DECEMBER 2023

Derbyshire Dales Housing & Employment Land Needs Assessment Update 2023

Final Draft Report

ICENI PROJECTS LIMITED ON BEHALF OF DERBYSHIRE DALES DISTRICT COUNCIL

Iceni Projects Limited on behalf of
Derbyshire Dales District Council

December 2023

Iceni Projects
Birmingham: The Colmore Building, 20 Colmore Circus Queensway, Birmingham B4 6AT
Edinburgh: 7 Alva Street, Edinburgh, EH2 4PH
Glasgow: 177 West George Street, Glasgow, G2 2LB
London: Da Vinci House, 44 Saffron Hill, London, EC1N 8FH
Manchester: WeWork, Dalton Place, 29 John Dalton Street, Manchester, M26FW

t: 020 3640 8508 **| w:** iceniprojects.com | **e:** mail@iceniprojects.com
linkedin: linkedin.com/company/iceni-projects | **twitter**: @iceniprojects

Derbyshire Dales Housing & Employment Land Needs Assessment Update 2023 FINAL DRAFT REPORT

Contents

1. Executive Summary 1
2. Introduction..... 7
3. Review of Economic and Market Dynamics 11
4. Scenarios for Economic Growth 35
5. Overall Housing Needs..... 51
6. Affordable Housing Need 85
7. Second and Holiday Homes 106
8. Sizes of Homes Needed..... 122
9. Older People and Disabilities 151
10. Employment Land Requirements 171
11. Conclusions..... 1

Appendices

A1. Sub-Area Geographies

A2. Local and Rents

1. Executive Summary

1.1 This Study has been prepared as part of the evidence to inform the Derbyshire Dales Local Plan Review. It builds on previous 2021 reports to take account of the evolution of the housing market and economy to inform the drafting of housing and employment land policies.

Economic & Property Market Dynamics

1.2 The Dales' economy is one focused on small local businesses with particular strengths in agriculture, quarrying, manufacturing and tourism. Employment levels have recovered from the shock of Covid-19, albeit with business volumes slightly down, but there remain issues of the quality of jobs with lower value added/ paid activities over-represented.

1.3 The District has a modest office market, focused on demand from local SMEs, with relatively limited vacant space, besides Chatsworth Hall. However prevailing rents make new-build leasehold office development challenging.

1.4 The industrial market is more strongly developed, reflecting SME demand, with historic low vacancy levels in 2023 and rising rents pointing to the need to bring forward additional supply.

1.5 House prices had grown by a third over the 5 years to March 2023 but rising interest rates have seen a significant weakening of market activity since Autumn 2022. This has supported rental market demand and recent growth in rents.

1.6 The Study has reviewed scenarios for employment growth over the plan period (2017-40) to take account of the shape of recovery from Covid in the District's economy and the wider macro-economic outlook. It has considered and contrasted two econometric forecasts from reputable companies which provide alternative outlooks for growth in different economic sectors. Cambridge Econometrics forecast growth of 400 jobs over the plan period, whereas Oxford Economics expect a -2,400 reduction in employment, highlighting uncertainties over both

sector performance, and the extent to which productivity improvements will be achieved.

1.7 Taking account of the variance in the forecasts and the latest data (which points to a relatively strong bounce back in tourism jobs), a revised (labour demand) scenario has been developed. This supports growth in the low carbon economy, resilience in manufacturing employment, as well as growth in digital and professional services taking account of the District's strong quality of life offer, and aligns with the Council's economic vision for the Plan. This sees modest growth of c. 400 jobs over the plan period.

1.8 However the standard method housing need is expected to support stronger workforce growth, supporting around 1,600 jobs. A (labour supply) scenario is also therefore run which aligns to this with a view to aligning the strategy for housing and employment in the Plan.

Employment Land Needs

1.9 Alternative modelling approaches are used to consider employment land needs, in line with Government Guidance. Whilst the scenarios driven by jobs forecasts point to a need for up to 5.3 ha, this may underplay future needs as businesses seek replacement premises for older stock and taking account of the impacts of automation and productivity improvements in the manufacturing and warehousing sectors (with some decoupling of space requirements from employment numbers). On this basis, the Study recommends that the plan should make provision for between 15-18 ha of employment land provision.

Overall Housing Need

1.10 The Government has set out a 'standard method' for calculating housing need. This takes household growth to which an uplift to improve affordability is applied, generating a figure of 217 homes a year for Derbyshire Dales District.

1.11 The Study has tested this, and found it to be an appropriate figure. It estimates that when recalculated in 2024 the figure will not change substantively. It has

developed alternative demographic projections, based on the latest data, but finds that whilst these point to a range of potential alternative scenarios, based on what assumptions are made, there is not clear demographic evidence (as would be required) to diverge from the standard method based on the current evidence. The standard method provides sufficient economic growth to support the District's economy, based on the updated analysis.

1.12 Influenced by development levels and growth of second and holiday homes, the population in the part of the District which falls within the Peak District National Park has fallen, with a population decline of -5.6% between 2011-21. Around 32% of the District's population live in the Park, but the specific planning policy context in the Park focuses on the delivery of affordable housing. The Park area's affordable housing need of 50 homes a year is therefore a consideration in determining the proportion of development which should be planned for in this area, but decisions on future housing provision will need to be agreed between the National Park Authority and District Council.

1.13 It is open to the Council to consider higher housing provision to support enhanced affordable housing delivery, but equally it is important to recognise that this can be constrained by funding and residential development viability.

Need for Different Types of Homes

1.14 The evidence indicates a notable need for affordable housing in the District, but with the need focused on delivering rented affordable homes. The affordable home ownership need is sensitive to assumptions around supply of cheaper homes in the market. It identifies a need for both social and affordable rented homes, and some role for different forms of low cost home ownership but concerns around whether products are genuinely affordable having regard to local incomes.

1.15 Policies for the mix of affordable housing sought on new developments will need to informed by viability evidence, which will test what level and mix of affordable housing can be viably provided.

Table 1.1 Affordable Housing Need – Derbyshire Dales

	Rented Affordable Homes	Affordable Home Ownership
Ashbourne	13	1 – 19
Matlock & Wirksworth	22	Up to 41
Southern Parishes	33	6 – 17
Peak District	47	Up to 34
Derbyshire Dales Total	115	5 - 111

1.16 The mix of homes sought on individual sites should be influenced by need as well as site location, character and gaps in the existing stock profile. Housing delivery on larger sites and mix of homes delivered should be monitored against the strategic conclusions on housing mix below. The evidence points to limited demand for flats; but does show a need for bungalows, in particular reflecting a growing older population.

Table 1.2 Strategic Conclusions on Housing Mix

Unit Size	Rented Affordable	Affordable Home Ownership	Market Housing
1-bed	35%	20%	5%
2-bed	35%	50%	40%
3-bed	20%	25%	40%
4+ bed	10%	5%	15%

1.17 Growth in the population aged 65+ by 43% over the plan period, and in increase in those with mobility problems and dementia is expected to support a growth in the need for specialist housing and accommodation with support. A need for around 1,400 housing with support units is identified; almost 500 housing with care units; and around 500 residential or nursing care bedspaces is identified over the plan period to 2040. The evidence also points to a clear role for the delivery of accessible and adaptable homes, and identifies a need for up to 560 wheelchair user properties.

Managing Second and Holiday Homes

1.18 The analysis in this report does suggest a high concentration of second and holiday homes in the District, and in particular (but not exclusively) in the National Park. In the context of the affordability pressures which exist in the District, and strategic constraints to new development, in particular in the National Park, there is a case for seeking to more closely manage the supply of second and holiday homes. The Council needs to balance this with consideration of potential effects of doing so on the visitor economy.

1.19 The evidence would indicate that the Council should seek to progress the application of a Council Tax premium on long-term empty homes. With over 900 long-term empty properties (vacant for over 6 months) as at 2022, there is some potential to reduce vacancies. The Levelling Up and Regeneration Act provides the legislative basis ultimately to enable Councils to charge a discretionary Council Tax premium of up to 100% on dwellings which are periodically occupied. It seems likely that the Premium will thus not be applicable to all second homes in the District, but will be applicable to those where there are not planning restrictions on occupancy.

1.20 For holiday lets in particular, potential growth in Council Tax comes at a point where there are other inflationary pressures affecting landlords/ businesses – including rising energy costs and wages – and higher inflation, which will particularly affect small landlords who have bought properties using debt finance. The effect which these factors together will have on supply will be influenced by the extent to which landlords/ businesses are able to increase rental costs and other charges for holiday properties to cover increasing costs, or the degree to which these factors erode the profitability of the holiday properties and their margin.

1.21 The evidence indicates that the Council should look to opt in to a registration scheme on holiday lets. We would also recommend that this is applicable district-wide, both within and outside of the National Park given that there are concentrations of holiday homes in a range of areas across the District. The Study

provides core evidence which could be used to support the Article 4 Direction, albeit the Council would need to consider the forthcoming changes in national policy/guidance and respond appropriately. In introducing a policy, the Council will however need to mindful of ‘displacement effects’ which could (without effective policies) see growth in holiday lets in areas where the Article 4 Direction did not apply. An Article 4 Direction should therefore be accompanied by new planning policies which set out in what circumstances development or change of use of properties to a C5 holiday let use would be permitted.

2. Introduction

2.1 Derbyshire Dales District Council is in the process of undertaking a Local Plan Review. The Plan will cover those parts of Derbyshire Dales District which fall outside of the Peak District National Park and is intended to cover the period to 2040.

2.2 The Council has commissioned Iceni Projects ('Iceni') to prepare updated evidence on housing and employment land needs to inform the preparation of the Plan. This report therefore builds on and selectively updates two previous studies:

- Derbyshire Dales Housing Needs Assessment (Sept 2021); and
- Derbyshire Dales Employment Land Requirements (July 2021).

2.3 The previous reports where prepared at a time of significant economic upheaval arising from the Covid-19 pandemic. This updated evidence provides the opportunity to review this, taking account of more recent evidence and data (including new 2021 Census data), to pick up changes to economic and housing market conditions, including recent interest rate rises, and to consider the implications of emerging legislative changes, including those affecting second and holiday homes.

2.4 This report represents an evidence base to inform plan-making. It provides an important input into setting policies for housing and employment land provision, and policies regarding the types of homes to be delivered on residential sites. However the report does not in itself set policies: this is for the Council to do in bringing together this report and wider evidence, including information related to land supply, environmental constraints, and infrastructure provision.

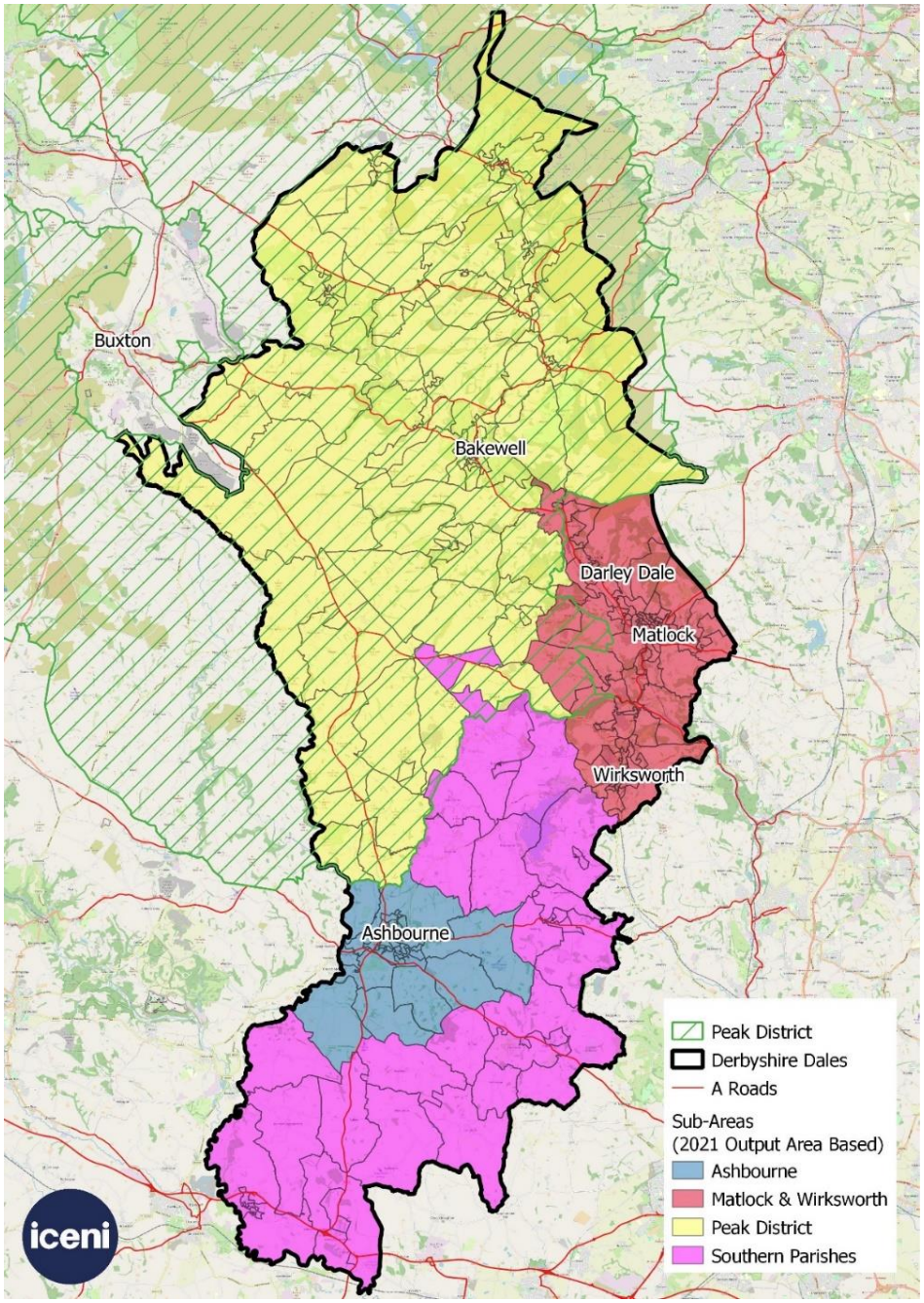
Sub-Area Geographies

2.5 The 2021 Housing Needs Assessment defined and considered housing need in four sub-areas within the District, one based on a best-fit to areas falling in the Peak District National Park; a Matlock-focused sub-area which included Wirksworth and Darley Dale; an Ashbourne-focused sub-area which extended to the SE of the District; and a fourth 'Southern Parishes' area. These sub-areas were based in part on historic data and definitions leading back to the 2005 Structure Plan.

2.6 With this in mind, Iceni have sought to reconsider the sub-area definitions in order to take into account more recent data regarding commuting patterns (from 2011 Census) and the house price geography. The full assessment of this can be found in **Appendix A2**. The analysis of commuting patterns and house prices statistics has suggested that the sub-areas boundaries previously identified within Derbyshire Dales are amended slightly.

2.7 The updated sub areas used in this report have been constructed from Output Areas, to ensure that 2021 Census data is available for them. The Peak District and Matlock & Wirksworth boundaries remain the same. The differences lie within the boundary of the Ashbourne sub-area, which is now much tighter to the town itself, with an expanded Southern Parishes sub-area reflecting the connections these areas have with Derby, evidence of commuting in multiple directions, and their relatively higher house prices. The newly identified geography can be seen in Figure 2.1 below.

Figure 2.1 Revised Sub-Areas within Derbyshire Dales District (2023)



Source: Iceni Projects

Report Status and Structure

2.8 The remainder of the report is structured as follows:

- Section 2: Review of Economic and Market Dynamics;
- Section 3: Economic Vision and Growth Scenarios;

- Section 4: Overall Housing Needs;
- Section 5: Affordable Housing Need;
- Section 6: Second and Holiday Homes;
- Section 7: Sizes of Homes Needed;
- Section 8: Older & Disabled People;
- Section 9: Employment Land Requirements;
- Section 10: Conclusions.

3. Review of Economic and Market Dynamics

3.1 This initial section of the report provides an updated assessment of economic and commercial property market dynamics, and dynamics within the housing market.

Reviewing Recent Economic Data

Previous Report Findings

3.2 The previous report was written in the context of the pandemic using the latest data from 2020 and 2021. It indicated that Derbyshire Dales was a £1.2 billion economy, with almost 4,700 businesses in the District, but its economy had been growing more slowly than other areas.

3.3 The District's economy is one which is focused on small businesses with high levels of self-employment. Manufacturing, agriculture and tourism were shown to be key sectors locally, which are strongly represented in the Dales' economy, with the tourism economy in particular driving growth in employment in the District over the 2011-19 period prior to the Pandemic. Public sector employment was also above average; with the District also showing a specialism in mining/quarrying.

3.4 The quality of jobs was shown however to be a particular issue: with a lower wage focus for those working in the District, with GVA per hour worked 20% below and workplace earnings 11% below the regional average.

3.5 The evidence indicated that the population structure was focused towards older age groups, with 57.5% of people of a working age; but also that the working-age population had been falling. This is a potential constraint on employment growth. However the pandemic had led to an increase in unemployment claimants.

Reviewing the Latest Data

3.6 Iceni has sought to review a range of economic indicators, but would caution that the survey nature of some data – such as from the Annual Population Survey – mean that some data for the District needs to be treated with caution.

3.7 The table below shows the business count in Derbyshire Dales by sector for the years 2020-22. Overall the business base has shrunk by around 2% in the District.

3.8 The Agriculture sector saw the largest decline in business count with a decline of 40 enterprises over the two-year period. This is followed by a loss of 30 enterprises in Professional, scientific and technical services, correlating with the decline in employment seen below. Information and communication services also experienced a loss of 30 businesses. However there was an increase in Construction enterprises by 25; as well as Property and Arts, and entertainment and recreation – both of which saw gains of 10 businesses over the 2020-22 period.

Table 3.1 Business Count by Sector, Derbyshire Dales 2020-2022

	2020	2021	2022	2020-22 Change
Agriculture, forestry & fishing	940	875	900	-40
Production	295	305	300	5
Construction	480	490	505	25
Motor trades	115	125	120	5
Wholesale	145	145	150	5
Retail	305	300	310	5
Transport & Storage (inc postal)	155	155	150	-5
Accommodation & food services	410	405	415	5
Information & communication	215	210	185	-30
Finance & insurance	50	55	55	5
Property	175	180	185	10
Professional, scientific & technical	640	620	610	-30
Business admin & support	255	245	255	0
Public admin & defence	50	50	55	5
Education	75	70	70	-5
Health	145	125	130	-15
Arts, entertainment, recreation & other services	230	230	240	10
Total	**4,680**	**4,585**	**4,635**	**-45**

Source: ONS Business Demography Data

3.9 The table below shows employment by sector 2019-2022 in Derbyshire Dales recorded by the ONS Business Register & Employment Survey (BRES). From 2019 to 2020 there was a decline in employment of 1,400 jobs, but there was a subsequent recovery, with employment increasing by 580 jobs in 2021 and a further 1,530 jobs in 2021-22, resulting in an overall growth of 660 jobs 2019-22.

3.10 Administrative and support services sector has saw the largest decline in jobs 2019-22 (-700 jobs), recovering by only 200 jobs in 2021 and a further 250 in 2022. Professional, scientific and technical services incurred a loss of 250 jobs in 2020, making no recovery in 2021 or 2022. Water supply experienced a similar

trend losing 225 jobs in 2020 with no change in 2021 and a loss of 75 jobs in 2022.

3.11 Accommodation and food services lost 500 jobs between 2019 and 2020 due to pandemic restrictions; however by 2021 these losses were recovered and an additional 1,000 jobs were gained in 2022.

3.12 Despite an overall loss of employment over the pandemic period (2019-21), some sectors grew, including Construction (+250 jobs), Information and communication (+200 jobs) and Financial and insurance services (+50 jobs). The Construction sector continued to grow in 2022 (+250 jobs), however there was no further growth in Financial and insurance services and a loss of 100 jobs in the Information and communication sector.

3.13 There was no loss of Manufacturing or Transport and storage employment over the pandemic period however in the past year there has been a decline of 500 jobs in Manufacturing and 450 jobs in Transport and storage.

3.14 No change in Wholesale and retail, Public administration and defence, Health and Arts, entertainment and recreation over the in any of the years over the 2019-22 period.

Table 3.2 Employment Trends by Sector, Derbyshire Dales (2019-2022)

	2019	2020	2021	2022
Agriculture, forestry and fishing	2,500	3,000	2,500	3,000
Mining and quarrying	400	300	30	450
Manufacturing	5,000	4,500	5,000	4,500
Electricity, gas, steam and air conditioning supply	5	5	10	15
Water supply	400	175	175	100
Construction	1,500	1,750	1,750	2,000
Wholesale and retail trade; repair of motor vehicles and motorcycles	5,000	5,000	5,000	5,000
Transportation and storage	1,250	1,500	1,250	800
Accommodation and food service activities	5,000	4,500	5,000	6,000
Information and communication	500	800	700	600
Financial and insurance activities	150	175	200	200
Real estate activities	800	800	600	700
Professional, scientific and technical activities	2,250	2,000	2,000	2,000
Administrative and support service activities	1,500	800	1,000	1,250
Public administration and defence	3,000	3,000	3,000	3,000
Education	2,000	1,750	2,000	2,000
Human health and social work activities	2,500	2,500	2,500	3,000
Arts, entertainment and recreation	1,750	1,750	1,750	1,750
Other service activities	800	600	700	600
Total	**36,305**	**34,905**	**35,435**	**36,965**

Source: BRES 2021

3.15 Oxford Economics data on productivity provides an insight on which sectors make the greatest contribution to the local economy.

3.16 Manufacturing is by far the highest GVA sector, followed by Real estate, Public admin, Wholesale / retail and Construction. GVA per job data includes some perhaps anomalous results with Construction and Real estate best performing followed by Mining and Manufacturing. There is then a step down to Public admin, Transport, Agriculture and Education. The largest employment sector of Accommodation and food is weak in productivity terms with GVA per job less than half the District average. Perhaps surprisingly, Professional and ICT sectors are also reported as relatively weak in GVA terms.

Table 3.3 Employment Trends by Sector, Derbyshire Dales (2019-2022)

Sector	2021 GVA £m's (2019 prices)	2021 GVA per job £ (2019 prices)
Agriculture, forestry and fishing	36.8	£36,800
Mining and quarrying	29.0	£96,700
Manufacturing - Total	403.0	£80,600
Electricity, gas, steam and air	1.1	N/A
Construction	94.7	£473,500
Water supply	13.0	£4,500
Wholesale and retail trade	117.2	£22,100
Transportation and storage	42.8	£38,900
Accommodation and food service	85.7	£16,800
Information and communication	24.2	£26,900
Financial and insurance	3.9	£19,500
Real estate activities	307.8	£439,700
Professional, scientific and tech	43.6	£16,800
Administrative and support	26.1	£23,700
Public administration and defence	154.3	£49,800
Education	76.2	£34,600
Human health and social work	83.6	£29,900
Arts, entertainment and rec.	26.0	£13,700
Other service activities	28.0	£18,700
Total	1597.1	£42,000

Source: Oxford Economics 2023

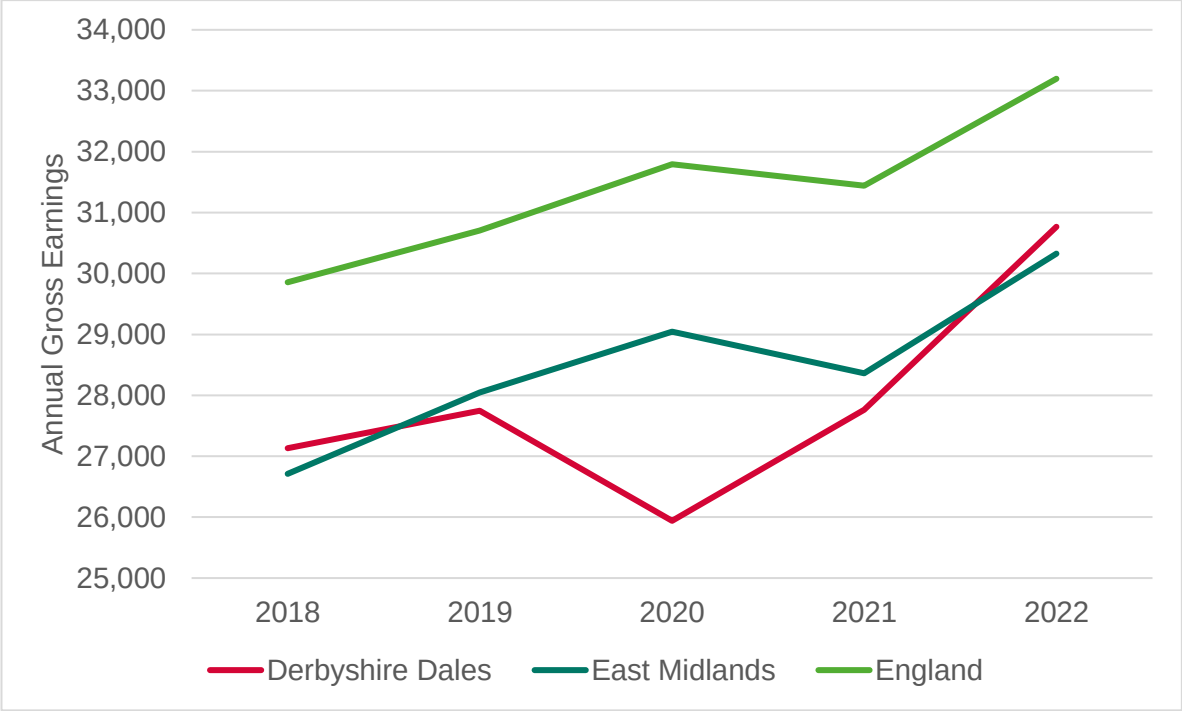
3.17 Data from the Annual Population Survey (APS) points to a decline in economic participation (the economic activity rate) from 81.6% in 2019 to 73.4% using the latest data for the Year to March 2023. However if the APS data for 2021 (71.1%) is compared with data from the 2021 Census (77.7%), it suggests that the APS data may significantly under-represent economic participation in the District.

3.18 At the local level, APS data on self-employment is also very volatile. Nonetheless using a 3 year average (Apr 2020 – Mar 2023), 16% of the working-age population were self-employed, which was significantly above the regional average of 9%.

3.19 Earnings of those working in the District were notable hit by Covid, influenced by the District's economic structure, but do appear to have recovered relatively strongly and regained lost ground. Average annual earnings of those in full-time work, at £30,800 are now marginally above the East Midlands average (£30,300), albeit they remain 7% below the national average. Issues regarding the 'quality' of jobs therefore remain.

3.20 **Overall, key characteristics of the District's economy as described in the 2021 Employment Land Requirements Report continue to broadly hold true**.

Figure 3.1 Workplace-based Annual Earnings – Full-time Workers



Source: Annual Survey of Hours and Earnings

Commercial Market Dynamics

3.21 The commercial market assessment from the previous study is summarised in the section below. The analysis was undertaken comparing Derbyshire Dales to neighbouring local authorities (Amber Valley, East Staffordshire, High Peak, North East Derbyshire, South Derbyshire, and Staffordshire Moorlands). We then move on to consider the latest data/ evidence.

Office

3.22 As of 2020 Derbyshire Dales District had a modest 74,000 sqm of office floorspace, with no net change in floorspace between 2011 and 2019. The office market in the Dales was focused on demand from local SME businesses.

3.23 Between 2012 and 2020 there were 51 lease deals translating to 55,100 sqft of take-up, all for units below 5,000 sqft, with the largest being for 4,500 sqft at Dimple Road, Matlock. The largest amount of office floorspace take-up was in

Matlock, accounting for around half of the District's total. Over the same period there were 12 owner occupier sales, equating to 60,100 sq,ft – with deals largely for smaller, sub-5,000 sqft units - with the exception of Darley Lodge (16,000 sqft).

3.24 Agents reported that were was little activity in 2020, with the working from home mandate and economic uncertainty pausing decision-making for those expecting to move. Despite this, vacancy rates remain low at that point, with little release of stock onto the market. Prior to this, there was steady demand with at least one deal per month in 2019, focussed on small businesses.

3.25 The high quality of life in the District attracts those able to afford residential properties who can work from home or lease smaller business spaces in the market towns. Agents expressed views that technology improvements could increase remote working reducing town centre requirements, however businesses may wish to maintain a smaller physical workplace.

Industrial

3.26 VOA data from 2020 showed that there was 366,000 sqm of industrial floorspace in the District, over four times the amount of office floorspace. The stock of industrial floorspace had however declined by 62,000 sqm since 2000/01, bottoming out in 2010/11, and recovering slightly since. Derbyshire Dales however has less industrial floorspace compared to all neighbouring comparator areas – influenced by its location away from major transport corridors such as the M1.

3.27 Between 2012 and 2020 there were 53 industrial deals recorded in the District, translating to 162,500 sqft of take-up. All deals were transactions below 20,000 sqft, with 53% of deals for units below 5,000 sqft – indicating, again, a focus of the market on smaller, SME occupiers. A majority of deals occurred in Matlock (64%), followed by Ashbourne (25%) then Bakewell (11%). There were 13 owner-occupied sales over the period all for units below 10,000 sqft, concentrated in Matlock and Ashbourne.

3.28 Engagement with agents indicated that a lack of industrial supply in the market influenced the low take-up. As of December 2020, CoStar reported just 27,250 sqft

of available industrial floorspace across 6 units. Available stock was all sub-20,000 sqft and half were built pre-1980s. The market evidence thus pointed to a need to deliver modern, commercial floorspace.

3.29 Agents reported a strong year for the industrial market in 2020 across a range of property sizes, with the number of deals exceeding the 2019 levels. Demand in the area focuses on the light industrial markets and is typically in the sub-5,000 sqft range.

3.30 Strong demand and lack of supply was keeping the market tight across the Derbyshire/Nottingham area. A lack of available space in Derbyshire Dales, such as Ashbourne, was reported to have led to occupiers seeking premises outside of the area, in Derby for example. Occupancy levels for business parks remain high, typically with vacancy levels of 5% of less. Derby-based agents welcome the introduction of Ashbourne Airfield Phase 2 development given reported enquiries.

Recent Commercial Property Trends

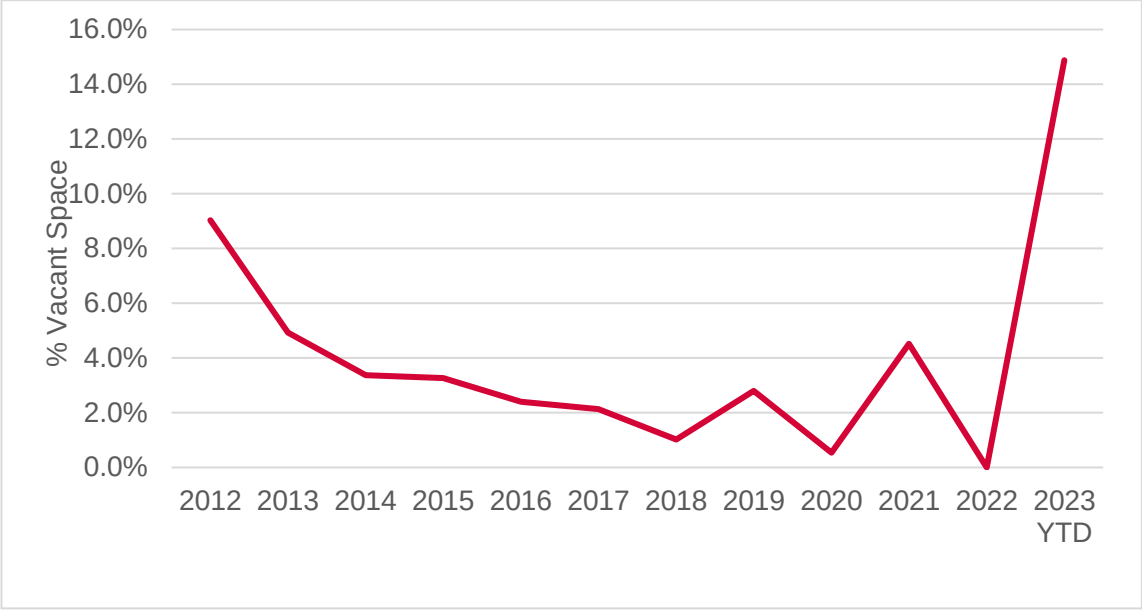
Office Market

3.31 As the chart below shows, the latest evidence points to a notable rise in the level of vacant office space in Derbyshire Dales. The rate has been below 5% since 2013, however it has risen sharply in 2023 and as of September 2023 the vacancy rate stood at 14.9%. This is driven by the marketing of Chatsworth Hall office campus in Matlock (73,602 sqft), following the move out of Derbyshire County Council. The campus consists of five multi-storey office buildings ranging from 3,500 sqft to 39,000 sqft in addition to a 3,379 sqft industrial space/garage.

3.32 The vacancy rate is somewhat skewed by this single office complex. Excluding the vacant floorspace at Chatsworth Hall gives a vacancy rate of 0.8% across the rest of the District. There are two office properties available totalling 1,135 sqft – 13 Church Street (363 sqft) and 6 St John’s Street (772 sqft) – both located in Ashbourne. It should be noted that not all properties/deals will be recorded on CoStar, as the dataset is weaker in rural areas. A review of local surveyors

websites indicates some additional vacant space, such as 6-8 Bank Road, Matlock and 25 Church St Ashbourne (1868 sq.ft).

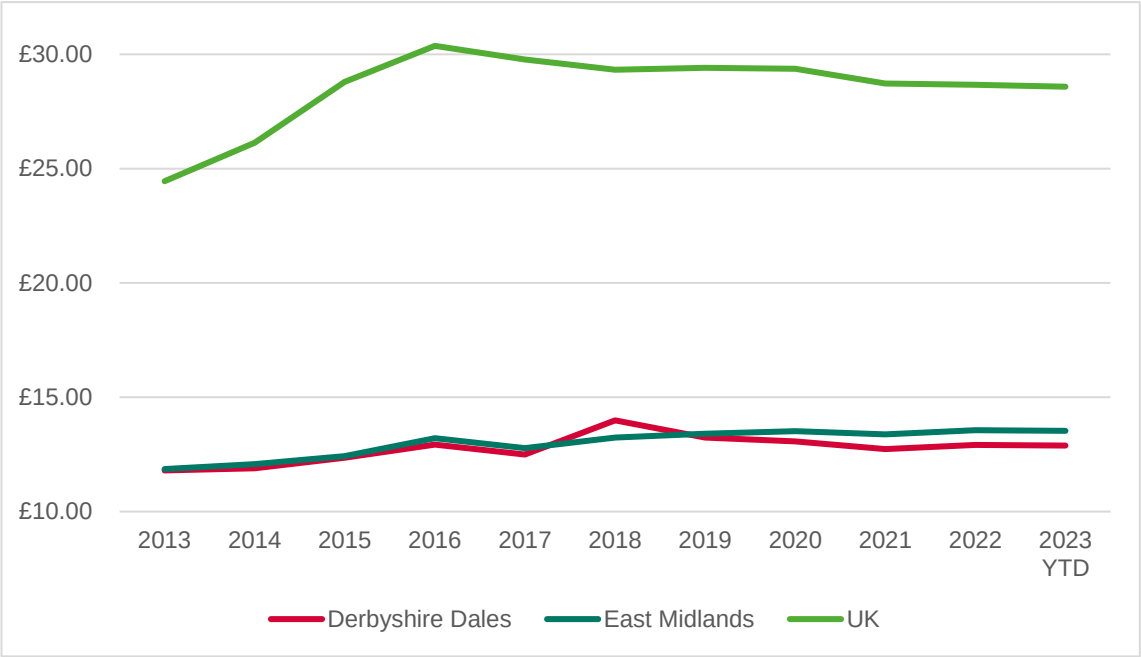
Figure 3.2 Office Vacancy Rate



Source: CoStar 2023

3.33 The figure below shows inflation-adjusted average market rents for office floorspace. Derbyshire Dales market rent is slightly below the average across the East Midlands at £12.89/sqft compared to £13.53/sqft respectively (September 2023), which are both well below the UK average of £28.59. Market rents have remained fairly stable over the past decade, increasing by an average of just 0.9% per annum.

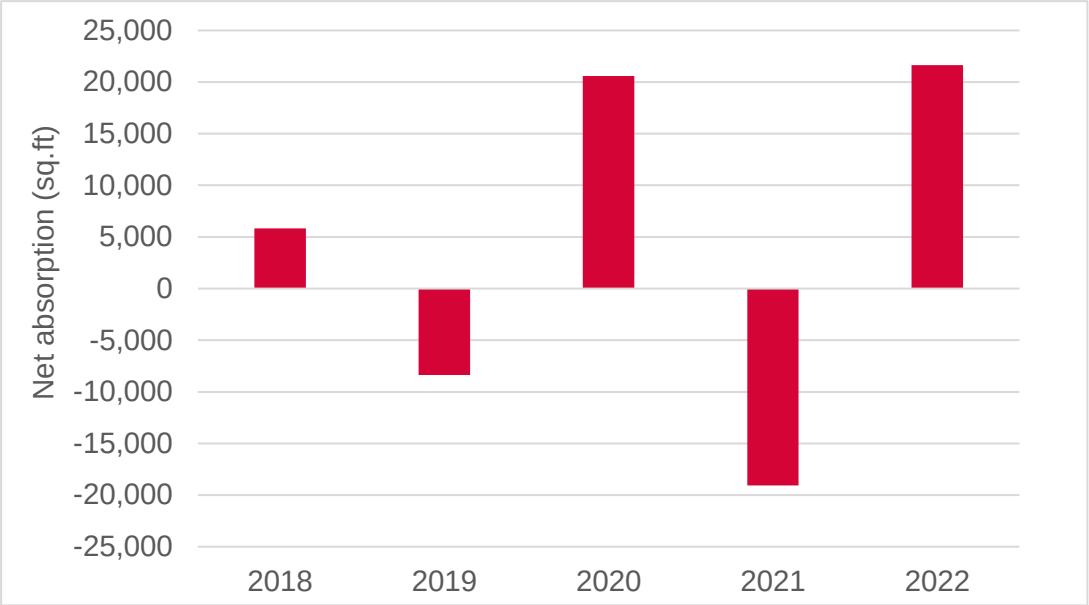
Figure 3.3 Inflation-adjusted Office Market Rent (£/sqft)



Source: CoStar 2023

3.34 The figure below shows the net absorption of office floorspace over the past 5 years. Net absorption describes the change in the amount of occupied space. Average net absorption over the period was 4,129 sqft per annum. Net absorption recovered in 2022 to 21,648 sqft - following a negative rate in 2021 of 19,060 sqft due to space being released onto the market, most likely a result of increased home working.

