

Bath and North East Somerset Core Strategy

The Housing Requirement and all Matters relating to the Strategic Housing Market Assessment (SHMA)

Written Statement Submission on behalf of Gladman Developments Ltd

1 INTRODUCTION

- 1.1 Planning Prospects Ltd makes this submission on behalf of Gladman Developments Ltd (Gladman). Gladman have previously made representations to the Core Strategy Proposed Changes in May 2013 highlighting the required approach within the National Planning Policy Framework (NPPF or Framework), which the Council should be following in the preparation of the evidence to support Core Strategy and their calculation of objective housing needs. Gladman's objections, whilst recognising the Council's proposed increase in the proposed level of housing over the plan period from the Submitted Core Strategy, maintain that the Council's evidence does not provide for the calculation of full objective needs, as such the Plan is not in line with the requirements of the NPPF and not sound.
- 1.2 In the context of the above, Gladman commissioned Development Economics to undertake a detailed assessment of the future housing requirements in Bath and North East Somerset (B&NES). Summary findings and conclusions of their report are included within this written submission to the Examination and the full report is provided in **Appendix 1**.
- 1.3 These representations focus on the Inspectors Guidance Notes and Questions that relate to *the housing requirement and all matters relating to the Strategic Housing Market Assessment (SHMA)*. We have not reproduced all of the Inspector's Questions for the sake of succinctness, but focussed our written submissions on the topics raised.

2 NATIONAL PLANING GUIDANCE

Question: For the purposes of this hearing what is the appropriate national policy and guidance to which the Council and I should have regard in making an assessment of housing need and identifying the housing requirement?

- 2.1 The Framework includes at its heart a presumption in favour of sustainable development, which for plan making means that Local Planning Authorities should positively seek opportunities to meet the development needs of their area. Local Plan should meet objectively assessed needs with sufficient flexibility to adapt to rapid change unless the adverse impacts of doing so would significantly and demonstrably outweigh the benefits when assessed against the policies in the Framework as a whole (paragraph 14). The core land use principles in the Framework include the requirement that planning should proactively drive and support sustainable economic development to deliver homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet housing, business and other development needs of an area, and respond positively to wider opportunities for growth (paragraph 17). The NPPF states that local planning authorities should seek

opportunities to achieve each of the economic, social and environmental dimensions of sustainable development and achieve net gains across all three (paragraph 152). The NPPF also makes it clear that local planning authorities should ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals (paragraph 158).

- 2.2 Equally relevant context here is the Government's clear requirement within the NPPF to significantly boost the supply of housing and this is also reflected in the Government's statement on Housing and Growth (September 2012) which affirms housing as the Government's number one priority to get the economy growing. It explains that there is far more to do in terms of providing new homes to meet Britain's demographic needs and help generate local economic growth. It includes details of a number of initiatives focused around increasing the delivery and supply of housing, with significant efforts to accelerate schemes that have otherwise stalled, been held back or constrained by the planning system. Improving the speed of delivery is a key message in the statement, affirming that the planning system needs to work proactively and support the growth that the Country needs.
- 2.3 The Framework requires the preparation of a Strategic Housing Market Assessment (SHMA) to assess their full housing needs working with neighbouring Authorities. The SHMA should identify the scale and mix of housing needed over the plan period and must meet the household and population projections and address the need for all types of housing including affordable housing (paragraph 159).
- 2.4 Objectively assessing need means meeting the population and household projections provided by ONS and DCLG taking into account migration and demographic change. Household projections need to be converted into required dwellings, including relevant consideration for second homes, vacancy, economic factors, addressing affordability and delivering the full need for affordable housing in an area as well as thus un-met needs, so are clearly a minimum level. It also means gaining a full understanding of adequate, up to date and relevant evidence of the economic, social characteristics of the area and take full account of market and economic signals. This is the approach of the Development Economics Report for Gladman.
- 2.5 In summary;
- **The framework sets out the clear approach and the LPA must objectively identify and the meet the housing and business needs of the area;**
 - **In so doing they should achieve net gains in the economic, social and environmental dimensions of sustainable development;**
 - **Objective needs means, amongst other factors, meeting the ONS and DCLG population and household projections.**

3 POPULATION PROJECTIONS AND HOUSEHOLD / DWELLING PROJECTIONS

Questions: Is the Council's reliance now on the ONS' corrected mid-year population estimates for 2001-2011 an appropriate starting point? Does the need for the ONS to

correct past mid-year estimates undermine the utility of the ONS 2008 and 2010 population projections for assessing housing need in BNES?

Is the Council's reliance on a 10 year average (2001-2011) of 552 per year for migration and other changes reasonable? (Table 1 and 2 SHMA Addendum 1a). How does this compare with the assumptions used by the ONS in producing the 2011 interim population projections to 2021?

The mid trend population increase 2011-2031 in Addendum 1a is 16,600 (as shown in the summary table figure 15). This is broadly similar to the Demographic led POPGROUP scenario for the same period in Open House's West of England's Sub Regional Housing Study (16,967, table 7.3) submitted on behalf of Bovis Homes/Taylor Wimpey (Reps 0251 and 0255), albeit derived differently. Does this similarity lend support to the Council's selection of the mid trend population projection?

What difference would be made to the averages in table 1 (SHMA Addendum 1A) by rolling forward to include 2011-12 (as per ONS mid-year estimate for 2011-12 published 26 June 2013)?

Should the Council include the ONS data for 2011-12 in the SHMA? What is an appropriate cut-off date to any further updating of the housing assessment? If I were to consider that the Council's approach to calculating the housing need/requirement is now reasonable, could subsequent ONS outputs during the remainder of the Examination be ignored?

- 3.1 Factors relating to population and household growth are principal long-term drivers of housing demand within B&NES. Trends in overall population, household size and population age structure are all drivers of future requirements for market and affordable housing and these are assessed in some detail within the Development Economics Report. A number of conclusions are drawn from Development Economics evidence which includes;
- 3.2 Bath & North East Somerset experienced population growth of 4.1% over the 2001-2011 period which is below average when compared to sub-regional, regional and national rates. Whilst rates of population growth and household formation drive the need for housing, these rates themselves can be constrained by any shortfalls in the availability of housing. The rate of growth was higher in the preceding decade (6.5%) although it remains below sub-regional, regional and national rates of growth. This points to constrained supply of housing.
- 3.3 The average household size is 2.39 residents per household, illustrating the fact that the District is well represented by working age residents and families. The number of households stood at 73,515 according to the 2011 Census. Unusually, the rate of household growth over the 2001-2011 period has been lower than the rate of population growth. This may be attributed to the incidence of the student population in B&NES impacting upon shared households, but also points to a shortage of housing contributing to an increased incidence of multiple occupation.
- 3.4 The 2011-based interim population projections anticipate growth of +10,200 residents over the 2011-2021 period which indicates a significantly higher rate of growth than previous Sub-National Population Projections. Local forecasts produced by the SHMA Update anticipate between +13,700 to +19,600 residents over the 2011-2031 period.

