

The Rt Hon. Christopher Pincher,  
Minister of State for Housing,  
Ministry of Housing, Communities and Local Government  
2, Marsham St.,  
London SW1P 4DF

16 July 2021

Dear Mr Pincher,

I am writing about a statement you made in the Westminster Hall debate on the Oxford Cambridge Arc on Tuesday 13<sup>th</sup> July, as reported in Hansard<sup>1</sup>.

*“When I hear talk from the Chamber of 1 million additional homes, points that were made in a report of some five years’ standing, I reply by saying that is not a Government target and it is not a Government policy”*

If the Government’s ambition for the Ox-Cam Arc remains one of increasing jobs by 1.1 million and GVA output by £163 billion (facts you confirmed in your speech in Westminster Hall, and from the same report ‘of some five years’ standing’), then the one million houses target must remain, according to analyses and reports commissioned and endorsed by the Government itself.

The Government commissioned the National Infrastructure Commission’s (NIC’s) 2018 *Partnering for Prosperity*<sup>2</sup> report that laid out a vision for the future development of the Ox-Cam area involving five, inter-linked key features to be delivered by 2050;

- i) East West Rail,
- ii) Oxford to Cambridge Expressway,
- iii) An additional 1.1 million jobs,
- iv) A boost of £163 billion to the GVA output of the Arc and
- v) One million more houses.

Later in the same year, the Government fully endorsed these recommendations of the NIC report, in a response<sup>3</sup> in which the very first sentence is:

*“The government supports the National Infrastructure Commission’s ambition to build up to one million high quality homes by 2050 to maximise the economic growth of the Arc.”*

The NIC Report is based on two key documents, one from Savills<sup>4</sup> on housing across the Arc and one from Cambridge Econometrics/SQW<sup>5</sup> on the growth in population, jobs and the economy. These two groups worked together and reconciled their results with each other, but it is clear that Savills was driving the ‘transformational scenario’ for growth (in housing numbers) that Cambridge Econometrics then tailored its jobs’ growth target to, and that the NIC subsequently opted to choose for its own report. And that scenario involves 1,021,000 more houses by 2050.

Savills developed three growth scenarios for housing across the Arc, Baseline (Business-as-Usual), Incremental (Meeting Local Need) and Transformational (Maximising Growth). The first two scenarios could be based on various existing datasets (housing delivery) or on the accepted formulae for determining housing numbers (SHMA) but Savills was in a bit of a quandary over its transformational scenario which had no parallel or justification in current policy. Savills self-imposed question appears to have been ‘Just how much growth in housing might be accommodated in the Arc under a transformational scenario?’ Savills answered its own question as follows<sup>4, p.74</sup>:

*“There are two potential sources of additional housing need in our transformational scenario beyond the levels set out in SHMAs:*

- *the first comes from the corridor taking a share of national housing need of 300,000 additional homes per annum, with the distribution of supply skewed towards those local economies in which housing supply is constraining growth; and*
- *the second is to meet need from economically connected areas in which there is insufficient deliverable land on which to meet housing need, with the most notable constrained area being London."*

The SHMA itself of course distributes some of the 300,000 annual, nationwide target to the Ox-Cam Arc region so that the first statement above indicates that, according to Savills, the Arc needed to take more than the SHMA-determined number (on grounds of the high house prices in some regions of the Arc); the number Savills chose for this was 23,000 houses p.a.

The second statement above was justified by Savills as follows <sup>4, p.77</sup>

*"The corridor's relative lack of land constraints, when combined with transformational infrastructure investment, mean that it is arguably better placed than any other area within similar commuting distance of London to relieve the housing pressure on the capital."*

Savills chose to add a further 7,000 houses p.a. to cover this London over-spill problem, making a total of 30,000 houses per year for the period 2016-2050, a grand total of 1,021,000 overall.

Taken together, these statements by Savills indicate that the transformational scenario had relatively little to do with the needs of either the communities or businesses in the Arc at present, and quite a lot to do with the Government's ambition to deliver 300,000 houses a year nationwide; and that if land-pressed London couldn't provide for its own housing needs, then the Ox-Cam Arc (with its 'relative lack of land constraints') should.

Cambridge Econometrics had a similar problem determining how much economic growth the Arc might produce under Savills' transformational scenario, given that there were no historical examples upon which to draw, so it looked to Savills' housing figures and essentially created a jobs/population/economic forecast that could be reconciled to Savills' housing numbers; thus the proposed transformational jobs were fitted to the proposed transformational houses figure, and not *vice versa*. That the two groups' activities were aligned is indicated in the Savills report that included a key Table with data from the Cambridge Econometrics Report as follows<sup>4, p78</sup>:

*"In the transformational scenario, the economic projections and associated population numbers are aligned with the 23,000 additional homes per annum across the corridor, not the additional homes to meet need from outside the corridor, as there are so many options for how and therefore where the need could be met within the corridor. Relative to the baseline scenario, the incremental and transformational scenarios generate an additional 22% and 44% of GVA respectively by 2050.*