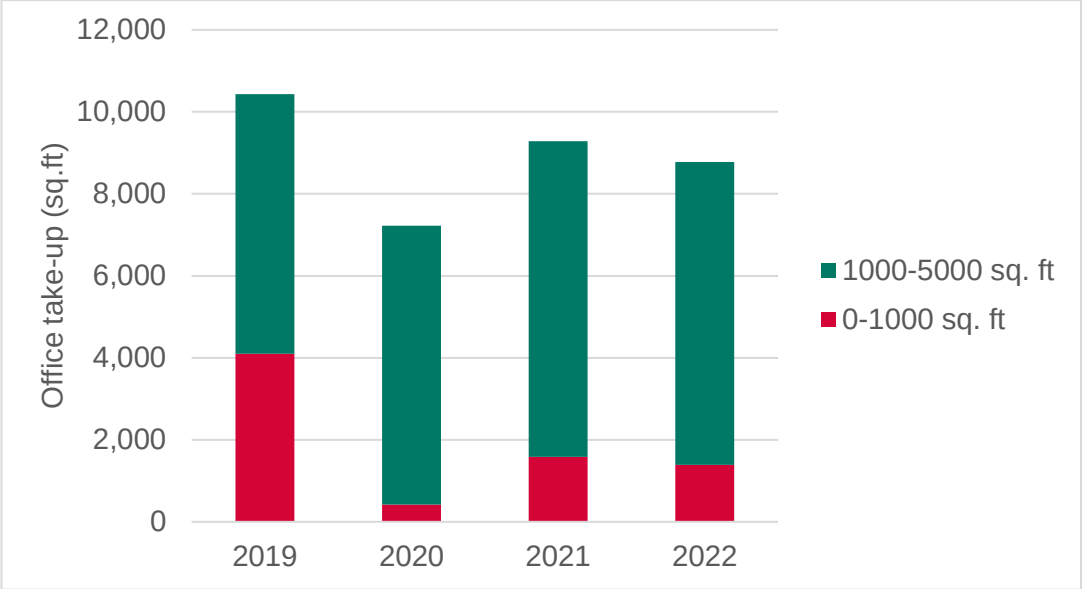
Figure 3.4 Office Net Absorption – Derbyshire Dales



Source: CoStar 2023

3.35 The figure below shows the take-up of office floorspace by size band. Since 2019, average annual take-up was 8,928 sq. ft. Take-up dipped in 2020 due to the work from home mandate and economic uncertainty caused by the pandemic, however it has since increased, however not to the level seen in 2019. In terms of floorspace, a majority of transacted floorspace was in the 1,000-5,000 sq. ft size band, however there were more deals for floorspace of sub-1,000 sq. ft (18 out of the 33 in the period). A majority of take-up occurred in Matlock - 68% of floorspace transacted in 2021-22, followed by Ashbourne (13%) and Sudbury (9%).

Figure 3.5 Office Floorspace Take-Up (sq. ft)

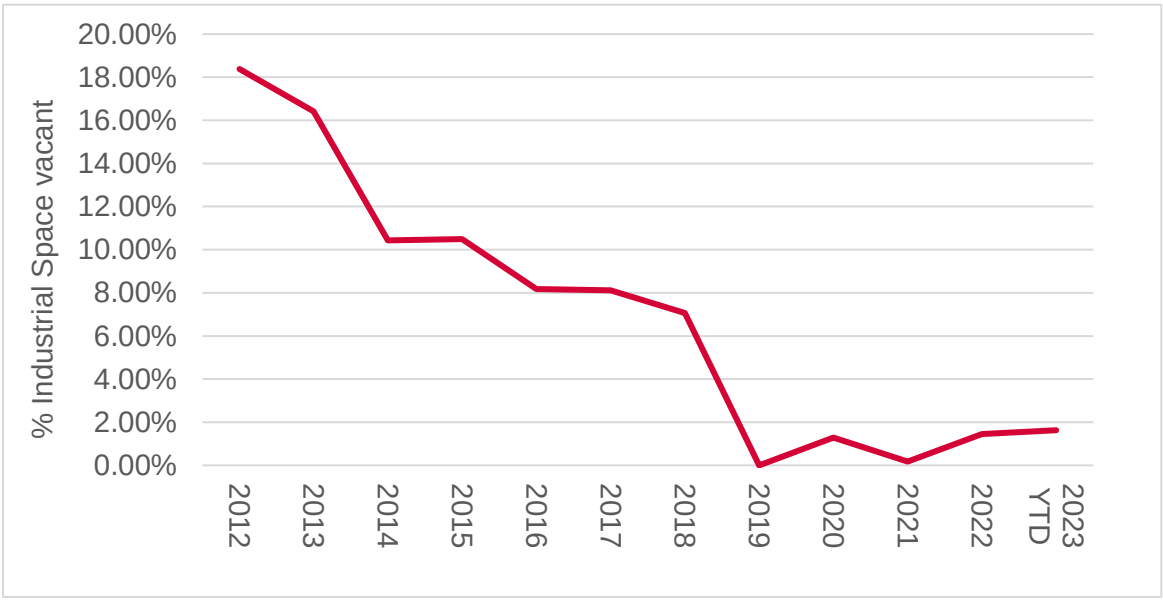


Source: CoStar 2023

Industrial

3.36 The figure below shows the vacancy rate for industrial floorspace in Derbyshire Dales, based on CoStar data. The rate has been consistently decreasing over the past decade, and has remained below 2% since 2019. The vacancy rate as of September 2023 is 1.6%. A vacancy rate consistently below 5% indicates that demand in the market is likely to have been supressed by a lack of supply.

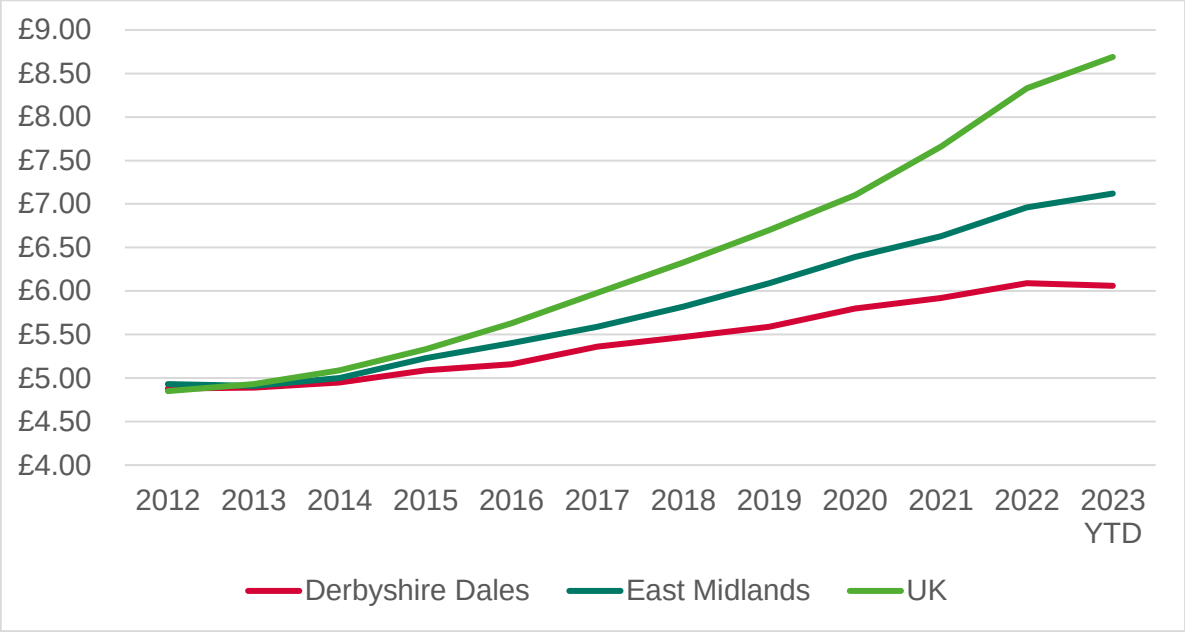
Figure 3.6 Industrial Vacancy Rate – Derbyshire Dales



Source: CoStar 2023

3.37 The figure below shows inflation-adjusted average market rents for industrial floorspace. Derbyshire Dales market rent is £6.06 per sqft (September 2023), below the East Midlands and UK averages at £7.12/sqft and £8.69/sqft respectively. Historically, industrial rents have been increasing at a slower pace than comparator areas at an average annual increase of 2.2% compared to 4.0% in the East Midlands and 7.2% across the UK.

Figure 3.7 Inflation-adjusted Industrial Market Rent (£/sqft)

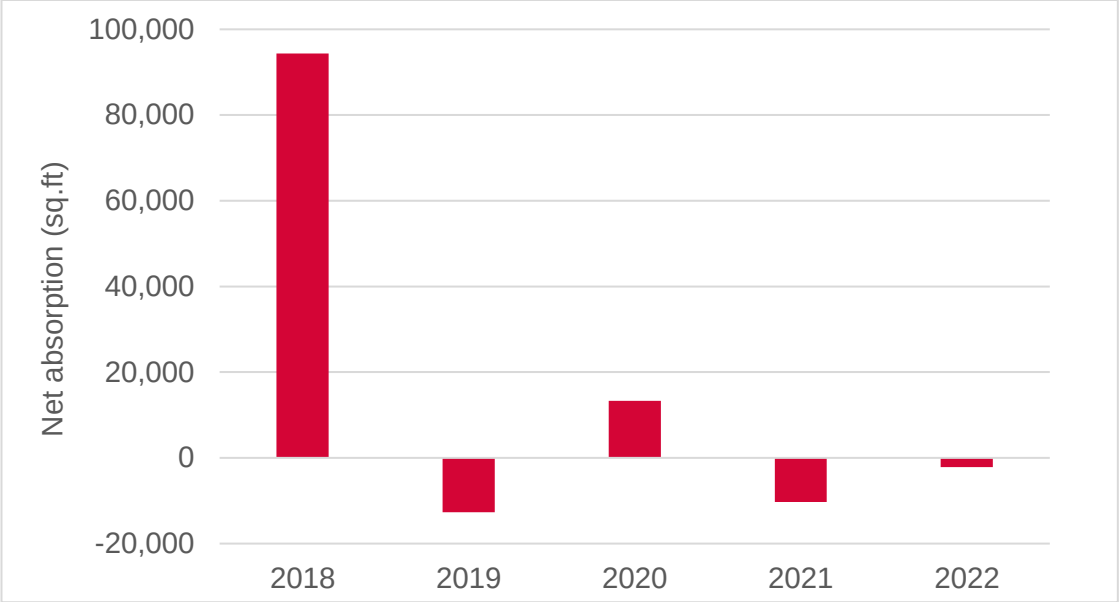


Source: CoStar 2023

3.38 The figure below shows the net absorption of industrial floorspace over the past 5 years. Take-up peaked in 2018 at 94,400 sqft. Since 2019, the average net absorption was -2,950 sqft per annum.

3.39 Following a year of negative net absorption in 2019, net absorption of industrial space picked up slightly in 2021 at 13,328 sqft; however has been negative for the past two years (with more space coming onto the market than taken up). This data contradicts agent feedback given in the recent report, that 2020 take-up overtook that of 2019, and so CoStar data should be treated with caution as not all deals are recorded in rural areas.

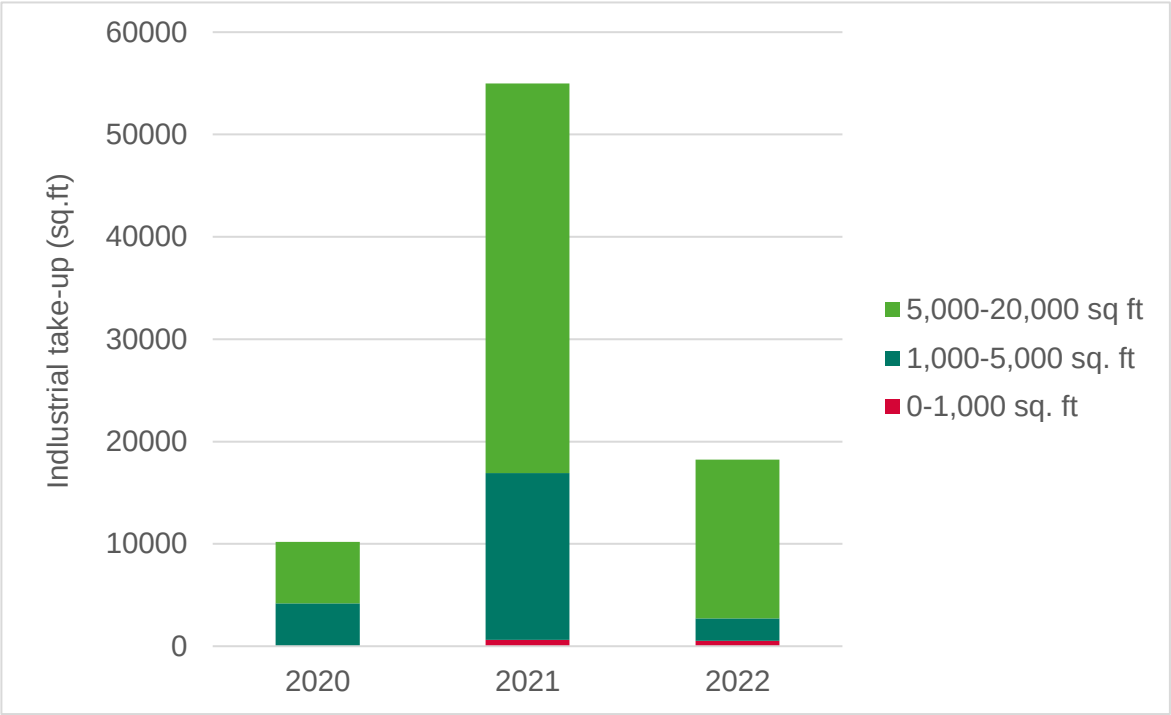
Figure 3.8 Industrial Net Absorption – Derbyshire Dales



Source: CoStar 2023

3.40 The figure below shows the take-up of industrial floorspace by size band. There was no take-up of industrial floorspace in 2019, followed by a total of just 10,188 sq. ft in 2020. In 2021, take-up grew and 54,980 sq. ft was transacted in 12 deals. A majority of floorspace take-up occurred in the 1,000-5,000 sq. ft size band, however, there have been a few larger deals above 5,000 sq. ft, including 9,676 sq. ft leased to an unknown tenant on Clifton Road, Ashbourne in 2021. However overall take-up has been very much focused on local SME businesses.

Figure 3.9 Industrial Floorspace Take-Up (sq.ft)



Source: CoStar 2023

Labour Market Dynamics

Economic Activity

3.41 Turning to the dynamics of the Labour Market within Derbyshire Dales, the Annual Population Survey (APS) data points to the economic activity rate falling from a pre-pandemic figure of 82% to 71% in 2021 and recovering since to 74% (Year to March 2023). However cross-refencing this Survey-based source with the 2021 Census suggests that the APS may be significantly under-estimating economic participation.

3.42 The Census 2021 pointed to an overall activity rate of 77.6% amongst 16-64 year olds in Derbyshire Dales in 2021. The table below shows the breakdown of Census economic activity rate by sub-area. The Southern Parishes have the highest rate at 79.6% and Matlock & Wirksworth the lowest at 76.2%. However overall, there is little variation between all sub areas with only 3.4pp difference between the highest and lowest.

Table 3.4 Economic Activity (% Population aged 16-64)

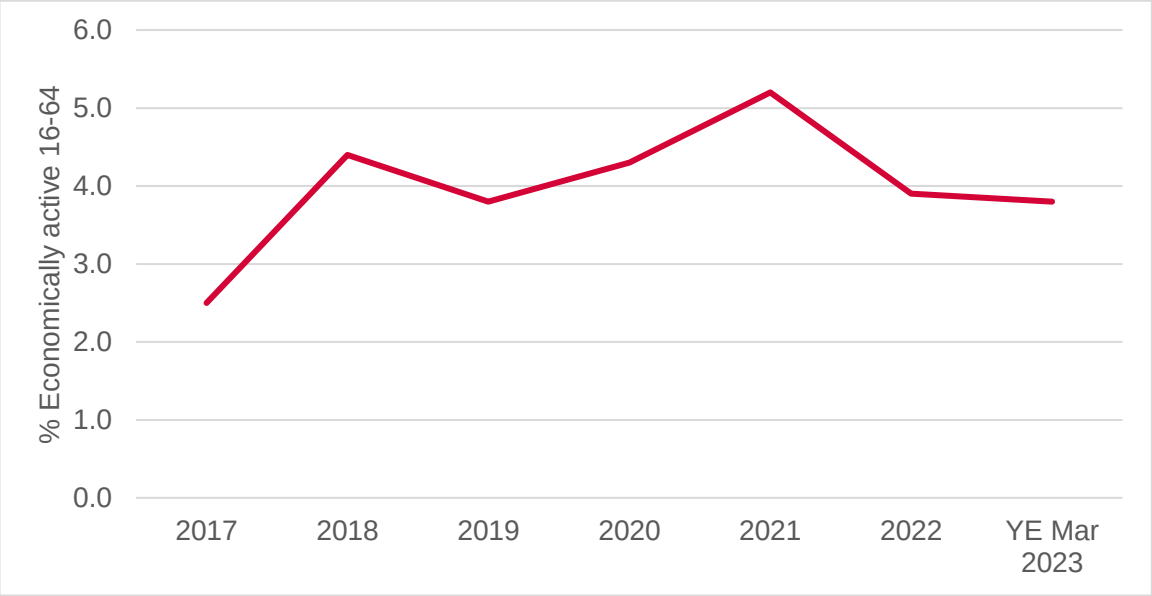
Sub Area	Active	Inactive
Ashbourne	78.8%	21.2%
Matlock & Wirksworth	76.2%	23.8%
Peak District	78.0%	22.0%
Southern Parishes	79.6%	20.4%
Derbyshire Dales	**77.6%**	**22.4%**

Source: Census 2021

3.43 Data regarding unemployment rates sheds further doubt on the APS economic activity data. The figure below shows that the overall unemployment rate in 16-64 year olds. Data shows a slight jump in 2021 to 5.1%, but a subsequent reduction in the unemployment rate to 3.8%.

3.44 ONS model-based estimates show current unemployment of 900 persons in the District (2.7% of those aged 16+) which is below regional/ national benchmarks.

Table 3.5 Unemployment Rate – Derbyshire Dales



Source: Annual Population Survey, ONS

3.45 Census data shows a lower level of unemployment across the District at only 2.7%, as shown in the table below. Ashbourne has the highest rate at 3.2% with the lowest in the Peak District at 2.3%, again there is little variation between the sub areas with on 0.88% separating the two.

Table 3.6 Unemployment Rate, March 2021

Sub Area	Unemployment Rate
Ashbourne	3.2%
Matlock & Wirksworth	3.0%
Peak District	2.3%
Southern Parishes	2.3%
Derbyshire Dales	2.7%

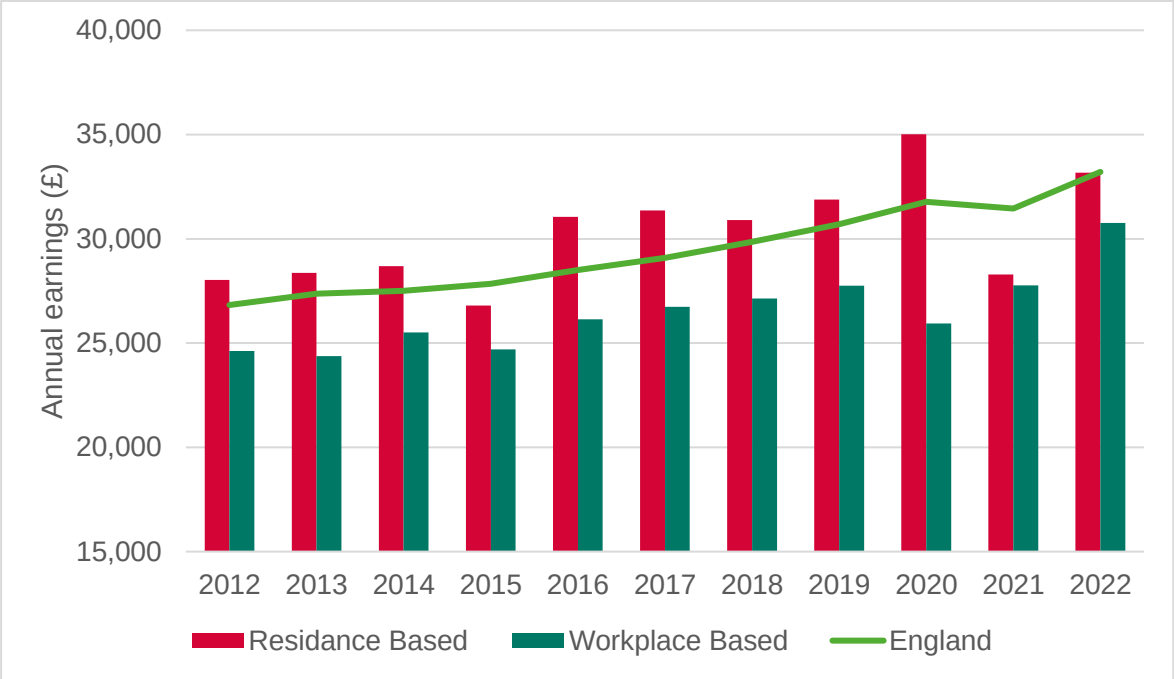
Source: Census 2021

Earnings

3.46 In terms of earnings in the District, the figure below demonstrates the median income in Derbyshire Dales since 2012, both for those who reside in the district (residence based) and those who work in the district (workplace based). Residence based earnings in the district are higher than workplace based, indicating that residents commute out to other locations which are higher paying to work. The residence-based earnings of the district closely match that of England overall.

3.47 Earnings have grown relatively strongly between 2021 and 2022 in all areas: this is particularly a factor of cost of living pressures and inflation, as well as a tight labour market - employers to increase wages in order to retain staff.

Figure 3.10 Median Annual Earnings for Full-time Workers in Derbyshire Dales (2012-2022)



Source: ONS Annual Survey of Hours & Earnings

3.48 However, when assessing the change in earnings since the Covid-19 outbreak residence-based earnings in the district have grown by only 4% from 2019 to 2022; much less than workplace based which has grown by 10.9% and the England average of 8.0%. As a result, the differential between earnings of those living and working in the District has significantly narrowed.

3.49 The recent growth in earnings of those employed in the District is likely to be influenced in part by recruitment difficulties given the context of a relatively tight labour market.

Table 3.7 Median Annual Earnings

	2017	2018	2019	2020	2021	2022
Derbyshire Dales - Residence Based	£31,356	£30,906	£31,887	£35,011	£28,284	£33,164
Derbyshire Dales - Workplace Based	£26,738	£27,130	£27,749	£25,940	£27,761	£30,767
England	£29,085	£29,849	£30,692	£31,780	£31,445	£33,208

Source: ONS Annual Survey of Hours & Earnings

Housing Market Dynamics

3.50 We turn next to look at housing market dynamics. The table below reflects changes in median prices over a five-year period to the Year Ending March 2023. It shows that on average, homes in the District have increased by around a third, with the strongest growth being of larger properties. This correlates with wider trends, where the pandemic has resulted in some households looking for additional space, including to facilitate working from home.

Table 3.8 House Price Change – Derbyshire Dales (2018-2023)

	All	Detached	Semi	Terrace	Flat
YE March 2018	£246,000	£345,000	£217,350	£177,725	£182,500
YE March 2023	£328,998	£440,000	£285,000	£235,000	£225,000
Difference	£82,998	£95,000	£67,650	£57,275	£42,500
% Difference	34%	28%	31%	32%	23%

Source: ONS, HPSSA data

3.51 Looking at change over a shorter period, the table below considers the changes since March 2020 when the Covid-19 pandemic began to impact the UK more severely. Over this 3 year period, the strongest value growth has been of detached and semi-detached properties. In contrast, the growth in the price of flats in particular is very low and indicates that the demand for flats has relatively subdued since the pandemic; with households keen for outdoor space.

Table 3.9 House Price Change – Derbyshire Dales (2020-2023)

	All	Detached	Semi	Terrace	Flat
YE March 2020	£262,500	£365,000	£225,000	£189,995	£211,950
YE March 2023	£328,998	£440,000	£285,000	£235,000	£225,000
Difference	£66,498	£75,000	£60,000	£45,005	£13,050
% Difference	25%	21%	27%	24%	6%

Source: ONS, HPSSA data

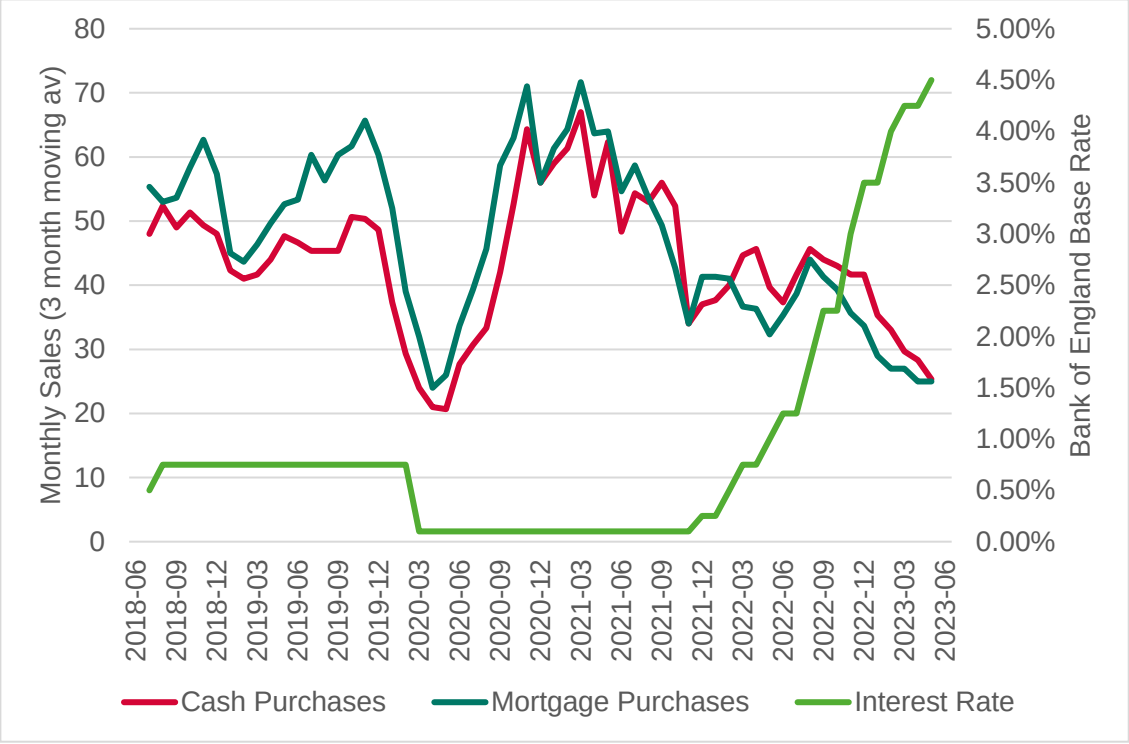
3.52 House prices appear however to have ‘turned’ at the beginning of 2023 as interest rates have risen. HM Land Registry’s House Price Index indicates that the average

house price in the District has fallen around 6% from the peak of the market in January 2023 to August 2023 (representing a fall in value of just over £20,000).

3.53 Sales volumes provide a good indication of market buoyancy, and show a period of relatively strong and buoyant market conditions from Autumn 2020 – Autumn 2021, as households re-evaluated their living circumstances and/or moved to take account of the Stamp Duty Holiday. Since Autumn 2022 market conditions have however weakened significantly – both with the end of the Help-to-Buy scheme and with rapid growth in interest rates.

3.54 The graph splits out cash sales and mortgaged purchases. Typically we see stronger levels of mortgaged purchases: however in Derbyshire Dales, cash purchases are a significant component of overall sales and broadly track trends in mortgaged purchases. This highlights the influence of the older population structure and the importance of moves of older households to broader market vibrancy. It means that the Dales market is more resilient to changes in interest rates than some other areas, albeit clearly not immune.

Figure 3.11 Sales of Market Homes – Derbyshire Dales

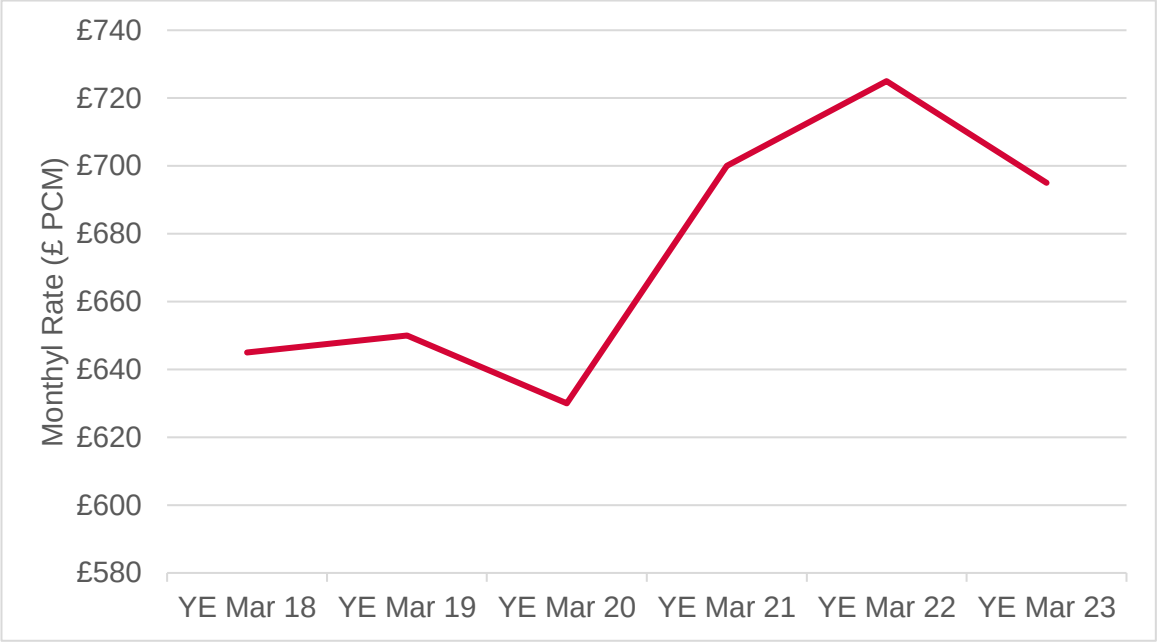


Source: Iceni analysis of HM Land Registry data

3.55 A reduction in residential sales is helping to support rental demand. Analysis of trends of rental from 2018 shows a significant increase in rental costs per calendar month in the first year of the Covid pandemic (March 2020 - March 2021). This has since cooled off but average rents remain higher than pre-pandemic.

3.56 Consultation with estate agents has indicated that occupier demand for rental properties has been strong. A longer-term trend of many smaller landlords choosing to leave the market and sell their properties has led to a decrease in the rental stock available. Rising mortgage costs and cost of living increases has led to fewer first time buyers being able to afford to buy, this coupled with new people joining the rental market has led to increasing demand overall, and demand outpacing supply.

Figure 3.12 Rental costs over time – Derbyshire Dales (£PCM)



Source: ONS, Private Rental Market Statistics

3.57 The table below shows the median prices per calendar month for properties advertised in each of the sub areas. It should be noted that the data below is only based on properties advertised on Rightmove at the time of writing (October 2023), the sample size is therefore smaller. The Southern Parishes and Peak district see the highest rental prices with lower in the more urban sub-areas. This will partly be a factor of availability of stock, particularly in the Southern Parishes

which sees only 10 properties listed. Average rents are also partly influenced by the size of properties listed: rural areas are more likely to have larger dwellings that naturally conduct a higher price.

Table 3.10 Rental Costs by sub-area

	Median Price (£pcm)	Count of Properties
Ashbourne	£800	15
Matlock & Wirksworth	£875	27
Peak District	£1,225	18
Southern Parishes	£1,725	10

Source: Iceni analysis of Rightmove data.

4. Scenarios for Economic Growth

4.1 This section next turns to consider scenarios for future employment growth in Derbyshire Dales. It first reviews the scenarios presented in the 2021 Employment Land Requirements Report, before moving on to consider the latest evidence and updated economic forecasts.

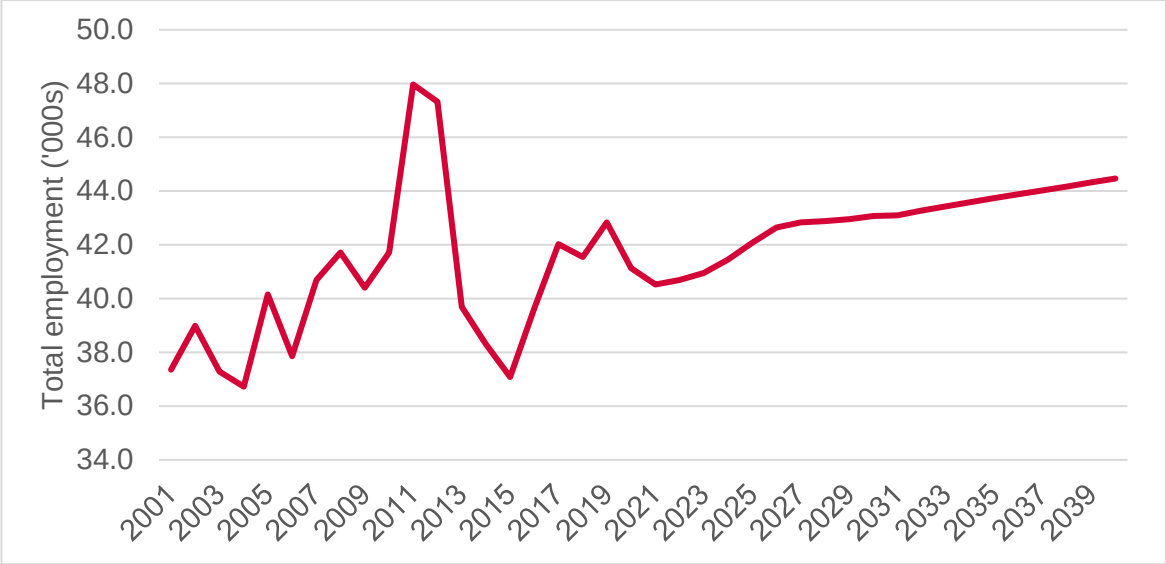
Growth Scenarios in the 2021 Employment Land Requirements Report

Baseline Scenario 2021

4.2 The previous Study provided a 2017-2040 baseline forecast (from Cambridge Econometrics) indicating that COVID-19 would reduce the Derbyshire Dales employment count and that 2019 employment levels (total employment) would not be reached until 2027, whereas the region and nation would achieve this by 2023/24. Derbyshire Dales was expected to experience a steeper decline in employment than that seen regionally and nationally; and a slower recovery.

4.3 In the 2017-40 plan period there was a reported total change of 2,400 jobs, of which over half would be recovery from the pandemic contraction. This forecast employment growth is lower than the regional and national levels, however growth from 2020 onwards was forecast at a comparable level (0.4% pa across Derbyshire Dales, East Midlands and the UK) and thus the plan period outlook reflects in particular the pandemic impact on the local economy.

Figure 4.1 2001-2040 Employment Trend & Forecast (2021 CE Forecasts)



Source: Cambridge Econometrics, Iceni Projects analysis

Alternative Scenarios 2021

4.4 On the basis that the baseline forecasts may be overly driven by past trends or the regional/national position and not fully take account of local policies and interventions, two alternative scenarios were development as part of the 2021 Study – 'Recovery' and 'Higher Growth' scenarios.

4.5 The **'Recovery'** Scenario focused on the sectors highlighted in the Derbyshire Dales Economic Recovery Plan. The '**Higher Growth'** Scenario maintained the Recovery plan characteristics but also considered the potential for a faster growth in tourism, more akin to the level of jobs growth seen over the preceding decade. Key differences of these scenarios to the baseline forecasts were:

- A more rapid recovery in Accommodation and food (given the potential 'staycation' market), with the 'Higher Growth' seeing higher growth similar to historic trends;
- Better ICT performance;
- Improved outlook for higher value manufacturing (electronics, electrical and machinery) as well as architecture and engineering;
- Better Other services performance (incl. Arts and recreation), with the 'Higher Growth' scenario moving towards the historic trend; and

- Limited increase to the Transport and storage outlook, based on the move towards e-commerce.

4.6 The two scenarios arrive at the following alternative growth forecasts, compared to the baseline forecast of an additional 2,400 jobs (totalling 44,500 jobs in 2040):

- Recovery: 3,700 additional jobs by 2040 (total 45,800); and
- Higher Growth: 4,700 additional jobs by 2040 (total 46,700).

4.7 We use rounded figures to the nearest 100 in order to avoid issues of overly spurious accuracy.

4.8 The following section uses updated employment forecasts provided by Cambridge Econometrics in to review the baseline employment forecast growth. Iceni has then considered an alternative growth scenario.

Baseline Scenario 2023

4.9 The chart below shows the CE and OE baseline forecasts for employment in Derbyshire Dales up to 2040. It is important to note that the sectoral outlook shown is influenced in part by improvements in productivity in different economic sectors.

4.10 CE indicate an increase of c.400 jobs over the 2017-2040 period. Following a low in 2021 due to the pandemic, it is forecast there will be an initial rebound of 1,300 jobs and then steady employment growth thereafter. However for 2022-2040 the jobs change is +3,100 as the economy rebuilds post COVID-19.

4.11 OE indicate a different story. They see -2,400 jobs 2017 to 2040 and -700 jobs 2022-2040. OE are less confident about the outlook for employment in manufacturing sector which they think may decline, with this in particular driving an overall contraction in employment in the District.

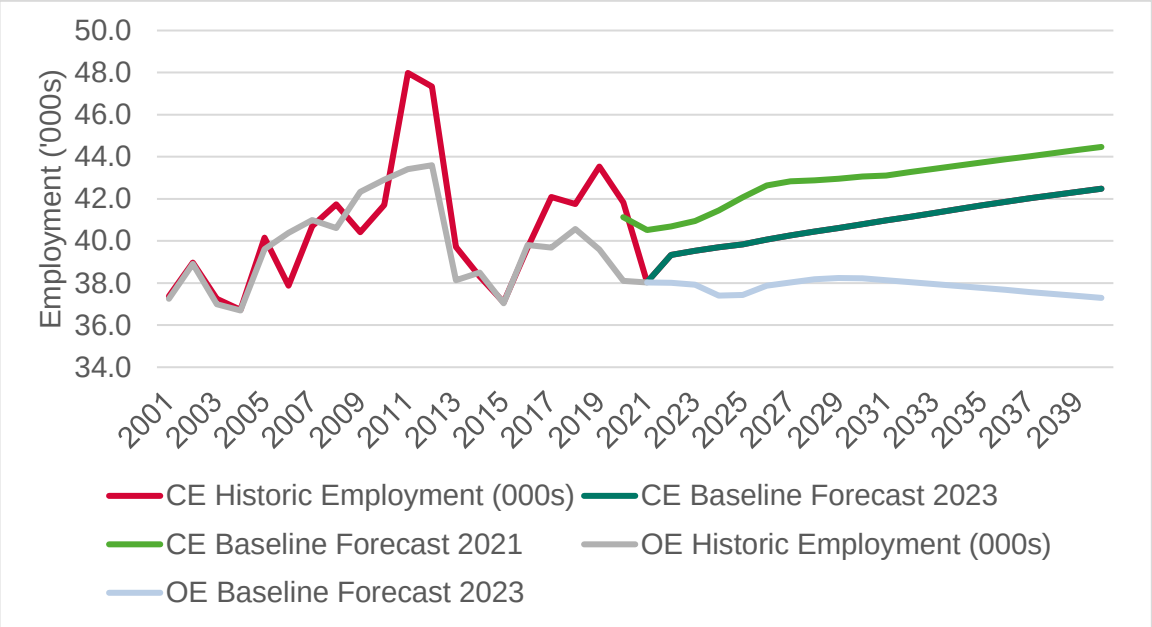
4.12 The historic trend from 2001 is of overall steady growth. The 2011-13 data is considered anomalous due to public sector County Council employment, and the 2013-15 contraction reported in public sector administration but also education, residential & social care and construction also potentially anomalous.

4.13 Data for 2020 and 2021 reveals the economic extent of the impact of the pandemic, with a clear decline.

4.14 The chart compares the Cambridge Econometrics forecasts used in the 2021 Report and the latest (2023) employment forecasts.

4.15 Employment in 2021 is thought to have declined much lower than previously forecasted. As a result, the latest CE baseline scenario starts from a lower base and forecasts lower employment growth than the 2021 iteration. By 2040 CE forecast that Derbyshire Dales will have 42,500 jobs whereas OE report 37,300.

