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Examination of the Reading Borough Local Plan Partial Update

Our ref 67717/02/DL/HBe
Date 13 October 2025
From Lichfields obo USS Investment Management Ltd

Subject Matter 2: Housing Need and Requirement

This Hearing Statement has been submitted by USS Investment Management Ltd ('USS'); promoting land at Aquis House (policy CR14t) and 33 Blagrave Street (policy CR14u) which is allocated in the emerging Reading Borough Local Plan Partial Update.

The Reading Local Plan Partial Update (LPPU) is being examined against the version of the National Planning Policy Framework (NPPF) published in December 2023, in line with the transitional arrangements set out in Annex 1 of the December 2024 version of the NPPF. It is therefore also being examined against the version of Planning Practice Guidance (PPG) that underpinned the 2023 NPPF. References within this statement to 'NPPF' and 'PPG' should be taken as those associated with the December 2023 Framework, unless otherwise stated.

This Matter Statement should be read alongside the submissions made by Lichfields on behalf of USS at Regulation 19 Stage, which can be found at LPP07 (5 of 6).

1.0 Issue 1 – Is the LPPU positively prepared, justified, effective and consistent with national policy and guidance with regard to housing need and the housing requirement?

Q2.1) What is the minimum number of new homes needed over the LPPU's plan period as calculated using the standard method and including the cities and urban centres uplift based on the latest available figures at the point the LPPU was submitted?

1.1 The minimum number of new homes calculated using the standard method set out in PPG using the latest available figures at the point the LPPU was submitted was **822** dwellings per annum[1]. The calculation of this figure is set out in EV013 and summarised in EV013 Table 3.3. It comprises (figures rounded):

1 Step 1 – average annual household growth – 501 per annum;

2 Step 2 – affordability adjustment – 609 per annum;

[1] It should be noted that 822 was not the standard method at the time TBC consulted on the Reg 19 version of its plan in November 2024. As per para 4.42 of the Reg 19 version of the plan, the standard method at the time of that consultation was 878 per annum. The subsequent downward revision is primarily the result of new affordability data which was published by ONS in March 2025, prior to the submission of the LPPU.

3 Step 3 – cap (if applicable) – n/a – 609 per annum; and

4 Step 4 – cities and urban centres uplift – 822 per annum.

1.2 This housing need figure is not the figure that Reading Borough Council ('RBC') considers to be its housing need for the purposes of the LPPU. As set out in EV013 Table 5.1, RBC considers that its housing need is 735 per annum – 87 per annum lower than the figure generated by the standard method.

Are the calculations accurate and do they reflect the PPG's methodology and advice?

1.3 The calculation of the standard method (822) set out in EV013 is accurate insofar as it reflects the prescribed date sources and methodology set out in PPG. However, it is not wholly reflective of the PPG advice in relation to housing need, for reasons which we address in our response to Q2.2 below.

Q 2.2) Having had regard to the PPG, are there any exceptional circumstances in Reading which justify an alternative approach to following the standard method in its entirety, including the cities and urban centres uplift? If so, what are they, are they supported by robust evidence, and what should the housing requirement for Reading be?

1.4 **Yes**, there are exceptional circumstances to justify an alternative approach to the standard method in **some respects**, instead of departing from it in the way set out by RBC.

1.5 The relevant context for housing need calculations is within the PPG, which is clear that the standard method is a minimum (emphasis added) and that there are circumstances where 'actual' housing need is higher than the standard method indicates[2]. PPG is also clear that where an alternative approach results in a lower housing need figure, this will need to be based on robust evidence showing there are exceptional local circumstances and will be tested at examination (ID 2a-015).

1.6 RBC considers that its housing need figure is 735 per annum, comprising (EV011 which is the 'Local Housing Need Assessment: Reading' prepared by ORS in July 2024, Figure 1):

- ONS 2018-based projections (10 year migration trend) – 330 per annum;
- Adjustment for Census and Mid-Year Estimates 2021 - +65 = 395 per annum;
- Plus vacancy rate (dwellings) - +26 = 421 per annum;
- C2 dwelling adjustment - +8 = 429 per annum;
- Concealed families and supressed household formation - +48 and +85 = 562 per annum (this is described as 'Demographic and Backlog of Need Total'); and
- Further housing to meet jobs target - +173 = 735 per annum (this is described as 'Total Need').

[2] It gives examples which include – but are not limited to – changing economic factors, previous delivery levels, previous assessments of need, areas where there are growth strategies, strategic infrastructure investments or other factors (see PPG on Housing Needs at ID: 2a-010-20201216)

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1.7 As can be seen, this calculation deviates from the standard method at every stage; it does not start with the 2014-based projections, it does not incorporate an affordability uplift, and it does not apply the 35% uplift. 735 per annum is taken forward as the housing need figure for which the LPPU needs to plan, as set out in the Submission Draft (LP001) para 4.4.3, albeit the housing requirement is set higher than this at 825 per annum as per LP001 Policy H1.