- 3.5 The linked 2011-based interim household projections anticipate 439 households forming each year. The preceding 2008-based projections anticipated 786 households forming annually over the same period. However, the 2011-based household projections are subject to significant caveats and, according to CLG, cannot be readily compared directly to preceding series. This is a position taken by Inspector Mr Robert Yuille in his recent consideration of the Lichfield Core Strategy and expressed in his interim report (attached at **Appendix 2**). Paragraphs 23 and 24 are set out in response to pressure to adopt lower housing figures in light of the 2011 SNHP however he concludes “selecting a figure below that range would be to fly in the face of the policy of boosting significantly the supply of housing land, an aim that, as has already been established, should be a dominant consideration in any housing forecast.” Further he adds “...although the household representation rates in the 2011 CLG household projections are lower than those in the 2008 projections, this is a result of poor economic conditions that the latter projection took account of. However over the longer term household representation rates have been rising and the fall in these rates identified in the 2011 projection is likely to have been driven by short term factors such as the impact of the recession, constraints on housing supply and the constraints on mortgage lending. It is reasonable therefore to assume that beyond 2021 (the end of the period covered by the 2011 projection) household representation rates will resume their long term rise”.
- 3.6 The most recent forward projections for the number of households covering the whole of the Plan Period (CLG 2008-based) implies the formation of an additional 14,400 households over the 2011-2029 Local Plan period. The draft Core Strategy proposed changes proposes a housing target of 12,700 for the 2011-2029 period in comparison.
- 3.7 Looking forward at the age characteristics of the projected population, ageing of the population and the declining proportion of working age residents pose a threat to the future economic competitiveness of the District and highlights the need to intervene to address the decline in young and working age groups to circumvent the impact on business competitiveness and long term prosperity. This includes measures to ensure the provision of adequate housing to support growth and pursuing options to align jobs, homes, services and facilities.
- 3.8 In summary;
- **There are a number of evidential factors relating to population which point to constrained growth in housing**
 - **The 2011 based interim household projections although lower for the period to 2021 have to be treated with some caution due to recessionary trends and in any event do not cover the full plan period**
 - **The 2008 based projections cover the full plan period, and the LPA do not as a minimum meet these projections**
 - **Population trends pose a threat to future economic competitiveness, meaning more housing is required to address opportunities for the young and working age population**

4 LABOUR SUPPLY FOR PLANNED GROWTH AND OTHER FACTORS

Question: How has the Council's SHMA/housing requirements taken full account of relevant market and economic signals (NPPF paragraph 158)?

- **What factors are relevant here?**
- **Does the objective assessment of need/housing requirement require further adjustment to reflect such signals?**

- 4.1 The NPPF requires that up to date evidence on economic factors is required and strategies for housing and employment uses should be integrated and take full account of market signals. The economy influences future housing demand through productivity, the supply of jobs and household income. The Core Strategy needs to ensure that it can achieve its key economic objectives and provide for needed housing to support this.
- 4.2 Measures of economic self-sufficiency and self-containment are important in guiding the principles of providing employment opportunities within a reasonable distance to place of residence to reduce travel time (and therefore environmental and social sustainability), and to enhance the economic sustainability of an area.
- 4.3 The Development Economics Report draws on evidence to conclude that:
- 4.4 Analysis of 2001 travel-to-work patterns reveals that self-containment (% of jobs held by local residents) stood at 70%, with the remaining 30% commuting out of the district for work with key destinations including Bristol and South Gloucestershire. More recent evidence suggests the number of in-commuters may have increased which illustrates the impact that a shortage of housing may have on the economy and environment of the district. If the local housing market cannot supply sufficient capacity to house those moving in to take up employment opportunities then there will be the prospect of increases in commuting from outside the area or the threat that economic advance may be stifled.
- 4.5 The district has a relatively diverse economy with key business sectors including health, education, retail, accommodation and food services, and professional, scientific and technical. The area has average levels of entrepreneurship and a highly skilled and qualified resident population.
- 4.6 The area has high levels of economic activity and employment and the number of jobs in the district has grown over time, and has weathered the national recession well, with strong recovery experienced since 2011.
- 4.7 Looking forward, forecasts produced by B&NES Council suggest that net job growth of around +11,450 can be expected between 2010 and 2030, which indicates that future economic growth will be a key driver of housing demand in the Core Strategy period. More recent sub-regional forecasts are available which B&NES must take into account in the Core Strategy for it to conform to the NPPF and be sound. The Inspector's Interim Conclusions on the South Worcestershire Development Plan published on 28th October 2013 are of similar relevance here and is attached **Appendix 3**. The Inspector found three fundamental shortcomings in assumptions contained within South Worcestershire Joint Council's approach within their SHMA meaning the assessment of housing needs was seen as unreliable and not a sound

basis for the planning of housing provision. These fundamental shortcomings included the re-calibration of household representative rates, but most relevant here out of date and unduly pessimistic job growth figures by Cambridge Econometrics dating from 2009 and the lack of convincing evidence to support increases in older people's economic participation rates (paragraphs 41 – 49).

- 4.8 A key area of concern is the trend towards an ageing population and fewer workers per household, leading to a declining proportion of residents of working age (16-64) with a forecast 2.5 percentage point decrease over the 2011-2021 period relative to 3 percentage points in England. The implication of this demographic trend is that additional housing will be needed to accommodate replacements for existing working residents retiring from the workforce over the remainder of the Plan period. It also implies that additional housing will be needed to attract a workforce to the area so that businesses can recruit to both meet the net growth in job opportunities as well as the replacement of replace retiring workers. In setting housing targets for the local authority consideration should be given to scenarios which seek to maintain the labour supply at current levels in the future in order to improve the balance of labour and jobs.
- 4.9 All of this underscores the point that, in order for the Core Strategy policies to support the local economy and help achieve its growth potential (and thereby conform with the requirements of the NPPF), the Plan must provide for sufficient new housing to ensure that future availability of workers and their skills will not be a constraint to the local area's business base.
- 4.10 In particular, there is a significant risk that a failure to provide sufficient housing to accommodate the future requirements of the business base will make it increasingly difficult for local employers, inward investors and new start businesses to recruit and retain labour in the area.
- 4.11 Moreover, any policy of restricting future housing delivery below the levels required to meet future needs would likely result in a constraint to future economic growth and prosperity, and would be in direct conflict with the sustainable development and economic growth objectives of the NPPF, as is specified in paragraph 19 of that document.
- 4.12 In summary;
- **Evidence of in commuting continuing will create unsustainable travel patterns and threaten economic enhancement**
 - **The area has high levels of economic activity and employment**
 - **The net job growth planned for however is based on out dated economic forecasts and does not present a sound basis for growth**
 - **More up to date economic forecast are available and the Core Strategy evidence should draw on this to be sound.**
 - **Failure to plan for such economic growth will promote more unsustainable travel patterns and raise significant issues for local employers and inward investment**

5 AFFORDABLE HOUSING

- 5.1 An important factor to consider in objective need is that relation to affordable housing need. Evidence is clear that issues of housing affordability are acute in B&NES, persistent and have been increasing over time. Local authority housing waiting list show considerable growth in the numbers of households wishing to access affordable housing.
- 5.2 The Development Economics Report draws on evidence to conclude that:
- 5.3 The 2013 SHMA is based on out-dated economic forecasts (as referred to in Section 4 above) and covers a different period (2011-2031) compared to the Plan Period (2011-2029). The SHMA is therefore not ideal in terms of supporting evidentially the Council's proposed housing target.
- 5.4 The SHMA is also difficult to interpret, and may be subject to further change: however, the July addendum appears to be suggesting that 225 affordable housing units may be needed annually over the 2011-2031 period, in addition to 420 market homes p.a.
- 5.5 The overall housing requirement figure according to this assessment is therefore understood to be 645 dpa, which is figure lower than the Council is currently proposing.
- 5.6 There is evidence to suggest that increasing the supply of housing can improve the 'affordability' of housing by ensuring supply more evenly matches demand and also by increasing the amount of 'affordable' homes such as social-rented or properties for rent. A failure to provide the levels of annual affordable housing supply required as being needed has the potential to create significant social and equity problems in Bath & North East Somerset.
- 5.7 Housing affordability is a significant issue in Bath & North East Somerset and this is a long-term issue which has worsened over time.
- 5.8 The 'objectively assessed need' identified in the SHMA Update and Covering Note provides an indication of the likely scale of future housing needed in the HMA (+12,700).
- 5.9 The draft 2013 SHMA covers a different period than the Plan (i.e. to 2031) and has been developed using dated economic forecasts (2010). The SHMA is in draft but covering notes to the addendum documents estimates that 9,500 market dwellings will be needed over the 2011-29 period (528 p.a.), and that 3,110 affordable housing units will be needed over the same period (173 p.a.). More recently, Council have refined this figure to 3,200 affordable.
- 5.10 Council anticipate meeting the target (3,200) for affordable housing over the Plan Period and have anticipated that 1,474 of these will be delivered over the next five years.
- 5.11 There are a range of other factors to take into account including evidence of housing need and demand, the need for economic growth, the availability of suitable

housing land, and the need to improve housing affordability and increase supply. However, we consider that that the 'objectively assessed need' will not be as effective in boosting housing supply and addressing affordability, and would limit the opportunity to provide new or enhanced infrastructure.

