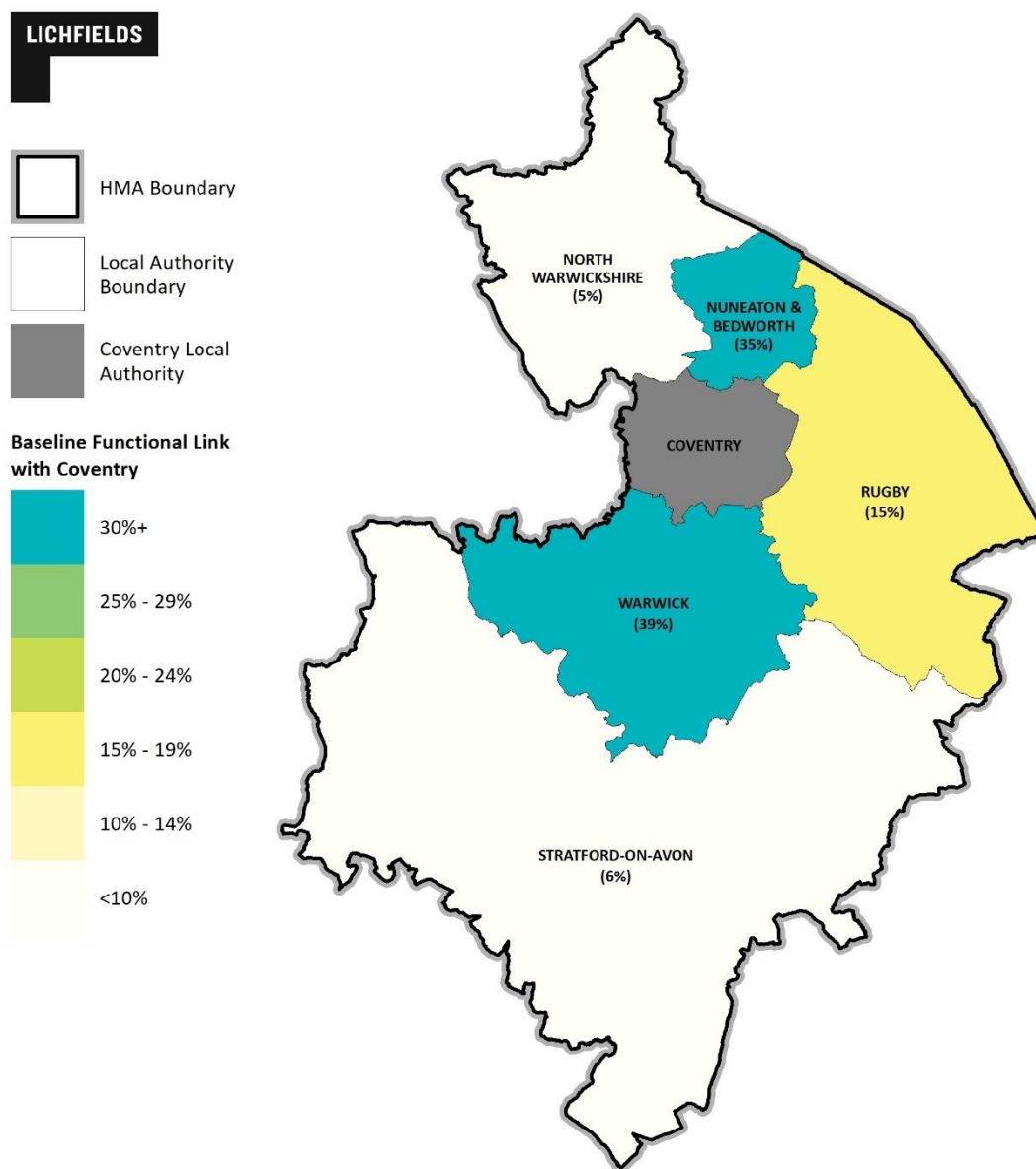
### Baseline degree of linkage

7.7

Drawing on the analysis of out-migration and in-commuting flows into and out of Coventry, which is converted into a simple percentage and then averaged out, we can determine a percentage for each District (adding up to 100% for the whole of the C&W HMA). This

percentage represents the baseline degree of housing market linkage an area has with Coventry and therefore represents its starting share of their unmet needs that will need to be met. For Nuneaton and Bedworth, Lichfields' analysis results in a baseline starting point share of **c.34.5%**, which the Stage 2 and 3 adjustments will be applied to.