1.8 We address the way in which need has been calculated, including whether 'exceptional circumstances' have been demonstrated, below, considering:

1 Reading's demographics (and particularly Unattributable Population Change); and

2 Cities and Urban Centres Uplift.

1. Reading's demographics (i.e. Step 1 of the Standard Method – annual household growth)

1.9 It is important to note that there is no requirement in the NPPF or PPG for Councils to validate or otherwise 'check' that the 2014-based projections are accurate. The PPG is clear that they should be used as the basis of the standard method. However, as RBC has opted to assess whether they are robust, we respond to the analysis presented and consider whether the evidence reaches appropriate conclusions about housing need.

1.10 Appendix A of EV011 set out the reasons why ORS considers the 2014-based projections (which underpin Step 1 of the standard method) to be a significant under-estimate of need in Reading. ORS contends that:

- The 2014-based projection was based on migration trends covering the period 2009-2014 for domestic and 2008-2014 for international flows, which was 'problematic' because the 2014-based projection was produced before ONS had revised its mid-year estimate methodology and because it made no allowance for Unattributable Population Change (UPC) which provided a 'correction' to population change figures once 2011 Census data had become available (EV011 Appendix A para 14);
- In Reading, the mid-year population estimates identified an increase of 1,328 persons resident in between mid-2001 and mid-2011 but this was actually 10,655 persons, one of the highest revisions seen outside London (para 16). This under-estimate appears to have been driven by an over-estimate for net out-migration from Reading (para 21); and
- A positive UPC adjustment would lead to migration being under-estimated between 2008 and 2014, and therefore the standard method being an under-estimate, which would be the case in Reading [if not for the cities and urban centres uplift] (para 18).

1.11 In short, EV011 sets out the case for why Reading's 2014-based projections – which form the basis of the standard method – are actually likely to be an under-estimate of future demographic change (because they draw upon past trends in which demographic change was underestimated).

1.12 At the time that EV011 was prepared, the 2014-based projections for Reading (10 year average) was 504 per annum (this is set out in Table 2.1 of EV012). Given that the net migration in any UPC-adjusted 2014-based projection would be substantially higher than the official 2014-based projections, we can conclude that the overall household growth in any adjusted projection would similarly be higher than 504 per annum. Unfortunately, EV011 does not go on to set out what Reading's projected household growth would be under any adjusted 2014-based projection.

1.13 Rather, EV011 sets the 2014-based projections aside completely and makes an alternative assessment of demographic change which relies on the 2018-based projections (see EV011 para 2.15). This is directly contrary to the PPG, which states that:

"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 … it is not considered that these projections provide an appropriate basis for use in the standard method." (ID: 2a-015)

1.14 The then-Government's logic for disregarding these later projections was set out in a 'Technical consultation on updates to national planning policy and guidance' in October 2018[3], following the publication of the 2016-based household projections (although its principles are equally applicable to the 2018-based projections). This consultation set out that lower household projections did not justify a deviation from the standard method because (inter alia):

- Household projections are a function, in part, of past housing supply (households cannot form without dwellings being provided for them to form into) and therefore progressively lower housebuilding would be expected to yield progressively lower household projections, creating circularity;
- Projections take no account of aspirations, e.g. young people who want to move out of their family home (and as they are informed by past trends, these patterns perpetuate without correction);
- At the time, the then-Government had an ambition to build 300,000 homes per year, which even the 2014-based projections did not yield[4]. The 2016-based projections would have only yielded c.213,000 per year, which is well below the target and even below the actual level of housing completions that year;
- Historic under-delivery of homes dates back decades, with estimates ranging up to 2.3m homes short since the 1990s; and
- All else being equal, an improved supply of homes should help address worsening affordability.

1.15 If RBC's view is that the 2014-based projections are a significant under-estimate of growth, and that factoring in an upward UPC adjustment is necessary to create a 'true' and more accurate picture of demographic trends in Reading under the 2014-based projections – which appears to be the position presented in EV011 - then it should incorporate a UPC adjustment into the 2014-based projections and use this figure as Reading's baseline annual

[3] Available here
[4] The standard method using 2014-based projections yielded c.270,000 homes per year, with Government hoping authorities would make up the difference by going above and beyond, e.g. for employment reasons

household growth for use in Step 1 of the standard method. ORS has gone to the effort of identifying the issues in the 2014-based projections, for which it is possible to make such a correction, and upon which the rest of the housing need calculation should be based if assessed on this basis. Once the correction is made, there is no reason to then also disregard Steps 2, 3 and 4 of the standard method. Instead, ORS has determined that as there are purported issues with the 2014-based projections, then it is acceptable to revert to the 2018-based projections (and also disregard the remaining steps of the standard method); the former of which is clearly not justified in the PPG under any circumstance.