Figure 4.2 Derbyshire Dales CE/OE Baseline Forecasts (2001-2040)

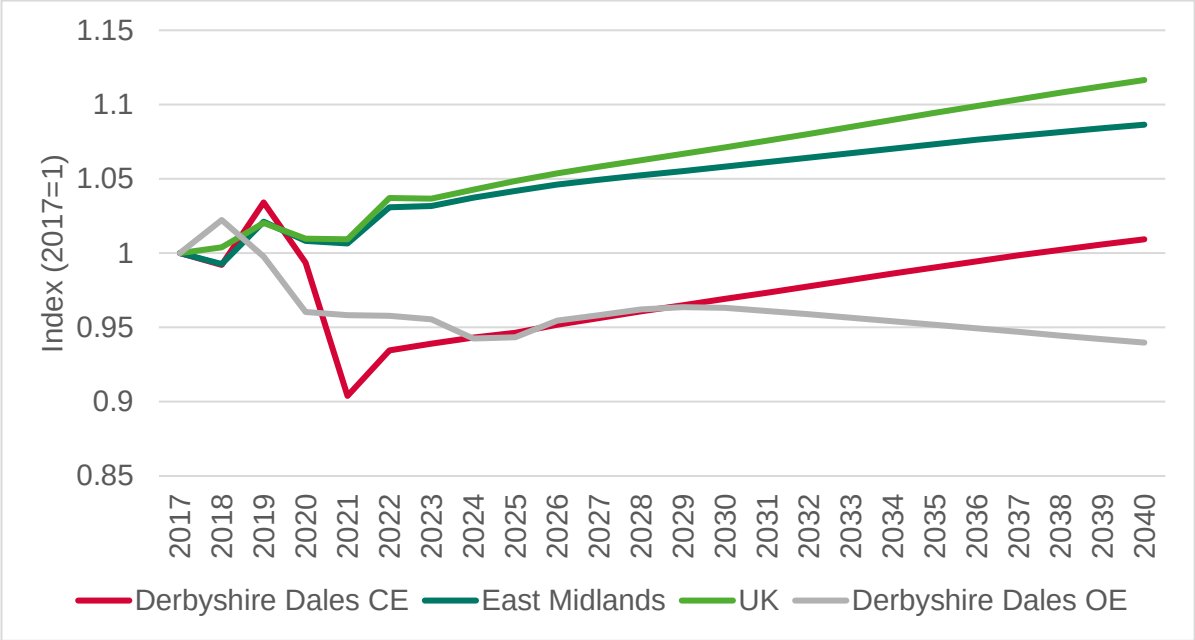


Source: Cambridge Econometrics / Oxford Economics, Iceni Projects analysis

4.16 The graph below compares the indexed forecast employment growth of the Derbyshire Dales, East Midlands and the UK. The District saw a larger proportionate decline in employment 2019-21 compared to the East Midlands and the UK. As a result, employment is forecasted to return to 2019 levels by 2022

regionally and nationally. However in Derbyshire Dales CE consider it is not expected to recover to the 2019 peak before 2040 and OE forecast it never will.

Figure 4.3 2017-2040 Indexed Employment Growth – Derbyshire Dales

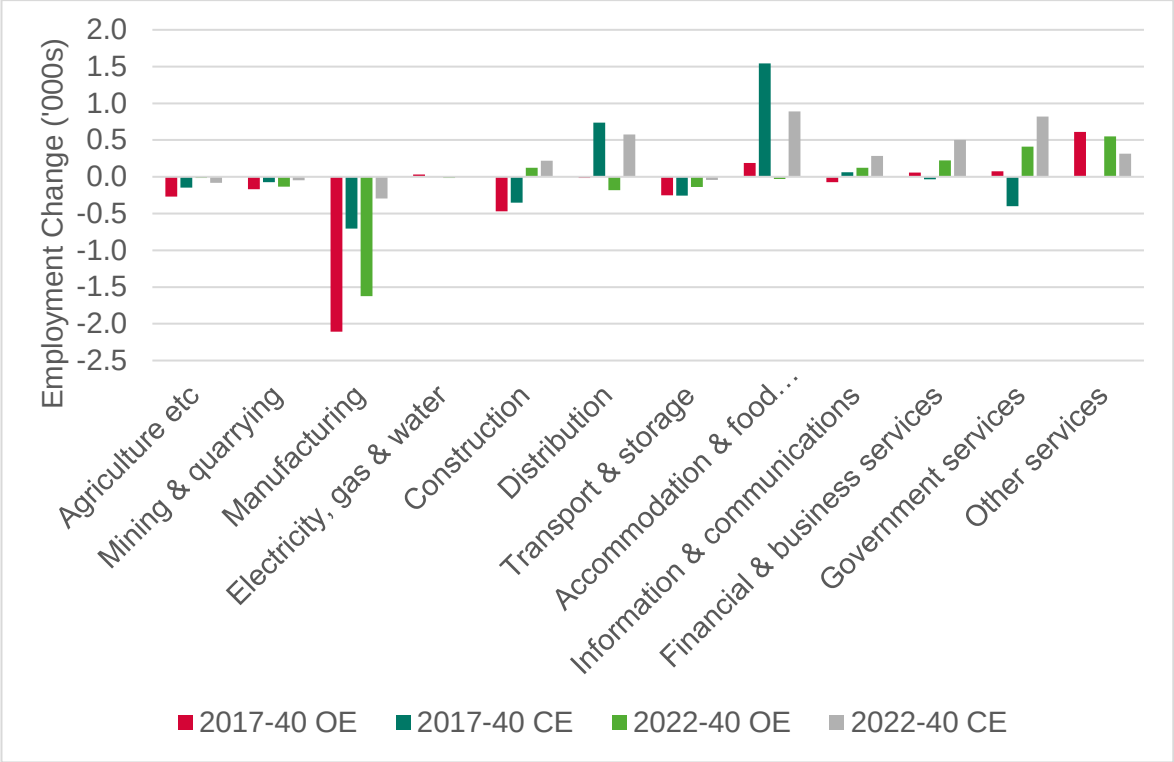


Source: Cambridge Econometrics / Oxford Economics, Iceni Projects analysis

4.17 The 2023 Baseline forecasts indicate divergence in a number of sectors:

- Accommodation and food services: CE reporting strong growth post pandemic but OE suggesting change is flat.
- Manufacturing, with much stronger decline forecast by OE.
- Distribution including retail, performing better according to CE compared with limited decline under OE.

Figure 4.4 Derbyshire Deals Broad Employment Sector Change by Period



Source: Cambridge Econometrics / Oxford Economics, Iceni Projects analysis

4.18 The table below shows a detailed breakdown of the OE and CE employment forecasts for the 2017-40 plan period and the 2022-40 period for comparison, in addition to the previous 10-year growth rate 2009-19 pre pandemic. The key findings are:

- Both forecasts show a slight decline in agriculture due to the pandemic and limited growth from 2022 onwards.
- A slight decline in mining across both forecasts.
- OE forecasts a significant decline in Manufacturing employment with a loss of 2,100 jobs 2017-40. CE forecasts a lesser decline of 700 jobs over the period, contradicting historical growth trends.
- Forecasted losses in Construction of 350 (CE) and 470 jobs (OE), contracting through the pandemic then returning to slow growth.
- CE forecasts show growth in Distribution (wholesale and retail) of 700 jobs, making a fast recovery to pre-pandemic employment levels in addition to seeing further growth. OE forecasts no change.

- Transport and storage is forecast a loss of 250 jobs across both forecasts, contracting at a slower rate than in the previous period.

- CE forecasts significant growth in Accommodation and food service with an additional 1,500 jobs. The sector is forecasted to recover to pre-pandemic levels by 3033 and continues to grow steadily throughout the Plan period. OE forecasts growth of just 190 jobs, lower than historical growth.

- There is little change in Information and communications and Financial and business services with pandemic related losses seeing recovery.

- CE forecasts a loss of 400 jobs in Government services whereas OE forecasts small growth of 70 jobs.

- CE forecasts that there will be minimal change in the Other services sector, below the performance of the past cycle. OE forecasts a growth of 610 jobs.

Table 4.1 Employment Change and Average Annual Change by Sector ('000s)

Broad Sector	Employment				Total change				2009-2019 Trend Projection	
	OE 2022	CE 2022	OE 2040	CE 2040	**OE 2017-40**	**CE 2017-40**	OE 2022-40	CE 2022-40	OE 2022-40	CE 2022-40
Agriculture etc	1.0	1.0	1.0	1.0	**-0.3**	**-0.2**	-0.0	0.1	0.4	0.9
Mining & quarrying	0.3	0.3	0.2	0.3	**-0.2**	**-0.1**	-0.1	-0.1	0.0	0.0
Manufacturing	4.8	4.9	3.2	4.6	**-2.1**	**-0.7**	-1.6	-0.3	0.9	1.1
Electricity, gas & water	0.2	0.2	0.2	0.2	**0.0**	**0.0**	-0.0	-0.0	0.4	0.3
Construction	2.8	2.4	3.0	2.6	**-0.5**	**-0.4**	0.1	0.4	-1.1	0.5
Distribution	5.1	5.7	4.9	6.3	**-0.0**	**0.7**	-0.2	0.8	-0.6	0.5
Transport & storage	1.1	1.3	1.0	1.2	**-0.3**	**-0.3**	-0.1	-0.3	-1.2	-0.6
Accommodation & food	5.4	5.8	5.4	6.7	**0.2**	**1.5**	-0.0	2.1	2.9	2.4
ICT	0.9	1.0	1.0	1.3	**-0.1**	**0.1**	0.1	0.4	-0.1	0.2
Financial & business	4.7	4.9	4.9	5.4	**0.1**	**-0.0**	0.2	0.4	-0.6	2.1
Government services	8.3	8.7	8.7	9.5	**0.1**	**-0.4**	0.4	1	-7.2	-3.7
Other services	3.4	3.0	4.0	3.4	**0.6**	**0.0**	0.6	-0.0	1.2	1.8
Total	38.0	39.3	37.3	42.5	**-2.4**	**0.4**	-0.7	4.4	-4.9	5.6

Source: Cambridge Econometrics, Iceni analysis

Reviewing the latest Economic Data

4.19 BRES data for 2022 released in late October 2023 points to employee jobs broadly recovering to the 2017 position by 2023, with employment (which includes working proprietors) rising slightly above 2017 position. This points to a stronger recovery in employment within the District than shown in the forecast data. We have taken this into account in modelling a revised scenario for economic growth.

4.20 The data points in particular to a recovery and growth in tourism (accommodation and food) and culture/arts, with some growth in public administration; but with contraction in employment in some other areas including manufacturing, education/health and IT.

Table 4.2 Change in Employee Jobs and Employment Recorded by BRES

	2017	2022	Change
Agriculture, forestry and fishing	800	700	-100
Mining and quarrying	300	450	150
Manufacturing	5,000	4,500	-500
Electricity, gas, steam and air conditioning supply	5	15	10
Water supply; sewerage, waste management and remediation activities	150	100	-50
Construction	1,750	1,750	0
Wholesale and retail trade; repair of motor vehicles and motorcycles	4,500	4,500	0
Transportation and storage	1,000	700	-300
Accommodation and food service activities	4,500	6,000	1,500
Information and communication	800	600	-200
Financial and insurance activities	150	200	50
Real estate activities	500	500	0
Professional, scientific and technical activities	2,000	2,000	0
Administrative and support service activities	1,250	1,250	0
Public administration and defence; compulsory social security	2,500	3,000	500
Education	2,250	2,000	-250
Human health and social work activities	3,000	2,500	-500
Arts, entertainment and recreation	1,250	1,500	250
Other service activities	600	500	-100
Total	32,300	32,800	500

Source: Business Register & Employment Survey/Iceni

Directions of Travel for the Derbyshire Dales Economy

4.21 COVID-19 had a significant impact on the Derbyshire Dales economy, with a contraction in many sectors. Forecasts indicate that will a return to growth is expected, but that it will take a number of years for jobs to reach historic rates achieved in 2019, if at all. The recent economic data is however more positive.

4.22 The District now needs to look at a pathway ahead. Discussion with the Council have identified that economic vision seeks to focus on greater productivity and to strike a balance between the natural assets which the Dales have to offer that support its tourism, manufacturing and agricultural sectors; with a focus on driving growth in higher productivity activity - in advanced manufacturing, digital and professional services.

4.23 Here below we consider some of the strengths and opportunities that the Dales may develop and how these might re frame the future economy.

Tourism

4.24 Undoubtably the District has unique tourism assets from its landscape and natural assets to the Heights of Abraham, Chatsworth and the Market Towns. In terms of employment, compared to the region, its location quotient is more than double in a number of sectors including in pubs, hotels, holiday accommodation, visitor attractions and camping.

4.25 Pre pandemic, this sector reported strong growth of around 140 jobs per annum between 2009-19 reaching around 5,000 jobs in 2019 (CE data). Whilst jobs were lost during the pandemic this has bounced back quickly with BRES recording 6,000 jobs at 2022. CE forecast growth to over 6,600 jobs in the future although the majority of this has ‘already happened’. Conversely, OE forecast very little employment change in years to come in this sector - although BRES data already exceeds the OE position.

4.26 In reality, the sector struggles to fill many positions. The nature of the sector pay and employment combined with housing costs, both for ownership and rental, mean that attracting staff is challenging and this is unlikely to improve in the foreseeable future.

4.27 Given the lower productivity of the sector, a slower rate of growth in the longer term would actually improve total productivity outcomes for the District's economy.

Manufacturing

4.28 Derbyshire Dales has strengths in a number of manufacturing sectors and overall has double the national average employment rate in the sector, as well as a concentration of employment 30% higher than the regional average.

4.29 Location quotient analysis reports particular strengths (double the regional concentration) in food and drink, clothing, concrete products, animal feed and more specialised sectors such as 'instruments and appliances for measuring, testing and navigation' and 'lifting and handling equipment'. There is a lower level of specialisation in paints and plastics. The unique natural characteristics of the Dales supports many of these sectors. Over the last decade this sector has been slowly growing in the District. In the future it is reasonable to expect that there may be limited decline in employment in some manufacturing sectors, where automation enables productivity improvements, but growth in others where there is strong specialisation.

4.30 CE forecast a reduction in employment of around 13% (or 700 jobs) 2017-2040, of which half occurring during the pandemic. Meanwhile OE see a contraction of over 2,100 or 40% of total. The latest BRES data shows a reduction in employee jobs in manufacturing of 500 between 2017-22. OE's model assumes that productivity gains need to be made by reductions in employment and investment in capital.

4.31 Both of the forecast contractions in manufacturing over the longer-term go against the trend of the last decade which has seen some growth in the sector. The authority recognises the importance of this higher value sector to the local economy and will continue to focus on supporting employment and growing higher

value activities. A good supply of modern premises will help to facilitate growth in the sector.

Digital and Professional

4.32 ICT and business reached a combined high of 7,200 jobs in 2019 (CE data) but are expected to have fallen back to less than 6,000 by 2021. Projected forwards from 2022, both OE and CE expect steady growth in these sectors.

4.33 Analysis of BRES data suggests that whilst many of the sub-sectors are less well represented in the Dales than the region as a whole, there are some notably strengths in architecture, management consultancy, legal, real estate and television programme production. Collectively these employ around 1,100 people (as of 2021, BRES).

4.34 The high quality of life offered in the Dales provides an opportunity to attract those in the digital and professional sectors. These individuals may be more footloose in the post pandemic remote working environment. Connectivity in terms of broadband will be a priority in terms of facilitating growth in these sectors. Smaller workspaces and co working spaces may also be suitable. The expected growth of between 300 (OE) and 800 (CE) jobs from 2022 to 2040 seems reasonable.

Low Carbon Economy

4.35 This is an important sector nationally and locally for all economies. It can be difficult to quantify the employment count and contribution simply through employment count analysis. The Government defines the cross cutting nature of the low carbon and renewable energy economy as encompassing low carbon electricity, heat, energy from waste and biomass, energy efficient products, low carbon services and low emission vehicles[1]. A longer list not falling into these categories includes environmental charities, environment related education, in-house environmental activities, management of forests, organic agriculture,

[1] https://www.ons.gov.uk/economy/environmentalaccounts/bulletins/finalestimates/2021#glossary

recycling, waste and wastewater / water management. The Government prefers to undertake surveys of businesses in the sectors to identify their individual contribution to the low carbon and renewable energy economy rather than simply count businesses. Given the diversity of business types in the sector it is not readily possible to attribute change and growth to specific sectors.

4.36 It is evident that Derbyshire Dales will see a number of businesses and sectors that are relevant and activity in the carbon and renewable energy economy; and it is realistic to consider that this can grow in the future. More specific analysis and potential businesses engagement would be warranted in developing an understanding of the potential and its impact through future deep dive research.

Revised Economic Scenarios

4.37 Based on an analysis of the data and engagement with key stakeholders, there appears justification for some limited revision in the economic forecasts for Derbyshire Dales.

Revised labour demand

4.38 The OE and CE forecasts point to two very different outcomes for 2017-2040, being around +400 jobs under CE to OE's outlook of -2,700 jobs. OE forecasts may be overly pessimistic based on latest BRES data.

4.39 Most sectors under the CE outlook are cast in an optimistic light, appearing to be largely influenced by past performance. These are considered to be the upper range of outcomes. However the OE forecasts are more conservative. This is the case for tourism where little growth is expected and more so regarding the manufacturing outlook which shows a steep decline.

4.40 Manufacturing is already a higher value sector in the Derbyshire Dales. With recent trends pointing to stability there is little evidence of a significant collapse as forecast by OE. It is therefore reasonable under the OE forecast to look at an alternative outcome where the recent trends have a greater influence and the

sector broadly maintains its employment count but acknowledges some losses 2017-2022 (-500 according to BRES, albeit fluctuating). In that regard, the CE outlook is used.

4.41 Regarding tourism, gains of some 1,000 jobs have been made 2017-2022 already. Looking forward, a lower rate of growth is realistic given previous constraints raised, so the additional 500 jobs reported by CE seems reasonable, with 1,500 total created.

4.42 The 'revised' labour demand (OE based) scenario is set out in the table below.

Labour supply

4.43 In addition, Iceni has sought to model a labour supply scenario which considers the level of jobs which could be supported by the conclusions on housing needs. Details of the specific modelling assumptions are set out in Section 5, but in broad terms, housing provision in line with the standard method is expected to support workforce growth of around 1,600 (1,579) over the 2017-40 plan period.

4.44 We have assumed in the labour supply scenario that:

- The 'adjusted' OE forecast is the start point
- Additional jobs spread in target sectors (as previous) manufacturing, ICT, finance and business, as well as population driven sectors of distribution, construction, government services (education and health) which are contained in this sector are responsive to population growth.

4.45 The table below reports the potential for change across the baseline, adjusted and labour supply scenarios.

Table 4.3 Sector Employment: Baseline and Revised Scenario (000s jobs)

	Change 2017 - 2040				2040 position			
	OE	OE Adjusted	CE	Labour supply	OE	OE adjusted	CE	Labour supply
Agriculture etc	-0.3	-0.3	-0.1	-0.3	1.0	1.0	1.0	1.0

Mining & quarrying	-0.2	-0.2	-0.1	-0.2	0.2	0.2	0.3	0.2
Manufacturing	-2.1	-0.7*	-0.7	-0.5	3.2	4.5	4.6	4.7
Electricity, gas & water	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2
Construction	-0.5	-0.5	-0.4	-0.4	3.0	3.0	2.6	3.0
Distribution	-0.0	-0.0	0.7	0.2	4.9	4.9	6.3	5.1
Transport & storage	-0.3	-0.3	-0.3	-0.2	1.0	1.0	1.2	1.1
Accommodation & food	0.2	1.5**	1.5	1.5	5.4	6.7	6.7	6.7
ICT	-0.1	0.1	0.1	0.3	1.0	1.0	1.3	1.4
Financial & business	0.1	0.1	0.0	0.3	4.9	4.9	5.4	5.2
Government services	0.1	0.1	-0.4	0.3	8.7	8.7	9.5	8.9
Other services	0.6	0.6	0.0	0.6	4.0	4.0	3.4	4.0
Total	-2.4	0.4	0.4	1.6	37.3	40.0	42.5	41.3

Source: Cambridge Econometrics, Oxford Economics, Iceni analysis

NB: may not sum due to rounding, 2040 OE/CE positions have different start nos

** CE position, taking into account recent BRES changes reported -500*

*** growth of some 1,000 jobs already took place 2017-22 according to BRES*

4.46 The scenarios are summarised below. The revised OE scenario and labour supply scenarios best fits the preferred outcomes for the district in terms of sector jobs change. Considering the need to plan positively for growth, **the labour supply position would be a reasonable long term jobs position to plan for.**

Table 4.4 Total Employment Change: Baseline and Revised Scenarios

Employment (‘000s)	2017 -2040 change	2022- 2040 change	2040 count
CE	0.4	3.1	42.5*
OE	-2.4	-0.7	37.3
OE revised	-0.4	-	40.0
Labour supply	1.6	3.0	41.3

* CE assume a higher start point so final 2040 count is higher

Disaggregating Economic Scenarios to Sub-Area Level

4.47 The table below breaks down the forecasted employment change for the Plan period by the four sub-areas based on the current proportion of sector employment (BRES 2022). The modelling is indicative and 'demand based' in that it is driven by the distribution of employment in different sectors now: it does not take account of supply-side factors such as land availability.

4.48 Under the baseline scenario, the Peak District benefits from the greatest employment gains, with an additional 540 jobs, driven by an increase of 900 jobs in the Accommodation and food services sector in addition to growth of 300 jobs in Wholesale and retail, both presumably driven by the prominent tourism sector in the area. Under the OE Adjusted and Labour Supply scenarios, the sub-area gains 400 and 880 jobs respectively, driven by 890 additional jobs in Accommodation and food services.

4.49 Matlock & Wirksworth also experiences employment growth under all three scenarios, ranging from 130 jobs under the baseline and 770 under the labour supply scenario. Employment growth is driven by growth in Accommodation and Food services.

4.50 Ashbourne's employment is forecasted to decline under both the baseline and the OE adjusted scenario with losses of 150 and 260 jobs respectively. This is driven by employment losses in the Manufacturing and Construction sectors. However taking account of potential productivity improvements, which can affect job numbers, this does not necessarily imply that there will be no need for additional employment land. The Labour Supply scenario forecasts broadly static employment levels.

4.51 The Southern Parishes see a loss of employment across all scenarios of -140, -180 and -10 jobs in the baseline, alternative and labour supply scenarios respectively. This is driven by employment losses in Construction, Transport and Storage, Manufacturing and Agriculture.

Table 4.5 Forecasted employment change (2017-40) by Sub-Area – Baseline, Alternative and Labour Supply Scenarios

	Peak District			Matlock & Wirksworth			Ashbourne			Southern Parishes		
	CE	OE Adjusted	Labour Supply	CE	OE Adjusted	Labour Supply	CE	OE Adjusted	Labour Supply	CE	OE Adjusted	Labour Supply
Agriculture etc	-60	-110	-110	-40	-70	-70	-30	-60	-60	-20	-40	-40
Mining & quarrying	-60	-140	-140	-10	-20	-20	0	-	-	0	-	-
Manufacturing	-270	-270	-210	-110	-110	-80	-300	-300	-230	-30	-30	-30
Electricity, gas & water	0	30	30	0	-	-	0	-	-	0	-	-
Construction	-100	-140	-130	-100	-130	-120	-60	-80	-70	-90	-130	-120
Wholesale & retail	300	-10	70	220	-	50	190	-	40	40	-	10
Transport & storage	-120	-110	-80	-40	- 40	-30	-50	-50	-30	-50	-50	-30
Accommodation & food services	920	890	890	430	410	410	150	150	150	50	40	40
Information & communications	20	-30	100	20	-30	100	10	-10	50	10	-10	40
Financial & business services	-10	20	140	-10	20	120	-10	10	50	0	10	50
Government services	-80	20	60	-240	40	160	-50	10	30	-30	10	20
Other services	0	250	250	0	250	250	0	80	80	0	30	30
Total	540	400	880	130	320	770	-150	-260	10	-140	-160	-10

5. Overall Housing Needs

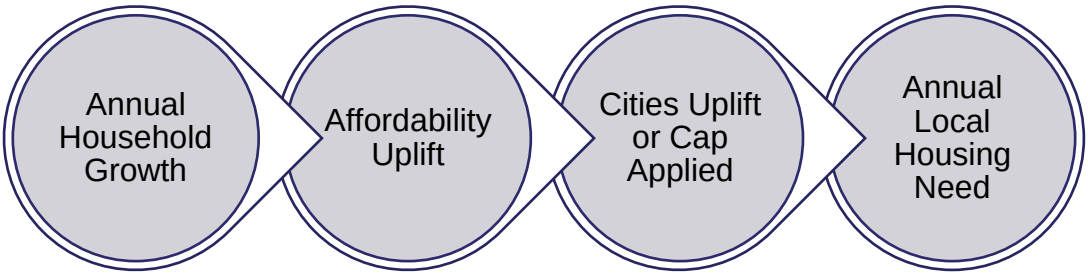
5.1 In this section we move on to consider overall housing needs. As key demographic data is published principally at a District level, the analysis starts by considering needs across Derbyshire Dales District.

Standard Method Starting Point

5.2 The Government introduced a standard method for calculating housing need in 2018 as part of a set of reforms intended to make the process of assessing housing need simpler, quicker and more transparent; with the aim of speeding up the process of preparing local plans.

5.3 The standard method essentially takes the average annual projected household growth from ONS 2014-based Household Projections, and then applies an uplift to this based on the latest average house price to earnings ratio in the local area. In some areas the uplift is 'capped' to support its deliverability; whilst in the top 20 cities and urban areas nationally a further 35% uplift is applied as part of an intended framework to focus housing provision nationally on our larger cities. The latter was introduced by Government following a consultation on potential reforms to the standard method in 2020. Figure 5.1 provides an overview of the methodology.

Figure 5.1 Standard Method Overview



5.4 **Currently the standard method produces a minimum local housing need for Derbyshire Dales District of 217 dpa.**

5.5 The first step in the calculation is to calculate the projected household growth over the next 10 years using the ONS 2014-based Household Projections. These projections are based on population trends over the previous 5 years (2008/9-2014) and trends in household formation by age looking back to 1971. Household growth of 156 per annum is expected in the District.

5.6 An uplift is then applied based on the affordability characteristics. Derbyshire Dales median house price to income ratio of 10.24 in 2022, based on the earnings of those working full-time in the District compared to the median house price, generates a proportional uplift of 39%. Applying this to the household growth generates an (uncapped) need for 217 dwellings per annum (dpa). As the affordability uplift for Derbyshire Dales is below 40%, a cap is not applied to this figure and therefore the minimum local housing need per annum is **217 dwellings.**

Table 5.1 Derbyshire Dales Standard Method Housing Need

	Derbyshire Dales
Households 2023	32,735
Households 2033	34,298
Change in Households	1,563
Household Growth per annum	156
Affordability Ratio, 2022	10.25
Affordability Uplift	39%
Affordability Uplift	217
Minimum Local Housing Need (dpa)	**217**

5.7 The standard method figure changes annually as new affordability data is released (usually in March). Based on the current data available – provisional income estimates for 2023 and house prices to March 2023 (rather than September) - Iceni estimate that the calculation could fall slightly to around 214 dpa. This suggests that the local housing need figure could be expected to remain relatively stable in the short-term. The Council will need to monitor new data as it is released up to the point of submission of the Plan (at which point the standard method local housing need is fixed for two years, as set out in Planning Practice Guidance).

Divergence from the Standard Method (Exceptional Circumstances)

5.8 The table above sets out housing need using the Standard Method and whilst this is a relevant consideration, Planning Practice Guidance does allow for divergence from these figures (in both an upward and downward direction) where exceptional circumstances can be demonstrated.

5.9 An important start point is to understand Government Guidance on this topic. This can be found in Planning Practice Guidance 2a and below are some key quotes for the purposes of this report.

"Is the use of the standard method for strategic policy making purposes mandatory?

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

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

Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination. Any method which relies on using household projections more recently published than the 2014-based household projections will not be considered to be following the standard method." - Paragraph: 015 Reference ID: 2a-015-20190220 (whole paragraph not replicated).

5.10 Paragraph 2a-010 also sets out circumstances where it might it be appropriate to plan for a higher housing need figure than the standard method indicates; this includes noting that the method:

'does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates'.

5.11 Regarding demographic trends and projections, the guidance is therefore quite clear: there is an expectation that the 2014-based sub-national household projections (SNHP) should be used but that an alternative approach can be applied where relevant. When using an alternative approach, it is necessary to take account of demographic growth and market signals, but this cannot include simply using more recent versions of published SNHP.

5.12 The PPG does not specifically set out examples of exceptional circumstances but it is considered that there are likely to be two main considerations:

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

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

5.13 The analysis below principally focuses on population projections as these are the main driver of household growth. Our analysis does not seek to challenge the market signals (affordability) element of the Standard Method.

Data used in 2014-based projections

5.14 On the 22nd March 2018 ONS released revised population estimates for England and Wales: mid-2012 to mid-2016. The main justification ONS listed for this were that improvements had been made to international emigration and foreign armed forces dependents and that the distribution of people aged in their 20s and 30s has changed more than for other age groups.

5.15 By updating previous estimates of population change and migration (including in the period 2011-14), ONS were essentially changing the data used to underpin part of the 2014-based projections. It is therefore worthwhile seeing how significant these changes were for Derbyshire Dales and if updated information point to the 2014-based projections as being substantially wrong.

5.16 The table below shows estimated population in 2014 from the original and revised MYE. For the District, the revised population estimate for 2014 is slightly higher than for previous data (data used for the 2014-SNPP). This would actually suggest the 2014-based projections slightly underestimated population growth. However, the scale of difference is not at all substantial and would be unlikely to have a notable impact on projections.

Table 5.2 Original & Revised Estimate of Population in 2014

	Original estimate	Revised estimate	Difference
Derbyshire Dales	71,281	71,420	+139

Source: ONS

Population Trends

5.17 The analysis below looks at population trends across the District. Two main sources are initially used, these are:

- MYE (unadjusted) – unadjusted ONS mid-year population estimates (MYE) – these are estimates of population made by ONS through its tracking of births, deaths and migration. This is an important source as the data contained within this data source (notably about migration) is likely to be used by ONS as part of the next round of population projections (2021-based SNPP); and
- MYE (Census adjusted) – these are estimates of population in 2021 that take account of 2021 Census data. Essentially, ONS use the Census (which dates from March 2021) and roll forward to a mid-year estimates based on births, deaths and migration in the 3 month period. The Census adjusted MYE replace the unadjusted figures as the ONS view of population in 2021.

5.18 Eventually, ONS will revise the full back series of data from 2011 to take account of the new 2021 MYE. However, at the time of writing this had not been done and so there are only two reasonable data points (2011 and 2021) – much of the analysis to follow therefore looks at trends in this 10-year period.

5.19 Above it was noted that one exceptional circumstance might be that the 2014-based subnational household projections (SNHP) that underpin the Standard Method are clearly wrong. In this instance we are looking to consider if the trends that have actually occurred are substantially different from those projected back in 2014 and that this is *locally exceptional*. One way of considering this is to compare data for 2021 with recently published Census data and also MYE data (prior to a

Census adjustment). Comparisons are made for both population (as this underpins the household projections) and household estimates.

5.20 The table below shows population figures for 2011 and 2021 from these sources. The data shows the 2014-based projections had projected the population of the Council area to reach 72,100 by 2021 and ONS in their monitoring of data (through the MYE timeseries) had actually estimated a higher population figure (73,000). Following publication of the 2021 Census, ONS has revised downwards its estimate of population in 2021 to 71,700, a figure slightly below where the 2014-SNPP had projected.

Table 5.3 Estimated Population in 2011 and 2021 -range of sources

	2011	2021	Change	% change
2014-based SNPP/SNHP	71,104	72,051	947	1.3%
MYE (unadjusted)	71,104	73,028	1,924	2.7%
MYE (Census adjusted)	71,104	71,681	577	0.8%

Source: ONS

5.21 There is clearly a difference between the projections as used in the Standard Method and the reality of what seems to have happened in the 2011-21 period although with one set of figures being higher and one lower than the 2014-based SNPP there is no case for suggesting anything exceptional.

Household Trends

5.22 In terms of more recent trends, we can also look at household changes as projected in the 2014-SNHP and as now shown by the Census. This is shown in the table below. Household growth across the District in the 10-year period to 2021 was projected to be at a similar level in the 2014-SNHP and the Census. 2021 households were very slightly lower than projected, but the difference is modest (0.3%).

5.23 For comparison, data in the table below shows equivalent data for the East Midlands and England. In both cases recorded household growth has been below that previously projected and therefore whilst differences in Derbyshire Dales are not as notable as in other areas there is clearly nothing exceptional emerging from this analysis.

Table 5.4 Estimated Households in 2011 and 2021

		2011	2021	Change	% change
Derbyshire Dales	2014-based SNHP	30,760	32,377	1,617	5.3%
	Census	30,744	32,284	1,540	5.0%
East Midlands	2014-based SNHP	1,897,445	2,070,504	173,059	9.1%
	Census	1,895,604	2,037,334	141,730	7.5%
England	2014-based SNHP	22,103,878	24,371,273	2,267,395	10.3%
	Census	22,063,368	23,436,085	1,372,717	6.2%

Source: ONS

Housing Completions

5.24 A further consideration is past housing delivery. This is relevant as the Planning Practice Guidance sets out (2a-010):

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

5.25 The figure below shows housing completions over the period from 2011 to 2022 – this shows average completions of 265 per annum over the past decade and a higher figure of 367 per annum over the past 5-years. Completions in the early part of the period studied below are particularly low and may in part be explained by weaker economic and market circumstances pre-2013.

5.26 The level of delivery being higher than the Standard Method might arguably point to the need to consider a higher housing need figure. However, it needs to be remembered that the Local Plan was adopted in 2017 – and this is the time from

which delivery started to increase. A peak in housing delivery immediately following the adoption of a new local plan is common.

5.27 Housing delivery is cyclical, but it is notable that the longer-term delivery over the last 10 years is 28% above the standard method figure.

Figure 5.2 Net Completions (2011-22)

Source: DDDC Monitoring Data

5.28 Census data that considers the 2011 to 2021 period shows that many of these completions have been within the Matlock & Wirksworth and Ashbourne sub areas.

Table 5.5 Dwelling Change (2011-21)

	Ashbourne	Matlock & Wirksworth	Peak District	Southern Parishes
2011	4,656	12,797	11,934	4,094
2021	5,348	13,627	11,970	4,514
Difference	692	830	36	420
% Difference	14.9%	6.5%	0.3%	10.3%

Source: Iceni analysis of Census data

Studying More Recent Population Projection Releases

5.29 The demographic evidence considered above is mixed, with some pointing to higher housing need, and some lower.

5.30 The 2018-based SNPP contain a number of assumptions that have been changed from the 2016-based version: these assumptions essentially filtering down from changes made at a national level. The key differences are:

- ONS' long-term international migration assumptions have been revised upwards to 190,000 per annum compared to 165,000 in the 2016-based projections. This is based on a 25-year average;
- The latest projections assume that women will have fewer children, with the average number of children per woman expected to be 1.78 compared to 1.84 in the 2016-based projections; and
- Life expectancy increases are less than in the 2016-based projections as a consequence of the continued limited growth in life expectancy over the last two years.

5.31 As well as providing a principal projection, ONS has developed a number of variants. In all cases the projections use the same fertility and mortality rates with differences being applied in relation to migration. The key variants in terms of this assessment can be described as:

- Principal projection
- an alternative internal migration variant
- a 10-year migration variant

5.32 In the principal projection, data about internal (domestic) migration uses data for the past 2-years and data about international migration from the past 5-years. The use of 2-years data for internal migration has been driven by ONS changing their

methodology for recording internal moves, with this data being available from 2016 only.

5.33 The alternative internal migration variant uses data about migration from the last 5-years (2013-18), as well as also using 5-years of data for international migration. This variant is closest to replicating the methodology used in the 2016-based SNPP although it does mean for internal migration that data used is collected on a slightly different basis.

5.34 The 10-year migration variant (as the name implies) uses data about trends in migration over the past decade (2008-18). This time period is used for both internal and international migration.

5.35 The table below shows the outputs from each of these three variant scenarios along with comparisons from the 2016- and 2014-based SNPP. This shows that the 2018-based principal projection shows projected population growth of 2.8%, with the alternative internal migration scenario being slightly lower than this (1.4%). A figure of 2.8% is the same as was projected in the 2014-based SNPP and it is notable that none of the projections studied below show a higher percentage population growth.

Table 5.6 Projected population growth (2023-33) – Derbyshire Dales

	Population 2023	Population 2033	Change in population	% change
2018 (principal)	72,980	75,055	2,074	2.8%
2018 (alternative internal)	72,462	73,493	1,031	1.4%
2018 (10-year trend)	72,364	73,086	722	1.0%
2016-based	71,886	72,854	969	1.3%
2014-based	72,436	74,435	1,999	2.8%

Source: ONS

5.36 As well as looking at population growth, it is important to consider household growth as this is ultimately what drives estimates of housing need. In the ONS subnational household projections the same scenarios are run where estimates of households are set against the different population projections.

5.37 The table shows the 2018-based principal projection with a change in households of 175 per annum, the alternative internal migration projection sits at 141 per annum – the 2014-based figure (156 per annum) sits between these figures and does not point to new projections showing anything exceptional.

Table 5.7 Projected household growth (2023-33) – Derbyshire Dales

	Households 2023	Households 2033	Change in households	% change
2018 (principal)	33,187	34,932	1,745	5.3%
2018 (alternative internal)	33,040	34,450	1,410	4.3%
2018 (10-year trend)	32,844	33,942	1,098	3.3%
2016-based	32,687	33,935	1,248	3.8%
2014-based	32,735	34,298	1,563	4.8%

Source: ONS

5.38 Although this report is not proposing to take any of these figures forward as an estimate of need (due to the wording of the PPG) it does seem clear that more recent population and household projection releases do point to relatively consistent growth to that shown in the 2014-based projections and would therefore suggest that the older projections remain relevant in terms of the key population and household growth estimates.

5.39 However, were we to specifically use one of these projections it is suggested that the alternative internal migration variant is likely to be the most robust in a local context. This is because the principal SNPP has too short a data period when looking at internal migration; whilst the 10-year alternative is not thought likely to reflect recent changes (such as an uplift in housing completions and stronger recent demographic trends). This shows household growth of 141 per annum. The alternative internal migration scenario is also likely to be closest in methodological terms to the next round of (2021-based) projections.

Developing 2021-based Projections

5.40 The ONS has announced in Oct 2023 that it is not due to release the next set of official population and household projections until 2025. It plans to publish the SNPP in early 2025, and the household projections in mid-2025. In the absence of

release of new official projections for some time, we have sought to assess what a 'post Census' set of projections (indicatively) might show.

5.41 Whilst this section develops a series of projections using data up to 2021, some caution should be exercised in interpreting these – this is mainly because the methodology to be used by ONS in developing projections could change and therefore assumptions made in this report can only be considered as a best/educated guess. For example:

- We do not know what assumptions ONS will make about international migration in the future and how this filters down to subnational projections;
- We do not know what the relationship between past trends in migration and the projection will be. Generally projections, whilst based on trends will actually show higher or lower levels of migration than the trends; and
- We do not know how ONS will deal with trends in household representative rates (HRRs) – essentially the likelihood of a person of a particular age group being the 'head of household'.

5.42 In addition, whilst the NPPF consultation said that Government is *'not proposing any changes to the standard method formula itself through this consultation'* it is possible once 2022-based projections are published that this is rethought. Alternatively, it could be that the use of new projections are rejected with continued use of 2014-based figures.

5.43 Where projections are developed, base data has been taken from the most recent subnational population and household projections (SNPP and SNHP) – these are a 2018-based release. The 2018-based projections included a number of variants and data has been drawn from the 'alternative internal migration' release as this is the one closest in methodology to the 2014-based projections.