Figure 7.3 Base share of Coventry's unmet needs



Source: Lichfields analysis

## Stage 2: Uplift and Restraint Factors

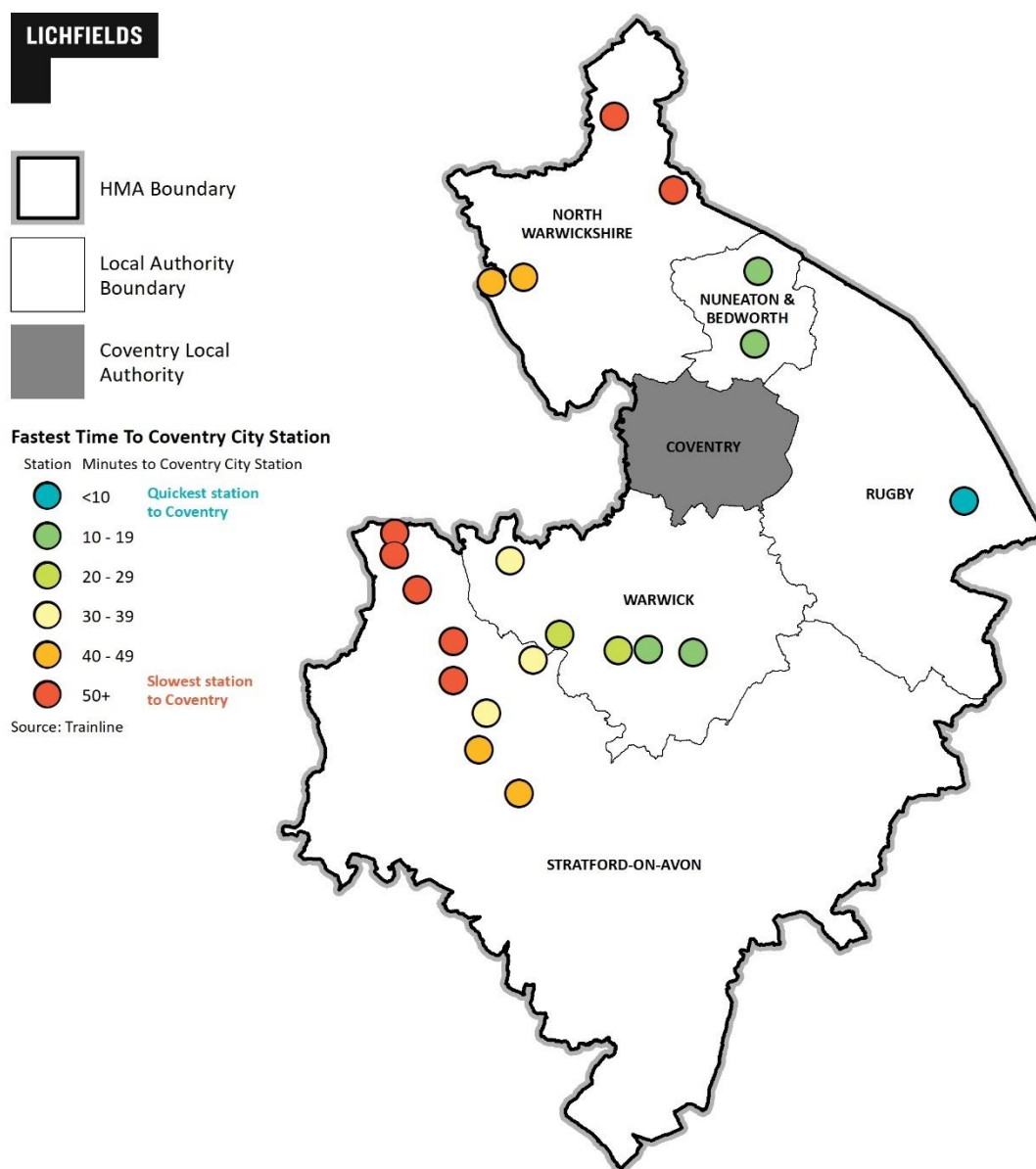
7.8

When accounting for the Stage 2 adjustments, the Borough's baseline share for the C&W HMA would increase to **48.3%**. The detailed analysis for the Stage 2 adjustments is set out below in more detail:

## 1. Sustainable Rail Links

- 7.9 The NPPF sets out an approach to sustainable development patterns that specifically identifies support for patterns of development that facilitate the use of sustainable modes of transport. In this regard, it is noted that the HMA benefits from a regional railway network.
- 7.10 In this context, Lichfields has reviewed the fastest train times between all stations within the HMA and Coventry (as shown in Figure 7.4). Notably, although only having two stations, the Borough does provide rapid access to Coventry within 12 minutes. Although there are some authorities within the HMA that offer faster rail access to Coventry, such as Rugby and Warwick, the Borough is one of the most accessible authorities for access to Coventry.
- 7.11 Accordingly, Lichfields' model has ascribed a **10%** uplift to the baseline degree of linkage as the fastest commuting times is between 10 and 20 minutes. Other authorities across the C&W HMA offer much slower commuting times to Coventry, which aligns with some of the other more rural authorities in the C&W HMA, such as Stratford-upon-Avon and North Warwickshire, as these authorities have a slower commuting times and multiple changes. As such, the Borough's rail-links with the city are stronger than both of these authorities (ascribed a -10% and -20% adjustment respectively). Conversely, and logically, those authorities closer to the city, such as Rugby and Warwick, have faster access to the city and are therefore ascribed a 10% or 20% uplift.

Figure 7.4 Fastest Train Times to Coventry



Source: Lichfields based on the Train Line

## 2. Sustainable Bus Links

7.12

Whilst the HMA does benefit from a rail network, the rail network has a particularly strong emphasis on connections with Birmingham, rather than to and from Coventry. By way of example, areas such as Stratford-upon-Avon and North Warwickshire do not benefit from direct trains to Coventry, despite having several stations throughout the District. As such, there is a need to change up to two times to enable travel to Coventry. There are similar issues throughout the HMA, whereby authorities have some stations that offer direct access, but others that don't – such as Warwick.