5.12 In summary;

- **Housing affordability is a significant issue in Bath and North East Somerset**
- **The provision of affordable housing is linked to the provision of open market housing – the deficiencies in the overall quantum of housing provision will not meet full needs for affordable housing**

6 CALCULATING THE OVERHALL HOUSING REQUIREMENTS

Should the 5 year supply be calculated as the Council suggest (BNES 48, paragraph 39) on the basis of the identified housing need plus local plan backlog (i.e, 8,727) or on the overall planned provision of 12,700. My preliminary view is that it should be the latter for the reasons given in ID/40, paragraphs 13-15).

6.1 The NPPF requires Local Planning Authorities to identify an update annually a supply of specific deliverable sites sufficient to provide five years' worth of housing against their housing requirements with an additional buffer of 5% to ensure choice and competition in the market for land. NPPF also says that, "where there has been a record of persistent under delivery of housing, LPAs should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and completion in the market for land" (paragraph 47).

6.2 The Council contest that they can deliver an adequate 5-year supply. We have not tested the components of supply to which the Council rely on, however the requirement appears to be based on the 'aggregate dwelling demand' figure and not the total requirement for housing within the Plan.

6.3 In circumstances of Plan Making here, and where the need for housing is being identified in the Plan, the approach in this evidence should be based on the housing requirement in the Plan, noting our submissions that this requirement should in any event, on the basis of more up to date evidence, be higher.

6.4 In summary;

- **The five year supply should be calculated in support of the Plan using the requirement for housing within the Plan (or as if found unsound, the level as indicated to be the full objective need)**

7 CONCLUSIONS

7.1 Objectively assessing need means meeting the population and household projections taking into account migration and demographic change. Required dwellings also requires consideration for second homes, vacancy, economic factors, addressing affordability and delivering the full need for affordable housing in an area

as well as un-met needs. It means gaining a full understanding of adequate, up to date and relevant evidence of the economic, social characteristics of the area and take full account of market and economic signals. It also means integrating housing and employment policy.

- 7.2 This is the approach of the Development Economics Report for Gladman. An appropriate future housing delivery target for B&NES, produced as a result of a more clear understanding of demographic, economic and affordable housing factors as NPPF-compliant drivers concludes the following:

Demographic: 820 dpa, based on a review of the various household and population projections, in particular the 2008-based projections which are the most recent to cover the whole of the Plan period;

Economic: at least 750 dpa, to allow for a majority of the expected net increase in employment anticipated to occur in B&NES to be met locally, as well as providing additional housing needed to accommodate additional workers who will be needed to replace workers expected to retire over the Plan Period, and to compensate for the anticipated decline in the relative numbers of working age residents that is expected to occur);

Affordable housing: 225 affordable dwellings per annum, based on the findings to date of the draft 2013 SHMA.

- 7.3 Balancing the three NPPF drivers, the Development Economics Report concludes that a housing delivery target of a minimum of 820 dpa would provide a balance between fully meeting the demographic and economic drivers of housing demand, as well as making a substantial contribution towards addressing affordable housing need.
- 7.4 These conclusions are interim in anticipation of finalisation of the SHMA for the area.
- 7.5 The Council's proposed target of 705 dpa is unsound as it is inadequate to meet the area's future housing needs, as measured against key NPPF criteria, and in particular the need to provide sufficient housing to accommodate expected demographic and economic change. It would not deliver in full the objectively assessed need for housing and is not based on a sound analysis of the available and relevant evidence. In particular:
- 7.6 There is no adequate justification – from a demographic, economic or housing affordability perspective – of setting the proposed target at a level that is below the levels identified as being needed to meet demographic change and economic growth requirements;
- 7.7 The Council's proposed target appears to have been formulated without regard to up-to-date econometric forecasts – the ones utilised by the SHMA date back to 2010 and are therefore not current;
- 7.8 It is not clear that the proposed target could deliver the 225 affordable dwellings per annum that appears to be the conclusion of the draft SHMA (although it is accepted that this document may be subject to further change)

- 7.9 The Council has failed to assess the potential social, economic and sustainability implications of failing to address in full the objectively assessed need for additional housing supply in its area of responsibility, as is required by the NPPF
- 7.10 **Our overall conclusion is that a minimum housing delivery target of 820 dpa should be adopted instead of the target of 705 dpa that the local planning authority is currently proposing.**

Appendix 1 – Development Economics Report November 2013

Assessment of Future Housing Requirements for Bath & North East Somerset

A report by Development Economics Ltd

November 2013

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1: Introduction

- 1.1 Development Economics Limited was appointed by Gladman Developments to examine the future need for housing in the Bath & North East Somerset (B&NES) area. The assessment is based on the drivers identified by the National Planning Policy Framework (NPPF), and in particular:
- the expected future demographic change in the local planning authority area, including the latest available datasets from the official population and household projections, and the data becoming available from the 2011 Census;
 - economic conditions, such as the expected future changes in the numbers of jobs expected to be found in the local planning authority area; and
 - the analysis of the affordability of housing in the area.
- 1.2 In addition, the NPPF stresses the importance of planning strategically on issues that cross local authority boundaries.
- 1.3 The report is structured in the following way:
- Chapter 2 summarises some of the key planning policies and other relevant strategy documents relevant to a consideration of future housing requirements in B&NES.
 - Chapter 3 assesses the available evidence on demographic trends in B&NES, including the most recent population and household projections and the data released so far from the 2011 Census.
 - Chapter 4 highlights some of the key economic characteristics of the B&NES area and labour market, and also assesses the available evidence on potential future economic trends affecting the District.
 - Chapter 5 assesses the available evidence regarding the affordability of housing in B&NES.
 - Chapter 6 assesses the current evidence on future housing requirements for the District.
 - Chapter 7 discusses the potential impacts – in terms of the NPPF criteria – of a future housing target that is too low to meet the fully and objectively assessed needs of B&NES.
 - Chapter 8 presents some final conclusions.
- 1.4 It is first necessary to explore the existing and emerging planning policy context for future housing provision in B&NES, in terms of the existing NPPF and the existing and emerging local planning policies. These policy drivers are introduced and discussed in the next Chapter of this report.

2: Policy and Strategy Context

National Policy Environment

2.1 The **National Planning Policy Framework** (NPPF) was published on 27 March 2012. The NPPF makes clear that the Government is committed to securing economic growth in creating jobs and delivering prosperity, and that the planning system should do everything it can to support sustainable economic growth.¹

2.2 Moreover, the NPPF created a presumption in favour of sustainable development, including for housing.² Paragraph 47 of the NPPF states that in order to boost significantly the supply of housing, local planning authorities should:

Use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period. (NPPF, paragraph 47, 1st bullet point, page 12)

2.3 Paragraph 152 of the NPPF states that local planning authorities should seek opportunities to achieve each of the economic, social and environmental dimensions of sustainable development and achieve net gains across all three.