1.16 Although RBC has not produced a 2014-based adjusted figure (i.e. household projections, which account for the under-estimate of migration that was subsequently corrected via UPC), then accepting RBC's conclusions that the 2014-based projections are an under-estimate of need, we must conclude that the figure which should be used in Step 1 of the standard method is something well above 504 per annum. This correction has no bearing on the subsequent applicability of latter steps of the standard method, which should continue to apply unless exceptional circumstances show that they are somehow not applicable for Reading.

2. Cities and Urban Centres Uplift

1.17 It is RBC's position that the 35% uplift should not apply in Reading. As we noted in our Regulation 19 representations (see para 4.12), the LPPU and its supporting evidence give the strong impression that RBC objects to the principle of applying the uplift, but this is not in and of itself a justification for departing from it.

1.18 The 35% uplift is briefly addressed in EV011, e.g. para 2.12 of EV011 states that "*the 35% is not evidence based and therefore, for this study we have chosen to seek a housing need figure based upon the balance of housing required to accommodate the workforce of Reading*" – although we do not understand what EV011 means by the uplift not being 'evidence based'. It is a clear policy requirement set out in PPG, and ORS offers no explanation or evidence to justify this statement.

1.19 The majority of RBC's reasoning for departing from the 35% uplift is set out in EV012. Our Regulation 19 representations (para 4.14-20) addressed in detail the five reasons given within EV012 for RBC not applying the 35% uplift. In summary we found that they did not provide any evidence whatsoever of 'exceptional circumstances' that justify departing from the standard method (specifically in respect of non-applicability of the 35% uplift). In summary, these purported justifications were simply factual statements about the geography of Reading, with the reasons given by RBC [and a summary of our responses] as follows;

1 Reading has the smallest population of any of the top authorities;

A statement of fact about Reading relative to the other authorities. In a list of X number of authorities, the authority ranking X will always have the smallest population. This would have been known by the-then Government when it introduced the standard method and yet it proceeded with a method that included the urban uplift for Reading (or an urban area the size of Reading). It could have, for example, set a population threshold or only extended the uplift to the top 15 or 18 (or any other number) of authorities, but it did not.

2 Reading's urban area population is greater than its authority population (i.e. the proportion of people living outside the authority boundary);

Again, an observation about Reading's geography relative to others on the list and the statistics of the amount of land falling outside the authority boundary. Firstly, the standard method is not calculated with regard to the land or population falling outside the authority area, so having a significant amount/proportion of land/population outside the city authority boundary has no bearing on the standard method figure. In any event, the issue of the extent to which land falls outside the authority boundary is addressed in the PPG. Again, the-then Government will have known that Reading would be affected by the uplift when the method was introduced, and could have made exceptions to exclude it (or areas with similar characteristics), but it did not.

3 Reading has the smallest geographical area;

Similar to (1), this is simply a statement of fact about Reading relative to the other authorities (and is perhaps unsurprising given it has the smallest population). Our Reg 19 representations noted that the rate of growth as per the standard method for Reading – which is 1.2% per year – sat very centrally when ranked amongst growth rates for other cities in the top 20 list. As a rate of growth (i.e. housing need relative to the existing stock in the authority) there is nothing 'exceptional' or 'extreme' about Reading that is cause for concern.

4 Reading is proportionally much greater in terms of the area than the authority;

As we noted in our Reg 19 representations, this is essentially a duplication of (2) but in relation to land (rather than population). All earlier observations apply – this point is irrelevant in demonstrating 'exceptional circumstances'.

5 Reading's urban area that is outside the core authority is much greater than for any other of the 19 urban authorities outside London.

Similar to other points made and not relevant to demonstrating exceptional circumstances.

1.20 RBC's housing evidence is lacking any analysis that actually demonstrates that there are exceptional circumstances that justify not applying the urban uplift in Reading. RBC's discussion of Reading's size (population and area) and the areas falling outside the authority boundary are a complete red herring. It is unclear why RBC objects to the urban uplift in principle; it does not represent a figure that would be particularly undeliverable. As we noted in our Regulation 19 representations, when Reading's standard method figure is measured as a rate of growth (relative to existing housing stock), the figure – 1.2% - is very 'average' in the context of the other urban areas and achievable in the context of past delivery and potential future housing supply, locally, regionally and nationally.