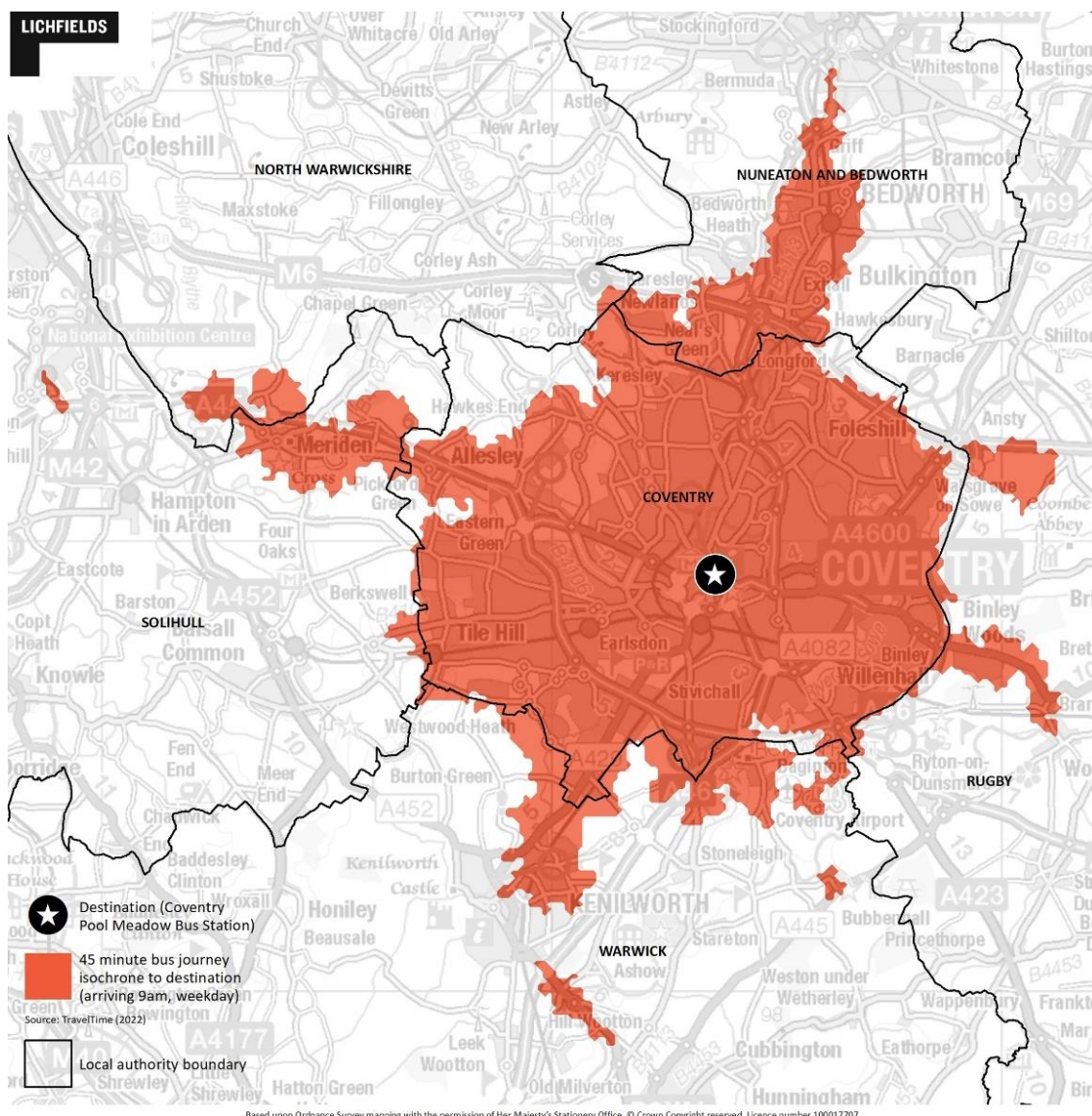
- 7.13 However, the HMA also benefits from relatively strong access to the strategic road network [SRN] (e.g., the M1, M6, and A5) and a regional bus network. Indeed, the National Express Coventry operates 48 Bus routes in the West Midlands with 1,328 bus stops. As set out above, the NPPF encourages support for patterns of development that facilitate the use of sustainable modes of transport, which includes buses. Moreover, where Green Belt release is considered necessary, plans should give first consideration to land that has been previously developed and/or is well-served by public transport.<sup>23</sup> To this end, Lichfields has mapped out the percentage of an authority that is within 45 minutes bus travel, at peak commuting times, to Coventry city centre.
- 7.14 As shown in Figure 7.5, the bus network covers a majority of the city and extends out to some parts of Warwick, Rugby and Nuneaton and Bedworth. Notably, whilst much of the HMA is not able to reach Coventry by bus, logically parts of those authorities closer to the city, such as Bedworth and Kenilworth do. Indeed, of all of the HMA authorities, at least 15% of the Borough's area can access Coventry by bus in under 45 minutes, compared to c.4% of Warwick and c.2% of Rugby. By virtue of Bedworth's proximity to the city, Nuneaton and Bedworth is considered the most accessible authority within the HMA for access to Coventry by bus and is therefore ascribed a 10% uplift.

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<sup>23</sup> Paragraph 138



Figure 7.5 Areas within a 45 minute bus journey to Coventry at peak times



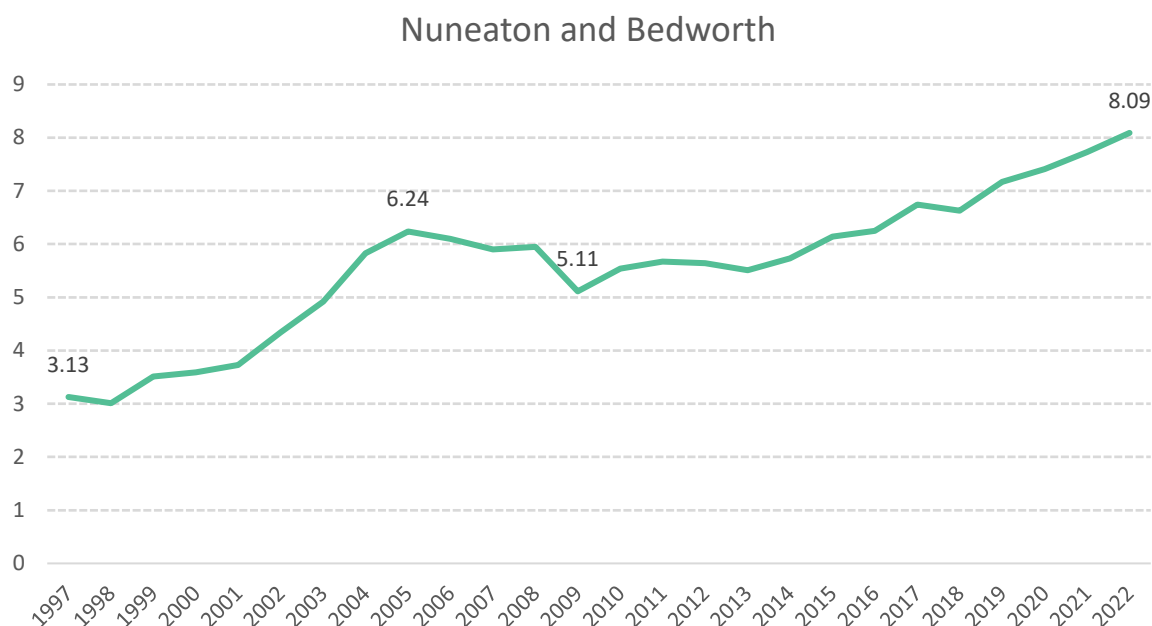
Source: Lichfields based on Travel Time

### 3. Adjusting for Affordability

7.15

Higher affordability ratios are a core indicator of worsening housing market pressures. In this regard, the 2022 median workplace-based affordability ratio for the Borough is 8.09, which is the highest ratio to-date. Following the worsening, and doubling, of the Borough's affordability between 1997 and 2005 – from 3.13 to 6.24 – the Borough's ratio did begin to see an improvement following 2005, with a 4-year downward trend up to 2009 (5.11). Despite this, it has subsequently begun to increase again, reaching higher levels than those seen in 2005.