2.4 The NPPF also makes it clear that local planning authorities:

...should ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals. (NPPF, paragraph 158, page 38)

2.5 The NPPF requires local planning authorities to significantly boost the supply of housing to deliver a wide choice of quality homes by:

- using their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the area, including identifying key sites which are critical to the delivery of the housing strategy over the plan period;
- identifying and updating annually a supply of specific deliverable sites sufficient to provide five years' worth of housing against their housing requirements with an additional buffer of 5% to ensure choice and competition in the market for land; and
- identifying a supply of specific, developable sites or broad locations for growth for years 6-10 and where possible for years 11-15.

¹ NPPF paragraph 19 makes it clear that Government expects the planning system to “encourage and not act as an impediment to sustainable economic growth”.

² NPPF paragraph 49, page 13

- 2.6 It is also made clear in paragraph 159 that in the preparation of the SHMA, planning authorities need to take into account the scale and mix of housing and the range of tenures that the local population is likely to need, addressing:
- household and population projections, taking account of migration and demographic change;
 - the need for all types of housing, including affordable housing; and
 - housing demand, and the scale of housing supply necessary to meet this demand.
- 2.7 The NPPF makes it clear (e.g. in paragraphs 178-181) that public bodies have a continuing duty to co-operate on planning matters, including in situations where strategic priorities cross planning boundaries and in situations where travel-to-work areas span across such boundaries.
- 2.8 The overall thrust of the NPPF, therefore, is that although planning authorities have the responsibility to set their own targets, there is a much stronger requirement to meet the full identified need than existed under the previous policy regime.

Regional and Sub-Regional Policy Environment

- 2.9 The **Draft Regional Spatial Strategy** (RSS) for the South West was consulted upon in summer 2006, and further work was carried out following the Examination in Public (EiP) in 2007 which delayed the final publication of the RSS.
- 2.10 The draft RSS provided a broad development strategy for the region 2006-2026 including identifying the scale and distribution of provision for new housing. The draft RSS recognised that the realisation of economic growth would require provision of adequate housing to support it, and aspires to do so *“in locations with the greatest potential for aligning jobs, homes, services and facilities and where infrastructure exists to support growth”*. The Draft RSS identified 21 Strategically Significant Cities and Towns (SSCTs) upon which to focus and support economic development and regeneration. The SSCTs were recognised as places which contribute to regional prosperity. The city of Bath was identified as one of these regional SSCTs.
- 2.11 The urban area of Bath was identified as a place where the Council should plan for balanced growth according to **Policy SR2**, *“maximising the use of previously developed land and buildings, and within a revised green belt make provision for significant urban extensions, for mixed use development, to meet the longer-term needs”*³.
- 2.12 **Policy SR3** stated that, *“around the built up areas of Bristol and Bath, the inner boundary of the green belt shall generally follow the limits of existing development or that already committed. The general extent of the Bristol and Bath green belt is maintained subject to changes in boundaries that will be defined in LDDs to accommodate the urban extensions required for longer-term development of Bristol and Bath at locations identified in Policy SR4 and SR5, with the revised inner boundary coterminous with the edge of the urban extensions”*⁴.

³ Draft RSS, 2006, p.56, SR2

⁴ Draft RSS, 2006, p.57, SR3

- 2.13 Bath was recognised as being of international significance for its historic environment. The draft RSS stated that the need for housing should be accommodated primarily through the re-use of urban sites, but a strategic urban extension will be needed. It was recognised that the growth of jobs in Bath could outstrip the delivery of homes, particularly affordable homes. Many people currently commute from lower-cost housing locations. The key strategic development issue for Bath was identified to be how best to accommodate sufficient housing to help meet future needs, within and close to the City, rather than relying on a more dispersed provision in settlements beyond the green belt, including places in Mendip and West Wiltshire. *“By containing growth within and adjacent to its urban area, there are more opportunities for sustainable transport, maximising the potential of walking, cycling and public transport. In this context, growth in nearby towns to meet local needs and a continuation of regeneration policies at Norton Radstock will be consistent with an urban extension to Bath”*⁵.
- 2.14 The draft RSS went on to propose a well-planned urban extension to meet the City’s housing needs. It saw this as being particularly important in Bath as it will enable a more sustainable pattern of development to be pursued rather than a more dispersed option which could result in an increase of car-borne commuting. However, *“the long term development of Bath will need further careful evaluation through the LDD process of how a high quality planned extension of the urban area can be achieved without detracting from Bath’s World Heritage Site status”*⁶.
- 2.15 **Policy SR5** identified that jobs growth in the Bath TTWA was anticipated to range between 16,000 to 20,200 jobs over the Plan period. This would be complemented by provision for an average of about 375 dwellings per annum within and adjoining Bath’s urban area over the Plan period.
- 2.16 Bath & North East Somerset was identified as being in the ‘West of England Housing Market Area’ which proposed an overall annual average net dwelling requirement of 5,510 over the 2006-2026 Plan period, for which Bath & North East Somerset’s share was set at 775 dwellings per annum.
- 2.17 Following the general election, the new Secretary of State for Communities and Local Government took a ministerial decision to revoke RSS’s, subsequently enacted in the **Localism Act 2011**. The draft RSS for the South West was still unadopted by the time of revocation. It is now the responsibility of Local Planning Authorities to set their own housing targets. However, the Secretary of State’s Proposed Changes version of the South West RSS remains a material consideration in determining planning applications.
- 2.18 Moreover, under the new Act local authorities have a duty to co-operate with other bodies to ensure that strategic priorities across local boundaries are co-ordinated and reflected in Local Plans.

Local Policy Environment

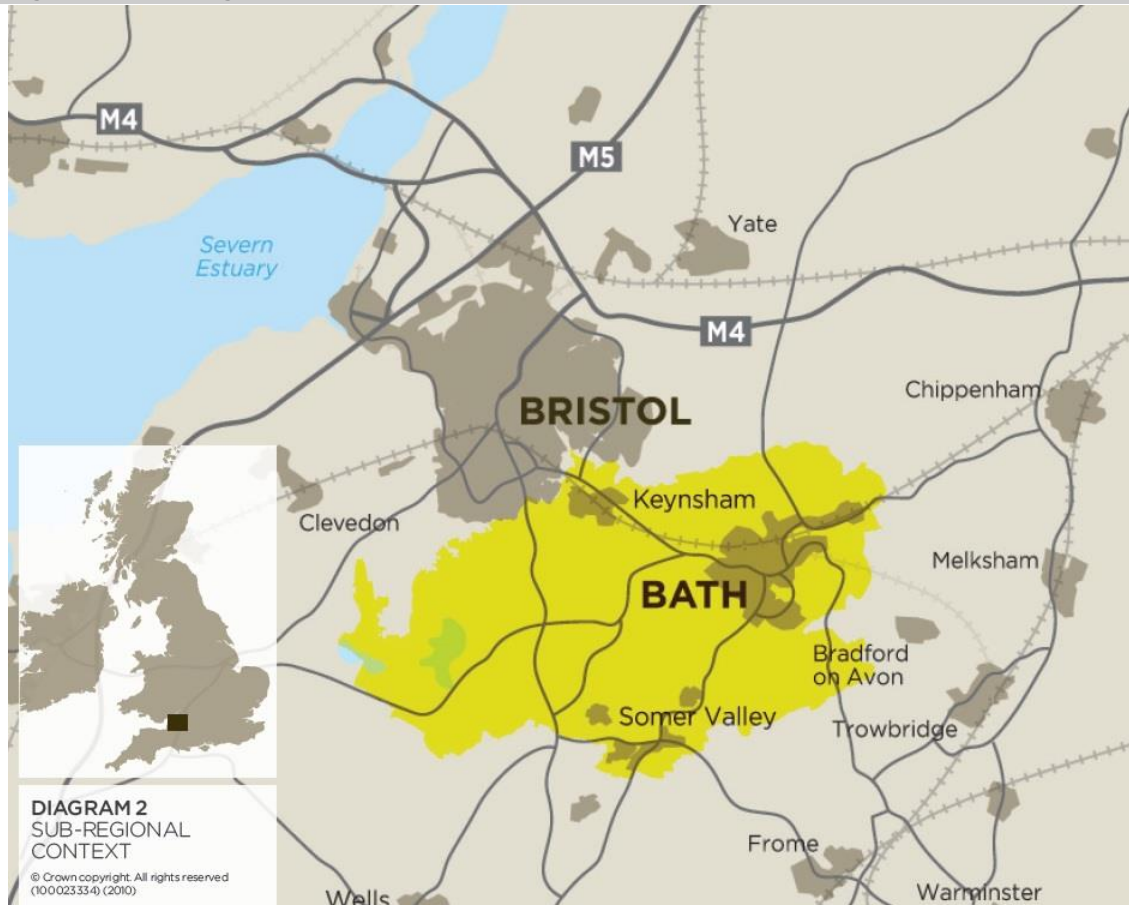
- 2.19 The **draft Core Strategy for Bath & North East Somerset** was published in 2010 and plans for the development of the district up to 2026. The document set the context for the Plan, highlighting the richness of historic, cultural and environmental assets combined with a