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Conclusions

1.21 Although not required by national policy or guidance, RBC has sought to demonstrate that the 2014-based projections actually under-estimate future growth in Reading because Reading saw one of the most significant upward adjustments to UPC following the 2011 Census and other mid-year estimate improvements (which were not factored into these projections). If this is RBC's position, then its starting point (Step 1) of the standard method would be a figure well in excess of 504 per annum – but unfortunately RBC does not identify what this figure would be. This might reasonably constitute 'exceptional circumstances' for departing from the standard method but only insofar as making an amendment to Step 1 of the calculation.

1.22 The logical next step would be to take the adjusted 2014-based projection starting point in Step 1, and continue to apply Steps 2, 3 and 4 of the standard method. To the contrary, RBC has departed from the 2014-based projections and the rest of the standard method altogether – indeed the use of the 2018-based projections is directly contrary to the PPG which explicitly states that 'any method' relying on later projections will not be considered to be following the standard method.

1.23 Furthermore, RBC simply has no evidential basis for not applying the cities and urban centres uplift. None of the statements made in EV012 constitute the evidence needed to show that there are 'exceptional circumstances' to justify not applying the cities and urban centres uplift. We conclude that the 35% uplift must apply in Reading.

1.24 RBC's approach is therefore contrary to NPPF paras 8b, 11a, 11b, 35a, 61 and 62.

What is Reading's housing need figure?

1.25 As shown in EV013 Table 5.1, if calculated using data available at the time of submission, Reading's standard method figure would be 822 per annum. This would be based on average annual household growth of 501 per annum in the 2014-based projections (as published) which is marginally lower than the 504 per annum reported EV011. However, if we accept RBC's logic that the 2014-based projections are actually an underestimate of need, then replacing the baseline household growth with an appropriately adjusted figure, and applying the subsequent affordability uplift and urban centres uplift would therefore result in an overall housing need figure of well above 822 per annum. Only RBC would know what this exact figure would be, once ORS prepares a UPC-adjusted 2014-based projection. In any event, the housing need figure would be certainly higher than the current standard method figure of 822 per annum.

What should the housing requirement be?

1.26 Because RBC has not set out the information needed to assess what its housing need figure is, it is not possible to determine what the housing requirement of the LPPU should be. This is because RBC will need to test, through its sustainability appraisal, housing requirement scenarios which are below, at and above its housing need figure, in order to determine the relevant sustainability outcomes (including in relation to meeting housing needs) having regard to Reading's capacity for development and the requirements of NPPF para 11(b).

Q 2.3) The PPG refers to the expectation that the increase in the number of homes to be delivered in cities and urban centres is delivered in those areas, rather than the surrounding areas, unless it would conflict with national policy and legal obligations. Would there be any conflict with national policy and legal obligations if the cities and urban centres uplift was applied?

1.27 **No**, there is no evidence that there would be a conflict with national policy or legal obligations if the uplift were applied. To the contrary, the NPPF requires that authorities make as much possible use of previously developed land (para 123) and locations that are/can be made sustainable (para 109); as set out in our Regulation 19 representations (para 4.25-4.27) RBC has failed to fully consider the potential capacity of brownfield sites, such as our client's sites at Aquis House (policy CR14t) and 33 Blagrove Street (CR14u).

Q 2.4) Do paragraph 11 of the Framework and the policies within footnote 7 of the Framework provide a strong reason for restricting the overall scale, type or distribution of development in the LPPU's area?

1.28 No comment.

Q2.5) Are there any reasonable alternative spatial strategies for Reading which could result in a material difference with regard to any unmet housing need under the standard method which remains to be positively accounted for?

1.29 No comment.

Q2.6) Is the housing requirement figure of 14,850 homes by 2041 (approximately 825 per annum) in Policy H1 justified?

1.30 **No**, for the reasons set out in our response to Q2.2 above. RBC has demonstrated that the 2014-based household projections (forming Step 1 of the standard method) may under-estimate growth, but subject to this correction they should continue to form the basis of the standard method in Reading. In such circumstances, the housing need figure will be in excess of 822 per annum. Confirmation from RBC is required as to what the 2014-based projection would be if adjusted for UPC, to allow for calculation of the standard method with this amendment in Step 1.

1.31 Because it is not possible to assess what RBC's housing need figure is, we cannot therefore determine what the housing requirement should be; this is because RBC will need to test, through its sustainability appraisal, scenarios which are below, at and above its housing need figure, having regard to its capacity and the requirements of NPPF para 11(b).

2.0 Issue 2 – Is the LPPU positively prepared, justified, effective and consistent with national policy and guidance with regard to provision for Gypsies, Travellers, and Travelling Showpeople?

Q2.7 – Q2.9)

2.1 No comment.