Figure 7.6 Nuneaton &amp; Bedworth's Median Affordability Ratios (1997-2022)

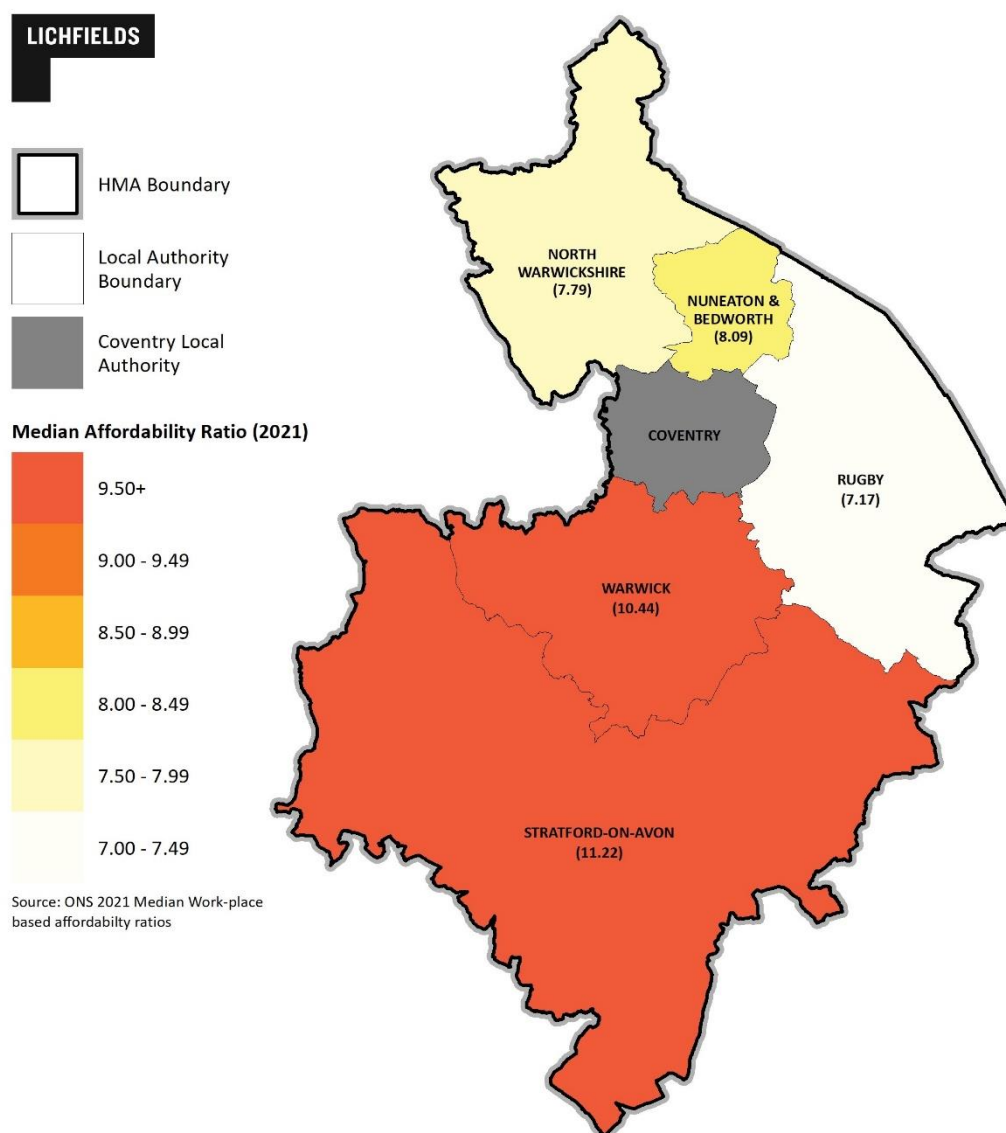


Source: Lichfields based on the ONS 2022 median workplace-based affordability ratios

7.16

In the context of the C&W HMA, as shown in Figure 7.7, the Borough is considered to be one of the more affordable areas, with a median affordability ratio below the national average (8.28) in 2022. Half of the C&W HMA authorities could also be considered more affordable than the national average, such as North Warwickshire (7.79) and Rugby (7.17). However, Stratford-upon-Avon (11.22) and Warwick (10.44) both have particularly acute affordability pressures. Nevertheless, based on an affordability ratio of 8.09, the affordability uplift to the baseline 2014-based household projections in the SM would be c.26%. Accordingly, Lichfields' model has ascribed a **20%** uplift to the baseline degree of linkage. Similarly, all other C&W HMA authorities affordability uplifts exceeded 20% and were also ascribed a **20%** uplift to the baseline degree of linkage, with the exception of Rugby, which was marginally below 20% and therefore ascribed a 10% uplift.

Figure 7.7 C&amp;W HMA Median Affordability Ratios (2022)



Source: Lichfields based on the ONS 2022 median workplace-based affordability ratios

## Stage 3: Environmental, Policy and Physical Constraints

7.17 When accounting for the Stage 3 adjustments, the Borough's baseline share following the Stage 2 adjustments would increase to **58%** The detailed analysis for the Stage 3 adjustments is set out below in more detail:

### 1. Environmental Constraints

7.18 Applying this factor to the gravity model needs to distinguish between those constraints which are fundamental and ultimately would prevent development appropriately being allocated through a Local Plan process (e.g., fundamental NPPF footnote 7 environmental