⁵ Draft RSS, 2006, p.59, para. 4.2.16

⁶ Draft RSS, 2006, p.59, para. 4.2.18

strategic location well-served by the M4 and M5 motorways and rail links to London and the rest of the country. In particular, the role of Bath as one of the UK's most liveable cities with an excellent quality of life was highlighted, including the role it plays as an international visitor destination, a key economic centre in the West of England, and one of the most important places of learning in the South West.

Figure 2.1: Sub-Regional Context



Source: Bath & North East Somerset Draft Core Strategy, 2010, p.11

- 2.20 The draft Core Strategy recognised the need for growth in housing and employment, due to population and lifestyle changes and an evolving economy. However, “*the challenge is to grow in a way that is socially, economically and environmentally sustainable*”⁷. The wealth of natural and cultural assets were recognised for their contribution to the attractiveness and liveability of the district.
- 2.21 The draft Core Strategy also recognised the economic imperative for growth, however, with the need to create the conditions for a more environmentally sustainable economy with increased local employment and less overall commuting.
- 2.22 **Objective 5 ‘Meet Housing Needs’** aims to enable the delivery of new homes needed to respond to expected demographic and social change and to support the labour supply to meet economic development objectives. New homes also need to cater for a range of incomes and types of household, including those in need of affordable housing.

⁷ Draft Core Strategy, 2010, p.10

- 2.23 The draft Core Strategy makes provision for 11,500 (575 dpa) new homes and around 8,700 new jobs. This was informed by a **B&NES Business Growth and Employment Land Update, 2010**, led by Roger Tym & Partners. This document states that the RSS target of 21,000 net additional jobs for B&NES in 2006-2026 is not achievable and offers their own scenarios of around 10,000 net new jobs.
- 2.24 Around 3,400 affordable homes would have been delivered through the system according to the draft Core Strategy. This level of growth excludes ‘windfall’ housing developments. The strategy was to locate new development in the most sustainable locations and therefore the priority was to steer growth to brownfield land in urban areas of Bath, Keynsham and the larger settlements in the Somer Valley. It is acknowledged that the district’s particular circumstances constrain the space available. However, the Council’s policy of ‘smart growth’ was stated to provide scope for pursuing high levels of economic growth without departing from the locational strategy.
- 2.25 Under the draft Core Strategy, Bath was the primary focus for development. The strategy sought to address the existing commuting imbalance by directing more homes than jobs to the city. The Council’s policy of ‘smart growth’ sought to promote higher value sectors.
- 2.26 Strategic issues recognised by the draft Core Strategy included:
- The housing market is particularly expensive to penetrate and this contributes to a dislocation of workers from workplace and exacerbates the level of in-commuting from lower cost locations. More housing and more affordable housing is needed to support economic growth, increase the co-location of jobs and workers, and address the needs of households on the housing register
 - There is a significant imbalance between the resident workforce and jobs. The main place of employment for about 30% of the resident workforce is outside Bath and the city imports many workers from beyond its boundaries. The draft Core Strategy seeks to reduce the proportion of the resident workforce who out-commute and enable a shift in the level of self-containment from 70% to nearer 80%
 - The need for affordable housing is high, with the affordability gap between local incomes and market house prices being very wide.
- 2.27 **Policy CP9 ‘Affordable Housing’** recommended that large sites would require affordable housing as on-site provision in developments of 10 dwellings or 0.5 hectare and above. An average affordable percentage of 35% was sought on these large development sites. Higher affordable housing proportions (up to a maximum of 45%) may be sought in individual cases. On small sites of 5 to 9 dwellings or from 0.25 up to 0.49 hectare, affordable housing would be sought as on-site provision or an appropriate financial contribution with commuted sums calculations. The target level of affordable housing for these small sites would be 17.5%.
- 2.28 The Core Strategy was submitted for examination in May 2011 and suspended in July 2012 to enable the Council to undertake further work to address preliminary conclusions of the Examination Inspector. In particular, the Inspector concluded that there was a need to ensure that the submitted Core Strategy takes accounts of the following paragraphs of the NPPF:

“To boost significantly the supply of housing, local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this framework” (NPPF, paragraph 47)

“Each local planning authority should ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals” (NPPF, paragraph 158)

“Local Planning Authorities should prepare a SHMA. The SHMA should set a housing target which meets household and population projections, taking account of migration and demographic change” (NPPF, paragraph 159)