Background Data on Population

5.44 The household projections have two components – population projections and then applying household representative rates (HRRs)[2] to derive household projection. This report treats these two elements separately starting with population estimates and projections.

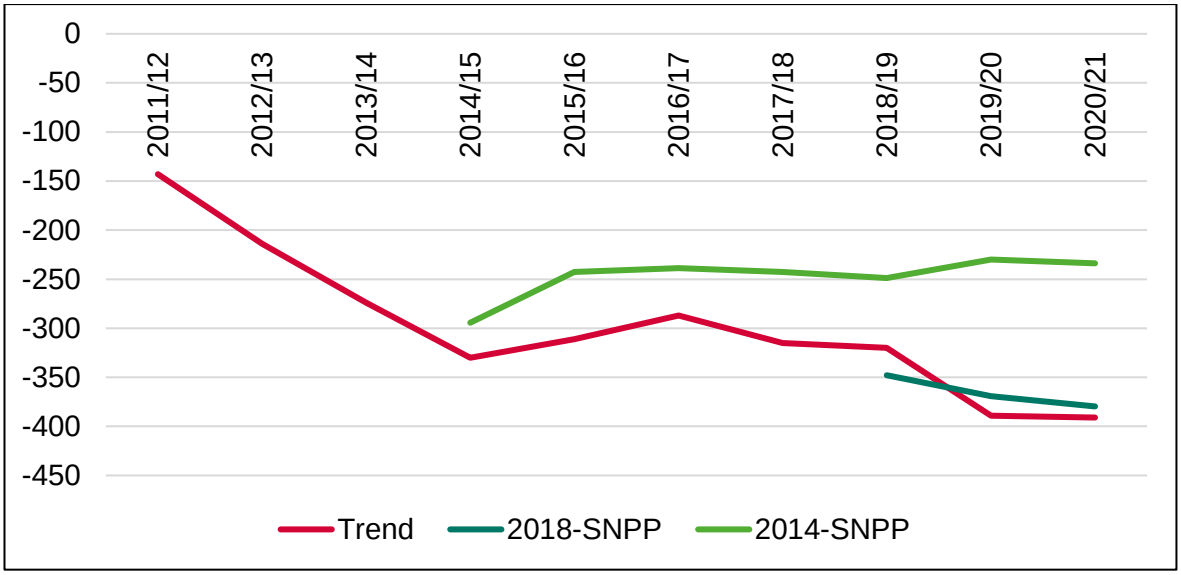
5.45 Population projections have two main components – natural change (births minus deaths) and migration (in- and out-migration and conventionally split between internal (domestic) and international migration) – each of these are considered below.

Natural Change

5.46 The figure below shows past trends in natural change (going back to 2011) and how this was projected forward in the 2014-SNPP. The data is clear that natural change has been falling but that the 2014-SNPP did not pick up on this trend (projecting forward a fairly flat level of natural change). The most recent (2018-based) SNPP does seem to have recognised this reduced level of natural change and therefore in developing a trend based projection the use of birth and death rates from the 2018-based figures seems reasonable.

[2] These project the proportion of people by age and sex who are expected to be the household representative (head of household)

Figure 5.3 Past trends and projected natural change – Derbyshire Dales



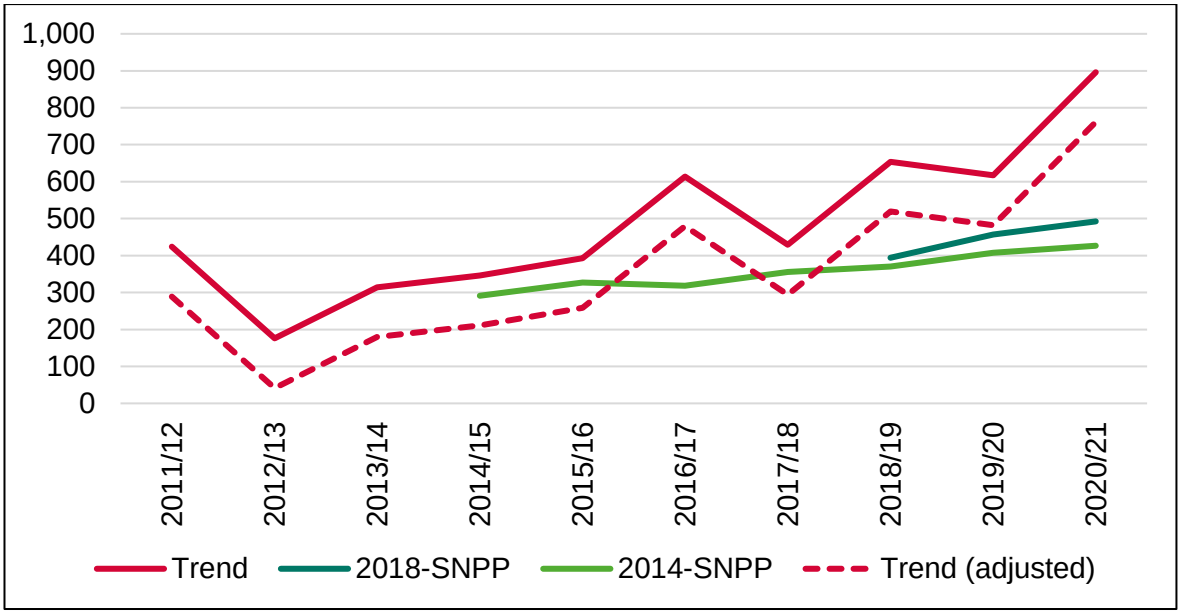
Source: ONS

Migration

5.47 For migration it can often be difficult to identify trends as figures can be highly variable year on year (as demonstrated in the figure below). In addition, once Census data was published, ONS rebased population estimates and differences between pre- and post-Census estimates could arguably be due to under- or over-estimates of migration. This point was dealt with earlier in this section where it was noted that the population shown in the Census was around 1,347 people *lower* than ONS had previously estimated (an average of around 135 people per annum).

5.48 It is considered the most likely reason for the difference between the ONS monitoring of data and figures from the Census is due to a mis-recording of migration. However, this is far from certain and it is likely ONS when grappling with these differences will simply put this down as an Unattributable Population Change (UPC) – i.e. they are not certain of the reason for differences. This report uses the term UPC when developing projections that make an adjustment to migration for differences between the Census and ONS monitoring. The ONS monitoring is called mid-year population estimates (MYE).

Figure 5.4 Past trends and projected net migration – Derbyshire Dales



Source: ONS

5.49 On the basis of variable data, it is easier to look at averages for different time periods – for this 5-year periods are used. This is because conventionally ONS principal projections look at trends over the past 5-years. The table below also shows averages as projected in the 2018-SNPP. The table also shows figures if it is assumed that migration in the 2011-21 period was around 135 people per annum lower than estimated by ONS – to take account of differences between MYE data and the outcomes from the Census. Figures are shown for all migration together although in modelling this is split between domestic and international migration.

5.50 There are a number of observations that can be made from the data. Firstly, in projecting forward ONS is looking at migration at a similar (slightly higher) level to the past trend – between 2013 and 2018 the average recorded level of net migration was 419 people per annum and the first 5-years of the projection is at 466. Additionally, it can be seen that whilst projected migration figures do vary on a year-by-year basis, there is a general slight upward trend (the upward trend continues into the longer-term).

5.51 In using this data to project forward it is considered the most prudent approach is to look at the relationships between past trends and the ONS projections and make adjustments based on the different trend levels of migration observed. For

example, the first five years of the ONS projection has migration at 47 per annum on average above the trend; therefore if looking at trends over the past five years (2016-21 – 642 people per annum net) then we assume an average net migration over the first 5-years of 689 people per annum (642+47). Whatever adjustment is used, this means to the projections is then carried forward to 2033 and 2040.

Table 5.8 Net Migration Trends and Projections – Derbyshire Dales

	MYE Trend	MYE trend (Census adjusted)	2018-based
2011/12	424	289	-
2012/13	176	41	-
2013/14	314	179	-
2014/15	346	211	-
2015/16	393	258	-
2016/17	614	479	-
2017/18	429	294	-
2018/19	654	519	394
2019/20	617	482	457
2020/21	896	761	492
2021/22	-	-	487
2022/23	-	-	501
Average (2013-18)	**419**	**-**	**-**
Average (2018-23)	**-**	**-**	**466**
Average (2016-21)	**642**	**507**	**-**
Average (2011-21)	**486**	**352**	**-**

Source: ONS

Developing Population Projections

5.52 On the basis of the table above, four projections have been developed with the names and migration assumptions being set out below:

- 5-year MYE – this takes average migration for the past 5-years (2016-21) from the MYE timeseries and projects this level forward. It broadly replicates the approach used by ONS;

- 5-year UPC – this takes average migration for the past 5-years (2016-21) but includes an adjustment for differences between MYE and the Census. It thus adopts a consistent time period to ONS, but takes account of the Census data which showed weaker population growth;

- 10-year MYE – a similar projection to the 5-year MYE one, apart from using average migration over the past 10-years;

- 10-year UPC – a similar projection to the 10-year MYE one but including an adjustment for differences between MYE and the Census.

5.53 The table below shows estimated population growth from each of these projections. There are a range of figures, from population growth of 2,900 (4.0%) in the 5-year MYE scenario, down to a modest population decline (of 200 – 0.3%) with the 10-year UPC figures.

Table 5.9 Projected population change with a range of scenarios – Derbyshire Dales

	2023	2033	Change	% change
5-year MYE	72,235	75,111	2,876	4.0%
5-year UPC	71,964	73,401	1,437	2.0%
10-year MYE	71,922	73,134	1,212	1.7%
10-year UPC	71,651	71,423	-227	-0.3%

Source: Demographic Projections

Household Growth

5.54 Having developed a population projection, the next step in the process is to convert this information into estimates of the number of households in the area. To do this the concept of headship or household representative rates is used (HRRs). These can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).

5.55 As with developing the population projections there will be some degree of assumption here about how ONS might deal with this point. It is also relevant to consider what assumptions are appropriate for strategic planning purposes.

5.56 From the 2021 Census it is possible for us to estimate HRRs for 2021. For the purposes of this assessment 2018-based rates are used and then scaled to household estimates in 2021. However projecting forward there are a number of approaches that could be taken. The ones developed here are:

- ONS – for the HRRs to follow the trend from 2011 to 2021 for a further 10-years before levelling off – this is the same method as was used by ONS in the 2016- and 2018-SNHP although we would note that it is possible in the next round of projections for ONS to also include a longer time series back to 2001; and

- Flat – to maintain the HRRs at the rates calculated for 2021 – whilst this would be a departure from the normal ONS method, it is a possible alternative, particularly as this would not continue any observed trends of supressed household formation in the 2011-21 period.

5.57 The table below shows how HRRs are estimated to have changed in the 2011-21 period for a series of broad age groups – we would note that ONS is likely to use a more fine-grained analysis, but the table below reflects the data readily available at the time of writing. Generally, the data for Derbyshire Dales actually shows little change in HRRs between the two Census points, with the main difference being in the 65 and over age group – which is unlikely to be due to a suppression of household formation.

Table 5.10 Household Representative Rates by Age 2011 and 2021 – Derbyshire Dales

	2011	2021
16-24	7.3%	7.4%
25-34	40.0%	39.7%
35-49	54.3%	54.7%
50-64	59.3%	59.0%
65 and over	67.9%	65.6%

Source: Census (2011 and 2021)

5.58 In addition, it is recognised one of the reasons for Government rejecting the use of more recent projection releases than the 2014-based figures in the Standard Method is that the HRRs in many areas build in a degree of suppression (i.e. rates for the younger population reducing over time due to difficulties in forming independent households due to market conditions (notably difficulties in obtaining mortgages). Therefore a third scenario has been run linking directly back to the 2014-SNHP rates.

- 14-b – for the HRRs from the 2014-based subnational household projections to be used as published. In this scenario the estimated number of households for 2021 has not been rebased to estimates derived from the 2021 Census.

5.59 Having developed these three alternative views of HRRs these are then modelled against the population projections giving a total of 12 scenarios for which household growth is estimated. These are shown in the table below.

Table 5.11 Projected household change for demographic scenarios – Derbyshire Dales

	2023	2033	Change	Per annum
5-year MYE – ONS	32,803	34,386	1,582	158
5-year MYE – Flat	32,895	35,037	2,142	214
5-year MYE – 14-b	-	-	2,198	220
5-year UPC – ONS	32,702	33,722	1,020	102
5-year UPC – Flat	32,793	34,366	1,573	157
5-year UPC – 14-b	-	-	1,638	164
10-year MYE – ONS	32,686	33,618	933	93
10-year MYE – Flat	32,777	34,261	1,484	148
10-year MYE – 14-b	-	-	1,551	155
10-year UPC – ONS	32,584	32,954	370	37
10-year UPC – Flat	32,675	33,590	914	91
10-year UPC – 14-b	-	-	991	99

Source: Demographic projections

5.60 As with population there a range of outputs with the lowest scenario showing a household growth of 37 per annum and figures going up to 220 per annum. The figures when linked to the 2014-SNHP do show the highest growth, but this is not much different to using a 'flat' HRR based on Census data.

Inputs to the Affordability Ratio

5.61 Looking at the data the inputs into the affordability ratio, the table below shows how Derbyshire Dales compares to neighbouring authorities. What is apparent is

that the median earnings in Derbyshire Dales lie broadly in line with the neighbouring authorities – it is similar for instance to Amber Vally, High Peak, NE Derbyshire or East Staffs.

5.62 However, high median house prices when compared to other authorities lead to a very high comparative affordability ratio. The affordability ratio is therefore influenced in particular by higher comparative house prices relative to surrounding areas.

Table 5.12 Affordability Ratio inputs

	Median Earnings (Workplace Based)	House Prices (YE Sept 2023)	Affordability Ratio
Derbyshire Dales	£30,767	£310,000	10.08
Amber Valley	£29,317	£195,000	6.65
Chesterfield	£28,942	£172,500	5.96
Derby	£36,101	£186,000	5.15
High Peak	£29,263	£230,000	7.86
South Derbyshire	£31,901	£220,000	6.90
North East Derbyshire	£29,424	£212,250	7.21
East Staffordshire	£30,140	£199,998	6.64
Staffordshire Moorlands	£29,614	£197,000	6.65
England	£33,197	£290,000	8.28

5.63 Looking ahead, falling property prices and increasing median earnings suggests that the affordability ratio may reduce in the short term. This may reduce the standard method local housing need figure over the period to the submission of the Plan (at which point it is fixed for two years). As set out above, the provisional income data for 2023 shows a figure of £30,523, which is similar to that the previous year.

Standard Method Outputs

5.64 It is possible to run the alternative demographic projections through the Standard Method, which for Derbyshire Dales means adding 39% to the figures above (to reflect the affordability uplift). The results are shown in the final column of the table – a range of need from 51 to 306 dwellings per annum is shown.

5.65 **In methodological terms we would suggest that the first scenario (leading to 220 dwellings per annum) is as close as we can get to future ONS projections** from the data available – recognising there are a series of unknowns in terms of the method to be used by ONS for the next round of projections. **This projection points to a virtually identical level of need than the Standard Method (for 217 dwellings per annum)**. It is however recognised that the modelling builds in some reduction in household representative rates – particularly for older age groups, consistent with trends in the 2011-21 period. The precise approach which ONS will use to modelling household growth in its next set of projections has yet to be confirmed.

5.66 The standard method was introduced to make the process of determining housing need simpler, quicker and more transparent. The intention was to reduce the need for judgements to be around alternative demographic assumptions and associated debate on these as part of the plan-making process.

5.67 Given the uncertainties and the fact that the figures are on balance not substantially different**, it is not considered that the demographic evidence provide exceptional circumstances to deviate from the standard method at the current time**. This in particular reflects uncertainties within the data regarding UPC and the variance in the migration trends over time; and takes into account the above. **The minimum housing need is thus 217 dpa.**

5.68 This may need to be reviewed if and when new ONS projections are issued (potentially in 2025); review the methodology for assessing housing need (potentially at this point); or the Government provides further advice on what constitutes exceptional circumstances for identifying alternative housing need figures.

Table 5.13 Estimated Standard Method Housing Need with a range of scenarios – Derbyshire Dales

	Household growth	Standard Method need
5-year MYE – ONS	158	220
5-year MYE – Flat	214	297
5-year MYE – 14-b	220	306
5-year UPC – ONS	102	142
5-year UPC – Flat	157	218
5-year UPC – 14-b	164	228
10-year MYE – ONS	93	129
10-year MYE – Flat	148	206
10-year MYE – 14-b	155	215
10-year UPC – ONS	37	51
10-year UPC – Flat	91	126
10-year UPC – 14-b	99	138

Source: Demographic projections and ONS affordability ratios

Developing a Projection linking to the Standard Method

5.69 The data above suggests the Standard Method is a reasonable number to use in estimating the minimum housing need for the District and it is worthwhile looking at how population might change if providing this level of homes. A bespoke projection has been developed, linking to provision of 217 dwellings per annum, and this projection is then used for other analysis in the report (including looking at the mix of housing) – this projection looks at demographic change over the 2017-40 plan period.

5.70 A scenario has been developed which flexes migration to and from the District such that there is sufficient population for 217 additional homes each year. The modelling links to 2018-based population and household projections and also rebases population and households to the levels shown in the 2021 Census – of the household representative scenarios discussed above the 'flat' method is used so as to avoid the possibility of supressed or additional supressed household formation. It takes account of ONS' remodelled Mid-Year Estimates for the 2017-20 period (which now take account of the Census data).

5.71 Within the modelling, migration assumptions have been changed so that across the District the increase in households matches the housing need. Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%). Taking account of the dynamics in second and holiday homes, but the potential for future policy to limit future growth, the modelling assumes a 6% vacancy rate within the new housing stock.

5.72 In developing this projection a population increase of around 5,400 people is shown (2017-40), with population growth shown in the 65 and over age band – a projected increase of 43% in this age band, with this age group accounting for in excess of 100% of all population growth. Both the Under 16 and 16-64 populations are projected to see declines in numbers over the period studied.

Table 5.14 Projected population change 2017 to 2040 by broad age bands – Derbyshire Dales (linked to Standard Method)

	2017	2040	Change in population	% change from 2021
Under 16	10,852	10,404	-448	-4.1%
16-64	41,263	39,013	-2,250	-5.5%
65 and over	18,977	27,106	8,129	42.8%
Total	71,092	76,524	5,432	7.6%

Source: Demographic Projections

Splitting the Need Between LPA and National Park

5.73 The analysis below estimates how much of the need would be expected to arise in the part of the area outside of the Peak District National Park (PDNP) – where this falls within the boundary of Derbyshire Dales. A different Standard Method figure could exist as a) projected household growth would be different and b) a price:income affordability ratio can reflect local information.

5.74 The start point of this analysis is to look at population and household trends in the Park area with data in being based on a best-fit of Output Areas (OAs). This analysis should give a reasonable view about trends, but will not be perfect as

OAs do not exactly match the park boundary. The table below shows a notable population decline in the Park area (reducing by 1,400 people in the 2011-21 period – a 6% decline) whilst the LPA area saw a 4% increase. For context, exact fit data for the whole Park (including areas outside Derbyshire Dales) shows a 5.3% reduction in population and therefore the data within the District boundary is consistent with the National Park-wide picture.

Table 5.15 Estimated Population in 2011 and 2021 – Derbyshire Dales (inside and out with the Peak District National Park)

	2011	2021	Change	% change
LPA	46,938	48,725	1,787	3.8%
PDNP (in DDDC)	24,178	22,820	-1,358	-5.6%
TOTAL	71,116	71,545	429	0.6%

Source: ONS

5.75 A similar analysis can be worked through with households, as shown in the table below. This generally shows the same patterns, including the Census showing stronger household growth than population growth. It is however the case that the Park again sees a reduction in household numbers – with stronger growth in the LPA. For the whole of the Park (not shown below) exact fit data also shows a **reduction in households over the period of 1.8%.**

Table 5.16 Estimated Households in 2011 and 2021 – Derbyshire Dales (inside and out with the Peak District National Park)

	2011	2021	Change	% change
LPA	20,126	21,808	1,682	8.4%
PDNP (in DDDC)	10,618	10,424	-194	-1.8%
TOTAL	30,744	32,232	1,488	4.8%

Source: ONS

5.76 Invariably, the lower (negative) level of population growth in the Park has been influenced by the lower levels of historic housing delivery in the Park area (and potential growth in second/ holiday homes.

5.77 On the basis of zero (negative) trend household growth, this report ultimately does not seek to use a demographic/Standard Method style analysis to look at need in the National Park. However, other data, particularly around affordable housing (see next section) can be used to provide some indication of what a reasonable level of housing need might be considered to be. Any assumptions on the split of need would need to be agreed with the National Park Authority.

Relationship between Housing and Economic Growth

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

- Estimate changes to the economically active population (this provides an estimate of the change in labour-supply);
- Overlay information about commuting patterns, double jobbing (i.e. the fact that some people have more than one job) and potential changes to unemployment; and

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

Growth in Resident Labour Supply

5.79 The approach taken in this report is to derive a series of age and sex specific economic activity rates and use these to estimate how many people in the population will be economically active as projections develop. This is a fairly typical approach with data being drawn in this instance from the Office for Budget Responsibility (OBR) – July 2018 (Fiscal Sustainability Report) – this data has then been rebased to information in the 2021 Census (for an updated estimate of the number of people who are economically active).

5.80 The table below show the assumptions made for the District. The analysis shows that the main changes to economic activity rates are projected to be in the 60-69 age groups – this will to a considerable degree link to changes to pensionable age, as well as general trends in the number of older people working for longer (which in itself is linked to improved health and general reductions in pension provision).

Table 5.17 Projected changes to economic activity rates (2017 and 2040) – Derbyshire Dales

	Males			Females		
	2017	**2040**	**Change**	**2017**	**2040**	**Change**
16-19	43.3%	41.1%	-2.2%	41.8%	40.0%	-1.8%
20-24	77.1%	82.1%	5.0%	80.2%	80.8%	0.7%
25-29	87.0%	87.0%	0.0%	84.1%	84.4%	0.3%
30-34	89.4%	89.0%	-0.4%	83.0%	84.8%	1.8%
35-39	91.0%	89.7%	-1.3%	82.6%	85.4%	2.8%
40-44	90.4%	89.7%	-0.7%	83.9%	88.4%	4.5%
45-49	91.3%	90.3%	-1.1%	83.8%	88.2%	4.4%
50-54	89.8%	88.3%	-1.5%	82.4%	84.9%	2.5%
55-59	81.9%	82.2%	0.3%	68.2%	72.4%	4.1%
60-64	61.8%	71.0%	9.2%	44.4%	60.3%	15.9%
65-69	30.7%	44.6%	13.8%	17.2%	36.6%	19.4%
70-74	16.4%	18.1%	1.7%	8.9%	15.1%	6.2%
75-89	6.1%	8.4%	2.3%	1.9%	5.9%	4.0%

Source: Based on OBR and Census data

5.81 Working through an analysis of age and sex specific economic activity rates, it is possible to estimate the overall change in the number of economically active people in the study area – this is set out in the table below. The analysis shows that the projection linked to the Standard Method results in growth in the economically-active population of 1,500 people (rounded) – a 5% increase.

Table 5.18 Estimated change to the economically active population (2017-40)

	Economically active (2017)	Economically active (2040)	Total change in economically active	% change
Standard Method	34,024	35,502	1,477	4.3%

Source: Derived from demographic projections

Linking Changes to Resident Labour Supply and Job Growth

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

- Commuting patterns – where an area sees more people out-commute for work than in-commute it may be the case that a higher level of increase in the economically active population would be required to provide a sufficient workforce for a given number of jobs (and vice versa where there is net in-commuting);
- Double jobbing – some people hold down more than one job and therefore the number of workers required will be slightly lower than the number of jobs; and
- Unemployment – if unemployment were to fall then the growth in the economically active population would not need to be as large as the growth in jobs (and vice versa

Commuting Patterns

5.83 The table below shows summary data about commuting to and from Derbyshire Dales from the 2011 Census and 2021 Census. Overall, the data shows the Dales having level of net in-commuting, with the data suggesting that this has grown over

the 2011-21 period. In Derbyshire Dales the number of people resident in the area who are working being about 3-6% lower than the total number who work in the area (taking into account the potential impact of Covid-19 on local workers in 2021). This number is shown as the commuting ratio in the final row of the table and is calculated as the number of people living in an area (and working) divided by the number of people working in the area (regardless of where they live).

Table 5.19 Commuting patterns (2011 and 2021)

	Derbyshire Dales, 2011	Derbyshire Dales, 2021
Live and work in Local Authority (LA)	14,107	8,966
Home workers	6,559	16,208
No fixed workplace	2,719	
In-commute	13,172	10,070
Out-commute	11,969	7,946
Total working in LA	36,557	35,274
Total living in LA (and working)	35,354	33,145
Commuting ratio	0.967	0.939

Source: 2011 Census; 2021 Census

5.84 Net in-commuting to the District is arguably a function of weak population growth and an ageing population, meaning that in-commuting is necessary to support local jobs. For strategic planning purposes there is therefore a strong basis for seeking to balance growth in jobs and the local workforce over the plan period, and the modelling has been undertaken on this basis.

Double Jobbing

5.85 The analysis also considers that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the local authority divided by the number of jobs. Data from the Annual Population Survey (available on the NOMIS website) for the past 5-years suggests that typically about 6.4% of workers have a second job and this has been used in the assessment. A double jobbing figure of 6.4% gives rise to a ratio of 0.936 (i.e. the number of jobs supported by the workforce will be around 6.4% higher than

workforce growth). It has been assumed in the analysis that the level of double jobbing will remain constant over time.

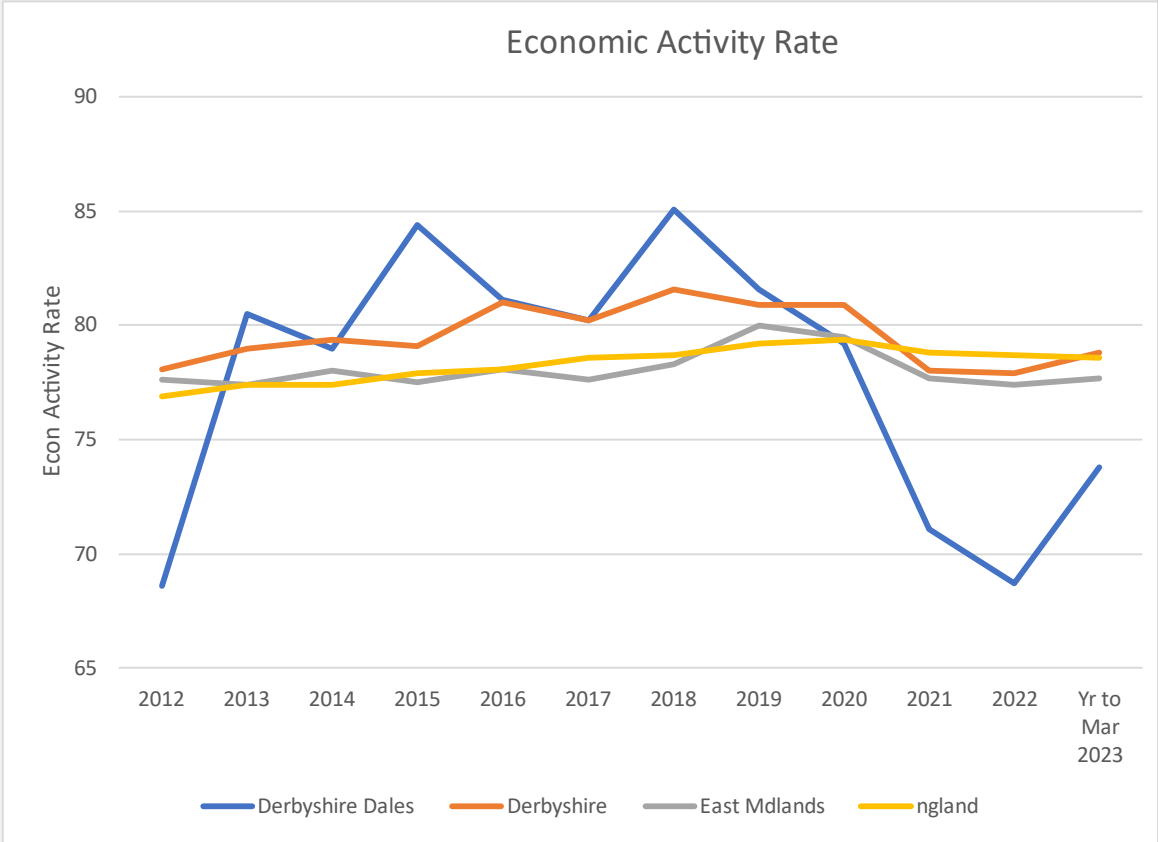
Unemployment

5.86 The last analysis when looking at the link between jobs and resident labour supply is a consideration of unemployment. Essentially, this is considering if there is any latent labour force that could move back into employment to take up new jobs.

5.87 Given the estimates of economic activity and job growth are taken from 2017 it is considered that there is no need to include any adjustment for unemployment. ONS figures for unemployment indicate an unemployment rate of 2.6% in 2017, and whilst unemployment has risen through the pandemic it has essentially returned to this rate since; with little potential to contribute to jobs growth from the baseline 2017 position given a position of effectively almost full employment at that point.

Note regarding Employment Rates

Data from the ONS Annual Population Survey indicates that there has been a notable drop in economic activity rate since 2019, but the data has a 10% error margin (reflecting the survey sample). It shows an economic activity rate of 71%. This can however be compared to 2021 Census data – which points to significantly stronger economic activity in the District at 77.8%. In both cases these as proportions of the population aged 16-64. The Census figure is considered to be much more reliable; with the variance in the APS District figures reflecting (at least in part) the survey nature of the data source.



The data does not essentially provide a reliable basis for considering changes in economic participation pre- and post-Covid. There are also issues identifying short-term changes in employment accurately (as discussed). Our analysis and assumptions on economic participation are modelled from the more reliable 2021 Census data.

Jobs Supported by Growth in the Resident Labour Force

5.88 The table below shows how many additional jobs might be supported by population growth under the Standard Method projection. Given different assumptions about commuting patterns and estimates about double jobbing, it is estimated that around 1,600 additional jobs could be supported by the changes to the resident labour supply over the 2017-40 period.

Table 5.20 Jobs supported by demographic projections (2017-40) – Labour Supply

	Total change in economically active	Allowance for double jobbing	Jobs Supported
Derbyshire Dales	1,477	+102	1,579

Source: Iceni/JGC Modelling

5.89 **Based on our conclusions on future economic performance in Section 4, the evidence does not suggest that additional housing provision is necessary over and above the standard method figures (217 dpa).**

6. Affordable Housing Need

6.1 This section provides an assessment of the need for affordable housing in Derbyshire Dales. It updates the analysis in the 2021 Housing Study to take account of the latest data, including up-to-date information on housing costs and 2021 Census data.

Housing Costs & Threshold Earnings

6.2 **Appendix A1** provides an updated assessment of local prices and rents. Entry level housing costs for the 4 sub areas are shown below.

Table 6.1 Lower Quartile Prices and Market Rents, by sub-area

	Lower quartile price (existing dwellings)	Lower Quartile rent, pcm
Ashbourne	£207,500	£635
Matlock & Wirksworth	£207,100	£660
Southern Parishes	£276,900	£910
Peak District	£285,400	£920
Derbyshire Dales	**£235,000**	**£750**

Source: Internet private rental cost search and Land Registry

6.3 The affordable housing needs modelling assumes that households will not spend more than 30% of gross income on rent. **For assessing households ability to buy, it is assumed households will have a 10% deposit and can secure a mortgage for 4.5 times their income.** these assumptions are considered to be broadly in line with typical lending practices although it is recognised that there will be differences on a case by case basis On this basis, the **minimum** income required to access market housing in different sub-areas is shown below.

Table 6.2 Estimated Minimum Household Income Required to Buy and Privately Rent by sub-area

	To buy	To rent (privately)	Income gap
Ashbourne	£41,500	£25,400	£16,100
Matlock & Wirksworth	£41,420	£26,400	£15,020
Southern Parishes	£55,380	£36,400	£18,980
Peak District	£57,080	£36,800	£20,280
TOTAL	£47,000	£30,000	£17,000

Source: Based on Housing Market Cost Analysis

Need for Rented Affordable Homes

6.4 The 2021 Housing Study provides an overview of methodology for assessing needs. The detailed step-by-step analysis is set out in **Appendix A2**. The evidence points to a current unmet need (gross) from the 1,302 households in the District. This is annualised over the plan period to 2040. Taking account of the need arising on a year-on-year basis, and the supply of properties through relets to the existing stock, **a need annual need for 115 rented affordable homes is shown across the District.**

6.5 This is made up of an annual need for 47 affordable homes in the Peak District National Park area; and 68 affordable homes within the Plan Area. The figures for individual sub-areas are shown below.

Table 6.3 Estimated Annual Need for Social/Affordable Rented Housing

	Current need	Newly forming house-holds	Existing house-holds falling into need	Total Gross Need	Relet Supply	Net Need
Ashbourne	3	26	12	41	29	13
Matlock & Wirksworth	7	59	23	90	68	22
Southern Parishes	4	27	9	41	7	33
Peak District	9	56	24	89	42	47
Derbyshire Dales Total	24	168	69	261	146	115

Source: Derived from a range of sources

6.6 The profile of need for different types of rented affordable homes is shown below. A standardised average rent for each product has been used based on the proportion of stock in each size category. The table below suggests that around 27% of households who cannot afford to rent privately could afford an affordable rent, with a further 14% being able to afford a social rent (but not an affordable one). A total of 59% of households would need some degree of benefit support (or spend more than 30% of income on housing) to be able to afford their housing (regardless of the tenure).

Table 6.4 Estimated need for affordable rented housing (% of households able to afford) – Derbyshire Dales

	% of households able to afford
Afford affordable rent	27%
Afford social rent	14%
Need benefit support	59%
All unable to afford market	100%

Source: Affordability analysis

6.7 In setting policies for the different types of rented homes sought, the Council will need to consider this alongside viability evidence and funding availability. Benefit dependent households may be able to be accommodated in either social or affordable rented homes: higher provision at social rents may help support more

households into the labour market; however provision at affordable rents may help support stronger delivery.

Affordable Housing Need and the National Park

6.8 As well as looking at affordable housing need across the whole District, it is important to consider the needs arising in the National Park area. This is because Derbyshire Dales Council is only the planning authority for that area sitting outside of the National Park.

6.9 The Peak District National Park is the planning authorities within the National Park. It has two statutory purposes, these are to:

- To conserve and enhance the natural beauty, wildlife and cultural heritage of the area; and
- To promote opportunities for the understanding and enjoyment of the special qualities of the Park by the public.

6.10 In carrying out these purposes, the planning authority has a duty to foster the economic and social well-being of local communities within the National Park. Section 62 of the Environment Act 1995 requires all relevant authorities, including statutory undertakers and other public bodies, to have regard to these purposes. Where there is an irreconcilable conflict between the statutory purposes, the 'Sandford Principle' is statutorily required to be applied and the first Purpose of the National Park will be given priority. The Sandford Principle relates to a statement first made by Lord Sandford in his Committee Report on possible changes to the management and legislation governing National Parks and now in the Environment Act 1995 which states that: '*if it appears that there is a conflict between those two Purposes, any relevant Authority shall attach greater weight to the first [Purpose]'*. This is reaffirmed in the Levelling Up and Regeneration Act which sets out that where such a conflict arises between purposes, the Authority must attach great weight to the purpose of conserving and enhancing the natural beauty, wildlife and cultural heritage of the Park area.

6.11 Paragraph 176 in the NPPF reaffirms this, setting out that "*great weight should be given to conserving and enhancing landscape and scenic beauty in National Parks, the Broads and Areas of Outstanding Natural Beauty which have the highest status of protection in relation to these issues. The conservation and enhancement of wildlife and cultural heritage are also important considerations in these areas, and should be given great weight in National Parks and the Broads*."

6.12 National Park Authorities also need to take into account the 2010 Circular[3] which sets out national policy in respect of National Parks. In this the Government is clear that action by National Park Authorities should include fostering and maintaining thriving rural economies, and supporting the delivery of affordable housing. The 2010 Circular recognises that National Parks often have higher house prices than surrounding areas, and can have low paid jobs in their local economies. It clearly sets out that national park authorities have an important role to play in the delivery of affordable housing, setting out that:

"Through their Local Development Frameworks they should include policies that pro-actively respond to local housing needs. The Government recognises that the National Parks are not suitable locations for unrestricted housing and does not therefore provide general housing targets for them. The expectation is that new housing will be focused on meeting affordable housing requirements, supporting local employment opportunities and key services. The Government expects the Authorities to maintain a focus on affordable housing and to work with local authorities and other agencies to ensure that the needs of local communities in the Parks are met and that affordable housing remains so in the longer-term. "

6.13 There is thus **a particular emphasis in national policy on meeting affordable housing needs within National Parks**; and recognition that unrestricted provision of housing is not appropriate.

[3] DEFRA (2010) English national parks and the broads: UK government vision and circular 2010

6.14 As noted above, the analysis suggests a need for 47 affordable homes per annum within the National Park.

Table 6.5 Need for Rented Affordable Homes – Peak District within Derbyshire Dales

	National Park Sub-Area
Current need	9
Newly forming households	56
Existing households falling into need	24
Total Gross Need	89
Re-let Supply	42
Net Need	47

Source: Derived from a range of sources

Establishing a Need for Affordable Home Ownership

6.15 The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including households *'that cannot afford their own homes, either to rent, or to own, where that is their aspiration'*. The need for affordable home ownership has been assessed herein, again using a consistent methodology to the 2021 Housing Study. The analysis also considers the need for first homes in a context whereby national policy now requiring that 25% of all affordable housing secured through developer contributions should be within this tenure.

6.16 The analysis suggests a gross need from 120 households a year for affordable home ownership, but then considers different scenarios in terms of potential supply. The supply from affordable home ownership resales is of 9 units per annum, however some households are likely to be able to buy market homes costed at below LQ prices.

6.17 The table below shows the estimated net need from applying these three supply scenarios. Only including the resales of AHO shows a need for 111 dwellings per annum and this reduces to 5 if 50% of lower quartile sales are included. If all lower

quartile sales are included in the supply, then there a notable surplus need for affordable home ownership shown.

Table 6.6 Estimated Net Need for Affordable Home Ownership (per annum)

	AHO resales only	AHO resales plus 50% of LQ sales	AHO resales plus 100% of LQ sales
Total gross need	120	120	120
LCHO supply	9	115	221
Net need	111	5	-101

Source: Derived from a range of sources

6.18 If the AHO resales only are included within the supply, a net affordable home ownership need for 111 homes a year is identified. This approach would be consistent to the 2021 Report. However that report also identified that the need is sensitive to assumptions on potential supply from resales of lower priced market homes.

6.19 Focussing on the middle of the three scenarios above (50% of lower quartile sales) the table below indicates modest need for affordable home ownership in the Southern Parishes and a broad balance between need and supply in other areas. Where a 'need' is shown this is much lower than for rented affordable housing products.

Table 6.7 Estimated Need for Affordable Home Ownership by sub-area (per annum) – Low

	Total Gross Need	Supply	Net need
Ashbourne	22	21	1
Matlock & Wirksworth	44	45	-1
Southern Parishes	18	12	6
Peak District	36	37	-1
TOTAL	120	115	5

Source: Derived from a range of sources

Table 6.8 Estimated Need for Affordable Home Ownership by sub-area (per annum) – High

	Total Gross Need	Supply	Net need
Ashbourne	22	3	19
Matlock & Wirksworth	44	3	41
Southern Parishes	18	1	17
Peak District	36	2	34
TOTAL	120	9	111

Source: Derived from a range of sources

6.20 **The evidence thus suggests an affordable home ownership need which at the District level is between 5 – 111 homes a year and is sensitive to the assumptions about the supply of cheaper homes within the market.**

Implication of the Analysis

6.21 The table below brings together the different components of affordable housing need. It shows a net need for 120 affordable homes per year across the District. This compares with the standard method minimum housing need of 217 dpa, and is notionally 56% of this figure – although the two should be compared with caution. Nonetheless it provides some basis for considering higher overall housing provision as part of the plan-making process.