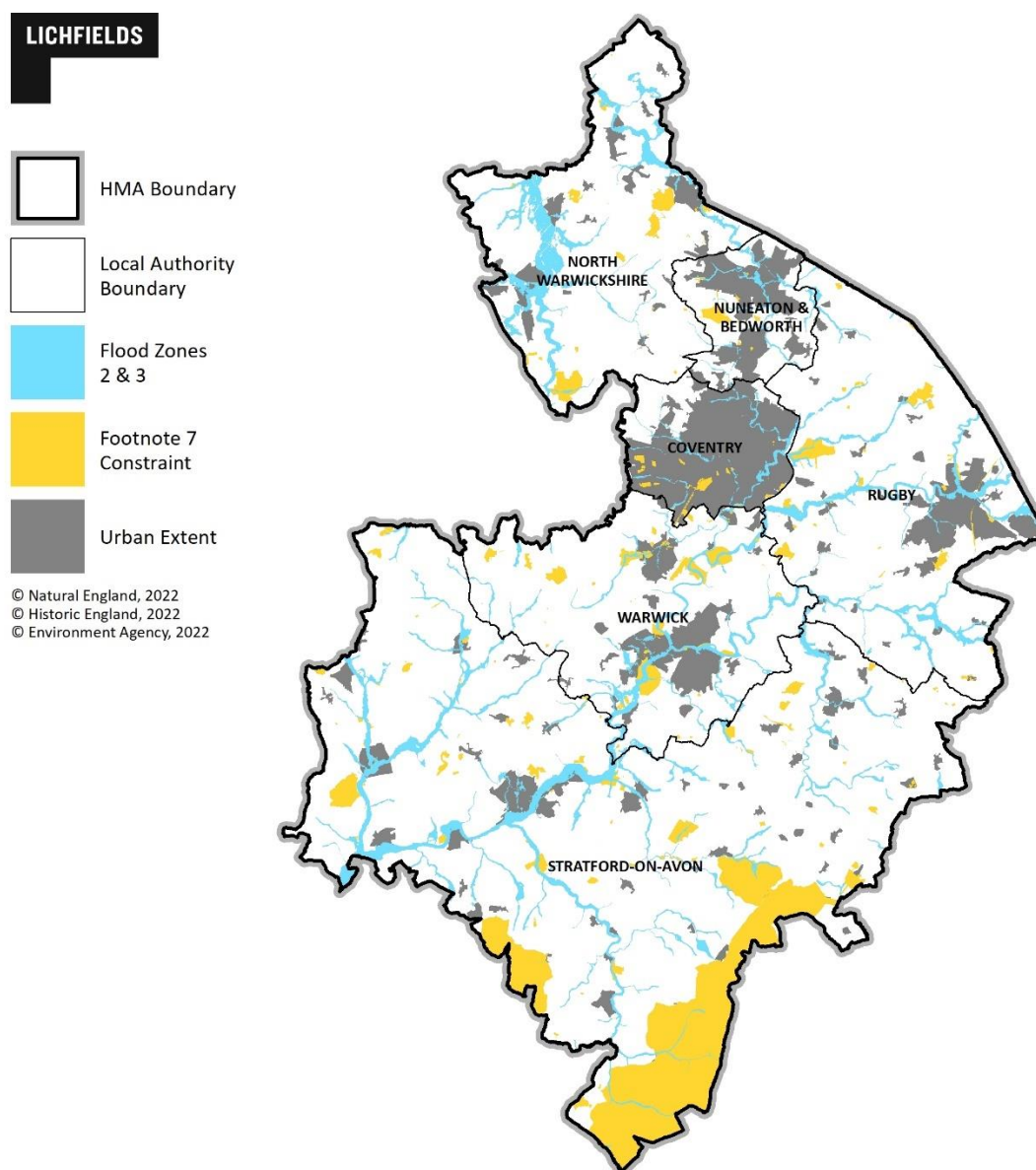
constraints<sup>24</sup>) and those that are policy choices (such as Green Belt). By mapping Footnote 7 environmental constraints across the C&W HMA for each district, the proportion of the district's area that is constrained is identified.

- 7.19 Lichfields' analysis shows that very few if any, districts are fundamentally constrained by environmental designations to the point where they cannot accommodate any additional growth. Whilst constraints will cover parts of a district, in most areas there are also less environmentally sensitive areas that could potentially accommodate development. Except for Stratford-upon-Avon (14%), none of the other authorities has more than 14% of their remaining land constrained by NPPF Footnote 7 constraints. Indeed, of Nuneaton and Bedworth's land, only **c.4%** is constrained by statutory environmental designations. Accordingly, Lichfields' model has ascribed a **20%** uplift to the baseline degree of linkage.

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<sup>24</sup> Footnote 7 of the NPPF: "The policies referred to are those in this Framework (rather than those in development plans) relating to: habitats sites (and those sites listed in paragraph 176) and/or designated as Sites of Special Scientific Interest; land designated as Green Belt, Local Green Space, an Area of Outstanding Natural Beauty, a National Park (or within the Broads Authority) or defined as Heritage Coast; irreplaceable habitats; designated heritage assets (and other heritage assets of archaeological interest referred to in footnote 63); and areas at risk of flooding or coastal change."

Figure 7.8 C&amp;W HMA Footnote 7 Constraints



Source: Lichfields analysis based on Natural England, Historic England and Magic Maps

## 2. Policy Constraints

- 7.20 Green Belt is not exercised as a fundamental environmental constraint within the model. This is because the Green Belt is a function of the Local Plan process, where there will be legitimate reasons for reviewing its boundaries, such as the acuteness of unmet housing needs<sup>25</sup>.
- 7.21 Adjustments on this basis would also unsustainably burden authorities with no Green Belt land, shifting need onto districts that may be less sustainable. As such, if those areas with Green Belt are excluded, the implications for those areas with no Green Belt become stark;