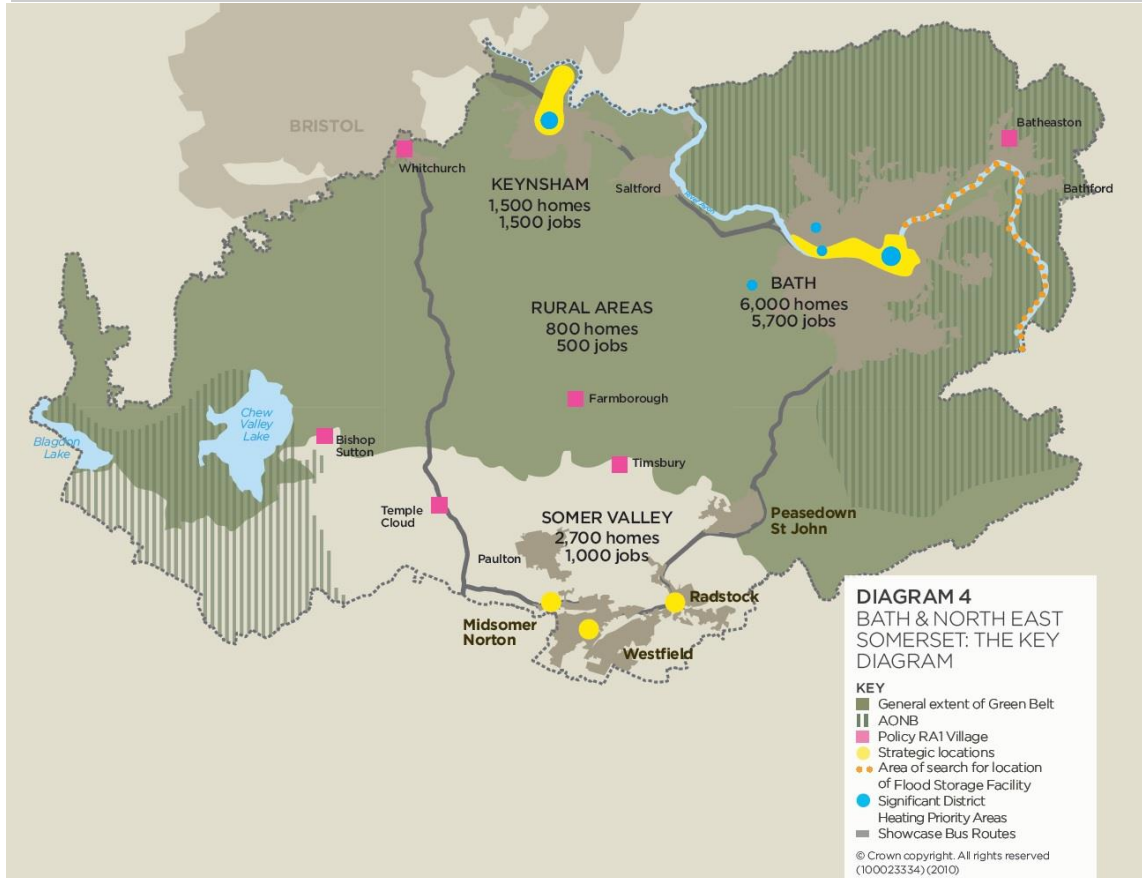
- 2.29 Moving forward, Bath & North East Somerset Council updated their evidence base and developed policy options between July 2012 and February 2013. The Council then agreed changes to the Core Strategy and the changes to the draft Core Strategy have been published for public consultation as the **‘Schedule of Proposed Changes to the Submitted Core Strategy 2013’**. Examination hearings on the Core Strategy are due to re-open in Autumn 2013.
- 2.30 Figure 2.2 (overleaf) illustrates the proposed strategy.
- 2.31 The changes to the draft Core Strategy included revising the Plan Period to 2011-2029 and amends the housing and jobs figures to 12,700 new homes (706 dpa) and around 10,170 new jobs⁸. The document also identifies the locations of where it is proposed that *“land will therefore be released from the Green Belt at Weston and Odd Down and identified for development⁹”*. The Council has just begun a 6-week consultation period on five locations where land is to be released from Green Belt for development on the 11th of November 2013.
- 2.32 The document goes on to recognise that the scale of new homes entails a significant uplift in past rates of delivery from around 380 to around 700 dwellings per annum. Furthermore, the provision of new jobs is dependent on national economic performance and objectives in the Council’s Economic Strategy being realised.
- 2.33 The draft Core Strategy seeks to maximise the provision of affordable housing and *“the overall housing figure has therefore been boosted in order to increase provision of affordable housing. This would provide around 3,110 affordable homes during the Plan Period¹⁰”*.

⁸ B&NES, March 2013, Schedule of Proposed Changes to the Submitted Core Strategy, p. 8, change reference SPC14

⁹ B&NES, March 2013, Schedule of Proposed Changes to the Submitted Core Strategy, p. 9, change reference SPC15

¹⁰ B&NES, March 2013, Schedule of Proposed Changes to the Submitted Core Strategy, p. 11, change reference SPC21

Figure 2.2: Key Diagram



Source: Bath & North East Somerset Council, *Schedule of Proposed Changes to the Submitted Core Strategy*, 2013, p. 139

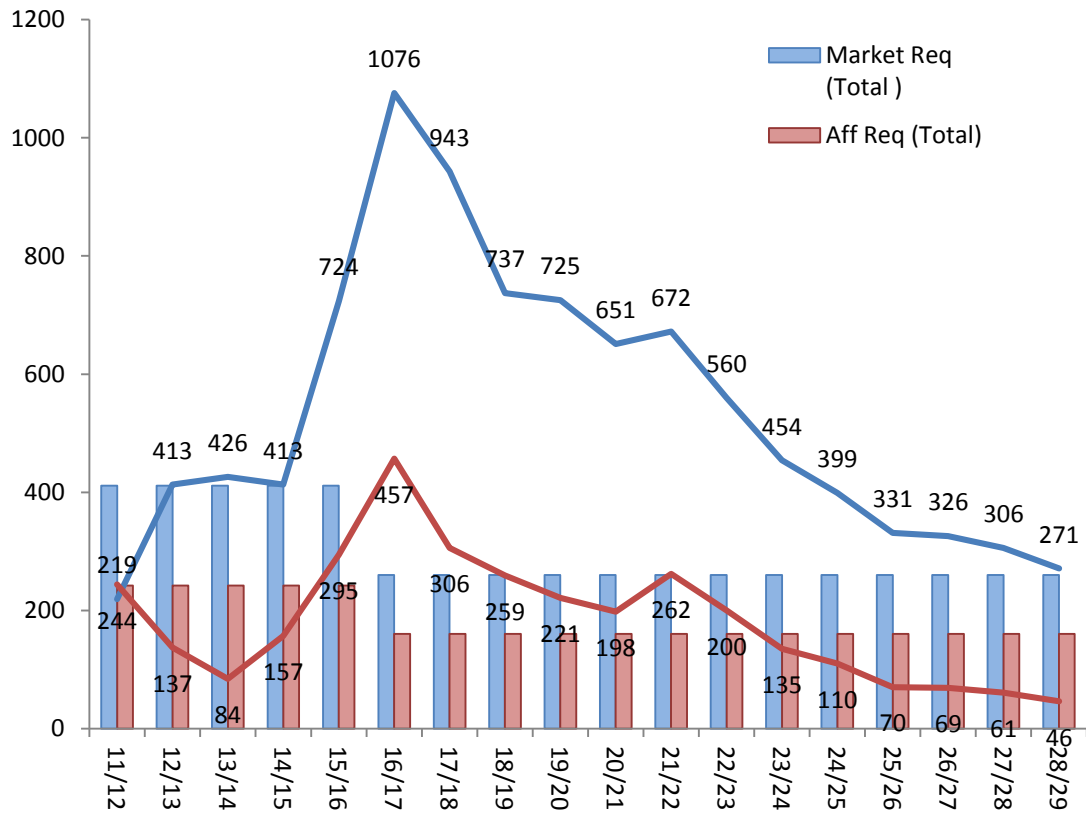
- 2.34 Bath & North East Somerset Council undertook a ‘**Viability Study Update**’ in December 2012 which updated the 2010 Affordable Housing Viability Study. The findings of the report supports the affordable housing targets set in the draft Core Strategy and also adds that it is recommended that where a postcode may include a potentially large greenfield housing development, the Council reserves itself in policy terms, the right to set a target for affordable housing as ambitiously as viability constraints will allow¹¹.
- 2.35 The most recent **Annual Monitoring Report** available is for 2010-11 which measures progress against the draft Core Strategy Plan Period (up to 2026) rather than the revised Local Plan timescale which plans up to 2029. This also means that it is monitoring against the draft Core Strategy target of 11,500 homes rather than the updated 12,700 homes proposed in the modifications.
- 2.36 According to the Bath & North East Somerset Monitoring Report, 2010/11, since 2006 (the beginning of the draft Core Strategy period), 2,160 homes have been built which achieves an average of 432 dwellings per annum which compares against the historic Core Strategy annualised average target of 575 dwellings per annum. Housing delivery is therefore currently 715 homes behind the cumulative annualised requirement to 2011.
- 2.37 A **Strategic Housing Land Availability Assessment** was published in June 2013. The **Inspector’s Response to BNES/47** (ID 40) queried the Council’s approach to calculating the

¹¹ B&NES Council, *Viability Study Update*, December 2012, p.24

5-year supply in this document, which they have done on the basis of their assumptions on the ‘aggregate dwelling demand’ rather than the headline requirement which is set out in the Core Strategy of 12,700. Given that the Council has concluded that 12,700 new homes are necessary and should be delivered over the plan period, then the Inspector considers that this is the figure against which its delivery should be judged in calculating the 5-year supply. Therefore, according to the Inspector “the 5 year supply (plus 20%) requirement may well be materially greater than the Council assume”¹².