**Table 3 – Economic growth by scenario**

Scenario	Population			Employment			GVA		
	2014 (000s)	2050 (000s)	2014-50 (%pa)	2014 (000s)	2050 (000s)	2014-50 (%pa)	2014 (£2011 m)	2050 (£2011 m)	2014-50 (%pa)
1. Baseline	3,341	4,327	0.7	1,833	2,168	0.5	90,484	176,105	1.9
2. Incremental	3,341	4,518	0.8	1,833	2,553	0.9	90,484	214,060	2.4
3. Transformational	3,341	4,892	1.1	1,833	2,937	1.3	90,484	253,635	2.9

Source: Cambridge Econometrics

You can find the same data in the Cambridge Econometrics Report<sup>5</sup> in Tables 5.2 (Baseline, p.111), 5.7 (Incremental, p. 120) and 5.12 (Transformational, p. 131).

Cambridge Econometrics was of course reconciling its numbers to the 770,000 houses that Savills had identified for the Arc's housing requirements (23,000 p.a.) and did not consider the additional 230,000 houses earmarked for London over-spill (7,000 p.a.). If, however, you choose to consider delivering 'only' the 770,000 houses for the Cambridge Econometrics' Arc-based growth, you must allow for the fact that some of those houses will be bought by London commuters whether you like it or not, leaving fewer houses for the Arc's economy which, in turn, would mean a lower economic performance for the Arc.

Thus, the economic performance that is the Government target for the Arc (and repeated in the Arc Spatial Framework document<sup>6</sup>) requires 770,000 houses. You have to add something extra to prevent London overspill from diminishing the economic output of the Arc; whether it's Savills' 7,000 p.a. or a different number should be stated and justified in the overall housing target which must therefore be in excess of the bare minimum (770,000) that are essential to give the economic returns you are championing.

In conclusion, you simply cannot divorce the housing numbers from the economic performance you are claiming for the Ox-Cam Arc proposals. Claiming the one without the other is like expecting the grin without the Cheshire cat. It can happen only in fiction.

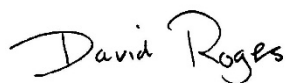
As you stated in Westminster Hall, the figures for housing, jobs and economic performance are now more than five years' old. One of the five pillars of the NIC's proposals – the Ox-Cam Expressway – has now been cancelled and it was uniquely the Expressway that gave the increase (of £39.6 billion GVA) from the incremental to the transformational scenario in the Cambridge Econometrics Report, explained by the agglomeration effect that increased connectivity is supposed to bring about (an effect that we have shown explains less than 10% of the economic output claimed for the Arc<sup>7</sup>). Removing the Expressway should therefore reduce the Arc's ambitions to that of the incremental (not transformational) scenario, which results in an increase of 720,000 jobs (not 1.1 million) and £123.6 billion GVA (not £163.2 billion) over baseline figures. When will the Government re-assess its economic ambitions and targets for the Arc?

In an Academy of Urbanism webinar the day following the Westminster Hall debate Bev Hindle, Director of the Ox-Cam Arc', challenged on the same 'one million houses' figure, stated (in the webinar sidebar chat)

*"You are right the Gov acknowledged and used the 1m homes figure in 2019 but through our Leadership group we have convinced Gov not to be referring to that headline as it is unhelpful and inaccurate and they have agreed."*

As I hope I have explained above, you can't have the oft-repeated economic prizes of 1.1 million more jobs and an increase of £163 billion in GVA output without the up to one million more houses of the NIC Report. Choosing not to mention a fact – in this case housing numbers – because it is likely to upset local people, doesn't make it any less correct, or any less essential for your economic ambitions.

Yours sincerely,



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<sup>1</sup> <https://hansard.parliament.uk/Commons/2021-07-13/debates/D92B505B-E714-45C3-91D3-029228AE741D/Oxford-CambridgeArc>

<sup>2</sup> <https://nic.org.uk/app/uploads//Partnering-for-Prosperty.pdf>

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/752040/Government\\_response\\_to\\_Partnering\\_for\\_Prosperty\\_a\\_new\\_deal\\_for\\_the\\_Cambridge-Milton\\_Keynes\\_Oxford\\_Arc.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752040/Government_response_to_Partnering_for_Prosperty_a_new_deal_for_the_Cambridge-Milton_Keynes_Oxford_Arc.pdf)

<sup>4</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/601167/Property-market-analysis-Savills-report-for-NIC.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/601167/Property-market-analysis-Savills-report-for-NIC.pdf)

<sup>5</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/601163/Economic-analysis-Cambridge-Econometrics-SQW-report-for-NIC.PDF](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/601163/Economic-analysis-Cambridge-Econometrics-SQW-report-for-NIC.PDF)

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<sup>7</sup> See the section beginning with the map of the Silicon Valley, c. minute 12:00, in this webinar:

<https://www.noexpressway.org/news-updates/2021/5/6/neg-talk-to-the-oxford-extinction-rebellion-group>