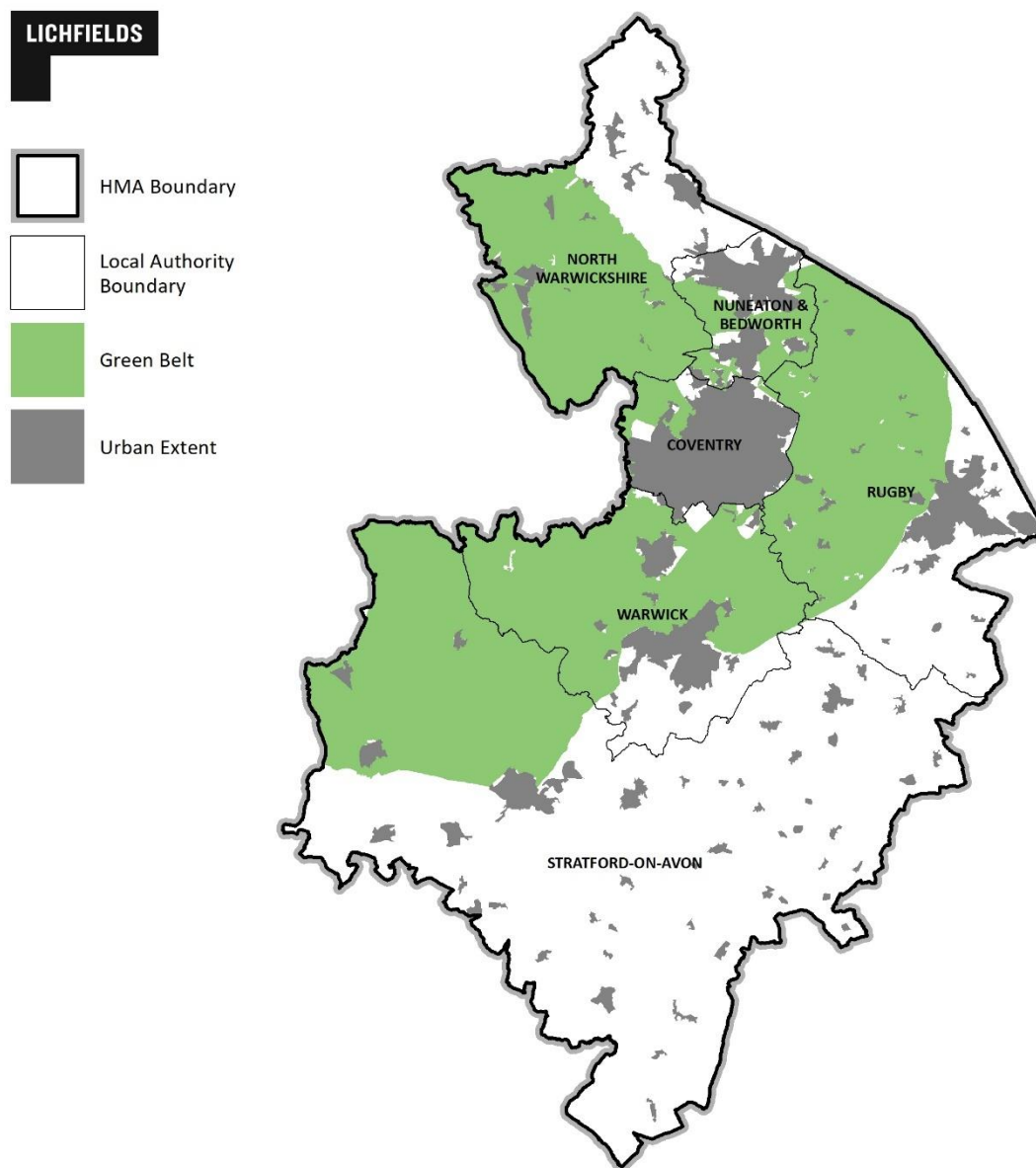
<sup>25</sup> Nottingham City Council v Calverton Parish Council [2015] EWHC 503 (Admin) (02 March 2015)

meaning that no authorities within the C&W HMA would be expected to contribute to Coventry's unmet needs.

- 7.22 Even if we focussed growth in areas where the Green Belt covers less than half of a district's area, such as Stratford-upon-Avon, this would still have a similar effect, meaning that districts with a weaker socio-economic linkage with Coventry would be bearing the majority of the burden, promoting unsustainable patterns of development.
- 7.23 Recognising the need to promote sustainable patterns of development within the Green Belt, by mapping Green Belt land across each of the districts, the proportion of the district's area that is covered by it is identified. For Nuneaton and Bedworth, **c.68%** of the Borough's remaining land is covered by a Green Belt designation – a level broadly consistent with Rugby, North Warwickshire and Warwick. Accordingly, Lichfields' model has ascribed a **0%** uplift to the baseline degree of linkage.



Figure 7.9 C&amp;W HMA Green Belt Coverage



Source: Lichfields analysis based on Magic Maps

### 3. Physical Constraints

- 7.24 It is important to acknowledge that a significant challenge for Coventry is that, although not overly constrained by Footnote 7 designations, it has largely grown to extent of its administrative boundaries and has limited available land to accommodate the pressure for further expansion. Authorities such as this are considered ‘under-bounded’ and this is, arguably, the reason why Coventry is unable to meet their needs.
- 7.25 In this regard, reflecting the problems such areas face meeting their own needs, any such district is ascribed a -100% adjustment factor, essentially meaning that the ‘gravity model’ assumes these areas will be unable to help meet Coventry’s unmet needs. However, in this

regard, **no authorities within the C&W HMA, including Nuneaton and Bedworth, are considered under-bounded.**

## Rebasing

- 7.26 As the above steps and adjustments are applied individually to each LPA in the C&W HMA, the final stage is to bring them together into a single distribution. This is done by rebasing the distribution between each LPA such that it collectively adds up to 100%, but in the same proportions as arises from the application of the model stages. This is what is referred to by 'rebased proportion' and ensures the outcomes tally across the whole HMA (and that the full unmet need, not more or less, is being distributed by the model).

## Outcomes

- 7.27 Lichfields' model has analysed the degree of migration and commuting linkages within the C&W HMA, opportunities to capitalise on sustainable transport links and improve affordability, and the degree of environmental and physical constraints which might impede on an authority's ability to accommodate unmet housing needs.
- 7.28 Drawing on the above analysis, Lichfields' model concludes on the functional linkages between the districts and the C&W HMA. From this, it shows how Coventry's unmet housing needs could be sustainably distributed to Nuneaton and Bedworth.
- 7.29 However, whilst regard should also be had to whether an authority has already made a commitment through an adopted Local Plan or is progressing a contribution towards these needs that is higher than Lichfields' model would suggest, this is not the case in the C&W HMA. This is because authorities within the HMA have only just begun the Local Plan Review process.
- 7.30 In addition to this, whilst the fundamental aim of Lichfields' model is to apportion these needs to areas with higher levels of socio-economic linkages with the origin of the unmet housing needs, there is clearly a need to ensure that each authority would still take a 'fair share' and would not be disproportionately impacted by the outcomes of the model. Much in the same way that the NPPF's SM utilises one, Lichfields' model typically ascribes a 25% 'cap' to authorities that the models indicate would exceed this figure, with the other authorities experiencing a commensurate increase in their contributions. However, given the fact that the HMA only comprises 5 authorities beyond Coventry, the implications of applying a 'cap' would unreasonably and unjustifiably shift higher contributions on to authorities with much weaker social-economic links. By way of example, applying a 25% 'cap' in this model would result in areas such as Stratford-upon-Avon going from accommodating 5% to 15%. As such, a 'cap' has not been implemented within this model.
- 7.31 When accounting for the above, Lichfields' model indicates that to address the likely unmet housing needs of the C&W HMA, a reasonable distribution would see **Nuneaton and Bedworth accommodating c.40% of Coventry's unmet needs up to 2041**. This would equate to a contribution of between **c.5,650 and c.15,910 dwellings towards Coventry's unmet needs**<sup>26</sup> above the Borough's own housing needs – see Appendix 1 for a detailed calculation.