Table 6.9 Overall Affordable Housing Need – Derbyshire Dales

	Rented Affordable Need	Affordable Home Ownership Need	Total Affordable Housing Need
Ashbourne	13	1	14
Matlock & Wirksworth	22	-1	21
Southern Parishes	33	6	39
Peak District	47	-1	46
Derbyshire Dales Total	115	5	120

Source: Derived from a range of sources

6.22 Given the analysis above, it would be reasonable to conclude that there is a need to provide housing under the definition of 'affordable home ownership' in some sub-areas – although the precise quantification of need is influenced by assumptions on the supply of properties for those in need of lower cost housing.

6.23 There are evidently however some households in Derbyshire Dales who are being excluded from the owner-occupied sector (although they can afford private rented housing). This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 9% from 2011 to 2021 (following a much higher increase in the 2001-11 period. Over the same period (2011-21), the number of owners with a mortgage has decreased by around 11%. That said, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).

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

6.25 The NPPF (as updated in July 2021) gives a clear direction that 10% of all new housing (on larger sites) should be for affordable home ownership - in other words, if 30% of homes were to be affordable (in line with existing policies) then a third would be affordable home ownership.

6.26 Government's Written Ministerial Statement (24th May 2021) indicated that at least 25% of affordable housing units secured through developer contributions should be First Homes, with Councils being able to specify the requirement for any remaining affordable housing (subject to at least 10% of all housing being for AHO).

6.27 Firstly regarding the expectation of 10% delivery of affordable housing for affordable home ownership, it is not clear that this is the best solution in the

Derbyshire Dales plan area. The NPPF does provide some examples of where the 10% might not be required (paragraph 65), most notably that the 10% would be expected unless this would *'significantly prejudice the ability to meet the identified affordable housing needs of specific groups'*. **In Derbyshire Dales, the clear need for additional rented housing would arguably mean that providing the significant affordable home ownership provision through S106 planning obligations would 'prejudice the ability' to meet the needs of the 'specific group' requiring rented accommodation.**

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

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

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

How Much Should Affordable Home Ownership Homes Cost?

6.31 The analysis and discussion above suggest there are a some households likely to fall under the PPG definition of needing affordable home ownership (including First Homes) – i.e. in the gap between renting and buying – but that the potential supply of low-cost housing to buy makes it difficult to fully quantify this need. The analysis below focusses on the cost of discounted market sale (which would include First Homes) to make them genuinely affordable before moving on to consider shared ownership (in this case suggestions are made about the equity shares likely to be affordable and whether these shares are likely to be offered).

6.32 It is considered that First Homes and shared ownership are likely to be the main affordable home ownership tenures moving forward although it is accepted that some delivery may be of other products. This section also provides some comments about Rent to Buy housing.

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

Discounted Market Sales Housing (including First Homes)

6.34 In May 2021, MHCLG published new Planning Practice Guidance (PPG) regarding First Homes. These are discounted market sale homes which must be discounted by at least 30% against market value, with provision to ensure that the discount is maintained over time, with a sale price of no higher than £250,000, and be sold to eligible first-time buyers with a maximum income of £80,000. Councils can set higher percentage discounts (at 40% or 50%), lower income caps and eligibility criteria (such as a local connection test) where this is evidenced.

6.35 The problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that the discounted

housing is more expensive than that typically available in the open market. This is often the case as new build housing itself attracts a premium. The preferred approach in this report is to set out a series of purchase costs for different sizes of accommodation which ensure these products are affordable for the intended group. These purchase costs are based on current lower quartile rental prices and also consideration of the income required to access the private rented sector and then estimating what property price this level of income might support (assuming a 10% deposit and a 4.5 times mortgage multiple). Below is an example of a calculation based on a 2-bedroom home in Derbyshire Dales:

- Previous analysis has shown that the lower quartile rent for a 2-bedroom home in Derbyshire Dales is £725 per month;
- On the basis of a household spending no more than 30% of their income on housing, a household would need a minimum income income of around £2,400 per month to afford a 2-bed First Home (£725/0.3) or £29,000 per annum; and
- With an income of £29,000, it is estimated that a household could afford to buy a home with a maximum house price of £145,000. This is based on assuming a 10% deposit (mortgage for 90% of value) and a 4.5 times mortgage multiple – calculated as £29,000*4.5/0.9.

6.36 Therefore, £145,000 is a suggested purchase price to make First Homes/discounted home ownership affordable for households in the rent/buy gap in Derbyshire Dales. This figure is essentially the equivalent price that is affordable to a household who can just afford to rent privately. In reality, there will be a range of incomes in the rent/buy gap and so some households could afford a higher price; however, setting all homes at a higher price would mean that some households will still be unable to afford.

6.37 On this basis, it is considered reasonable to look at the cost of First Homes as a range, from the equivalent private rent figure up to a midpoint of the cost of open market purchase and the relevant private rented figure (for a 2-bedroom home this is £190,000, giving a midpoint of £167,500). The use of a midpoint would mean

that only around half of households in the rent/buy gap could afford, and therefore any housing provided at such a cost would need to also be supplemented by an equivalent number at a lower cost (which might include other tenures such as shared ownership).

6.38 The table below set out a suggested purchase price for First Homes in Derbyshire Dales by size. The table also shows an estimated Open Market Value (OMV) if these prices were considered to be 70% of OMV. Focussing on 2-bedroom homes, it is suggested that an affordable price is between £145,000 and £167,500 and therefore the open market value of homes would need to be in the range of £207,100 and £239,300 (if discounted by 30%).

Table 6.10 Affordable home ownership prices – 2022/23 – Derbyshire Dales

	LQ rent – equiv. purchase price	Midpoint purchase price	OMV required - midpoint	OMV required – PRS
1-bedroom	£115,000	£130,000	£164,300	£185,700
2-bedrooms	£145,000	£167,500	£207,100	£239,300
3-bedrooms	£180,000	£215,000	£257,100	£307,100
4+-bedrooms	£220,000	£310,000	£314,300	£442,900

Source: Derived from a range of sources

6.39 It is difficult to definitively analyse the cost of newbuild homes as these will vary from site-to-site and will be dependent on a range of factors such as location, built-form and plot size. We have however looked at newbuild schemes currently advertised on Rightmove with the table below providing a general summary of existing schemes.

6.40 This analysis is interesting as it shows the median newbuild price for all sizes of homes is above the top end of the OMV required to make homes affordable to those in the gap between buying and renting. That said, homes at the bottom end of the price range could potentially be discounted by 30% and considered as affordable.

6.41 This analysis shows how important it will be to know the OMV of housing before discount to be able to determine if a product is going to be genuinely affordable in a local context – proving a discount of 30% will not automatically mean it becomes affordable housing.

Table 6.11 Estimated newbuild housing cost by size – Derbyshire Dales

	No. of homes advertised	Range of prices	Median price
1-bedroom	7	£140,000-£280,000	£200,000
2-bedrooms	14	£225,000-£415,000	£270,000
3-bedrooms	13	£270,000-£460,000	£330,000
4+-bedrooms	8	£360,000-£625,000	£475,000

Source: Derived from a range of sources

Conclusions on First Homes

6.42 The housing needs evidence indicates that there would certainly a case to seek a discount in excess of 30% for First Homes in Derbyshire Dales - a higher discount will make homes cheaper and therefore potentially open up additional households as being able to afford. However, providing a higher discount may have an impact on viability, meaning the Council will not be able to provide as many homes in other tenures (such as rented affordable housing which is likely to be needed by those with more acute needs and fewer choices in the housing market). The Council could therefore investigate higher discounts, but **it is not recommended to seek a higher figure unless this can be proven to not impact on overall affordable delivery**.

6.43 The table above shows that all of the affordable prices (with the exception of 4-bedroom homes) sit well below the £250,000 cap and therefore **there is evidence that a lower cap would be appropriate**. First Home delivery is likely to be focused on 2- and 3-bed properties. A lower cap would help to ensure that homes are affordable even on schemes where the OMV is relatively high (although consideration about viability and potential loss of other forms of affordable housing will also be a consideration).

6.44 Looking at the affordable prices, it is considered that **a cap of around £215,000 might be appropriate** (based on the highest 3-bedroom figure). This could help to ensure that First Homes are only offered on properties where the initial OMV is not significantly above the affordable prices.

6.45 In considering what an appropriate income threshold might be, analysis has been provided below to consider the likely incomes required to afford both the lower end and midpoint Affordable Price. This is shown in table above and shows even the most expensive price would only require an income of about £62,000 – with an income of up to £43,000 shown for 3-bedroom homes. It should however be noted that these findings are based on a specific set of assumptions about mortgage multiples and deposit availability (10% deposit and a 4.5 times mortgage multiple) and in reality individual households will have their own specific circumstances.

6.46 That said, it is considered that an £80,000 threshold looks to be too high; households with that level of income would be expected to readily buy a home in the area without the need for any discount. On balance, and looking at the figures in the round (and recognising that there may be relatively few 4-bedroom homes delivered) it is considered that **an income cap of around £45,000 might be appropriate for Derbyshire Dales.** Were a different multiple used then the income required would change – for example with a 3.5 times multiple the income to afford a 3-bedroom home would be around £55,000.

Table 6.12 Incomes Required to Afford First Homes (based on 4.5 times mortgage multiple)

	Affordable Price (lower end)	Affordable Price (midpoint)
1-bedroom	£23,000	£26,000
2-bedrooms	£29,000	£33,500
3-bedrooms	£36,000	£43,000
4+-bedrooms	£44,000	£62,000

Source: Derived from a range of sources

6.47 Regardless of the need/demand, it is not recommended that the Council seek to reduce the amount of social/affordable rented homes by prioritising First Homes. The evidence does not support the Councils in seeking more than 25% of affordable housing as First Homes. Indeed, **on the basis of the analysis in this**

section it is suggested the Council should investigate seeking a lower proportion than the 25% (possibly seeking 0% and only allowing First Homes where they are needed to support viability).

Should the Council set local eligibility criteria?

6.48 First Homes are designed to help people to get on the housing ladder in their local area, and in particular to ensure that key workers providing essential services are able to buy homes in the areas where they work. The Council can therefore prioritise key workers for First Homes (for the first three months of marketing), and are encouraged to do so, especially if they have an identified local need for certain professions.

6.49 To ensure First Homes are available to local residents and workers **a local connection eligibility criteria could be used.** This could be in-line with any criteria within local allocations policy and for example could require potential purchasers to demonstrate that they:

- Live in the Council area (for a period of time (possibly 2-years));
- Work over 16 hours a week in the area, or
- Have a close relative (parent, adult son or daughter or adult sibling) who has lived in the area for a period of time

6.50 Additional preference could be given to essential workers. Annex 2 of the NPPF also includes the needs of essential local workers.

Shared Ownership

6.51 Whilst the Government has a clear focus on First Homes, they also see a continued role for Shared Ownership, launching a '*New Model for Shared Ownership*' in early 2021 (following a 2020 consultation). This includes a number of proposals, with the main one for the purposes of this assessment being the reduction of the minimum initial share from 25% to 10%. A key advantage of shared ownership over other tenures is that a lower deposit is likely to be required

than for full or discounted purchase. Additionally, the rental part of the cost will be subsidised by a Registered Provider which keeps monthly outgoings down.

6.52 For the purposes of the analysis in this report it is considered that for shared ownership to be affordable, total outgoings should not exceed that needed to rent privately.

6.53 Because shared ownership is based on buying part of a property, it is the case that the sale will need to be at open market value. Where there is a large gap between the typical incomes required to buy or rent, it may be the case that lower equity shares are needed for homes to be affordable (at the level of renting privately). The analysis below looks at what the OMV would need to be with equity shares of 50% and 25% and uses the following key assumptions used in the analysis are:

- 10% deposit on the equity share;
- Rent at 2.75% pa on unsold equity;
- Repayment mortgage over 25-years at 4% (this is based on typical longer-term interest rates and it is noted at the time of writing that such a figure is unlikely to be achieved); and
- It is also assumed that shared ownership would be priced for households towards the bottom end of the rent/buy gap and so the calculations assume that total outgoings should be no higher than the equivalent private rent (lower quartile) cost for that size of property.

6.54 The tables below test the costs of a 50% equity share shared ownership and the 25%. Focussing on 2-bedroom homes this shows to be genuinely affordable the OMV would need to sit in the range of £206,000-£249,300. This does suggest it might be difficult to make shared ownership affordable (given current estimates of newbuild costs) however it is also clear **there is more chance of making shared ownership affordable when compared with First Homes** (as to achieve the equivalent level of affordability a First Homes would need an OMV of no more than

£207,100. Shared ownership should be positively encouraged by the Council (rather than other forms of housing such as First Homes).

Table 6.13 Estimated OMV of Shared Ownership with a 50% Equity Share by Size – Derbyshire Dales

	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
Open Market Value	£163,200	£206,000	£255,500	£312,200
Share	50%	50%	50%	50%
Equity Bought	£81,600	£103,000	£127,750	£156,100
Mortgage Needed	£73,440	£92,700	£114,975	£140,490
Monthly Cost of Mortgage	£388	£489	£607	£742
Retained Equity	£81,600	£103,000	£127,750	£156,100
Monthly Rent on Retained Equity	£187	£236	£293	£358
Total Cost per month	£575	£725	£900	£1,100

Source: Data based on Housing Market Cost Analysis

Table 6.14 Estimated OMV of Shared Ownership with a 25% Equity Share by Size – Derbyshire Dales

	1-bedroom	2-bedrooms	3-bedrooms	4-bedrooms
Open Market Value	£197,800	£249,300	£309,700	£378,400
Share	25%	25%	25%	25%
Equity Bought	£49,450	£62,325	£77,425	£94,600
Mortgage Needed	£44,505	£56,093	£69,683	£85,140
Monthly Cost of Mortgage	£235	£296	£368	£450
Retained Equity	£148,350	£186,975	£232,275	£283,800
Monthly Rent on Retained Equity	£340	£428	£532	£650
Total Cost per month	£575	£725	£900	£1,100

Source: Data based on Housing Market Cost Analysis

6.55 In terms of current shared ownership schemes in the District, at the time of drafting we could find only one – this was for a 2-bedroom home in Darley Dale with an OMV of £235,000 and a 50% share. Working this scheme through the same assumptions as above would point to a level of outgoings of £828 per month, about £100 more than the cost of private rented housing. This suggests this particular scheme is not particularly affordable, however the OMV does suggest a

scheme with a lower equity share could be affordable and therefore shared ownership could work in the District.

Rent to Buy

6.56 A further affordable option is Rent to Buy; this is a Government scheme designed to ease the transition from renting to buying the same home. Initially (typically for five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate). The expectation is that the discount provided in that first five years is saved in order to put towards a deposit on the purchase of the same property. Rent to Buy can be advantageous for some households as it allows for a smaller 'step' to be taken on to the home ownership ladder.

6.57 At the end of the five-year period, depending on the scheme, the property is either sold as a shared ownership product or to be purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.

6.58 In order to access this tenure it effectively requires the same income threshold for the initial phase as a market rental property although the cost of accommodation will be that of affordable rent. The lower-than-market rent will allow the household to save for a deposit for the eventual shared ownership or market property. In considering the affordability of rent-to-buy schemes there is a direct read across to the income required to access affordable home ownership (including shared ownership). It should therefore be treated as part of the affordable home ownership products suggested by the NPPF.

Bringing the Evidence Together

6.59 Analysis has been undertaken to estimate the annual need for affordable housing. The analysis is split between a need for social/affordable rented accommodation (based on households unable to buy or rent in the market) and the need for

affordable home ownership (AHO) – this includes housing for those who can afford to rent privately but cannot afford to buy a home.

6.60 When looking at needs from households unable to buy OR rent, the analysis suggests a need for 120 - 226 affordable homes per annum across the District, with a need shown in all sub-areas.

6.61 The analysis suggests there will be a need for both social and affordable rented housing – the latter will be suitable particularly for households who are close to being able to afford to rent privately and possibly also for some households who claim full Housing Benefit. It is however clear that social rents are more affordable and could benefit a wider range of households – social rents could therefore be prioritised where delivery does not prejudice the overall delivery of affordable homes.

6.62 The analysis is less conclusive about the scale of the affordable home ownership need, with the need very sensitive to assumptions on supply from cheaper market homes (below LQ values), although it is certainly much lower than the need for rented affordable housing. The evidence does suggest that there are many households in Derbyshire Dales who are being excluded from the owner-occupied sector (as evidenced by increases in the size of the private rented sector). It is likely that a key issue in the Council area is about access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary) rather than simply the cost of housing to buy (although this will be an important factor for many households).

6.63 The study also considers different types of AHO (notably First Homes and shared ownership) as each will have a role to play – shared ownership is likely to be suitable for households with more marginal affordability (those only just able to afford to privately rent) as it has the advantage of a lower deposit and subsidised rent. However, given the cost of housing locally, it may be difficult for some affordable home ownership products to be provided and be considered as ‘genuinely affordable’. This again points to the need for the Council to prioritise delivery of rented affordable housing where possible.

6.64 In deciding what types of affordable housing to provide, including a split between rented and home ownership products, the Council will need to consider the relative levels of need and also viability issues (recognising for example that providing AHO may be more viable and may therefore allow more units to be delivered, but at the same time noting that households with a need for rented housing are likely to have more acute needs and fewer housing options).

7. Second and Holiday Homes

7.1 There have been concerns from local residents regarding the prevalence of second and holiday homes in the District. Impacts from this can include:

- Restricting the availability of homes to local residents, particularly lower cost properties, with concerns that those living outside of the area are often able to out-compete local households for homes. In particular where rental properties are let as 'holiday lets' rather than to local people, this can increase 'homeless presentations' to the Council, with resultant impacts on Council resources where there is an insufficient supply of affordable homes. It may also affect the size of the resident workforce.

- Impacting on the residential population within settlements who use local shops and services, with concerns that levels of second/holiday homes can affect the vitality and viability of local communities and service provision within them. Everyday spending and use of services, from the local shop to pub and doctors' surgery to school, may well be greater where properties are occupied by permanent residents rather than that for properties which are only occupied part of the time/ seasonally.

- Issues can arise from the churn of people, from the storage and handling of household waste, to noise from events/ parties which impacts on neighbours and on enforcement services.

7.2 These issues however need to be balanced against potential impacts from constraints on supply on the tourist industry, given that the availability and cost of accommodation has an impact on visitor numbers (and the number of overnight stays).

Exploring the Issue

7.3 The Council's own research in Autumn 2023 indicated that as at 15th August 2023, there were 970 second homes based on the Council's Land and Property Gazetteer. The majority of second homes are in Bands A – D – the focus thus being on lower cost and smaller homes. Second homes represent 2.56% of properties.

7.4 Iceni has sought to explore the issue further through analysis of both the latest Council Tax data as well as data which has been emerging from the 2021 Census.

7.5 Those Parishes with more than 5% of properties as second homes are shown below.

Table 7.1 Parishes with concentrations of Second Homes

Parish	Second Homes	% Stock
Offerton	1	20.0%
Chatsworth	3	18.8%
Litton	50	13.9%
Hassop	4	10.3%
Hartington Town Quarter	21	9.3%
Monyash	15	8.4%
Bradbourne	5	8.3%
Beeley	6	7.1%
Great Hucklow	5	7.1%
Over Haddon	10	6.9%
Aldwark	2	6.7%
Ashford In The Water	18	6.5%
Winster	21	6.4%
Flagg	6	6.3%
Eyam	29	5.6%
Great Longstone	21	5.6%
Harthill	2	5.6%
Tideswell	54	5.5%
Mappleton	4	5.5%

Source: DDDC data (Land and Property Gazetteer)

7.6 The Council has also provided Iceni with data regarding the number of holiday lets in different parishes as at 26th June 2023. The table below shows those parishes in the District which have the highest proportional levels of holiday homes. The largest absolute numbers are led by Bakewell (150 properties) and Matlock (106 properties), followed by Tideswell and Darley Dale (94 and 70 respectively).

Table 7.2 Parishes with Highest Numbers of Holiday Lets, July 2023

Parish	Number of holiday lets	% of properties classed as 'holiday lets'
Gratton	8	57.1%

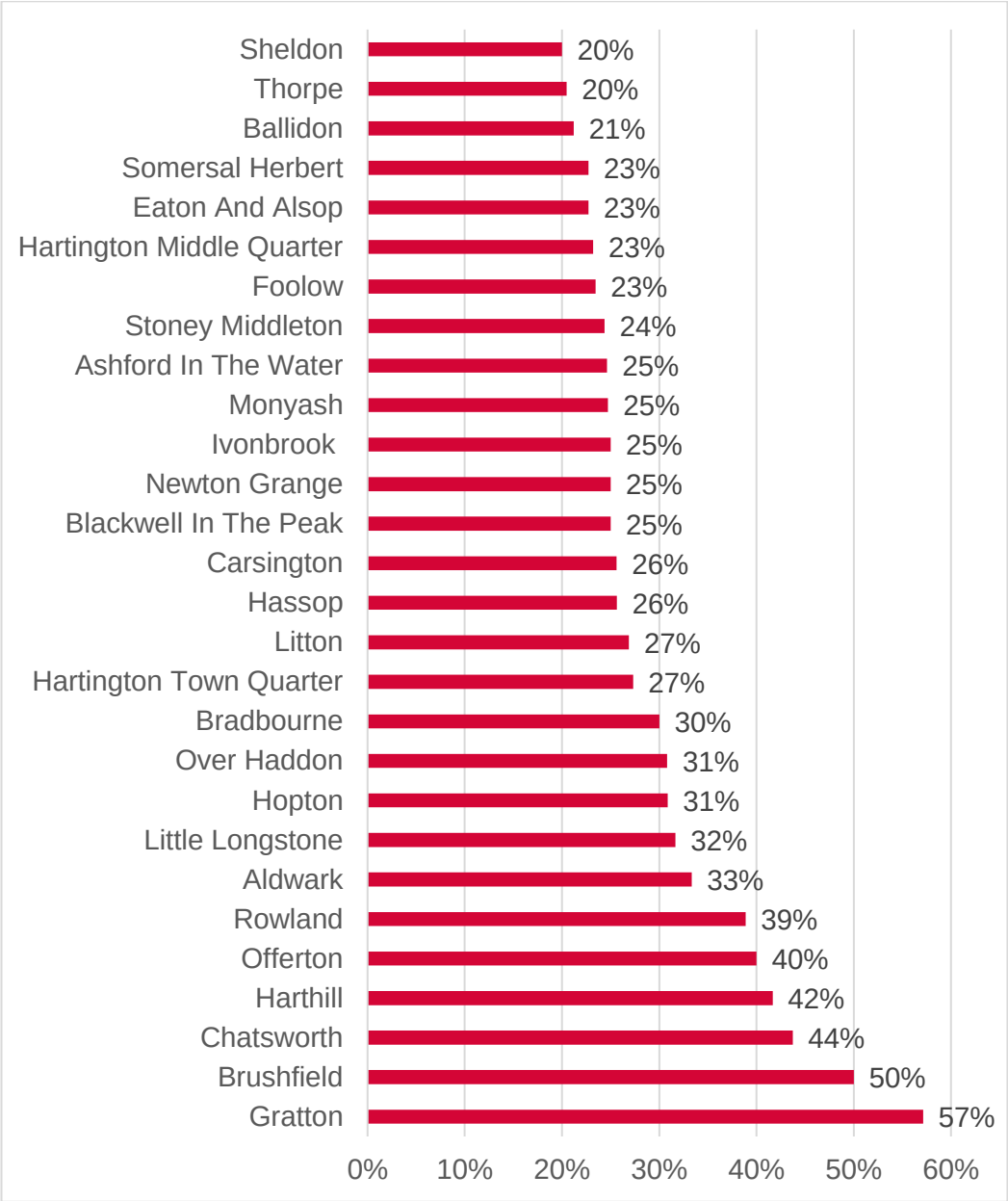
Brushfield	6	50.0%
Harthill	13	36.1%
Little Longstone	18	30.0%
Hopton	19	27.9%
Rowland	5	27.8%
Aldwark	8	26.7%
Chatsworth	4	25.0%
Blackwell In The Peak	5	25.0%
Newton Grange	5	25.0%
Foolow	17	21.0%
Bradbourne	12	20.0%
Stoney Middleton	62	19.9%
Over Haddon	28	19.2%
Hartington Middle Quarter	34	18.8%
Sheldon	8	16.0%
Eaton And Alsop	7	15.9%
Somersal Herbert	7	15.9%
Highlow	2	15.4%
Atlow	10	15.2%

Source: DDDC data (Land and Property Gazetteer)

7.7 As a proportion of the Council Tax housing stock by Parish, there are 12 parishes where 20% or more of homes are holiday homes.

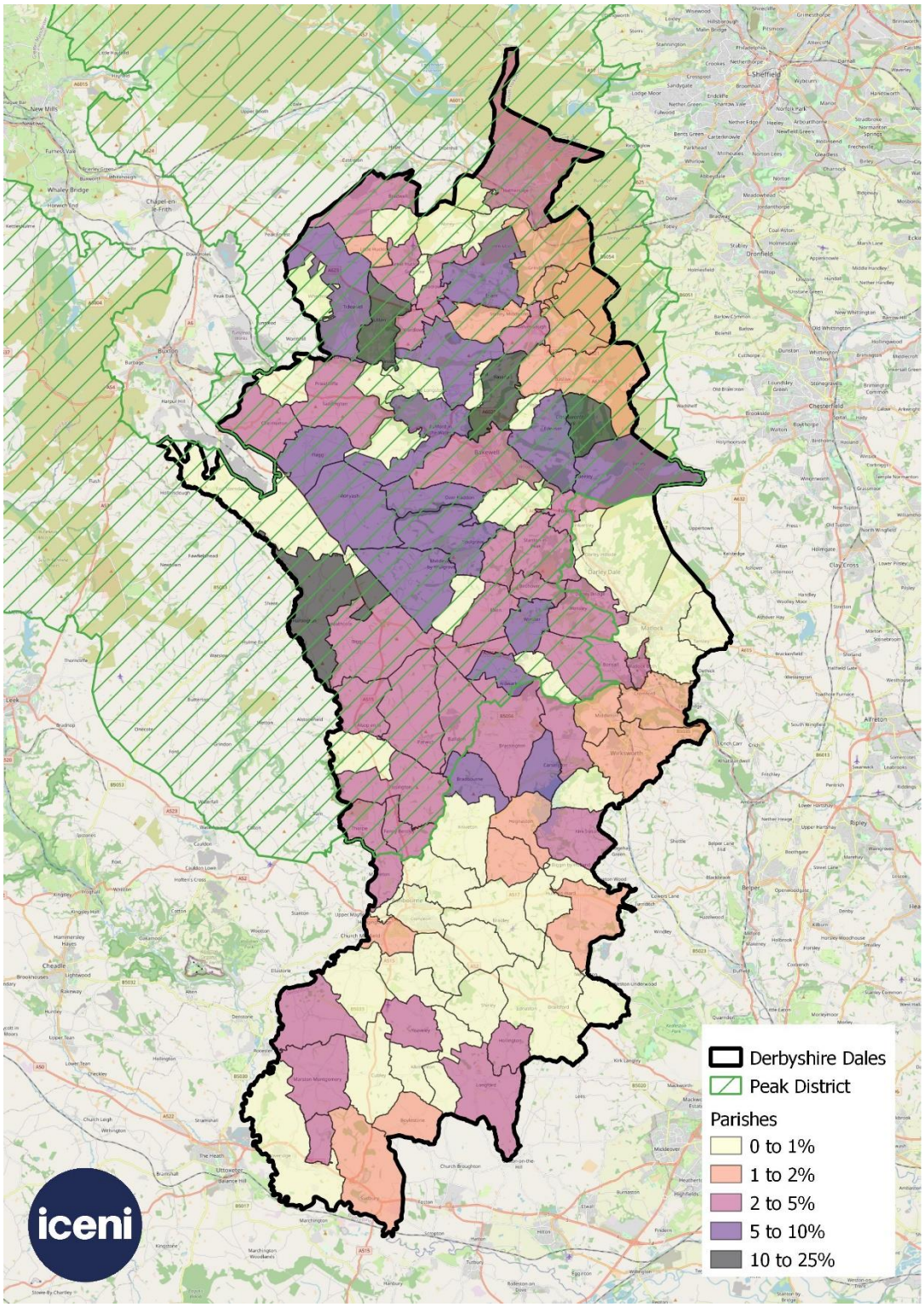
7.8 Bringing together the evidence on long-term vacants, second and holiday homes, 9.7% of the dwelling stock fall within one of these categories. Those parishes with 1 in 5 or more properties affected are shown below.

Figure 7.1 % Properties classed as Second Homes, Empty Homes or Holiday Lets, 2023



Source: Iceni analysis of DDDC data

Figure 7.2 Estimated Holiday Lets as a Proportion of Stock



Source: Iceni analysis of DDDC data

7.9 We would also note 2023 research by the Times and Inside AirBnB which identifies Derbyshire Dales as having some of the strongest concentrations of AirBnBs in the Midlands. It identifies particular concentrations of listed properties in the National Park, particularly around Bakewell and Chatsworth; as well as in

Eyam and Hathersage in the North of the District. However even outside of the National Park, in the main settlements in the District such as Matlock and Wirksworth, the incidence of AirBnB properties is still relatively high compared to many other parts of Derbyshire.

Table 7.3 Concentrations of AirBnB Properties

Area	Airbnb per 1,000 homes
Ashford-in-the-Water, Bakewell, Baslow, Chatsworth, Edensor, Hassop, Monyash, Youlgreave	75
Calver, Eyam, Grindleford, Hathersage, Stoney Middleton	44
Buxton, Tideswell, Hartington, Longnor, Chelmorton	40
Darley Dale, Beeley, Rowsley, Winster, Darley Bridge, Elton, Bonsall, Matlock, Matlock Bath, Cromford, Middleton-by-Wirksworth, Wirksworth, Bolehill, Crich, Holloway, Lea, Tansley	30
Ashbourne, Hulland Ward, Weston Underwood	27

Source: The Times/ Inside AirBnB

7.10 We tun next to consider alternative data sources. 2021 Census data includes information about ‘second addresses.’ This is defined as ‘an address a person stays at for more than 30 days per year that is not their place of usual residence.’

7.11 The data shows 415 dwellings in Derbyshire Dales which were used as a holiday home; and a further 120 which were used as a second address when working away from home (rather than being a primary residence). These categories together are likely to account for second homes, totalling 535 dwellings in 2021. However the Council’s own data shows that this is likely to be an under-estimate.

Table 7.4 Dwellings used as a Second Address by Category

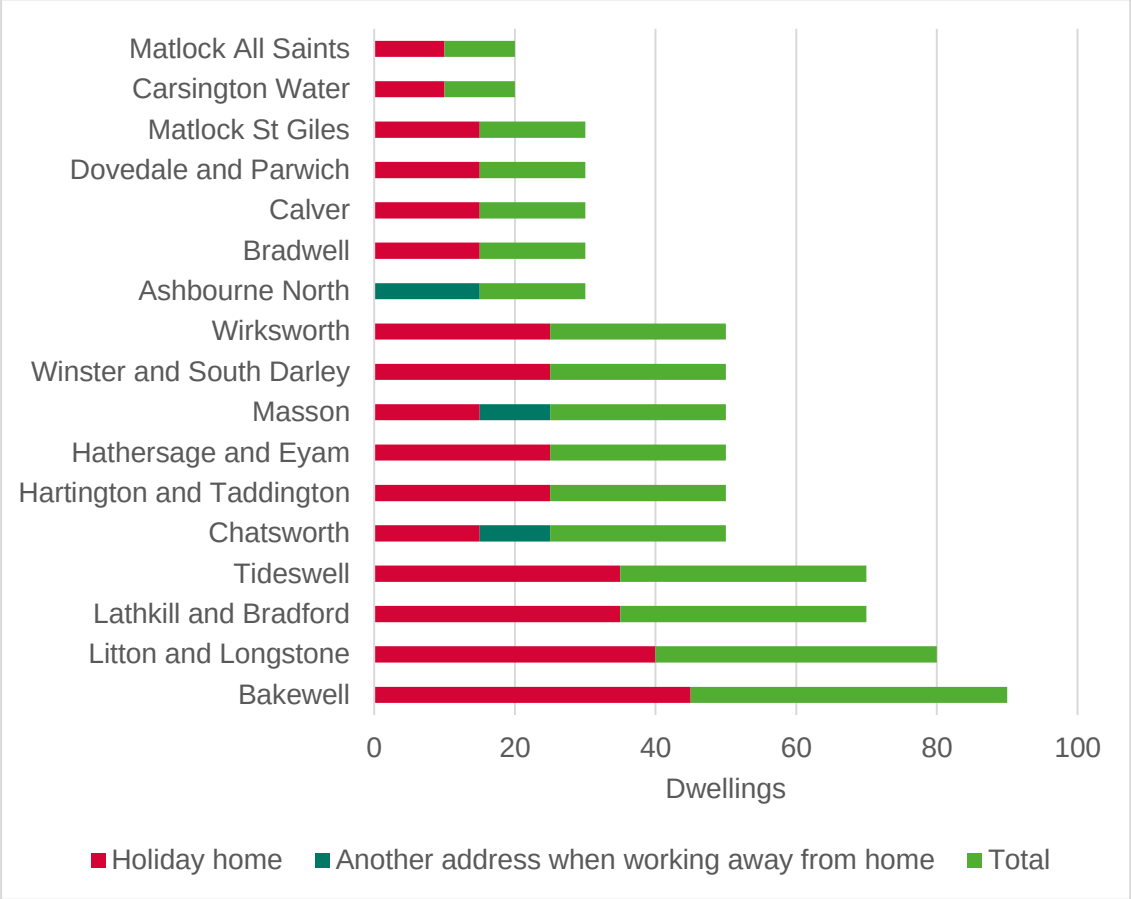
	Derbyshire Dales
Another parent or guardian's address	965
Students home address	955
Holiday home	415
Partner's address	340
Other (including armed forces)	340
Another address when working away from home	120

Source: 2021 Census

7.12 The chart below shows the level of holiday homes and ‘another address’ categories by ward. Where wards are not shown the Census data did not record

any properties in these categories or the results were suppressed (as the numbers were less than 10). The highest concentrations of these types of properties are recorded in wards within the Peak District National Park.

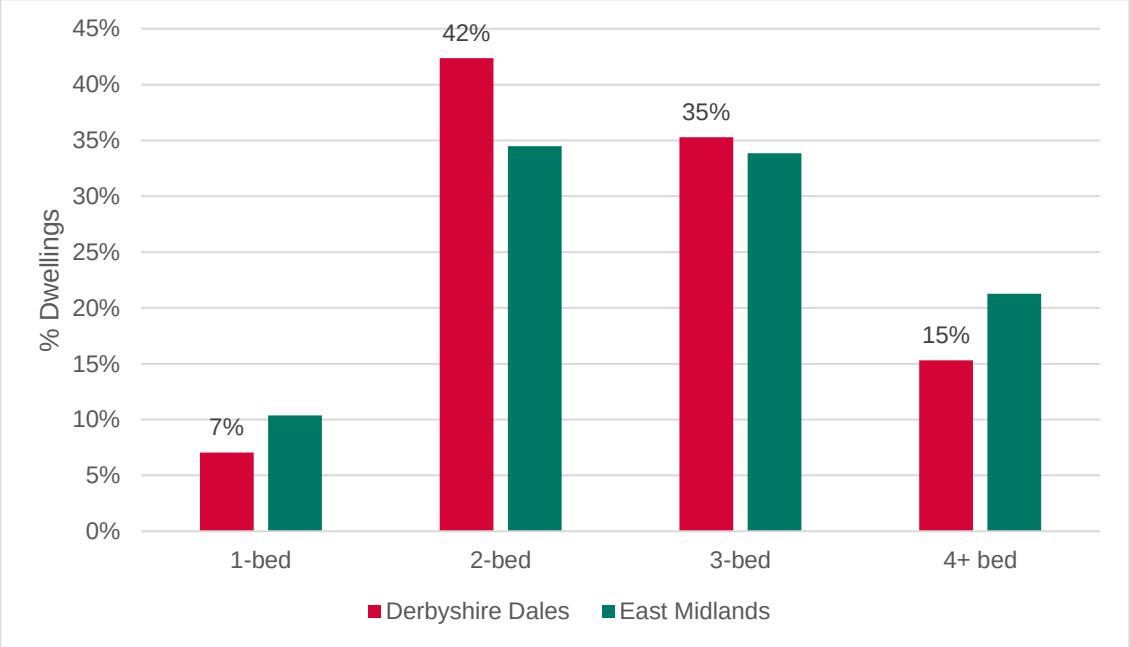
Figure 7.3 Holiday Homes and Second Addresses for those working away from Home by Ward, 2021



Source: 2021 Census

7.13 Relative to the regional profile, there is a higher proportion of such properties which are terraced (37%), and a lower proportion of flats (14%). 30% of properties are detached. The majority of such properties have 2 and 3 bedrooms.

Figure 7.4 Profile of Sizes of Holiday Homes and Second Addresses for those working away from Home, 2021

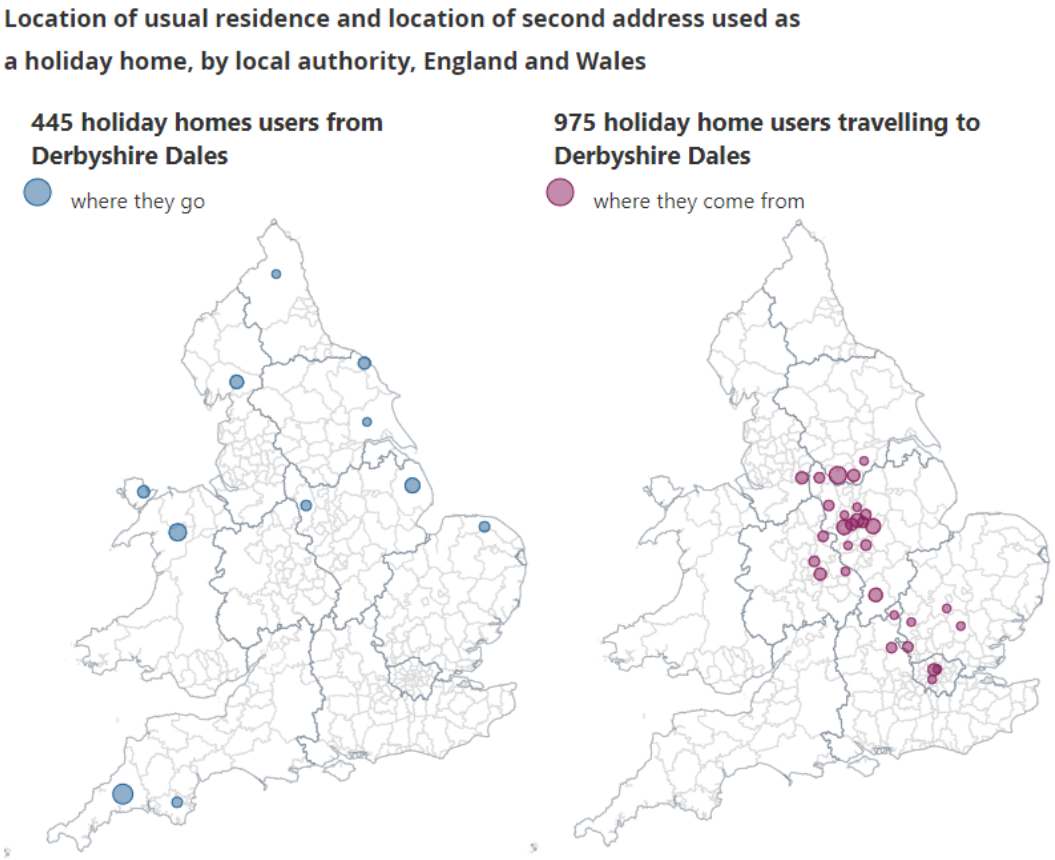


Source: 2021 Census

7.14 The ONS has also published research on where those who have a holiday home in the District live. Many live relatively locally, including in nearby cities of Nottingham, Derby and Sheffield; and in other surrounding local authorities, but we also see some who live further afield – including in London, Birmingham and the East of England. The geography is shown on the right hand map below.