- 2.38 A further update produced in November 2013. The most recent version of the SHLAA accompanies the Proposed Changes to the Submission Core Strategy and updates previous versions.
- 2.39 According to the SHLAA, B&NES anticipates delivering 12,956 dwellings between 2011 and 2029. Of this figure, it is anticipated that 9,646 will be market housing, and 3,311 will be affordable housing.

Figure 2.3: Housing Trajectory

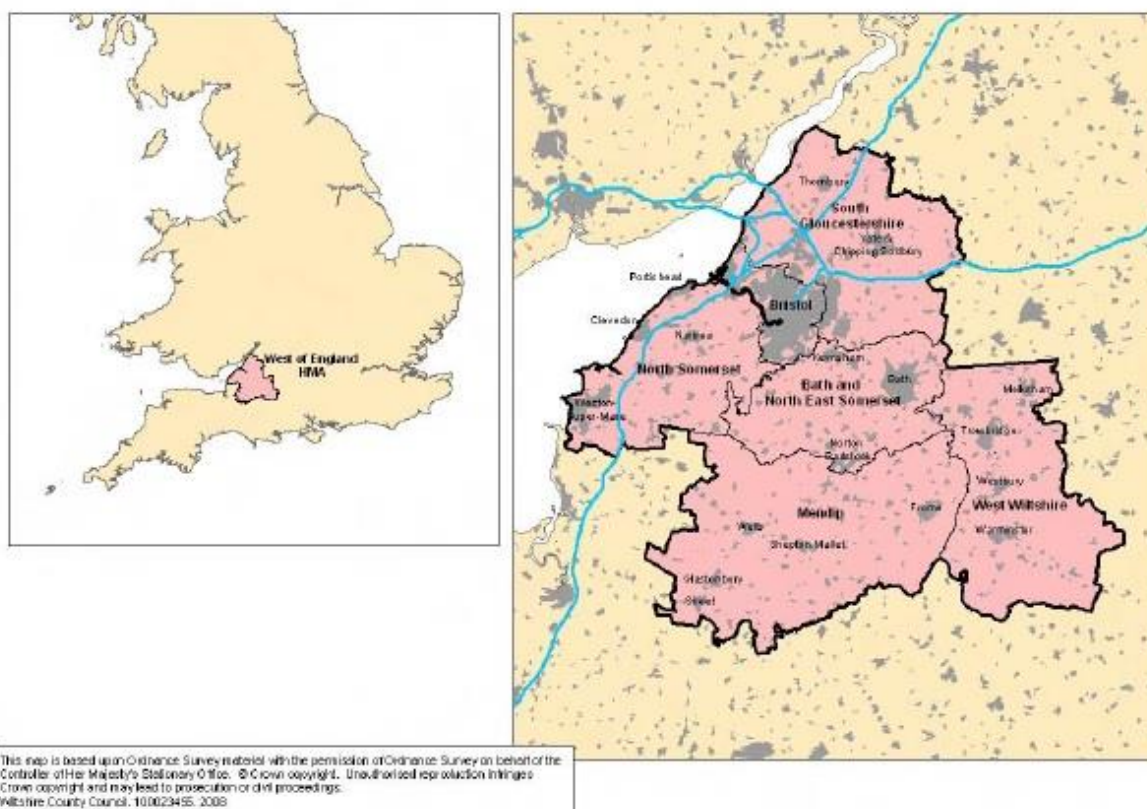


Source: Bath & North East Somerset SHLAA, November 2013

¹² BNES Core Strategy Examination, Inspector’s Response to BNES/47 (ID 40), paragraph 15.

- 2.40 B&NES needs to deliver 4,789 dwellings by 2018, with the first 5 years frontloaded to account for the Local Plan shortfall during the period 1996-2011 (-1,167). The Council are currently anticipating they can deliver 5,366 dwellings in this time period and therefore that they have an adequate 5-year supply¹³. However, the Council still maintain¹⁴ that the 5-year supply target should be measured against the ‘aggregate’ demand figure of 8,727 which means that the Inspector’s concerns regarding the measurement and adequacy of supply are still valid.
- 2.41 If the Core Strategy delivers 12,956 dwellings as per the SHLAA assumptions, this means the target of 12,700 homes for the Plan Period will be slightly exceeded.
- 2.42 In 2008 a **Strategic Housing Market Assessment (SHMA)** was carried out on behalf of the West of England SHMA Partnership of which Bath & North East Somerset Council are a part. The report was published in 2009 and illustrates the extent of the West of England Housing Market Area (HMA).

Figure 2.4: West of England HMA



Source: West of England SHMA, 2009, p.10

- 2.43 For Bath & North East Somerset, the calculation of total newly arising need for affordable housing, 2009-2021, was identified as 1,022 per annum (gross)¹⁵. This compares against an average annual affordable housing output on current policy of 228 dwellings per annum (2006-

¹³ SHLAA, November 2013, p.28

¹⁴ Email correspondence from Richard Walker, Planning Policy Officer, B&NES, 18th November 2013

¹⁵ West of England SHMA, 2009, Table 4.6, p.61

2026), against an average annual net need of 847 (2009-2021), leaving an average annual shortfall of 619¹⁶.

- 2.44 Opinion Research Services commenced a **Bath & North East Somerset Strategic Housing Market Assessment Update** in 2013. This was published as a draft in March 2013. Further addendum documents were published in July and September 2013. It appears, therefore, that the SHMA is not yet finalised.
- 2.45 According to the draft 2013 SHMA update it has been identified that the west of Bath & North East Somerset falls within a Bristol focused housing market (which also covers the whole of North Somerset and South Gloucestershire), as well as extending into the fringes of Somerset, Gloucestershire and Wiltshire. The city of Bath, its environs and the south of the district form a local housing market which also extends to a small extent into Wiltshire and villages in the north of Mendip.
- 2.46 A range of different scenarios were used to produce household projections using the PopGroup software to produce a range of scenarios for Bath & North East Somerset which covers the period 2011-2031.
- 2.47 A variety of scenarios have estimated “objectively assessed need” for housing in the B&NES area ranging from 7,300 dwellings up to 12,900 dwellings over the 20-year period to 2031, equivalent to a rate of between 360 and 650 dwellings per year.
- 2.48 **Addendum 1b on Housing Mix** sets out the housing requirement for 2011-31 based on different migration scenarios and assumptions regarding headship rates. The report concludes that the required housing mix for 2011-31 is 12,900 of which market housing accounts for 8,400, intermediate housing a further 700, and social/affordable rented housing a further for 3,800¹⁷.
- 2.49 **A Covering Note to the SHMA Addendums 1a, 1b and 1c** (July & September 2013) sets out how the Council have arrived at this estimate and refines it further¹⁸.
- Firstly, the Council have agreed that a ‘Mid Trend Migration’ scenario for household projections over the 2011-2031 period is appropriate for them to select, which identifies household population growth of 16,600 over the 20 year period (**15,000** over the 18-year Plan Period)
 - Secondly, the Council applied ‘hybrid’ headship rates whereby 2011-based headship rates are applied until 2021, and beyond that apply the rate of annual change from the 2008-based household projections. Using the mid-trend migration scenario, this translates into a projected **7,560 dwellings**
 - Thirdly, the Council applies the Local Plan Backlog of **1,167**
- 2.50 This calculation yields an ‘aggregate’ dwelling requirement of **8,727**. The Council go on to acknowledge that “*the need to enable the delivery of affordable housing is a key driver of the Council’s reasoning for identifying a role for the Green Belt in future housing supply*”.

¹⁶ West of England SHMA, 2009, Table 7.13, p. 136

¹⁷ SHMA Addendum 1b, 2013, Figure 5, p.7

¹⁸ SHMA Addendums 1a, 1b and 1c (July & September 2013) Covering Note, Table 1 & Paragraph 11; Table 2b & 2c

- 2.51 Finally, the Council identify the ‘additional affordable housing need’ for the Plan Period which takes into account the Local Plan affordable housing shortfall, low trend migration and adjusted 2008 headship rates. This yields a demand for a further **3,110 affordable** dwellings¹⁹.
- 2.52 However, the shortfall of available affordable units (-569) identified in the June 2013 SHLAA has meant that more allocated sites are needed to make up the shortfall. This has led to an increased overall provision to **12,700** of which market housing accounts for 9,500+ units and affordable provision to 3,110.