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<sup>26</sup> Based on an estimated unmet need of between c.14,100 (Scenario 2) and c.39,780 dwellings (Scenario 1) up to 2041 in Coventry.

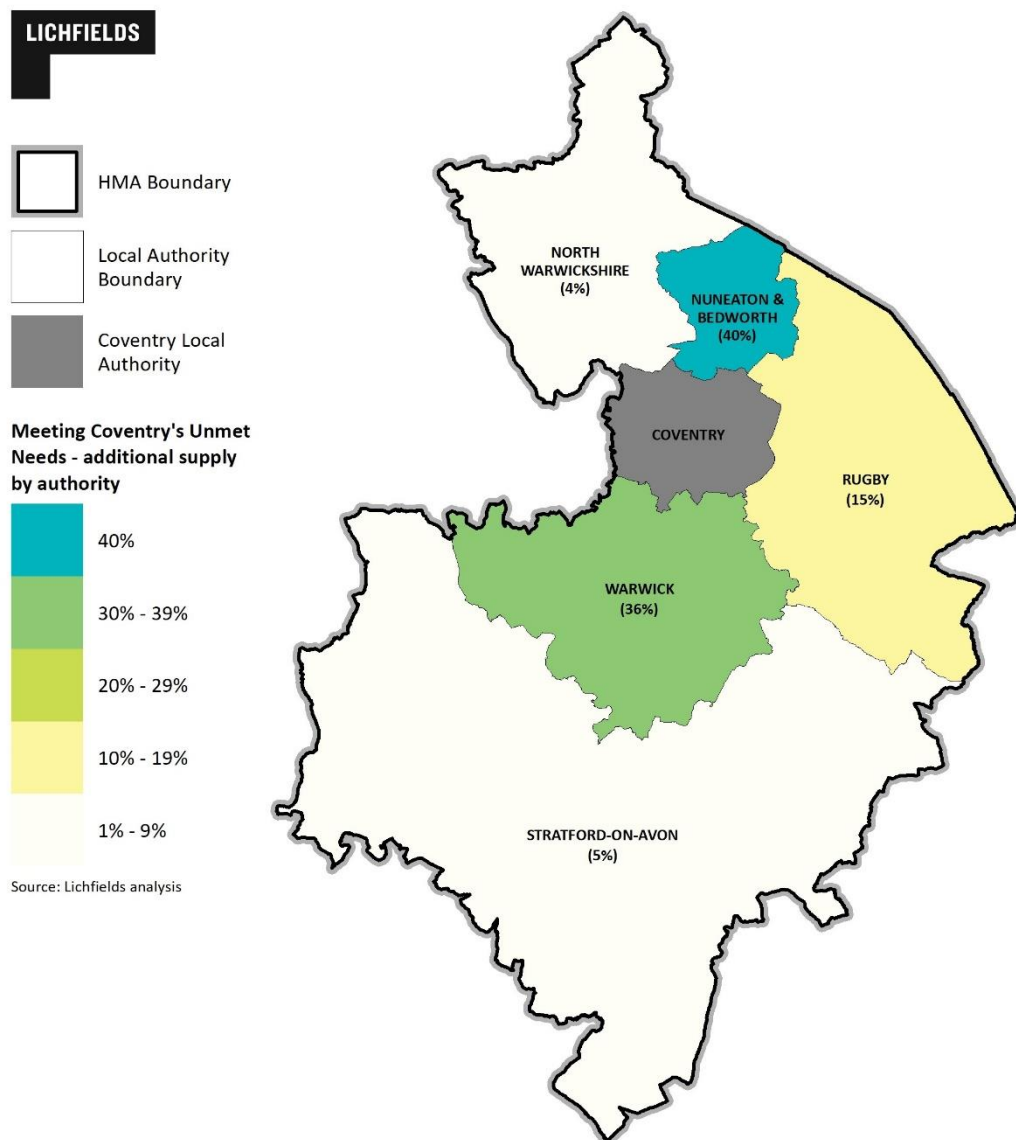


Table 7.1 Likely Housing Shortfall for Coventry up to 2041

	2021-2041		
	Scenario 1	Scenario 2	Scenario 3
Coventry's Minimum Shortfall	-39,782	-14,122	-25,422
Nuneaton and Bedworth's Share of Coventry's Unmet Housing Need 2041 (Re-Balanced if Commitments exceed model)	40%		
	15,913	5,649	10,169

Source: Lichfields' analysis

Figure 7.10 Distribution of C&amp;W HMA's unmet housing needs up to 2041



Source: Lichfields analysis

## 8.0 Conclusions

- 8.1 The NPPF is clear that LPAs are required to work together to identify and meet (where it is sustainable to do so) the housing needs of neighbouring authorities, underpinned by adequate, relevant and up-to-date evidence.
- 8.2 Although Coventry's Local Plan Review is at an early stage, and contends that the 35% uplift should be discounted, the Consortium strongly contends that Coventry fundamentally lacks any justification for proposing its current housing requirement. Fundamentally, this is at odds with the HEDNA, and the evidence produced by the Consortium, which suggests that, in all likelihood, the Coventry's OAHN is between the HEDNA's 1,964 dpa and the HNA's 2,529 dpa. In either event, both point to a markedly higher level of need than the Coventry has proposed to date. Given the underbounded nature of the city and that it has historically been unable to meet its needs in full, it is likely that there will be significant unmet housing needs arising from Coventry up to 2041.
- 8.3 Indeed, under both the PPG compliant SM calculation, or the HEDNAs SM calculation based alternative household projections, based on Coventry's current land supply it is likely that there will be an unaccounted for shortfall of between **c.14,100** and **c.39,780** dwellings up to 2041 – or **c.25,420** under the HNA's alternative projections.
- 8.4 Whilst it is acknowledged that the C&W HMA has historically sought to take a collaborative 'evidence-led' approach to address the HMAs housing needs, the Council's current position appears to disregard this approach and is not seeking to effectively grapple with this issue.
- 8.5 To date, there has been no commitment from the C&W HMA authorities to address any unmet needs from Coventry in the likely event that they arise from this process. Moreover, as a result of this and the fact that the Council's emerging Borough Plan Review is particularly advanced, there is a very real risk that the Council ends up electing to defer making a contribution towards the C&W HMA to another Borough Plan Review which won't be completed for up to five years post-adoption of the current Borough Plan Review and ignores this important cross-boundary matter which should be addressed now, per the requirements of the NPPF.
- 8.6 If the Council fails to address these needs, the implications are that those needs will not simply disappear; they will either result in increasingly negative housing outcomes for people living in the city, or they will mean households will have to look elsewhere to meet their housing needs. The practical implication is that unmet needs in Coventry will mean greater net outward migration than the ambient trends accounted for within the population projections, which will affect those areas in close proximity, particularly Nuneaton and Bedworth.
- 8.7 In this regard, the Consortium considers that there is a strong and cogent need to distribute the C&W HMAs unmet needs based on functional relationships between the authorities; an approach that aligns with the C&W HMAs previous approach, and which was endorsed by Inspector's at the C&W HMA respective Local Plan EiPs.
- 8.8 To this end, Lichfields, on behalf of the Consortium, has prepared this Report and accompanying model to demonstrate how the C&W HMA's needs could sustainably be

distributed amongst neighbouring authorities based upon the functional relationships between those authorities.