7.15 It is also notable that the Census found 445 Derbyshire Dales residents who had a second home elsewhere, including in areas such as Cornwall, the Lake District, North Wales and East Riding. These are shown on the left hand map below.

Figure 7.5 Second Home Dynamics



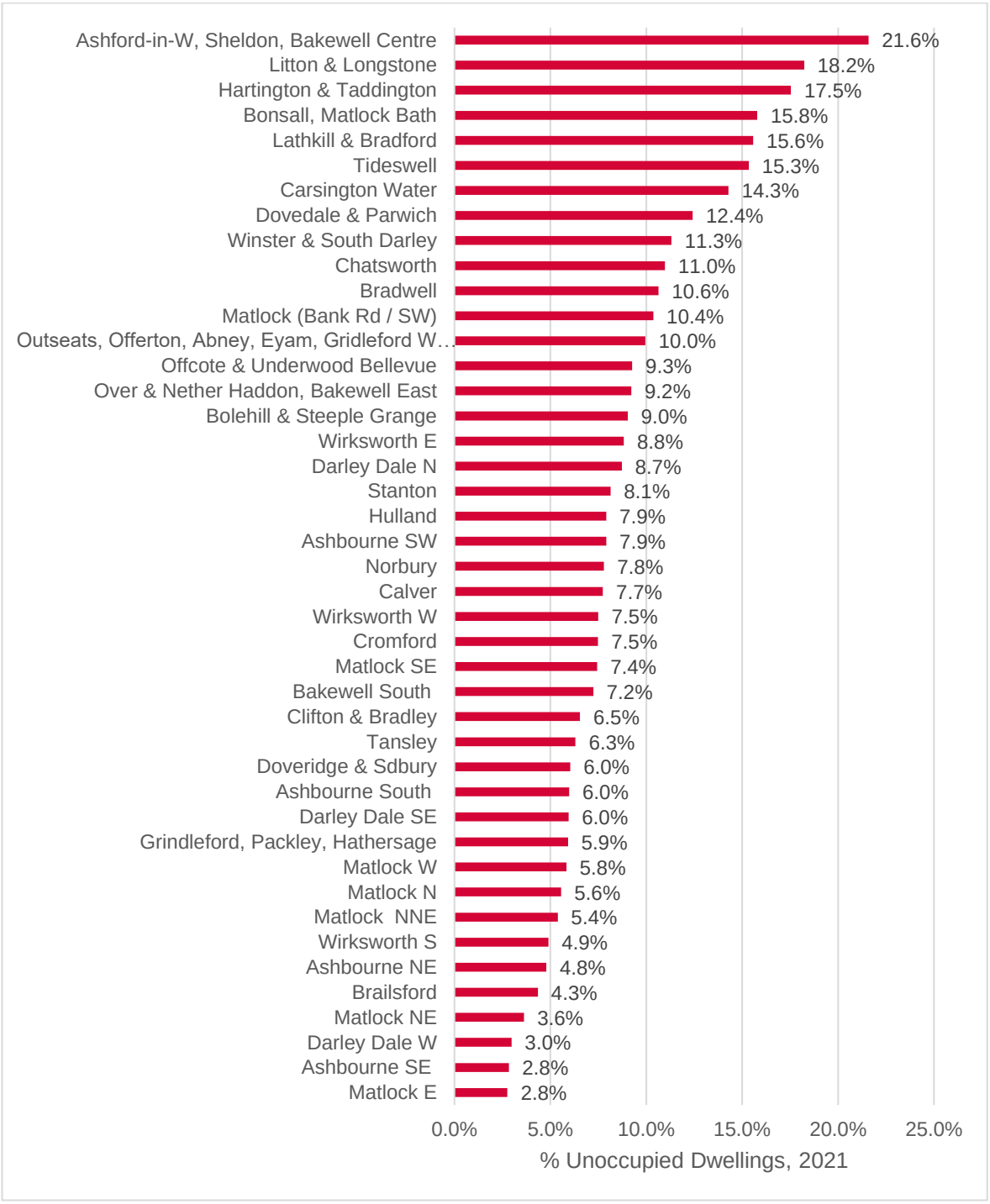
Source: ONS "More than 1 in 10 addresses used as holiday homes in some areas of England and Wales"

7.16 Invariably there are likely to be some properties which are 'holiday lets' which where a Census form was not filled in; or a property was not identified by someone who did fill in the form as their second address. This can be investigated by looking at vacancy levels.

7.17 The 2021 Census showed 8.9% of dwellings in Derbyshire Dales were unoccupied (3,165), a 0.7pp increase from the level of 8.2% in 2011. The level of unoccupied dwellings is notably higher than in surrounding areas and is likely to reflect holiday lets where someone did not fill in the Census data return. The Council's own Land and Property Gazetteer data suggests a higher level of 9.7% in 2023; confirming the much higher incidence of dwellings that are not commonly occupied relative to wider geographies.

7.18 The chart below shows the percentage of unoccupied dwellings at an LSOA level. It shows that there are 13 LSOAs in the District in which more than 10% of the housing stock is not occupied. In a further 22 areas, between 5 – 10% of the housing stock was classified by the Census as unoccupied. The analysis provides a clear picture of the influence of second and holiday homes on the availability of housing.

Figure 7.6 % Unoccupied dwellings by LSOA



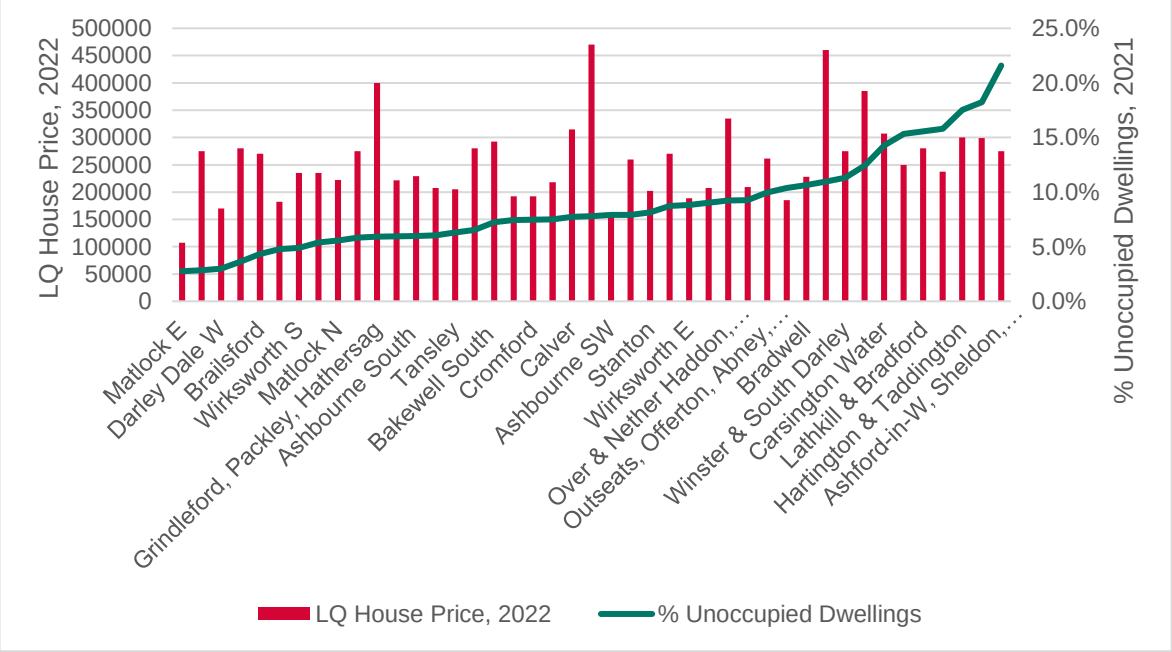
Source: 2021 Census

7.19 Iceni has next sought to analyse the correlation between the LQ (entry level) house price and the proportion of unoccupied dwellings. Overall we find a broad correlation (albeit that there are some individual outliers, which are likely to reflect the influence of individual sales of larger properties on LQ values at a small area level).

7.20 It is reasonable to expect a correlation. It essentially shows that in higher priced areas there is demand from both local occupiers, for second and holiday homes supporting stronger housing demand and higher house prices. Many of the settlements fall within the National Park where supply is restricted.

7.21 Key outliers shown (with higher LQ prices) are Chatsworth, Hathersage and Norbury where there are particularly high LQ house prices.

Figure 7.7 Comparison of LQ House Prices (2022) and % Unoccupied Dwellings (2021)



Source: ONS Small Area House Price Statistics, 2021 Census, Iceni

7.22 Overall the evidence does suggest a high concentration of second and holiday homes in the District, and in particular (but not exclusively) in the National Park. In

the context of the affordability pressures which exist in the District, and strategic constraints to new development, in particular in the National Park, there is a case for seeking to more closely manage the supply of second and holiday homes. The Council needs to balance this with consideration of potential effects of doing so on the visitor economy.

Potential Solutions

7.23 In this section we move on to consider potential solutions. These are divided into fiscal measures (related to tax) and planning measures.

Fiscal Measures

7.24 In April 2019, the Council put in place measures to address long-term empty homes. It adopted a 100% Council Tax premium for homes that are a) substantially unfurnished and b) have been empty for more than 2 years. Over the period from October 2016 to October 2022, the level of long-term empty homes in the District has fallen by around a quarter (from 643 to 478 homes), based on the national data; but the Council's own data still suggests a significant issue – with the latest information pointing to 907 long-term empty properties as at October 2023.

7.25 We would note that an additional 3% Stamp Duty has also been applicable to second homes since 2016.

7.26 The Levelling Up and Regeneration Act (LURA) includes provision, subject to regulations, to apply the premium to properties which have been vacant for at least one year. It will do so by amending the definition of a long-term empty home. This could have some effect of further incentivising owners to bring properties back into use, albeit that there may be some properties that are vacant for over a period due for reasons such as probate or repair/extensions of properties. The Government is proposing to extend the exemption to both the second homes and empty homes premium to 12 months following the grant of probate; and for empty properties

undergoing major repair work or structural alterations to be exempted for up to an additional 6 months.

7.27 With over 900 long-term empty properties (vacant for over 6 months) in the District, there is some notable potential to reduce vacancies.

7.28 The Bill, when enacted, in addition provides scope for Councils to charge a discretionary Council Tax premium of up to 100% on dwellings which are periodically occupied (second homes), defined as a dwelling which is substantially furnished and has no resident, and for Councils to determine what level of premium is appropriate. There are proposed exemptions for furnished annexes and properties that are subject to the job-related dwelling discount.

7.29 Government has consulted on exempting homes which are being marketed for sale/rent from these premiums for up to 6 months. It is also proposing that properties where there is a restriction on year-round/permanent use (such as through a planning condition) could also be potentially granted an exemption. There may be a notable number of such properties, particularly in the National Park.

7.30 It seems likely that the Premium will thus not be applicable to all second homes in the District, but will be applicable to those where there are not planning restrictions on occupancy.

7.31 For holiday lets in particular, potential growth in Council Tax comes at a point where there are other inflationary pressures affecting landlords/ businesses – including rising energy costs and wages – and higher inflation, which will particularly affect small landlords who have bought properties using debt finance. The effect which these factors together will have on supply will be influenced by the extent to which landlords/ businesses are able to increase rental costs and other charges for holiday properties to cover increasing costs, or the degree to which these factors erode the profitability of the holiday properties and their margin. We consider that it is likely that some landlords/ businesses will sell up.

Planning Measures

7.32 There are current measures in planning policy which influence new housing development. In the Peak District National Park, the Authority's Core Strategy Policy HC1 focuses new housing provision on addressing eligible local needs, and restricting occupancy to local people in perpetuity; as well as for retirement accommodation and key workers (in agriculture, forestry and rural enterprises). Restrictions on occupation are secured by condition/ S106 such that the occupation of properties is limited to those who can demonstrate 10 years' permanent residence in the locality, or an essential need to be close to another person who meets this criteria. These measures can be used to control new-build supply in the National Park, but do not affect the occupation of the wider existing stock.

7.33 Outside of the National Park, the current policy framework secures affordable housing (for which the Council can guide who is eligible through its allocations policies), but does not restrict occupancy of market housing.

7.34 Registration Scheme for Short-term Lets; and reforms to the Use Class Order to introduce a separate use class for short-term lets (C5). The LURB provides the legislative basis for the former.

7.35 The Government's consultation proposes a definition of a short-term let which captures second homes which are let out part of the time. It seems likely that there will be minimum thresholds , in terms of the nights let out, for both the Use Class designation and requirements or Registration. These are likely to be set by Government.

7.36 The Government has not precisely determined whether the Registration Scheme will be mandatory or whether local authorities will be able to 'opt in.' Given the evidence of the concentration of second and holiday homes in Derbyshire Dales, the affordability issues in the District and the constraints on land supply which exist, **Iceni recommend that the Council does seek to introduce a Registration Scheme for Short-term Lets**. **We would also recommend that this is applicable district-wide, both within and outside of the National Park**

given that there are concentrations of holiday homes in a range of areas across the District. Government's intention is that the costs to Councils of administering the scheme will be recovered through registration fees.

7.37 A Registration Scheme will allow the Council to understand existing levels of short-term lets at a local level, and to monitor how this is changing over time.

7.38 The Government is proposing that where an owner seeks to change the use of a property between the C3 and C5 use, it would need to notify the Council. For the Council to restrict the ability for C3 dwellings to be converted to C5 short-term lets, it would likely need to put in place an Article 4 Direction.

7.39 The Study provides core evidence which could be used to support the Article 4 Direction, albeit the Council would need to consider the forthcoming changes in national policy/guidance and respond appropriately. If further evidence is considered necessary, the Council should hold data on affordable need from its Housing Register; and may be able to augment this with information on impacts on services, such as considering pub/ shop closures, and through engagement with Derbyshire County Council on school place planning/ pupil rolls.

7.40 As policy is evolving in this area, there are no other examples which can be used to inform judgments on how the Council might consider to which areas an Article 4 direction might apply. In our opinion:

- There is a strong case for an Article 4 direction to apply to the whole of the National Park area, given both the evidence of both levels of second homes and holiday lets, the housing costs and acute affordability pressures in this area (including the need for affordable housing) and the wider policy framework which restricts new housing supply. This will be for the Park Authority to take forwards;

- Outside the National Park, DDDC might consider a more targeted approach if required by national policy (as is likely) – seeking to control COU through an Article 4 Direction in locations where evidence points to particular concentrations of second and holiday homes. An appropriate benchmark might be where holiday lets (or holiday lets and second homes) exceed more than 10% of the dwelling stock.

7.41 In introducing a policy, the Council will however need to mindful of ‘displacement effects’ which could (without effective policies) see growth in holiday lets in areas where the Article 4 Direction did not apply.

7.42 An Article 4 Direction should therefore be accompanied by new planning policies which set out in what circumstances development or change of use of properties to a C5 holiday let use would be permitted. This might include locations where it is necessary to support local tourism businesses in the immediate locality, or can be shown not to restrict the ability to meet local housing needs, or is brought forward in tandem with affordable housing. Planning policies will need to be considered by both the National Park Authority and the District Council.

8. Sizes of Homes Needed

Housing Offer

8.1 The below data considers the overall housing offer in the District. Since 2011 there has been a 5.9% increase in stock which much of this being in the form of detached and semi-detached houses. The most common property type in the district are detached houses, followed by semis; flats are the least common. Equally the growth in housing stock has been focused towards delivery of detached and semi-detached stock, over the 2011-21 period.

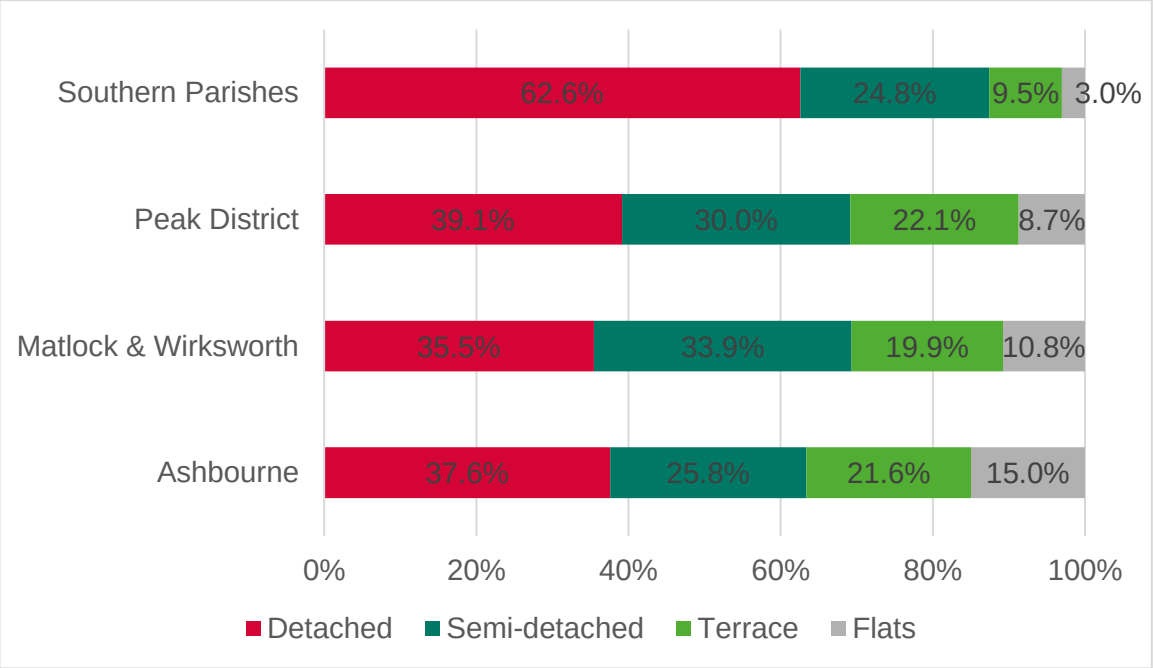
Table 8.1 Change in housing stock (2011-2021)

	Total	Detached	Semi-detached	Terraced	Flats
2011	33,489	13,493	10,118	6,571	3,240
2021	35,449	14,316	10,897	6,589	3,581
Difference	1,960	823	779	18	341
% Difference	5.9%	6.1%	7.7%	0.3%	10.5%

Source: 2011 and 2021 Census

8.2 The table below breaks the stock down by sub area. The Southern Parishes sees the highest proportion of detached dwellings (62.6%), much higher than all other sub-areas which do not exceed 40%. Semi-detached dwellings are next most common, flats are the least common dwelling type in all sub-areas. The starkly different stock seen in the southern parishes is likely a factor of its rural nature which allows for much less dense property types. However differences in the stock profile will also affect access to housing.

Figure 8.1 Stock Type by Sub-Areas (2021)



Source: Census 2021

8.3 Overall the Ashbourne area has seen the highest growth in housing stock at 14.4% in the 10 year period (2011-21), the lowest is in the Peak District at 0.2% (which also has had the lowest in absolute terms). In absolute numbers Matlock and Wirksworth has seen the highest delivery of new housing.

Table 8.2 Change in Stock by Sub-Areas (2021)

	Percentage Growth (2011-2021)
Ashbourne	14.4%
Matlock & Wirksworth	6.6%
Peak District	0.2%
Southern Parishes	10.5%

Source: Census 2021 and 2011

8.4 Broken down further by property type the table below shows the change in types of dwellings in each sub-area. Matlock and Wirksworth has seen the highest increase in flatted properties followed by semis and detached. The Peak District has seen a large loss in terraces of approx. -10% of the overall growth.

Figure 8.2 Change in Type by Sub-Area (2011-2021)

Source: Iceni analysis of Census 2021 data

8.5 Turning to the tenure profile in the District, the table below looks at overall change in tenure. Owned dwellings are the most common housing tenure with 72.8% of properties in owner occupation. 14.6% of households live in private rented and 12.6% in social rented properties. The profile has remained relatively similar over the 2011-21 period.

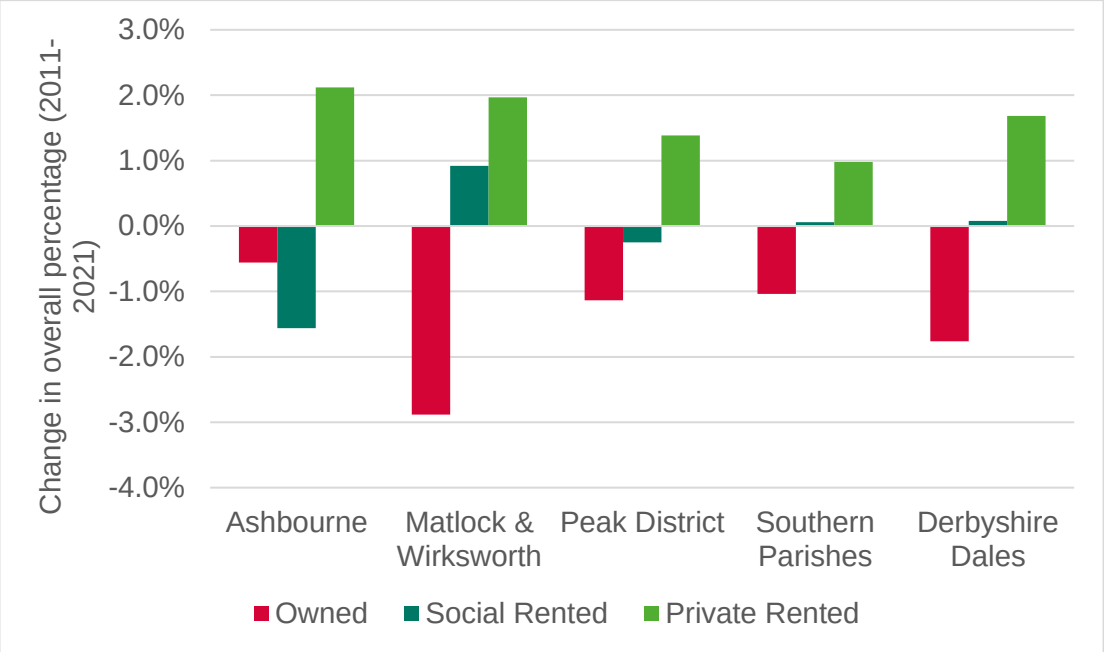
Table 8.3 Change in Tenure (2011-2021)

	Owned		Social Rented		Private Rented	
		%		%		%
2011	22,498	74.6%	3,736	12.5%	4,510	12.9%
2021	23,548	72.8%	4,074	12.6%	4,660	14.6%
PP Change		-1.8%		0.1%		1.7%

Source: Iceni analysis of Census 2021 data

8.6 This increase in private renting is seen across all sub areas, as seen in the figure below. With the exception of the Southern Parishes every sub area sees the highest increase in the private rental tenure. Ownership has decreased overall in Matlock & Wirksworth (-2.9%), which has resulted in a very large growth in the private (2%) and social rented (0.9%) sectors, this points particularly to affordability concerns within this sub-area.

Figure 8.3 Change in tenure by Sub-Area (2011-21)



Source: Iceni analysis of Census 2021 data

8.7 The overall sizes of the dwelling stock in the District is also an important indicator housing diversity and suitability for a wide range of residents. The table below shows the overall growth of each size of property from 2011 to 2021. Overall 4 plus bedroom properties have seen the highest growth in both absolute and percentage terms. The lowest growth in absolute terms is in 2 bedroom properties and 1 beds the lowest in percentage. A majority of the dwellings in the district have 3 bedrooms (42%) where 1 beds are the least common (7%).

Table 8.4 Size of dwellings (2011-2021)

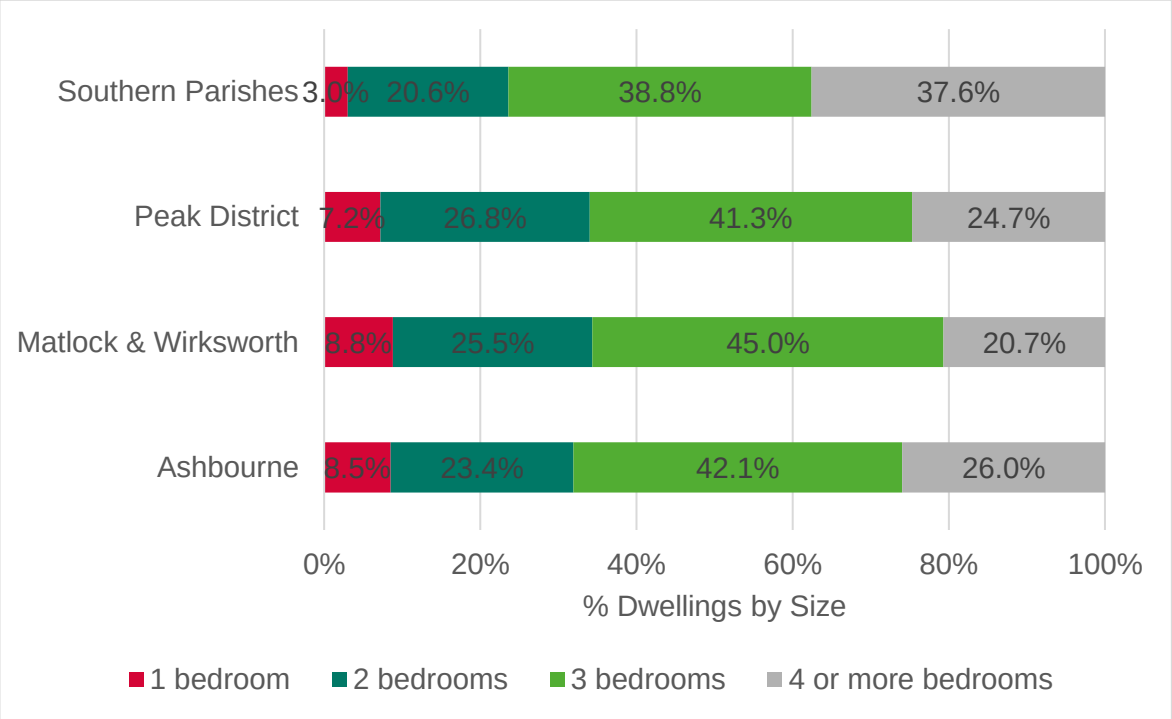
	1 bed	2 beds	3 beds	4+ beds
2011	2,303	7,706	13,073	7,662
2021	2,344	7,839	13,461	8,581
Difference	41	133	388	919
% Difference	1.8%	1.7%	3.0%	12.0%
% Stock by Size, 2021	7.3%	24.3%	41.8%	26.6%

Source: Iceni analysis of Census data

8.8 Across the sub areas the sizes of dwellings vary: all sub-areas see the highest proportion in 3-beds and to lowest in 1 beds. Differences are more apparent in the number of 2 and 4+bedroom properties, where the Southern Parishes are has a high level of 4+ bed homes (37.6%), 2 bedroom properties are much less common

(20.6%), much the same is true for Ashbourne although to a lesser extent. The Peak District and Matlock & Wirksworth see a higher number of 2- and 3-bed stock.

Figure 8.4 Size of dwellings by sub-area (2021)



Source: Iceni analysis of Census 2021 data

8.9 Occupancy ratings of dwellings indicate whether a dwelling is over or under occupied. A positive occupancy rating implies that a household has more bedrooms than required, so is under-occupied, a score of 0 implies that the dwelling is at full capacity (i.e. there are no spare bedrooms) and a negative score of indicates that a household has fewer bedrooms than required, over occupied.

8.10 The table below looks at how occupancy has changed in Derbyshire Dales from 2011 to 2021. Although a majority of dwellings that are under occupied by 2+ bedrooms has fallen, the number still remains high, showing that most dwellings in the district are underoccupied. Conversely the number of dwellings either at capacity or over occupied has risen in the 10 year period, over occupied dwellings by a significant amount (58.5%) when compared with 2011.

8.11 Overall an increase in over occupancy and decrease in under occupancy indicates that there are likely issues with the housing stock in the district, in that households are unable to move to a dwelling that fits them potentially due to cost or the lack of stock.

8.12 Underoccupancy is typical as the size of owner occupied homes is influenced by what households can afford, rather than household size, and many households want space so that family and friends can come to stay, or a room in which to work. However growth in over-occupied properties is an indicator of housing market stress.

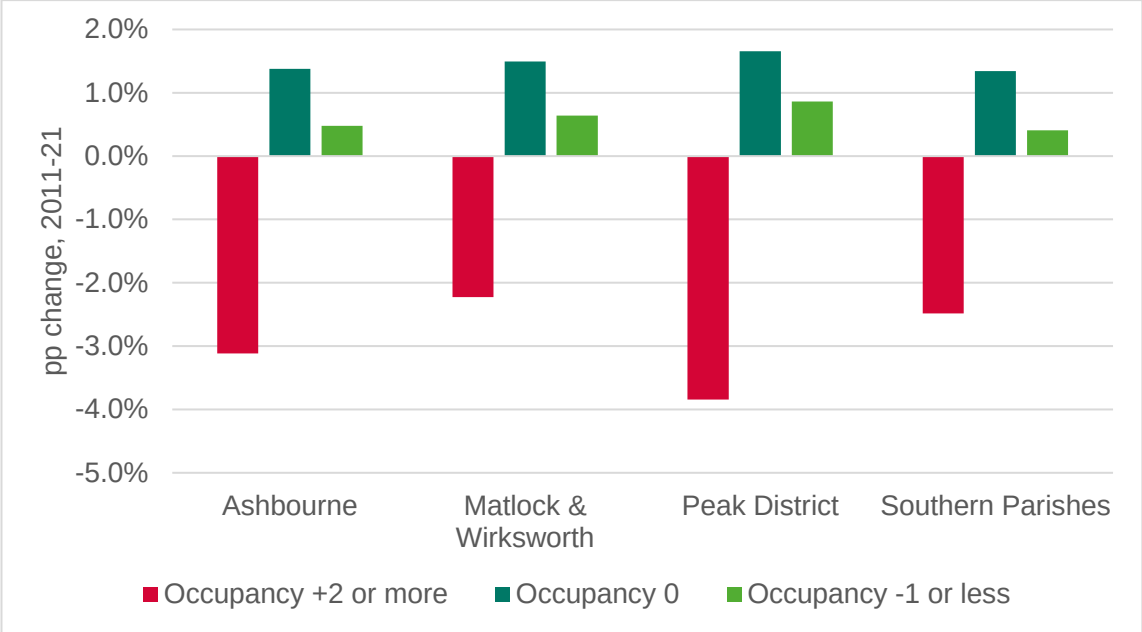
Table 8.5 Change in Occupancy Rating (2011-21)

	Under occupied (+2 or more)	At Capacity (0)	Over occupied (-1 or less)
2011	15,685	5,454	313
2021	14,045	5,651	496
Difference	-1,640	197	183
% Difference	-10.5%	3.6%	58.5%

Source: Iceni analysis of Census data

8.13 The figure below shows changing occupancy patterns in each of the sub areas. In all areas under occupancy has decreased, the Peak District by the highest amount. Over occupancy has increased in all areas with the highest increase seen again in the Peak District.

Figure 8.5 Change in Occupancy by Sub-Area (2011-2021)



Source: Iceni analysis of Census data

Housing Mix

8.14 This section considers the appropriate mix of housing across Derbyshire Dales, with a particular focus on the sizes of homes required in different tenure groups. This section looks at a range of statistics in relation to families (generally described as households with dependent children) before moving on to look at how the number of households in different age groups are projected to change moving forward.

Background Data

8.15 The number of families in Derbyshire Dales (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 7,100 as of the 2021 Census, accounting for 22% of households; this proportion is lower than that seen across the County, region and nationally. The proportion of lone parent households is particularly low in comparison with other locations.

Table 8.6 Households with dependent children (2021)

	Derbyshire Dales		Derbyshire	East Midlands	England
	No.	%	%	%	%
Married couple	4,050	12.5%	12.6%	13.8%	14.4%
Cohabiting couple	1,303	4.0%	5.3%	5.1%	4.5%
Lone parent	1,333	4.1%	6.0%	6.5%	6.9%
Other households	402	1.2%	1.4%	2.4%	2.7%
All other households	25,196	78.0%	74.6%	72.2%	71.5%
Total	32,284	100.0%	100.0%	100.0%	100.0%
Total with dependent children	**7,088**	**22.0%**	**25.4%**	**27.8%**	**28.5%**

Source: Census (2021)

8.16 The table below shows the same information for each of the sub-areas. There is some variation in the proportion of households with dependent children, ranging from 20% in the Peak District, up to 26% in Ashbourne. All areas show a proportion of households with dependent children below regional and national averages.

Table 8.7 Households with dependent children (2021)

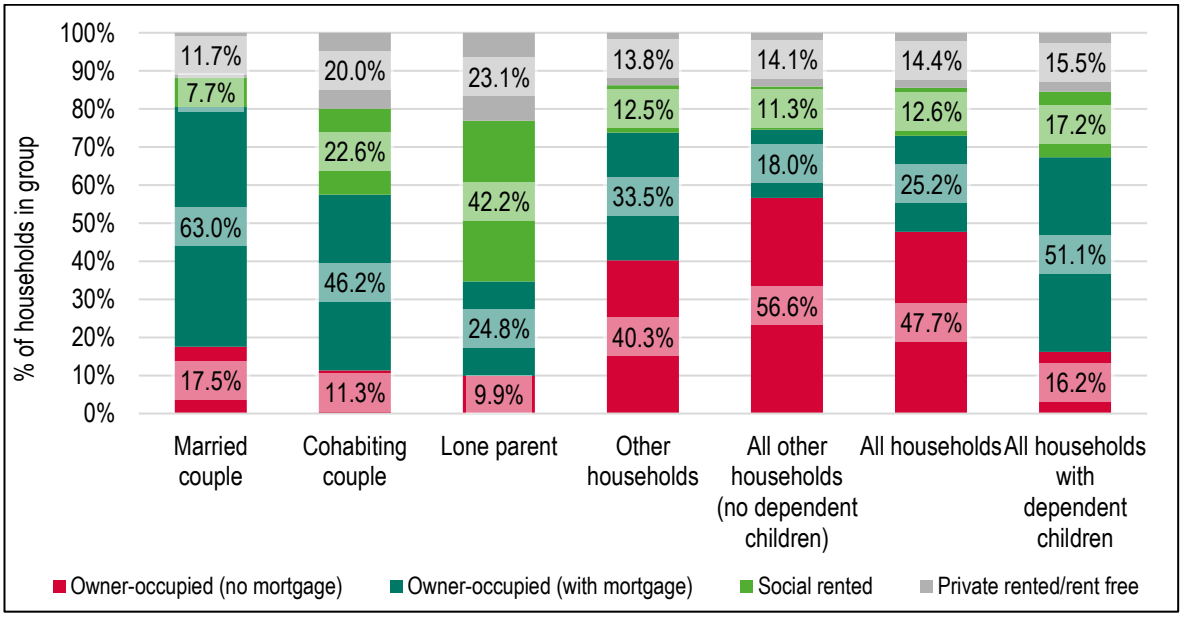
	Ashbourne	Matlock & Wirks-worth	Southern Parishes	Peak District	TOTAL
Married couple	13.8%	11.4%	14.8%	12.4%	12.5%
Cohabiting couple	4.9%	4.5%	3.3%	3.3%	4.0%
Lone parent	5.7%	4.6%	2.9%	3.3%	4.1%
Other households	1.2%	1.1%	1.8%	1.2%	1.2%
All other households	74.4%	78.3%	77.2%	79.9%	78.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Total with dependent children	25.6%	21.7%	22.8%	20.1%	21.9%

Source: Census (2021)

8.17 The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private

rented accommodation. In Derbyshire Dales, only 35% of lone parent households are owner-occupiers compared with 81% of married couples with children.

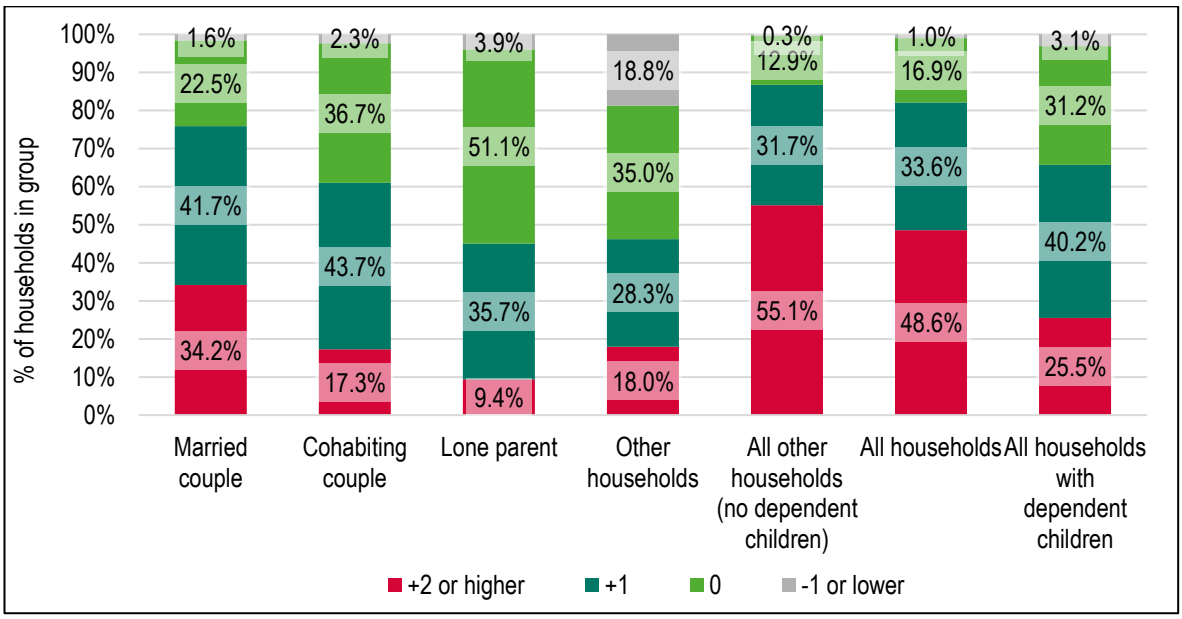
Figure 8.6 Tenure of households with dependent children (2021) – Derbyshire Dales



Source: Census (2021)

8.18 The figure below shows levels of overcrowding and under-occupancy of households with dependent children. This shows higher levels of overcrowding for all household types with dependent children with 4% of all lone parents and 19% of 'other' households being overcrowded. Overall, some 3% of households with dependent children are overcrowded, compared with 0.3% of other households. Levels of under-occupancy are also notably lower in households with dependent children.

Figure 10.1: Occupancy rating of households with dependent children (2021) – Derbyshire Dales



Source: Census (2021)

Modelling Assumptions

8.19 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the local housing need calculated though the standard method, it is possible to see which age groups are expected to change in number, and by how much.

8.20 On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to assess the profile of housing needed is over the assessment period (taken to be 2021-40 to be consistent with other analysis in this report).

8.21 An important starting point is to understand the current balance of housing in the area – the table below profiles the sizes of homes in different tenure groups across areas. The data shows a market stock (owner-occupied) that is dominated by 3+-bedroom homes (making up 78% of the total in this tenure group, a slightly higher proportion to that seen in other areas). The profile of the social rented sector is

broadly similar across areas (slightly more 1-bedroom homes in Derbyshire Dales) whilst the private rented sector is slightly larger than other locations. Observations about the current mix feed into conclusions about future mix later in this section.