- 8.9 For Nuneaton and Bedworth, Lichfields' model indicates that to address the unmet housing needs of Coventry, a reasonable distribution would see Nuneaton and Bedworth take 40% of Coventry's unmet needs up to 2041, above the Borough's own housing needs. On the basis of the likely level of unmet housing need arising in Coventry between 2021 and 2041, this would equate to a contribution between **c.5,650 and c.15,910** dwellings. This highlights that the Council's current approach set out in the PDP would clearly not fully grapple with this strategic matter now.
- 8.10 It is important to note that the abovementioned apportioned figure should be seen as a starting position, which should be tested through the Sustainability Assessment [SA] process. Nevertheless, this report and analysis underpinning it demonstrate how an evidence-led approach (e.g., functional relationships) would strongly suggest that the Council should make a **c.5,650 and c.15,910** dwelling contribution towards meeting the unmet housing needs of Coventry now, which should be tested through the SA process accordingly.

## Appendix 1 Nuneaton and Bedworth's Functional Relationship Analysis

C&W HMA Functional Model			Nuneaton and Bedworth	Source
Stage 1: Functional Relationship	Migration	% of Gross out-migration from Coventry to LPA in C&W HMA	28%	ONS Migration Estimates (2012-2020)
	Commuting	% of Gross in-commute from LPA in C&W HMA to Coventry	41%	Census 2011 Table WU03UK
	Baseline Share		34.5%	
Stage 2: Sustainability and Market Signals	Rail Links	Fastest Train from District to Coventry (Mins)	12	Trainline
		Uplift Factor	10%	
	Bus Links	% of LPA within 45 bus journey (at peak times) to Coventry City Centre	16%	Travel Time
		Uplift Factor	10%	
	Affordability	Affordability Ratio	8.09	2022 Median Affordability Ratios
		Standard Method Theoretical Uplift	26%	PPG Standard Method Calculation
	Uplift Factor		20%	
	Total Uplift Factor	40%		
	% Baseline Share following adjustments		48.3%	
Stage 3: Sustainability and Market Signals	Environmental Constraints	Fundamental Constraints (SSSI, AONB, National Park) % Coverage	4.1%	Magic Maps and Lichfields Analysis
		Uplift Factor	20%	
	Physical Constraints	Green Belt % Coverage of Non-Urban Land	68%	
		Uplift Factor	0%	
	Physical Constraints	Underbounded Authorities (Unlikely to meet even their own needs)	No	
			0%	
	Total Uplift Factor	20%		
	% Baseline Share following adjustments		58%	
Share of Coventry’s Unmet Housing Need 2041 (Rebased Proportion)			40%	
Share of Coventry’s Unmet Housing Need 2041 - Re-Balanced if Commitments exceed model			40%	



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## Appendix 3



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the 1990s, the number of people in the UK who are employed in the public sector has increased by 1.5 million, from 2.5 million in 1980 to 4 million in 1995. The public sector has also become an important employer of women, with 60% of public sector employees being women in 1995, compared with 50% in 1980. The public sector has also become an important employer of people with disabilities, with 10% of public sector employees being people with disabilities in 1995, compared with 5% in 1980.

The public sector has also become an important employer of people who are over 50 years of age. In 1995, 15% of public sector employees were over 50 years of age, compared with 10% in 1980. The public sector has also become an important employer of people who are under 25 years of age. In 1995, 10% of public sector employees were under 25 years of age, compared with 5% in 1980.

The public sector has also become an important employer of people who are from ethnic minority groups. In 1995, 10% of public sector employees were from ethnic minority groups, compared with 5% in 1980. The public sector has also become an important employer of people who are from the Irish Republic. In 1995, 10% of public sector employees were from the Irish Republic, compared with 5% in 1980.

The public sector has also become an important employer of people who are from the Scottish Highlands and Islands. In 1995, 10% of public sector employees were from the Scottish Highlands and Islands, compared with 5% in 1980. The public sector has also become an important employer of people who are from the Welsh Mountains. In 1995, 10% of public sector employees were from the Welsh Mountains, compared with 5% in 1980.

The public sector has also become an important employer of people who are from the North East of England. In 1995, 10% of public sector employees were from the North East of England, compared with 5% in 1980. The public sector has also become an important employer of people who are from the North West of England. In 1995, 10% of public sector employees were from the North West of England, compared with 5% in 1980.

The public sector has also become an important employer of people who are from the Yorkshire and the Humber region. In 1995, 10% of public sector employees were from the Yorkshire and the Humber region, compared with 5% in 1980. The public sector has also become an important employer of people who are from the East of England. In 1995, 10% of public sector employees were from the East of England, compared with 5% in 1980.

The public sector has also become an important employer of people who are from the South East of England. In 1995, 10% of public sector employees were from the South East of England, compared with 5% in 1980. The public sector has also become an important employer of people who are from the South West of England. In 1995, 10% of public sector employees were from the South West of England, compared with 5% in 1980.

The public sector has also become an important employer of people who are from the London region. In 1995, 10% of public sector employees were from the London region, compared with 5% in 1980. The public sector has also become an important employer of people who are from the Midlands region. In 1995, 10% of public sector employees were from the Midlands region, compared with 5% in 1980.

The public sector has also become an important employer of people who are from the West Midlands region. In 1995, 10% of public sector employees were from the West Midlands region, compared with 5% in 1980. The public sector has also become an important employer of people who are from the East Midlands region. In 1995, 10% of public sector employees were from the East Midlands region, compared with 5% in 1980.

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