Table 8.8 Number of Bedrooms by Tenure, 2021

		Derbyshire Dales	Derbyshire	East Midlands	England
Owner-occupied	1-bedroom	2%	2%	2%	4%
	2-bedrooms	20%	23%	20%	21%
	3-bedrooms	44%	49%	49%	46%
	4+-bedrooms	34%	27%	29%	29%
	Total	100%	100%	100%	100%
	Ave. no. beds	3.10	3.01	3.06	3.01
Social rented	1-bedroom	32%	27%	28%	29%
	2-bedrooms	32%	37%	36%	36%
	3-bedrooms	34%	33%	32%	31%
	4+-bedrooms	3%	3%	4%	4%
	Total	100%	100%	100%	100%
	Ave. no. beds	2.07	2.11	2.11	2.10
Private rented	1-bedroom	13%	13%	14%	21%
	2-bedrooms	41%	45%	39%	39%
	3-bedrooms	35%	35%	36%	29%
	4+-bedrooms	12%	7%	11%	11%
	Total	100%	100%	100%	100%
	Ave. no. beds	2.45	2.36	2.43	2.30

Source: Census (2021)

8.22 The method to consider future housing mix looks at the ages of the Household Reference Persons and how these are projected to change over time. The sub-sections to follow describe some of the key analysis.

Understanding How Households Occupy Homes

8.23 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what

they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.

8.24 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single person households does not automatically translate into a need for smaller units.

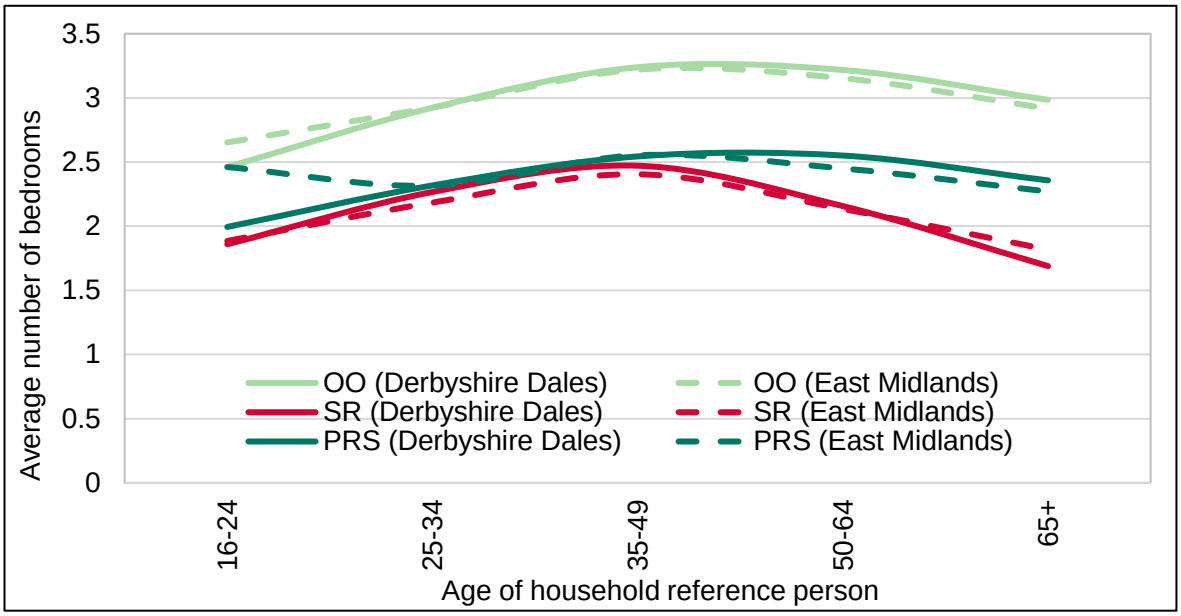
8.25 That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller level access homes would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.

8.26 The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the spare room subsidy (‘bedroom tax’)).

8.27 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups (data being drawn from the 2021 Census).

8.28 The figure below show an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Derbyshire Dales and the East Midlands region. In all sectors the average size of accommodation rises over time to typically reach a peak around the age of 50. After peaking, the average dwelling size decreases – as typically some households downsize as they get older. The analysis identifies only modest differences between Derbyshire Dales and the region with both following similar patterns by age in all tenures.

Figure 10.3: Average Bedrooms by Age and Tenure in Derbyshire Dales



Source: Census (2021)

8.29 The analysis uses the existing occupancy patterns at a local level as a start point for analysis and applies these to the projected changes in Household Reference Person by age discussed below. The analysis has been used to derive outputs for three broad categories. These are:

- **Market Housing** – which is taken to follow the occupancy profiles in the owner-occupied sector;
- **Affordable Home Ownership** – which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government's desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and
- **Rented Affordable Housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include social and affordable rented housing.

Changes to Households by Age

8.30 The table below presents the projected change in households by age of household reference person, this shows growth as being expected in most age groups and in

particular older age groups. The number of households headed by someone aged 50-64 is however projected to decrease by over 10% in the period studied.

Table 8.9 Projected Change in Household by Age of HRP in Derbyshire Dales (linked to Standard Method)

	2017	2040	Change in Households	% Change
Under 25	493	455	-37	-7.6%
25-34	2,143	2,275	132	6.1%
35-49	6,589	6,478	-111	-1.7%
50-64	10,021	8,952	-1,069	-10.7%
65-74	6,186	7,058	872	14.1%
75-84	4,261	7,377	3,115	73.1%
85+	1,742	3,550	1,807	103.7%
TOTAL	31,436	36,144	4,709	15.0%

Source: Demographic Projections

Initial Modelled Outputs

8.31 By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level.

8.32 The table below show the modelled outputs of need by dwelling size in the three broad tenures. Market housing focusses on 3+-bedroom homes, affordable home ownership on 2- and 3-bedroom accommodation and rented affordable housing showing a slightly smaller profile again.

Table 8.10 Initial Modelled Mix of Housing by Size and Tenure

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	3%	28%	49%	20%
Affordable home ownership	14%	41%	35%	10%
Affordable housing (rented)	37%	34%	27%	2%

Source: Housing Market Model

8.33 The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need. The data shows a pattern of need which is focussed on 1-bedroom homes and with around an eighth of households requiring 3+-bedroom accommodation. The figures exclude 60 cases where no size requirement data was available. Whilst the greatest absolute need is for smaller properties, the stock and turnover of larger properties will be lower and needs often more acute – meaning that provision of larger homes is a more pressing priority. These factors are relevant in considering the future mix of homes needed.

Table 8.11 Size of Social/Affordable Rented Housing – Housing Register Information (March 2022)

	Number of households	% of households
1-bedroom	708	68%
2-bedrooms	208	20%
3-bedrooms	90	9%
4+-bedrooms	34	3%
TOTAL	1,040	100%

Source: LAHS

Adjustments for Under-Occupation and Overcrowding

8.34 The analysis above sets out the potential need for housing if occupancy patterns remained the same as they were in 2021 (with differences from the current stock profile being driven by demographic change). It is however worth also considering that the 2021 profile will have included households who are overcrowded (and

therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).

8.35 Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this over time. Indeed, in the future there may be a move away from current (2021) occupancy patterns due to affordability issues (or eligibility in social rented housing) as well as the type of stock likely to be provided (potentially a higher proportion of flats). Further adjustments to the modelled figures above have therefore been made to take account of overcrowding and under-occupancy (by tenure).

8.36 The table below shows a cross-tabulation of a household's occupancy rating and the number of bedrooms in their home (for owner-occupiers). This shows a high number of households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms. There are also a small number of overcrowded households. Overall, in the owner-occupied sector in 2021, there were 21,500 households with some degree of under-occupation and just 132 overcrowded households

Table 8.12 Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector)

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	7,046	6,984	14,030
+1	0	4,004	2,572	862	7,438
0	435	608	805	100	1,948
-1	19	48	48	17	132
TOTAL	454	4,660	10,471	7,963	23,548

Source: Census (2021)

8.37 For completeness the tables below show the same information for the social and private rented sectors. In both cases there are more under-occupying households than overcrowded, but differences are less marked than seen for owner-occupied housing.

Table 8.13 Cross-tabulation of occupancy rating and number of bedrooms (social rented sector)

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	364	46	410
+1	0	763	476	31	1,270
0	1,276	521	458	22	2,277
-1	11	30	74	3	118
TOTAL	1,287	1,314	1,372	102	4,075

Source: Census (2021)

Table 8.14 Cross-tabulation of occupancy rating and number of bedrooms (private rented sector)

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	822	422	1,244
+1	0	1,476	553	94	2,123
0	592	386	223	30	1,231
-1	17	28	15	2	62
TOTAL	609	1,890	1,613	548	4,660

Source: Census (2021)

8.38 In using this data in the modelling, an adjustment is made to move some of those who would have been picked up in the modelling as under-occupying into smaller accommodation. Where there is under-occupation by 2 or more bedrooms, the adjustment takes 25% of this group and assigns to a '+1' occupancy rating and a further 12.5% (i.e. an eighth) to a '0' rating. For households with one spare bedroom, 12.5% are assigned to a '0' rating (with the others remaining as '+1'). These do need to be recognised as assumptions, but can be seen to be reasonable as they do retain some degree of under-occupation (which is likely) but does also seek to model a better match between household needs and the size of their home. For overcrowded households a move in the other direction is made, in this case households are moved up as many bedrooms as is needed to resolve the problems (this is applied for all overcrowded households).

8.39 The adjustments for under-occupation and overcrowding lead to the suggested mix as set out in the following table. It can be seen that this tends to suggest a

smaller profile of homes as being needed (compared to the initial modelling) with the biggest change being in the market sector – which was the sector where under-occupation is currently most notable.

Table 8.15 Adjusted Modelled Mix of Housing by Size and Tenure

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	10%	40%	39%	12%
Affordable home ownership	20%	45%	28%	7%
Affordable housing (rented)	40%	36%	21%	3%

Source: Housing Market Model (with adjustments)

8.40 Across the District, the analysis points to around two-fifths of the social/affordable housing need being for 1-bedroom homes and it is of interest to see how much of this is due to older person households. In the future household sizes are projected to drop whilst the population of older people will increase. Older person households (as shown earlier) are more likely to occupy smaller dwellings. The impacts of older people have on demand for smaller stock is outlined in the table below.

8.41 This indeed identifies a larger profile of homes needed for households where the household reference person is aged Under 65, with a concentration of 1-bedroom homes for older people. This information can be used to inform the mix required for General Needs rather than Specialist Housing, although it does need to be noted that not all older people would be expected to live in homes with some form of care or support.

Table 8.16 Adjusted Modelled Mix of Housing by Size and Age – affordable housing (rented) – Derbyshire Dales

Age of HRP	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Under 65	34%	39%	23%	4%
65 and over	52%	48%		
All affordable housing (rented)	40%	36%	21%	3%

Source: Housing Market Model (with adjustments)

8.42 A further analysis of the need for rented affordable housing is to compare the need with the supply (turnover) of different sizes of accommodation. This links back to estimates of need in the previous section (an annual need for 115 dwellings per annum) with additional data from CoRe about the sizes of homes let over the past three years.

8.43 This analysis is quite clear in showing the very low supply of larger homes relative to the need for 4+-bedroom accommodation where it is estimated the supply is only around 20% of the need arising each year, whereas for all other sizes in excess of 50% of the need can be met.

Table 8.17 Need for rented affordable housing by number of bedrooms

	Gross Annual Need	Gross Annual Supply	Net Annual Need	As a % of total net annual need	Supply as a % of gross need
1-bedroom	88	49	38	33.5%	56.1%
2-bedrooms	110	65	45	39.3%	59.1%
3-bedrooms	57	31	26	22.8%	54.2%
4+-bedrooms	6	1	5	4.4%	19.5%
Total	261	146	115	100.0%	56.1%

Source: Derived from a range of sources

Indicative Targets for Different Sizes of Property by Tenure

8.44 The analysis below provides some indicative targets for different sizes of home (by tenure). The conclusions take account of a range of factors, including the modelled outputs and an understanding of the stock profile in different locations. The analysis (for rented affordable housing) also draws on the Housing Register data as well as taking a broader view of issues such as the flexibility of homes to accommodate changes to households (e.g. the lack of flexibility offered by a 1-bedroom home for a couple looking to start a family).

Social/Affordable Rented

8.45 Bringing together the above, a number of factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is likely that households with a need for larger homes will have greater priority (as they are more likely to contain children). That said, there is also a possible need for 1-bedroom social housing arising due to homelessness (typically homeless households are more likely to by younger single people).

8.46 As noted, the conclusions also consider the Housing Register and also take account of the current profile of housing in this sector. In taking account of the modelled outputs, the Housing Register and the discussion above, it is suggested that the following mix of social/affordable rented housing would be appropriate:

Table 8.18 Recommended Mix for Rented Affordable Housing

Unit Size	General Needs	Housing for Older People
1-bed	35%	55%
2-bed	35%	45%
3-bed	20%	
4+ bed	10%	

Affordable Home Ownership

8.47 In the affordable home ownership and market sectors a profile of housing that closely matches the outputs of the modelling is suggested. It is considered that the provision of affordable home ownership should be more explicitly focused on delivering smaller family housing for younger households and childless couples. Based on this analysis, it is suggested that the following mix of affordable home ownership would be appropriate:

Table 8.19 Recommended Mix for Affordable Home Ownership Housing

Unit Size	Derbyshire Dales
1-bed	20%
2-bed	50%
3-bed	25%
4+ bed	5%

8.48 We would expect schemes of houses (rather than flats) to focus on 2- and 3-bed properties.

Market Housing

8.49 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile (as well as observations about the current mix when compared with other locations and also the potential to slightly reduce levels of under-occupancy). The conclusions have also slightly boosted figures for larger (4+-bedroom) homes and

away from 1-bedroom accommodation to provide more flexibility and to recognise the potential for a general increase in home working (and therefore households seeking an extra room/bedroom to use as office space). This sees a slightly larger recommended profile compared with other tenure groups:

Table 8.20 Recommended Mix for Market Housing

Unit Size	Derbyshire Dales
1-bed	5%
2-bed	40%
3-bed	40%
4+ bed	15%

8.50 Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market, it does not necessarily follow that such prescriptive figures should be included in the plan making process (although it will be useful to include an indication of the broad mix to be sought across the Council area) – demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.

8.51 The suggested figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area. The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Council could expect justification for a housing mix on such sites which significantly differs from that modelled herein.

8.52 Site location and area character are also however relevant considerations the appropriate mix of market housing on individual development sites.

Smaller-area Housing Mix

8.53 The analysis above has focussed on overall District-wide needs with conclusions at the strategic level. It should however be recognised that there will be variations in the need within areas due to the different role and function of a location and the specific characteristics of local households (which can also vary over time). This report does not seek to housing mix at a sub-area or more local level, although the report does contain a range of data that can help inform specific local issues (including data about household composition, current housing mix and overcrowding/under-occupation). Below are some points for consideration when looking at needs in any specific location:

a. Whilst there are modest differences in the stock profile in different locations this should not necessarily be seen as indicating particular surpluses or shortfalls of particular types and sizes of homes;

b. As well as looking at the stock, an understanding of the role and function of areas is important. For example, areas traditionally favoured by family households might be expected to provide a greater proportion of larger homes;

c. That said, some of these areas will have very few small/cheaper stock and so consideration needs to be given to diversifying the stock; and

d. The location/quality of sites will also have an impact on the mix of housing. For example, brownfield sites in urban locations may be more suited to flatted development (as well as recognising the point above about role and function) whereas a more suburban/rural site may be more appropriate for family housing. Other considerations (such as proximity to public transport) may impact on a reasonable mix at a local level.

8.54 Overall, it is suggested the Council should broadly seek the same mix of housing in all locations but would be flexible to a different mix where specific local characteristics suggest. The Council should also monitor what is being built to ensure that a reasonable mix is provided in a settlement overall. For example, if a recent housing site has provided nothing but 4+-bedroom ‘executive’ homes, then it could be expected that the next site in a similar location might provide a mix which includes more homes for younger/smaller family households and childless couples.

8.55 Additionally, in the affordable sector it may be the case that Housing Register data for a smaller area identifies a shortage of housing of a particular size/type which could lead to the mix of housing being altered from the overall suggested requirement.

Built-form

8.56 A final issue is a discussion of the need/demand for different built-forms of homes. In particular this discussion focusses on bungalows and the need for flats vs. houses.

Bungalows

8.57 The sources used for analysis in this report make it difficult to quantify a need/demand for bungalows in the Council area as Census data (which is used to look at occupancy profiles) does not separately identify this type of accommodation. Data from the Valuation Office Agency (VOA) does however provide estimates of the number of bungalows (by bedrooms) although no tenure split is available.

8.58 The table below shows a notable proportion of homes in Derbyshire Dales are bungalows (12% of all flats and houses). The majority of bungalows have 2- or 3-bedrooms bedrooms (81% of the total). A slightly lower proportion (9%) of homes across England are bungalows.

Table 8.21 Number of dwellings by property type and number of bedrooms (March 2020)

	Number of bedrooms					All
	1	2	3	4+	Not Known	
Bungalow	450	1,740	1,470	290	10	3,960
Flat/Maisonette	1,530	1,430	240	50	10	3,250
Terraced house	370	3,310	3,100	540	10	7,330
Semi-detached house	160	2,260	5,450	840	20	8,720
Detached house	120	1,290	4,140	4,670	60	10,280
All flats/houses	2,630	10,030	14,400	6,390	110	33,540
Annexe	-	-	-	-	-	130
Other	-	-	-	-	-	50
Unknown	-	-	-	-	-	680
All properties	-	-	-	-	-	34,390

Source: Valuation Office Agency

8.59 In general, discussions with local estate agents (discussions nationally) find that there is a demand for bungalows and in addition, analysis of survey data (in other locations) points to a high demand for bungalows (from people aged 65 and over in particular).

8.60 Bungalows are often the first choice for older people seeking suitable accommodation in later life and there is generally a high demand for such accommodation when it becomes available (this is different from specialist accommodation for older people which would have some degree of care or support).

8.61 As a new build option, bungalows are often not supported by either house builders or planners (due to potential plot sizes and their generally low densities). There may, however, be instances where bungalows are the most suitable house type for a particular site; for example, to overcome objections about dwellings overlooking existing dwellings or preserving sight lines.

8.62 There is also the possibility of a wider need/demand for retirement accommodation. Retirement apartments can prove very popular if they are well

located in terms of access to facilities and services, and environmentally attractive (e.g. have a good view). However, some potential purchasers may find high service charges unacceptable or unaffordable and new build units may not retain their value on re-sale.

8.63 Overall, the Council could consider the potential role of bungalows as part of the future mix of housing. Such housing may be particularly attractive to older owner-occupiers (many of whom are equity-rich) which may assist in encouraging households to downsize. However, the downside to providing bungalows is that they are relatively land intensive and this may limit opportunities for development – particularly in more urban locations.

8.64 Bungalows are likely to see a particular need and demand in the market sector and also for rented affordable housing (for older people as discussed in the next section of the report). Bungalows are likely to particularly focus on 2-bedroom homes, including in the affordable sector where such housing may encourage households to move from larger ‘family-sized’ accommodation (with 3+-bedrooms).

Flats versus Houses

8.65 Although there are some 1-bedroom houses and 3-bedroom flats, it is considered that the key discussion on built-form will be for 2-bedroom accommodation, where it might be expected that there would be a combination of both flats and houses. At a national level, 82% of all 1-bedroom homes are flats, 38% of 2-bedroom homes and just 5% of homes with 3-bedrooms.

8.66 The table below shows (for 2-bedroom accommodation) the proportion of homes by tenure that are classified as a flat, maisonette or apartment in Derbyshire Dales, the East Midlands and England. This shows a low proportion of flats in Derbyshire Dales (17% of all 2-bedroom homes). This would arguably point to the majority of 2-bedroom homes in the future being houses. The analysis does also show a higher proportion of flats in the social and private rented sectors (although it is still the case that the majority of homes in these sectors are houses.

Table 8.22 Proportion of homes that are a flat, maisonette or apartment (by tenure and dwelling size)

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Owner-occupied	31%	9%	1%	0%
Social rented	69%	38%	1%	11%
Private rented	57%	21%	6%	4%
All	58%	17%	2%	1%

Source: 2021 Census

8.67 As noted, this analysis would suggest that most 2-bedroom homes should be built as houses (or bungalows) rather than flats given the nature of the current stock. Any decisions will have to take account of site characteristics, which in some cases might point towards flatted development as being most appropriate. The analysis would suggest that the affordable sector might be expected to see a higher proportion of flats than for market housing.

Summary

8.68 Analysis of the future mix of housing required takes account of demographic change, including potential changes to the number of family households and the ageing of the population. The proportion of households with dependent children in Derbyshire Dales is relatively low with around 22% of all households containing dependent children in 2021 (compared with around 28% regionally and 29% nationally). There are notable differences between different types of household, with married couples (with dependent children) seeing a high level of owner-occupation, whereas as lone parents are particularly likely to live in social or private rented accommodation.

8.69 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. The analysis linked to future demographic change concludes that the following represents an appropriate mix of affordable and market homes, this takes account of both household changes and the ageing of the population – the analysis also

models for there to be a modest decrease in levels of under-occupancy (which is notable in the market sector).

8.70 In all sectors the analysis points to a particular need for 2-bedroom accommodation, with varying proportions of 1-bedroom and 3+-bedroom homes. For general need rented affordable housing there is a clear need for a range of different sizes of homes, including 30% to have at least 3-bedrooms. Our recommended mix is set out below:

Table 8.23 Recommended Housing Mix – Derbyshire Dales

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

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

8.72 The mix identified above could inform strategic policies although a flexible approach should be adopted. For example, in some areas Registered Providers find difficulties selling 1-bedroom affordable home ownership (AHO) homes and therefore the 1-bedroom elements of AHO might be better provided as 2-bedroom accommodation. That said, given current house prices there are potential difficulties in making (larger) AHO genuinely affordable.

8.73 Additionally, in applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.

8.74 Given the nature of the area and the needs identified, the analysis suggests that the majority of units should be houses rather than flats although consideration will also need to be given to site specific circumstances (which may in some cases lend themselves to a particular type of development). There is potentially a demand for bungalows, although realistically significant delivery of this type of accommodation may be unlikely. It is however possible that delivery of some bungalows might be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into family use.

9. Older People and Disabilities

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

Understanding the Implications of Demographic Change

9.2 At a national level, the population of older persons is increasing, and this will potentially drive a need for housing which is capable of meeting the needs of older persons. Initially below a series of statistics about the older person population of Derbyshire Dales are presented.

Current Population of Older People

9.3 The table below provides baseline population data about older persons in Derbyshire Dales and compares this with other areas. The table shows the District has an older age structure than seen regionally or nationally with 28% of the population being aged 65 and over in 2021. The proportion of people aged 75 and over and 85 and over is also above equivalent figures for other areas.

Table 9.1 Older Persons Population, 2021

	Derbyshire Dales	Derbyshire	East Midlands	England
Under 65	71.9%	77.8%	80.4%	81.5%
65-74	14.8%	12.0%	10.5%	9.8%
75-84	9.6%	7.6%	6.6%	6.2%
85+	3.6%	2.7%	2.5%	2.5%
Total	100.0%	100.0%	100.0%	100.0%
Total 65+	28.1%	22.2%	19.6%	18.5%
Total 75+	13.2%	10.2%	9.1%	8.7%

Source: ONS

9.4 The table below shows the same data for the four sub-areas. This is based on the 2021 Census and so is very slightly different to mid-year population estimates (MYE) as shown above. The analysis points to some variation in the proportion of older people, this being notably higher in the Peak District (lowest in Ashbourne). All areas have an older age structure than seen regionally or nationally.

Table 9.2 Older Persons Population, 2021 – by sub-area

	Ashbourne	Matlock & Wirksworth	Southern Parishes	Peak District	TOTAL
Under 65	76.2%	71.7%	74.9%	69.0%	72.0%
65-74	12.2%	15.2%	13.8%	16.3%	14.9%
75-84	8.1%	9.5%	8.7%	10.7%	9.5%
85+	3.4%	3.7%	2.7%	4.0%	3.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Total 65+	23.8%	28.3%	25.1%	31.0%	28.0%
Total 75+	11.5%	13.1%	11.3%	14.7%	13.1%

Source: Census (2021)

Projected Future Change in the Population of Older People

9.5 Population projections can next be used to provide an indication of how the number of older persons might change in the future with the table below showing that Derbyshire Dales is projected to see a notable increase in the older person population. The projection linked to the Standard Method shows a projected increase in the population aged 65+ of around 43% - the population aged Under 65 is in contrast projected to see a modest decrease (5% decline).

9.6 In total population terms, the projections show an increase in the population aged 65 and over of 8,100 people. This is against a backdrop of an overall increase of 5,400 – population growth of people aged 65 and over therefore accounts for over 100% of the total projected population change (as the population under 65 is projected to fall).

Table 9.3 Projected Change in Population of Older Persons, 2017 to 2040 – Derbyshire Dales (linking to Standard Method)

	2017	2040	Change in population	% change
Under 65	52,115	49,418	-2,697	-5.2%
65-74	10,730	12,205	1,475	13.7%
75-84	5,860	10,062	4,202	71.7%
85+	2,387	4,839	2,452	102.7%
Total	71,092	76,524	5,432	7.6%
Total 65+	18,977	27,106	8,129	42.8%
Total 75+	8,247	14,901	6,654	80.7%

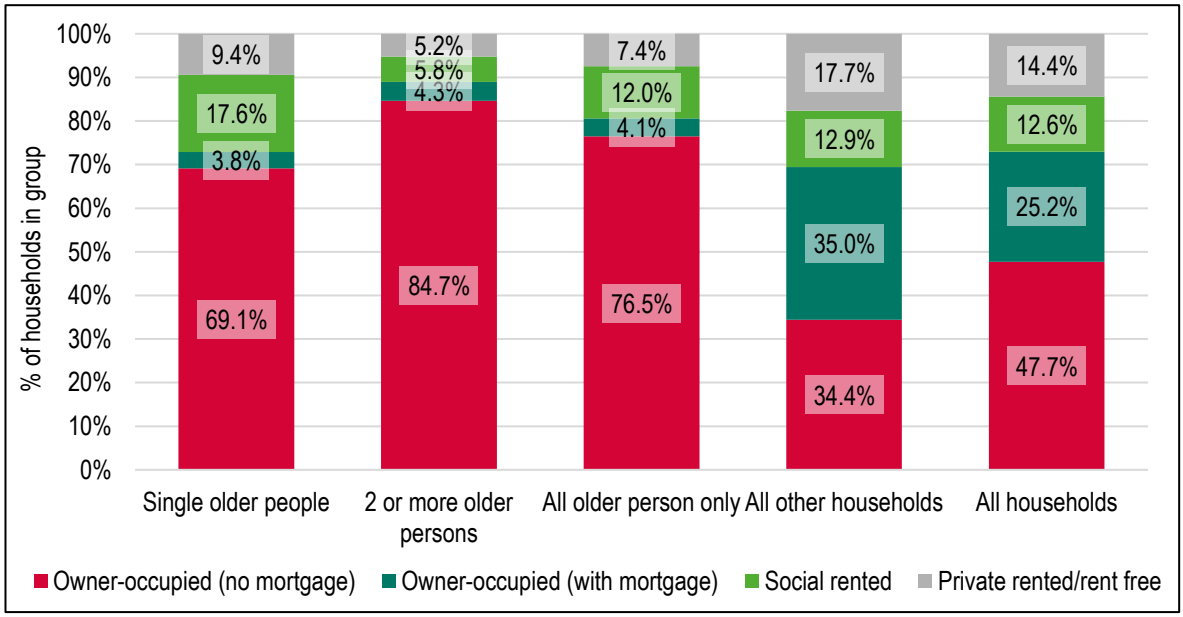
Source: Demographic projections

Characteristics of Older Person Households

9.7 The figures below show the tenure of older person households. The data has been split between single older person households and those with two or more older people (which will largely be couples). The data shows that the majority of older persons households are owner occupiers (81% of older person households), and indeed most are owner occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home. Some 12% of older persons households live in the social rented sector and the proportion of older person households living in the private rented sector is relatively low (about 7%).

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

Figure 9.1 Tenure of Older Persons Households in Derbyshire Dales, 2021



Source: 2021 Census

Prevalence of Disabilities

9.9 The table below shows the proportion of people who are disabled under the Equality Act, drawn from 2021 Census data, and the proportion of households where at least one person has a disability. The data suggests that some 32% of households in the District contain someone with a disability. This figure is similar to that seen nationally but below the County and regional average. The figures for the population with a disability show similar proportions to the region but a higher proportion than seen nationally – some 18% of the population having a disability.

Table 9.4 Households and People with a Disability, 2021

	Households Containing Someone with a Disability		Population with a Disability	
	No.	%	No.	%
Derbyshire Dales	10,310	31.9%	13,177	18.4%
Derbyshire	123,349	34.8%	159,439	20.1%
East Midlands	680,791	33.4%	894,920	18.3%
England	7,507,886	32.0%	9,774,510	17.3%

Source: 2021 Census

9.10 The table below shows the same information for sub-areas – this shows a higher proportion of population and households in Matlock & Wirksworth with a disability and lower proportions in the Southern Parishes.

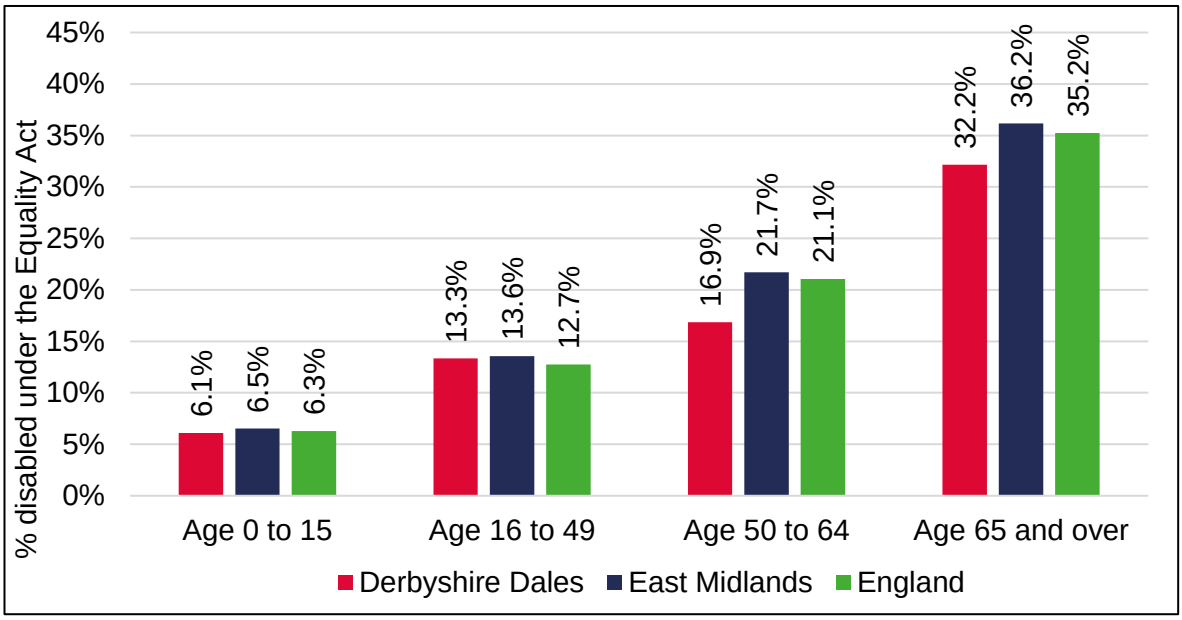
Table 9.5 Households and People with a Disability, 2021 – sub-areas

	Households Containing Someone with a Disability		Population with a Disability	
	No.	%	No.	%
Ashbourne	1,562	31.3%	2,007	18.0%
Matlock & Wirksworth	4,269	33.7%	5,510	20.1%
Southern Parishes	1,185	28.5%	1,550	15.3%
Peak District	3,284	31.4%	4,095	17.9%
TOTAL	10,300	31.9%	13,162	18.4%

Source: 2021 Census

9.11 The figure below shows the age bands of people with a disability. It is clear from this analysis that those people in the oldest age bands are more likely to have a disability. For older age groups, the analysis also shows lower levels of disability in each age band within Derbyshire Dales when compared with the national position.

Figure 9.2 Population with Disability by Age



Source: 2021 Census

Health Related Population Projections

9.12 The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population. The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. Adjustments have been made to take account of the age specific health/disabilities previously shown.

9.13 Of particular note are the large increases in the number of older people with dementia (increasing by 74% from 2017 to 2040 and mobility problems (up 61% over the same period). Changes for younger age groups are smaller (negative), reflecting the fact that projections are expecting older age groups to see the greatest proportional increases in population. When related back to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents around 34% of total projected population growth.

Table 9.6 Projected Changes to Population with a Range of Disabilities – Derbyshire Dales

Disability	Age Range	2017	2040	Change	% Change
Dementia	65+	1,157	2,013	855	73.9%
Mobility problems	65+	3,089	4,962	1,872	60.6%
Autistic Spectrum Disorders	18-64	377	352	-24	-6.5%
	65+	163	235	72	44.4%
Learning Disabilities	15-64	968	916	-53	-5.4%
	65+	361	512	150	41.6%
Impaired mobility	16-64	2,431	2,293	-137	-5.6%

Source: POPPI/PANSI and Demographic Projections

9.14 Invariably, there will be a combination of those with disabilities and long-term health problems that continue to live at home with family, those who chose to live independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.

9.15 The projected change shown in the number of people with disabilities provides clear evidence justifying delivering 'accessible and adaptable' homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability. The Council should ensure that the viability of doing so is also tested as part of drawing together its evidence base although the cost of meeting this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.

Need for Specialist Accommodation for Older People

9.16 Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options moving forward. The box below shows the different types of older persons housing which are considered.

Definitions of Different Types of Older Persons' Accommodation

Age-restricted general market housing: This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.

Retirement living or sheltered housing (housing with support): This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services, but provides some support to enable residents to live independently. This can include 24-hour on-site assistance (alarm) and a warden or house manager.

Extra care housing or housing-with-care (housing with care): This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents are able to live independently with 24-hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.

Residential care homes and nursing homes (care bedspaces): These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

Source: Planning Practice Guidance [63-010]

9.17 The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes and considering the level of existing supply. There is no standard methodology for assessing the housing and care needs of older people. The current and future demand for elderly care is influenced by a host of factors including the balance between demand and supply in any given area and social, political, regulatory and financial issues. Additionally, the extent to which new homes are built to accessible and adaptable standards may over time have an impact on specialist demand (given that older people often want to remain at home rather than move to care) – this will need to be monitored.

9.18 There are a number of ‘models’ for considering older persons’ needs, but they all essentially work in the same way. The model results are however particularly sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged over 75 who could be expected to live in different forms of specialist housing. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.

9.19 Whilst there are no definitive rates, the PPG [63-004] notes that ‘the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example SHOP@ for Older People Analysis Tool)’. The PPG does not specifically mention any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the Shop@ online toolkit although the base rates used for analysis are known.

9.20 The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publications). In 2016, Housing LIN published a review document which noted that the 2008 rates are ‘outdated’ but also noting that the rates from 2011/12 were ‘not substantiated’. The 2016 review document therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website.

9.21 Whilst the 2016 review rates do not appear to have ever led to an update of the website, it does appear from reviewing work by Housing LIN over the past couple of years as if it is these rates which typically inform their own analysis (subject to evidence based localised adjustments).

9.22 For clarity, the table below shows the base prevalence rates set out in the various documents described above. For the analysis in this report the age-restricted and retirement/sheltered have been merged into a single category (housing with support).

Table 9.7 Range of suggested baseline prevalence rates from a number of tools and publications

Type/Rate	SHOP@ (2008)[4]	Housing in Later Life (2012)[5]	2016 Housing LIN Review
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 ('proactive range')
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: Housing LIN

9.23 In interpreting the different potential prevalence rates it is clear that:

- The prevalence rates used should be considered and assessed taking account of an authority's strategy for delivering specialist housing for older people. The degree for instance which the Council want to require extra care housing as an alternative to residential care provision would influence the relative balance of need between these two housing types;

- The Housing LIN model has been influenced by existing levels of provision and their view on what future level of provision might be reasonable taking account of how the market is developing, funding availability etc. It is more focused towards publicly commissioned provision. There is a degree to

[4] Based on the More Choice Greater Voice publication of 2008 (https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf). It should be noted that although these rates are from 2008, they are the same rates as were being used in the online toolkit when it was taken offline in 2019.

[5] https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf

which the model and assumptions within it may not fully capture the growing recent private sector interest and involvement in the sector, particularly in extra care; and

- The assumptions in these studies look at the situation nationally. At a more local level, the relative health of an area's population is likely to influence the need for specialist housing with better levels of health likely to mean residents are able to stay in their own homes for longer.

9.24 These issues are considered to provide appropriate modelling assumptions for assessing future needs. Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focussing where possible on providing households with care in their own home. This could however be provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing.

9.25 We consider that the prevalence rates shown in the 2016 Housing LIN Review is an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).

9.26 Rather than simply taking the base prevalence rates, an initial adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 65 and over who have a long-term health problem or disability (LTHPD) compared with the England average. In Derbyshire Dales, the data shows slightly better health in the older person population and so a modest reduction has been made to the prevalence rates.

9.27 A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a higher proportion of their specialist housing to be in the market sector. Using 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests Derbyshire Dales is the 265th most deprived local authority in England (out of 317) – i.e. a lower than average level of deprivation – this suggests a greater proportion of market housing than a local authority in the middle of the range (for housing with support and housing with care).

9.28 The table below shows estimated needs for different types of housing linked to the population projections. The analysis is separated into the various different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation).

9.29 Overall, the analysis suggests that there will be a need for housing with support (retirement/sheltered housing) with around two-thirds in the market sector. The analysis also points to a strong potential need for housing with care (e.g. extra-care) in both the market and affordable sectors (65% market housing). The analysis also suggests a need for some additional nursing and residential care bedspaces although need and supply are currently broadly in balance.

Table 9.8 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2017-40 – Derbyshire Dales

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall / surplus (-ve)	Addition-al demand to 2040	Shortfall /surplus by 2040
Housing with support	Market	70	73	581	508	469	977
	Affordable	50	295	410	115	331	445

Total (housing with support)		**120**	**368**	**991**	**623**	**800**	**1,423**
Housing with care	Market	31	152	254	102	205	306
	Affordable	13	22	103	81	83	164
Total (housing with care)		**43**	**174**	**357**	**183**	**288**	**471**
Residential care bedspaces		38	316	317	1	256	257
Nursing care bedspaces		43	389	357	-32	288	256
Total bedspaces		**82**	**705**	**674**	**-31**	**544**	**513**

Source: Derived from Demographic Projections and Housing LIN/EAC

9.30 The provision of a choice of attractive housing options to older households is a component of achieving good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will also provide the opportunity for older households to 'rightsize' which can help improve their quality of life.

9.31 It should also be noted that within any category of need there may be a range of products. For example, many recent market extra-care schemes have tended to be focused towards the 'top-end' of the market and may have significant service charges (due to the level and quality of facilities and services). Such homes may therefore only be affordable to a small proportion of the potential market, and it will be important for the Council to seek a range of products that will be accessible to a wider number of households if needs are to be met.

Wheelchair User Housing

9.32 The analysis below draws on secondary data sources to estimate the number of current and future wheelchair users and to estimate the number of wheelchair accessible/adaptable dwellings that might be required in the future. Estimates of need produced in this report draw on data from the English Housing Survey (EHS)

– mainly 2018/19 data. The EHS data used includes the age structure of wheelchair users, information about work needed to homes to make them 'visitable' for wheelchair users and data about wheelchair users by tenure.

9.33 The table below shows at a national level the proportion of wheelchair user households by the age of household reference person. Nationally, around 3.4% of households contain a wheelchair user – with around 1% using a wheelchair indoors. There is a clear correlation between the age of household reference person and the likelihood of there being a wheelchair user in the household.

Table 9.9 Proportion of wheelchair user households by age of household reference person – England

Age of household reference person	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only	TOTAL
24 and under	99.4%	0.3%	0.0%	0.3%	100.0%
25-34	99.3%	0.3%	0.1%	0.2%	100.0%
35-49	98.2%	0.5%	0.1%	1.2%	100.0%
50-64	96.9%	0.7%	0.4%	2.0%	100.0%
65 and over	93.1%	0.9%	0.4%	5.6%	100.0%
All households	96.6%	0.6%	0.3%	2.5%	100.0%

Source: English Housing Survey (2018/19)

9.34 The prevalence rate data can be brought together with information about the household age structure and how this is likely to change moving forward - adjustments have also been made to take account of the relative health (by age) of the population. The data estimates a total of 1,000 wheelchair user households in 2017, and that this will rise to 1,313 by 2040.

Table 9.10 Estimated number of wheelchair user households (2017-40) – Derbyshire Dales

	Prevalence rate (% of households)	Households 2021	Households 2040	Wheelchair user households (2021)	Wheelchair user households (2040)
24 and under	1.2%	493	455	6	6
25-34	0.7%	2,143	2,275	16	17
35-49	1.4%	6,589	6,478	93	91
50-64	1.8%	10,021	8,952	182	163
65 and over	5.8%	12,190	17,984	703	1,037
All households	-	31,436	36,144	1,000	1,313

Source: Derived from a range of sources

9.35 The finding of an estimated current number of wheelchair user households does not indicate how many homes might be need for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation, or a move to an alternative home. Data from the EHS (2014-15) shows that of the 814,000 wheelchair user households, some 200,000 live in a home that would either be problematic or not feasible to make fully ‘visitable’ – this is around 25% of wheelchair user households.

9.36 Applying this to the current number of wheelchair user households and adding the additional number projected forward suggests a need for around 563 additional wheelchair user homes in the 2017-40 period. If the projected need is also discounted to 25% of the total (on the basis that many additional wheelchair user households will already be in accommodation) leads to a need estimate of 328 homes. These figures equate to a need for 14-24 dwellings per annum.

Table 9.11 Estimated need for wheelchair user homes, 2017-40

	Current need	Projected need (2017-40)	Total current and future need
Total	250	313	563
@ 25% of projection	250	78	328

Source: Derived from a range of sources

9.37 Furthermore, information in the EHS (for 2018/19) also provides national data about wheelchair users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair uses (including 2.2% using a wheelchair indoors), compared with 3.1% of owner-occupiers (0.7% indoors). These proportions can be expected to increase with an ageing population but do highlight the likely need for a greater proportion of social (affordable) homes to be for wheelchair users.

Table 9.12 Proportion of wheelchair user households by tenure of household reference person – England

Tenure	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only	TOTAL
Owners	96.9%	0.5%	0.2%	2.4%	100.0%
Social sector	92.9%	1.6%	0.6%	4.8%	100.0%
Private renters	98.8%	0.1%	0.1%	0.9%	100.0%
All households	96.6%	0.6%	0.3%	2.5%	100.0%

Source: English Housing Survey (2018/19)

9.38 To meet the identified need, the Council could seek a proportion (maybe up to 5%) of all new market homes to be M4(3) compliant and potentially a higher figure in the affordable sector (say 10%). These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.

9.39 As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore,

provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build out costs (see table below).

9.40 It is worth noting that the Government has recently reported on a consultation on changes to the way the needs of people with disabilities and wheelchair users are planned for as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds[6].

9.41 The key outcome is: 'Government is committed to raising accessibility standards for new homes. We have listened carefully to the feedback on the options set out in the consultation and the government response sets out our plans to mandate the current M4(2) requirement in Building Regulations as a minimum standard for all new homes'. This change is due to shortly be implemented though a change to building regulations.

9.42 The consultation outcome still requires a need for M4(3) dwellings to be evidenced, stating 'M4(3) (Category 3: Wheelchair user dwellings) would continue as now where there is a local planning policy in place in which a need has been identified and evidenced. Local authorities will need to continue to tailor the supply of wheelchair user dwellings to local demand'.

9.43 As well as evidence of need, the viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target. The table below shows estimated costs for different types of accessible dwellings, taken from research sitting behind the initial PPG on accessible housing – these costings are now 8-year old but do still provide an indication of the relative costs of different options.

[6] https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes

Table 9.13 Access Cost Summary

	1-Bed Apartment	2-Bed Apartment	2-Bed Terrace	3-Bed Semi Detached	4-Bed Semi-Detached
M4(2)	£940	£907	£523	£521	£520
M4(3)(A) – Adaptable	£7,607	£7,891	£9,754	£10,307	£10,568
M4(3)(B) – Accessible	£7,764	£8,048	£22,238	£22,791	£23,052

Source: EC Harris, 2014

9.44 It should be noted that local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.

9.45 A further option for the Council would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which they have nomination rights. This would address any under delivery from other schemes (including schemes due to their size e.g. less than 10 units or 1,000 square metres) but also recognise the fact that there is a higher prevalence for wheelchair use within social rent tenures. This should be considered when setting policy.

Summary

9.46 A range of data sources and statistics have been accessed to consider the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. The analysis responds to Planning Practice Guidance on Housing for Older and Disabled People published by Government in June 2019 and includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

9.47 The data shows that Derbyshire Dales has an older age structure and similar levels of disability when compared with the national average. The older person population shows high proportions of owner-occupation, and particularly outright owners who may have significant equity in their homes (81% of all older person households are outright owners).

9.48 The older person population is projected to increase notably moving forward. An ageing population means that the number of people with disabilities is likely to increase substantially. Key findings for the 2017-40 period include:

- a 43% increase in the population aged 65+ (potentially accounting for over 100% of total population growth);
- an 74% increase in the number of people aged 65+ with dementia and 61% increase in those aged 65+ with mobility problems;
- a need for around 800 housing units with support (sheltered/retirement housing) – around two-thirds in the market sector;
- a need for around 500 additional housing units with care (e.g. extra-care) – again split between market and affordable housing (around two-thirds market);
- a need for additional nursing and residential care bedspaces but current need and supply in broad balance; and
- a need for 330-560 dwellings to be for wheelchair users (meeting technical standard M4(3)).

9.49 This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision of older persons housing. Given the evidence, the Council could consider (as a start point) requiring all dwellings (in all tenures) to meet the M4(2) standards and around 5% of homes meeting M4(3) – wheelchair user dwellings in the market sector (a higher proportion of around a tenth in the affordable sector).

9.50 Where the authority has nomination rights M4(3) would be wheelchair accessible dwellings (constructed for immediate occupation) and in the market sector they should be wheelchair user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair user). It should however be noted that there will be cases where this may not be possible (e.g. due to viability or site-specific circumstances) and so any policy should be applied flexibly.

9.51 In framing policies for the provision of specialist older persons accommodation, the Council will need to consider a range of issues. This will include the different use classes of accommodation (i.e. C2 vs. C3) and requirements for affordable housing contributions (linked to this the viability of provision). There may also be some practical issues to consider, such as the ability of any individual development being mixed tenure given the way care and support services are paid for).

10. Employment Land Requirements

Findings from the Previous Study

10.1 The 2020 Employment Land Review recommended to plan for 12.7 ha of employment land from 2017 to 2040, which factors in lower office need and draws on labour demand modelling. The District could consider a higher rate of 15-16 ha or more, based on new build completions and net absorption trends.

10.2 These requirements included a sensitivity which reduced office need by 50% to reflect changing working patterns following the COVID-19 pandemic; a 7.5% uplift to allow for vacant floorspace to support turnover and improvements to stock and a 5-year margin based on past employment land take-up (0.83 ha per annum).

10.3 Employment floorspace requirements were reported as:

- Office: focus of sub-5,000 sqft (typically 1,500 sqft) lease market and occasional owner occupiers, spread across the District's towns but most active in Matlock. Quality broadband infrastructure remains a top priority and spaces over shops and premises such as Hathersage Park and Cromford Mill reflect the diverse requirements.

- Industrial: Demand is focused on a mix of new and old sub-5,000 sqft (typically 1,000-3,000 sqft) of light industrial or B8 (storage) accommodation. Historically there has been an undersupply which has constrained business choice and potentially growth. There is demand for newer premises and occasional enquires for larger premises up to 20,000 sqft. Demand is concentrated around the larger towns of Ashbourne, Matlock and Bakewell.

Updated Employment Land Scenarios

10.4 In this section we consider demand for employment land and floorspace over the period from 2017-40 using the most up to date data. The section considers requirements for employment land in offices (Class E(g)(i)); research and development premises (Class E(g)(ii)); light industrial (Class E(g)(iii)); general industrial (Class B2) and storage or distribution (Class B8).

10.5 When considering the scale of future needs the Planning Practice Guidance (PPG, 2020) requires consideration of quantitative and qualitative need. This entails estimating the scale of future needs broken down by different market segments, such as different B use classes. The PPG recommends the use of a number of different techniques to estimate future employment land requirements, namely assessments based on:

- Labour Demand;
- Labour Supply; and
- Past Take-Up.

10.6 There are relative benefits of each approach. For Labour Demand scenarios and Labour Supply Scenarios, econometric forecasts take account of differences in expected economic performance moving forward relative to the past, overall, with regard to the sectoral composition of growth. However, a detailed model is required to relate net forecasts to use classes and to estimate gross floorspace and land requirements.

10.7 In contrast, past take-up is based on actual delivery of employment development; but this does not take account of the implications of growth in labour supply associated with housing growth nor any potential differences in economic performance relative to the past. It is also potentially influenced by past land supply policies.

10.8 The quantitative evidence here is also supplemented by the wider analysis of market and economic dynamics.

10.9 Scenarios are presented on a Derbyshire Dales District level, as econometric models are only readily available at a local authority level, however the need has been broken down at the sub-area level (indicatively), based on the current split of employment in each area. Supply and demand considerations from key parks and employment sites will be considered when making recommendations.

Labour Demand and Supply Scenarios

10.10 This section takes forward the economic growth forecasts set out in Chapter 4.

- The Baseline Scenario considers the quantum of employment land required to support the growth of 388 jobs from 2017-40 shown in the Cambridge Econometrics baseline forecast.

- The 'Alternative Scenario' refers to the OE adjusted forecast which will consider the quantum of employment land to reflect the loss of 540 jobs.

- The Labour Supply Scenario considers the quantum of employment land required to support the growth of 1,636 jobs in line with projected population growth.

10.11 Iceni Projects has converted the forecasts for total employment by sector into forecasts for Full-Time Equivalent (FTE) employment by sector through analysis of the proportion of full- and part-time jobs in Derbyshire Dales on a sector by sector basis.

10.12 The Table below shows the FTE percentage for each sector in the district. This is used in relating the forecasts for total employment to expected growth in Full-Time Equivalent (FTE) employment which is used in calculating employment floorspace and land requirements. The broad sectors have been aggregated from their 2 digit components.

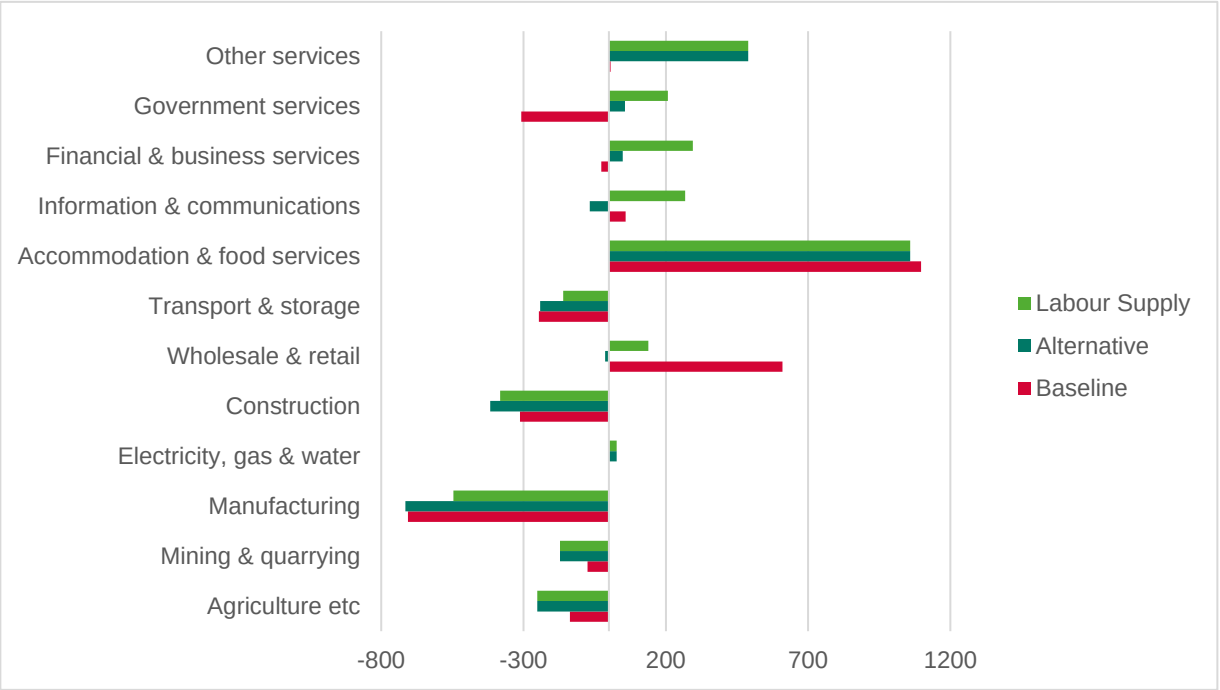
Table 10.1 Percentage of FTE jobs per broad sector

Area	% Full Time Workers
Agriculture etc	94%
Mining & quarrying	100%
Manufacturing	100%
Electricity, gas & water	87%
Construction	89%
Wholesale & retail	83%
Transport & storage	96%
Accommodation & food services	71%
Information & communications	92%
Financial & business services	83%
Government services inc. health	77%
Other services	80%

Source: Iceni analysis of BRES (2021)

10.13 This provides **Error! Reference source not found.**10.1, net change in the number of FTE jobs overall for 2017-2040, being -40 for the baseline, -199 for the alternative scenario and 969 for the labour supply scenario. The difference between the jobs and the FTE employment overall change is driven by the lower proportion of full-time workers in the Accommodation and food services and Wholesale and retail sectors which drive the jobs growth over the Plan period.

Figure 10.1 FTE employment change, Scenarios 2017-2040



Source: Iceni analysis of Cambridge Econometrics and Oxford Economics data

10.14 Iceni Projects has considered the proportion of employment in each of these sectors which is likely to take place in the various use classes.

10.15 To do this we have calibrated our standard model which relates sectors and use classes for the Derbyshire Dales economy through interrogation of the current composition of employment in key sectors. This provides an estimate of the proportion of FTE jobs in each sub-sector which are currently located on each type of employment land (or other use class) in Derbyshire Dales District. The modelling assumes that this proportion will hold true moving forwards which in reality will change.

10.16 This approach has been used to derive the following forecasts of net growth in FTE employment by use class over the plan period, relating to the District as a whole. This apportionment is then multiplied by the jobs growth in each sector, showing growth by class of employment. The table below sets out the 5-year band requirements.

Table 10.2 FTE Job Growth by Use Class, 2017-40: Cambridge Econometrics Baseline Scenario (CE)

Area	2017-20	2020-25	2025-30	2030-35	2035-40	2017-40
Offices Class E(g)(i)	152	-681	174	176	172	-8
R&D Class E(g)(ii)	-17	-31	8	6	6	-29
Light industrial Class E(g)(iii)	18	-186	11	9	9	-140
General industrial (Class B2)	113	-613	2	6	10	-481
Storage or distribution (Class B8)	195	-271	26	26	10	-14
Total of above	**-82**	**-1994**	**739**	**688**	**606**	**-43**
Other Use Classes	460	-1782	221	224	206	-671

Source: Iceni analysis of Cambridge Econometrics

Table 10.3 FTE Job Growth by Use Class, 2017-40: Oxford Economics Alternative Scenario (OE)

Area	2017-20	2020-25	2025-30	2030-35	2035-40	2017-40
Offices Class E(g)(i)	-337	36	245	38	27	8
R&D Class E(g)(ii)	-19	-26	5	1	-4	-43
Light industrial Class E(g)(iii)	-35	-126	5	-4	-27	-187
General industrial (Class B2)	-145	-300	9	-9	-73	-517
Storage or distribution (Class B8)	10	-120	4	-31	-73	-210
Total of above	**-799**	**368**	**749**	**217**	**175**	**709**
Other Use Classes	-526	-536	268	-4	-150	-948

Source: Iceni development from Oxford Economics

Table 10.4 FTE Job Growth by Use Class, 2017-40: Labour Supply Scenario

Area	2017-20	2020-25	2025-30	2030-35	2035-40	2017-40
Offices Class E(g)(i)	-337	120	285	217	212	497

R&D Class E(g)(ii)	-19	-24	15	16	16	3
Light industrial Class E(g)(iii)	-35	-111	15	16	16	-99
General industrial (Class B2)	-145	-263	14	9	10	-375
Storage or distribution (Class B8)	10	-85	-12	2	10	-75
Total of above	**-799**	**511**	**658**	**326**	**326**	**1022**
Other Use Classes	-526	-363	318	260	264	-48

Source: Iceni development from Oxford Economics

10.17 To these figures we have applied employment densities taking account of the HCA Employment Densities Guide: 3rd Edition (Drivers Jonas Deloitte, 2015). We have converted figures to provide employment densities for gross external floor areas on the following basis:

- Office: an average of 14 sq m GEA per employee based on a blend between business park, serviced office and general office floorspace and assuming that the gross external area of buildings is on average 20% higher than the net internal area – note that further sensitivity is run on this further below to take account of remote working practices;

- Research and development: an average of 48 sq m GEA per employee based on low density research premises and assuming that the gross external area of buildings is on average 20% higher than the net internal area;

- Light Industrial: an average of 49 sq m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the net internal area;

- General Industrial: an average of 38 sq m GEA per employee, assuming that the gross external area of buildings is on average 5% higher than the gross internal area;

- Warehouse/ Distribution: an average of 65 sq m GEA per employee. This is slightly below the middle of the range of employment densities for B8 activities,

reflecting the predominantly smaller stock and lack of large scale and high bay warehousing in the district.

10.18 Applying these employment densities to the forecasts of net growth in jobs in B-class activities, we can derive forecasts for net changes in employment floorspace. The breakdown by use class is shown below for the baseline scenario. The alternative scenario produces the same floorspace requirements as the baseline scenario as the differences in employment lie within non B-class activities (Accommodation and food services).

Table 10.5 Floorspace (sqm) requirements by Use Class 2017-40, Baseline Scenario (CE)

Area	2017-20	2020-25	2025-30	2030-35	2035-40	2017-40
Offices Class E(g)(i)	1,609	-8,295	2,206	2,206	2,147	-127
R&D Class E(g)(ii)	-827	-1,510	388	280	282	-1,387
Light industrial Class E(g)(iii)	877	-9,172	528	447	429	-6,891
General industrial (Class B2)	4,259	-23,160	94	244	382	-18,180
Storage or distribution (Class B8)	12,680	-17,593	1,667	1,710	657	-880
Total	**18,598**	**-59,730**	**4,883**	**4,886**	**3,898**	**-27,465**

Source: Iceni analysis of Cambridge Econometrics

Table 10.6 Floorspace (sqm) requirements by Use Class 2017-40, Alternative Scenario (OE)

Area	2017-20	2020-25	2025-30	2030-35	2035-40	2017-40
Offices Class E(g)(i)	-4,260	479	3,067	480	342	107
R&D Class E(g)(ii)	-933	-1,234	244	42	-185	-2,066
Light industrial Class E(g)(iii)	-1,716	-6,206	262	-209	-1,347	-9,215

General industrial (Class B2)	-5,463	-11,348	359	-321	-2,760	-19,533
Storage or distribution (Class B8)	625	-7,807	257	-1,998	-4,746	-13,670
Total	**-11,747**	**-26,115**	**4,189**	**-2,006**	**-8,698**	**-44,377**

Source: Iceni analysis of Oxford Economics

Table 10.7 Floorspace (sqm) requirements by Use Class 2017-40, Labour Supply Scenario

Area	2017-20	2020-25	2025-30	2030-35	2035-40	2017-40
Offices Class E(g)(i)	-4,260	1,495	3,636	2,770	2,710	6,350
R&D Class E(g)(ii)	-933	-1,142	732	748	747	151
Light industrial Class E(g)(iii)	-1,716	-5,474	759	774	773	-4,884
General industrial (Class B2)	-5,463	-9,930	517	331	380	-14,164
Storage or distribution (Class B8)	625	-5,516	-782	157	654	-4,863
Total	**-11,747**	**-20,568**	**4,862**	**4,779**	**5,264**	**-17,409**

Source: Iceni analysis of Oxford Economics

10.19 Iceni has also considered a further sensitivity, reflecting changing working patterns that most particularly influence office needs. Following the pandemic, many office-based employees have adopted flexible or hybrid working patterns, reducing the future need for office space. A sensitivity that reduces office need 50% is considered. Post pandemic occupancy rates run at around 40% compared with 60-80% pre pandemic[7]. Workers in Derbyshire Dales may be more likely to work

[7] https://www.fmj.co.uk/third-highest-weekly-figure-for-uk-office-occupancy-since-the-start-of-the-pandemic/
https://www.costar.com/article/1336525308/uk-office-occupancy-holding-up-despite-summer-challenges

remotely, taking advantage of the quality of life whilst minimising office-based costs / commutes.

Table 10.8 Net floorspace (sqm) requirements by Use Class 2017-40, Office Sensitivity

	Area	2017-20	2020-25	2025-30	2030-35	2035-40	2017-40
Baseline	Offices Class E (g)(i)	804	-4,148	1,103	1,1043	1,074	-64
	Total	**17,793**	**-55,582**	**3,780**	**3,783**	**2,825**	**- 27,401**
Alternative	Offices Class E(g)(i)	-2,130	239	1,534	240	171	54
	Total	**-9,616**	**-20,818**	**5,977**	**911**	**5,665**	**-17,882**
Labour supply	Offices Class E (g)(i)	-2,130	747	1,818	1,385	1,355	3,175
	Total	**-9,616**	**-21,315**	**3,045**	**3,394**	**3,909**	**-20,584**

Source: Iceni analysis of Cambridge Econometrics

10.20 To calculate the land requirements to support these net changes, we have applied the following plot ratios consistent with the 2015 HEDNA and the 2020 ELR.

- 0.3 for B1a/b office and R&D uses;
- 0.4 for B1c and B2 industrial uses; and
- 0.5 for B8 warehouse / distribution floorspace.

10.21 This generates the following requirement for net additional land to support employment growth over the plan period:

Table 10.9 Net land (ha) requirements by Use Class 2017-40

Area	Baseline	Alternative	Labour supply
Offices / R&D Class E(g)(i) & (ii)	-0.5	-0.3	2.2
Light industrial Class E(g)(iii)	-1.7	-0.9	-1.2
General industrial (Class B2)	-4.5	-1.8	-3.5
Storage or distribution (Class B8)	-0.2	-1.2	-1.0
Total	-6.9	-4.2	-3.6

**Office sensitivity adjustment is negligible when converted to hectares*

Source: Iceni analysis of Cambridge Econometrics / Oxford Economics

Completions Trend

10.22 The council has provided B Class completions data for the 2015/16 to 2022/23 monitoring period. This is set out in the table below and compared to the results in the 2015 HEDNA, which were based on permissions (excluding prior approvals) rather than completions. The table reports:

- Higher overall net gains in the recent period compared to the longer term and higher levels of churn - being higher gains and losses.
- Higher completions in all use classes in the recent period except B2 industrial uses. This is also coupled with higher B2 losses in the recent period. There are also significant losses in B1c uses.

Table 10.10 Completions data 2015/16 – 2022/23 and 2000-2015, annual averages

Area	Loss		Gain		Net		
	2000-2015	2015/16-2022/23	2000-2015	2015/16-2022/23	2000-2015	2015/16-2022/23	2000-2023**
B1mix	230	125	357	751	127*	626	314
B1/B2/B8	0	0	401	429	401	429	451
B1a	0	175	38	314	38	139	77
B1ab	0	141	0	141	-	-	-
B1c	0	2,045	75	375	75	- 1,670	-528
B1c/B8	0	0	-	1,421	-	1,421	497
B2	613	1,925	610	134	-3	-1,791	-629
B2/B8	0	0	-	364	-	364	127
B8	0	360	185	2,179	185	1,819	775
Total	842	4,772	1,667	6,109	825	1,338	1,087

Source: Iceni analysis of Derbyshire Dales District Council Monitoring

** Listed as 357 in 2017 HEDNA but considered erroneous based on gross / loss data*

*** weighted averages*

10.23 The outcomes of the annual average have been modelled forwards as below. The gross figures are useful in terms of understanding the type of units being demanded by the market – with B8 or a mix of industrial being highest. However this is not an indication of total needs as many development sites are recycled. **The net completions figure is also considered to mask the overall employment land need**. This is because it assumes that all employment space can take place on brownfield sites, which is not the case in Derbyshire Dales due to issues of historic contamination and abnormal costs that are often found on old quarry sites.

10.24 More detailed analysis of 2015/16 to 2022/23 monitoring data (below) indicates that of 48,875 sqm gross completions, 17,731 sqm (2,218 sqm per annum) were recorded as new build developments with the remainder change of use, redevelopment or alternations. New build data was heavily influenced by a single

completion of 8,430 sqm for B1c/B8 at Long Lane, Ashbourne (commercial units at Woodhouse Farm). As this has such a bearing on the outcome, modelled projections have been considered with and without this completion.

10.25 The new build rate is a better indicator for future requirements of allocated space as this is the additional land that is needed, although the new build specific monitoring is only available for a very recent period and is therefore influenced by single developments.

Table 10.11 Completions data projections, 2017-40 requirements (sqm)

Type	2000-23 net	2000-23 gross	2015-23 net	2015-23 gross	2015-23 New build sites	2015-23 New build (exc outlier)
B1mix	6,374	10,855	14,398	17,273	3,048	3,048
B1/B2/B8	9,291	9,291	9,867	9,867	4,146	4,146
B1a	1,569	2,794	3,197	7,222	1,995	1,995
B1ab	-	987	-	3,243	-	-
B1c	-10,514	3,801	-38,410	8,625	-	-
B1c/B8	9,947	9,947	32,683	32,683	24,236	-
B2	-12,584	10,504	-41,193	3,082	1,173	1,173
B2/B8	2,548	2,548	8,372	8,372	296	296
B8	15,634	18,154	41,837	50,117	50,977	50,977
Total (sq. m)	**22,304**	**68,905**	**30,774**	**140,507**	**85,871**	**61,634**
Total (Ha)	**5.02**	**16.89**	**5.96**	**33.69**	**19.18**	**13.12**

Source: Iceni analysis of Council Monitoring

10.26 A further sense check is the net absorption rate recorded on CoStar. This is the amount of additional floorspace absorbed by the market each year after lease expiries are taken into account. The 2014 – 2022 average is 401 sq. m for office floorspace and 1,221 sq. m for industrial floorspace. When rolled forward for the Plan period this would be a total of 37,289 sqm or 9.3 Ha.

10.27 In a more rural area like Derbyshire Dales a number of transactions for smaller units will take place and not be recorded on CoStar, so this will underestimate the volume of deals and market needs.

Table 10.12 Net absorption CoStar take-up trend forecast 2017-40

	2014-2022 Average (sq. m)	2017-40 Needs (sq. m)	2017-40 Needs (Ha)
Offices	401	9,215	3.1
Industrial	1,221	28,074	6.2
Total		**37,289**	**9.3**

Source: Iceni analysis of CoStar

Summary

10.28 This section undertaken a range of detailed modelling to consider the future employment land needs of the district.

10.29 To provide an indication of the potential gross need for employment land in this scenario, it may be appropriate to make some allowance for frictional vacancy within employment floorspace; and provide some margin within the supply of land to provide a choice of sites.

10.30 We have assumed a need to achieve a 7.5% vacancy rate within the additional floorspace (midpoint between 5-10%), which is what we would consider reasonable in a functioning commercial property market. A level of vacant floorspace is necessary to support turnover and improvements to stock.

10.31 The modelled forecasts are net changes and do not take account of replacement demand, such as from existing companies requiring upgraded floorspace or for existing or allocated sites for employment lost to other uses such as residential. In considering how much employment land to allocate, it is therefore appropriate to consider this as an additional influence, particular with notably losses to residential identified and some of the district stock being quite aged. A replacement rate of 50% of average historical losses to residential has been applied to take account of replacement demand. This reflects that some sites and units being lost may need replacement, but not all of them given some traditional industrial processes ending that represent structural change.

10.32 In identifying how much land to allocate for development, we however consider that it would be prudent to include a general ‘margin’ to provide for some flexibility, recognising:

- The potential error margin associated with the forecasting process;
- To provide a choice of sites to facilitate competition in the property market;
- To provide flexibility to allow for any delays in individual sites coming forward.

10.33 We consider that it would be appropriate to make provision for a 5-year ‘margin’ based on past employment land take-up. Over the last 23 years (2000-19) gross employment completions have averaged 0.73 hectares per annum, derived from the 2015 HEDNA 0.42 ha and 1.46 ha per annum for 2015/16 to 2022/23, weighted (plot areas modelled). This equates to a 5-year margin of 3.7 ha for the plan period. The full requirements by model are reported below:

10.34 The table below summarises the total employment land need 2017-40 across the various models discussed above. A future vacancy of 7.5% and 5 year margin or 3.7 Ha has been applied to all models. A replacement demand adjustment of 5.9 Ha (calculated at a rate of 50% of historical losses) has been made to the labour demand model and the net completions models.

Table 10.13 Employment land needs 2017-40, ha

	Labour demand - Baseline Scenario	Labour demand – Alternative Scenario	Labour Supply Scenario	2000-23 Net Completions	2000-23 Gross Completions	2015-23 Net Completions	2015-23 Gross Completions	2015-23 New Build Sites Completions	2015-23 New Build Completions (exc Outlier)	Net Absorption
Modelled need	-6.9	-4.2	-3.6	5.0	16.9	6.0	33.7	19.2	13.1	9.3
Future vacancy (7.5%)	0	0	0	0.4	1.3	0.4	2.5	1.4	1.0	0.7
5 year margin (gross completions)	3.7									
Replacement Demand (@50% losses)	5.2	5.2	5.2	5.2		5.2				
Total	**2.2**	**4.7**	**5.3**	**15.0**	**21.8**	**16.0**	**39.9**	**24.3**	**17.8**	**13.7**

10.35 The key issues in this table are:

- **Labour demand / supply:** The baseline labour demand model has produced a requirement of 2.2 ha and the alternative scenario labour demand model indicates a need of 4.7 ha. The labour supply scenario indicates a higher need of 5.3 ha. Across all three models the contraction in the B2 use class drives the outcome. With investments in automation and productivity in the manufacturing sector, these labour demand models are unlikely to represent the level of commercial need in the district in the future.

- **Completions gross** trend data indicates a good rate of demand for new commercial premises although much of this is refurbishment, change of use or redevelopment – all of which require little or no additional land. The 21.8 ha comes from the long run dataset up to 39.9 ha short run data, the latter is likely to over represent the total need due to factoring in a significant amount of on-site churn.

- **Completions net** trend data reports 15-16 ha of need (depending on the historic model period) which is an increase on the previous 2021 report position. This is in part due to the inclusion of a factor to replace sites lost to residential, which is considered reasonable particularly considering persistent low industrial vacancy rates.

- **Completions new build** data reflects the 'new sites' developed and a useful indicator of additional land needs rolled forward. Excluding one site considered to be an outlier, the need is 17.8 ha, just above the net completions of 15-16 ha.

- **Net absorption:** this provides a useful sense check on total space being taken up by the market however is likely to under represent total needs given the CoStar database will not get visibility on all transactions.

10.36 Overall it is **recommended that the council plan for the completions net of 15-16 ha and up to 17.8 ha based on the 'new build' trend.** The upper end is derived from a more recent period however the market indicators suggest that demand remains relatively healthy particularly in the industrial sector and is expected to do so for the foreseeable future. This is at the upper end of the range of requirements in the 2021 employment land study, reflecting the continued strong performance of the industrial sector.

11. Conclusions

11.1 This final section of the report sets out key findings and recommendations.

Housing Need

11.2 The report has examined demographic trends, and finds that an up-to-date projection approach – taking account of the 2021 Census data – would generate a level of housing need (220 dpa) which is very similar to the standard method figures at the District level (217 dpa). We do not consider that there are particular circumstances at this time which would justify moving away from the national methodology, and there are risks in doing so in that it opens up significant debate on the topic at a local plan examination.

11.3 The updated economic analysis points to a more modest scale of employment growth being realistic for the District. Different economic forecasts provide quite different views of how the District's economy might perform (informed by different views on key sectors). Neither one is necessarily 'right' and the process undertaken has therefore been to test these and overlay local intelligence to provide an informed assessment of growth potential; and one which aligns with the Council's vision for its local economy.

11.4 The adjusted scenario envisages jobs growth of 400 over the 2017-40 period. The analysis indicates that this scale of growth could be accommodated without upward adjustments to the housing need.

11.5 There is however a significant need for affordable housing within the District, with a minimum need for 115 affordable homes a year, and potentially upwards of 200 pa if additional low cost home ownership homes were brought forward to support households into home ownership. Even at the lower end of this range, this is notionally 55% of the overall housing need shown in the standard method. The evidence indicates that the Council might therefore consider whether higher

housing provision might be justified; but it might also be mindful that there may be other means of supporting affordable delivery or consider that viability and delivery considerations means that affordable housing needs cannot be met in full.

11.6 Disaggregating a need for the part of the District in the National Park is complex, in that a lack of delivery historically means both population and household growth have been negative and therefore there is no 'trend-based' need. Against this context, consideration might be given to a 'pro rata' distribution of need indicatively based on the proportion of population/households in the District; or focusing particularly (in accordance with national policy) on the affordable need (47 dpa). There are issues here to discuss with DDDC and in due course with the PDNPA.

Employment Land Provision

11.7 In line with national guidance, a range of different modelling approaches have been used to assess employment land needs. Labour-demand modelling, based on estimates of future net jobs growth does not adequately address the strength of the manufacturing sector in the Dales in particular, where growth may be influenced by improvements in productivity; and the case for provision of new employment land to enable replacement demand – supporting the potential for businesses to move to modern commercial premises.

11.8 Overall it is **recommended that the council plan for the completions net of 15-16 ha and up to 18 ha (rounded) based on the 'new build' trend.** The upper end is derived from a more recent period however the market indicators suggest that demand remains relatively healthy particularly in the industrial sector and is expected to do so for the foreseeable future. This is at the upper end of the range of requirements in the 2021 employment land study, reflecting the continued strong performance of the industrial sector.

Second and Holiday Homes

11.9 The analysis in this report does suggest a high concentration of second and holiday homes in the District, and in particular (but not exclusively) in the National Park. In the context of the affordability pressures which exist in the District, and strategic constraints to new development, in particular in the National Park, there is a case for seeking to more closely manage the supply of second and holiday homes. The Council needs to balance this with consideration of potential effects of doing so on the visitor economy.

11.10 The evidence would indicate that the Council should seek to progress the application of a Council Tax premium on long-term empty homes. With over 900 long-term empty properties (vacant for over 6 months), there is some potential to reduce vacancies.

11.11 The Levelling Up and Regeneration Act provides the legislative basis ultimately to enable Councils to charge a discretionary Council Tax premium of up to 100% on dwellings which are periodically occupied. It seems likely that the Premium will thus not be applicable to all second homes in the District, but will be applicable to those where there are not planning restrictions on occupancy.

11.12 For holiday lets in particular, potential growth in Council Tax comes at a point where there are other inflationary pressures affecting landlords/ businesses – including rising energy costs and wages – and higher inflation, which will particularly affect small landlords who have bought properties using debt finance. The effect which these factors together will have on supply will be influenced by the extent to which landlords/ businesses are able to increase rental costs and other charges for holiday properties to cover increasing costs, or the degree to which these factors erode the profitability of the holiday properties and their margin. We consider that it is likely that some landlords/ businesses will sell up.

11.13 The evidence indicates that the Council should look to opt in to a registration scheme on holiday lets. We would also recommend that this is applicable district-wide, both within and outside of the National Park given that there are

concentrations of holiday homes in a range of areas across the District. Government's intention is that the costs to Councils of administering the scheme will be recovered through registration fees. A Registration Scheme will allow the Council to understand existing levels of short-term lets at a local level, and to monitor how this is changing over time.

11.14 The Government is proposing that where an owner seeks to change the use of a property between the C3 and C5 use, it would need to notify the Council. For the Council to restrict the ability for C3 dwellings to be converted to C5 short-term lets, it would likely need to put in place an Article 4 Direction.

11.15 The Study provides core evidence which could be used to support the Article 4 Direction, albeit the Council would need to consider the forthcoming changes in national policy/guidance and respond appropriately. As policy is evolving in this area, there are no other examples which can be used to inform judgments on how the Council might consider to which areas an Article 4 direction might apply. In our opinion:

- There is a strong case for an Article 4 direction to apply to the whole of the National Park area, given both the evidence of both levels of second homes and holiday lets, the housing costs and acute affordability pressures in this area (including the need for affordable housing) and the wider policy framework which restricts new housing supply. This will be for the Park Authority to take forwards;

- Outside the National Park, DDDC might consider a more targeted approach if required by national policy (as is likely) – seeking to control COU through an Article 4 Direction in locations where evidence points to particular concentrations of second and holiday homes. An appropriate benchmark might be where holiday lets (or holiday lets and second homes) exceed more than 10% of the dwelling stock.

11.16 In introducing a policy, the Council will however need to mindful of 'displacement effects' which could (without effective policies) see growth in holiday lets in areas where the Article 4 Direction did not apply.

11.17 An Article 4 Direction should therefore be accompanied by new planning policies which set out in what circumstances development or change of use of properties

to a C5 holiday let use would be permitted. This might include locations where it is necessary to support local tourism businesses in the immediate locality, or can be shown not to restrict the ability to meet local housing needs, or is brought forward in tandem with affordable housing. Planning policies will need to be considered by both the National Park Authority and the District Council.

Housing Mix

11.18 An updated analysis of the mix of homes needed in different areas has been undertaken. In all sectors the analysis points to a particular need for 2-bedroom accommodation, with varying proportions of 1-bedroom and 3+-bedroom homes. For general need rented affordable housing there is a clear need for a range of different sizes of homes, including 30% to have at least 3-bedrooms. Our recommended mix is set out below:

Table 11.1 Recommended Housing Mix – Derbyshire Dales

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

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

11.20 The mix identified above could inform strategic policies. In applying the mix to individual development sites, regard should be had to the nature of the site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level. The Council should also monitor the mix of housing delivered.

11.21 Given the nature of the area and the needs identified, the analysis suggests that the majority of units should be houses rather than flats although consideration will also need to be given to site specific circumstances (which may in some cases lend themselves to a particular type of development). There is potentially a demand for bungalows, although realistically significant delivery of this type of accommodation may be unlikely. It is however possible that delivery of some bungalows might be particularly attractive to older person households downsizing and may help to release larger (family-sized) accommodation back into family use.

11.22 Updated analysis of the need for specialist housing is included; and the Council would sensibly though a local plan look at potential allocations to support delivery of specialist accommodation. The evidence in this report also provides supporting evidence for policies for accessible and adaptable homes (M4(2), and a proportion of wheelchair-accessible dwellings (M4(3)).