Table 2.1: Meeting the Need for Market and Affordable Housing

	SHMA 20 years	SHMA over 18 year Plan Period	Local Plan Backlog	SHMA over 18 yrs plus LP Backlog	Pre March 2013 SHLAA Supply	Difference	Additional Needed for +569 Affordable Houses at 30%*	Total*
Total Housing	8,300	7,470	1,167	8,637	10,852	+2,215	1,897	12,749
Market	5,300	4,770	757	5,527	8,311	+2,784	1,328	9,639
Affordable	3,000	2,700	410	3,110	2,541	-569	569	3,110

Source: BNES/48, Addendums 1a, 1b and 1c (July & September 2013) Covering Note, Table 9

- 2.53 Following email correspondence with the Council²⁰ to clarify points related to their identification of need, the figures in Table 2.1 were further updated to 5,437 market and 3290 affordable requirement for the Plan Period (8,727 total). This forms the current figure the Council are using as their ‘aggregate’ demand target.

Table 2.2: Meeting the Need for Market and Affordable Housing (November 2013 Version)

	SHMA over 20 years	SHMA over 18 years	LP Backlog	Total plan target	Pre Nov 13 SHLAA Supply (less proposed Green Belt sites)	Difference
Total	8,400	7,560	1,167	8,727	11,856	+2,859
Market	5,200	4,680	757	5437	8,921	+3,834
Affordable	3,200	2,880	410	3,290	2,935	-355

Source: Email from Richard Walker, Planning Policy Officer, B&NES, 18th November 2013

Council’s SHMA target for 20 years has been selected from Addendum C, Figure 6 and is based on a Mid-trend Migration Scenario and 200-based Headship rates (2008-based trend post 2021)

- 2.54 Table 2.2 identifies a shortfall of -355 affordable dwellings. This was supported by further tables to illustrate how the supply figure of 12,956 identified by the November SHLAA was realised.

¹⁹ SHMA Addendums 1a, 1b and 1c (July & September 2013) Covering Note, Table 8

²⁰ Email correspondence from Richard Walker, Planning Policy Officer, 18th November 2013

Table 2.3: Greenbelt Allocations to address the Shortfall of Affordable Housing

	Market	Affordable	Total
Bath, Weston	90	60	150
Bath Odd, Down	180	120	300
Keynsham East	175	75	250
Keynsham South	140	60	200
Whitchurch	140	60	200
Total	725	375	1,100

Source: Email from Richard Walker, Planning Policy Officer, B&NES, 18th November 2013

Table 2.4: Pre November 2013 SHLAA Supply (plus Green Belt) compared to Plan Target

Pre Nov 13 SHLAA Supply (plus Green Belt)*	Difference vs total plan target
12,956	+4,229
9,646	+4,209
3,310	+20

Source: Email from Richard Walker, Planning Policy Officer, B&NES, 18th November 2013

- 2.55 The **Economic Strategy for Bath & North East Somerset, 2010-2026**, has an overall aim “To improve the prosperity and well-being of Bath and North East Somerset residents through a more productive, competitive and expanded economy by 2026”. In particular, by 2026 the economy should be more environmentally sustainable with increased local employment and less overall commuting. It should also be more diverse, productive and resilient thanks to an increase in the availability of knowledge-based jobs. The draft Core Strategy provides the framework for the delivery of the provisions set out within the Economic Strategy. These key documents are supplemented by various additional pieces of work which update the Economic Strategy, including Appendix 2 which recognises that housing affordability is poor and there are low levels of affordable housing which could constrain future population growth and therefore economic growth. Furthermore, the working-age population is declining as a proportion of the total population, which could – over time- lead to an increase in in-commuting to fill local jobs. Appendix 3, Potential New Economic Strategy Actions 2011-2013 (September 2011), identifies the need to ‘Facilitate the delivery of the right sort of housing for the District’.
- 2.56 Bath & North East Somerset Council produced a summary paper in 2013 which considers future jobs and floorspace change over the 2010-2030 period. They have used a scenario which assumes that B&NES takes a 15% market share of the West of England predicted growth (therefore +14,250 jobs assumed). A further adjustment is made for MoD losses (-2,800) which brings the overall predicted jobs growth to +11,450 over 2010-2030, bringing the total number of predicted jobs to 101,400 in 2030.
- 2.57 More recent economic forecasts for the West of England have recently been published (August 2013) and – in our view – the implications for B&NES must be taken into account as the Core Strategy progresses through Examination.

Key Implications and Conclusions

- The National Planning Policy Framework advocates an evidence-led approach to assessing future housing demand, and seeks to boost significantly the supply of housing to meet demand. The development of the Bath & North East Somerset Core Strategy responds to this requirement at a local level however the suspension of Core Strategy Examinations in June 2012 highlights the importance of meeting NPPF requirements and ensuring the evidence base is adequate, up-to-date, relevant and meets the full, objectively assessed need for market and affordable housing.
- The revoked Draft Regional Spatial Strategy for the South West established a target of 775 dwellings per annum for B&NES, of which Bath, as a Strategically Significant City and Town (SSCT) would have taken an average share of 375 dwellings per annum. Jobs growth in the Bath TTWA was anticipated to range between 16,000 and 20,200 although Roger Tym & Partners 'Business Growth and Employment Land Update 2010' on behalf of B&NES Council stated that the jobs target was not achievable and offered their own scenario of growth of around 10,000 net new jobs.
- The draft Core Strategy for Bath & North East Somerset was published in 2010 and submitted for Examination. The draft Core Strategy made provision for around 11,000 new homes (550 per annum) and around 8,700 new jobs over the 2006-2026 period. This dwelling target per annum was significantly lower than the draft RSS target although it is said to exclude 'windfall' housing developments. Around 3,400 affordable homes would have been delivered according to the draft Core Strategy.
- The draft Core Strategy was withdrawn by the Council following the publication of the preliminary conclusions of the Examination Inspector. B&NES Council have now updated their evidence base and have published the changes to the draft Core Strategy. Examination hearings on the Core Strategy are due to re-open in Autumn 2013. These changes include revising the Plan Period to 2011-2029 and amending the housing and job targets to 12,700 new homes (705 dpa) and around 10,170 new jobs. Affordable homes delivered over the 18-year Plan Period are set at +3,110.
- The latest Annual Monitoring Report (for 2011/12) is not yet available to illustrate progress against the proposed targets, however the draft Core Strategy Housing Trajectory predicts completions to 11,627 by 2026 which illustrates a shortfall of approximately -1,070 against the revised +12,700 target by 2029.
- The SHLAA 2013 update anticipates that the Core Strategy will deliver close to 13,000 houses of which 9,646 will be market and 3,310 will be affordable. According to the SHLAA, an adequate 5-year supply of sites against target can be identified. However, the Inspector (ID/40) queries the basis upon which supply is measured which may question the adequacy of supply estimates.
- The SHMA 2009 report identified total newly arising need for affordable housing, 2009-2011 as 1,022 per annum (gross). The SHMA has now (2013) been updated in draft and a covering note to the various Addendums identifies a total housing requirement of +12,700 for the 2011-2029 period of which 9,500 (528 p.a) is market housing and 3,110 is for affordable housing (173 p.a).
- A B&NES summary paper on future jobs and floorspace changes over the 2010-2030 period predicts jobs growth as +11,450 over the period. More recent forecasts for the West of England have become available and B&NES will need to take these into account in their evidence base.

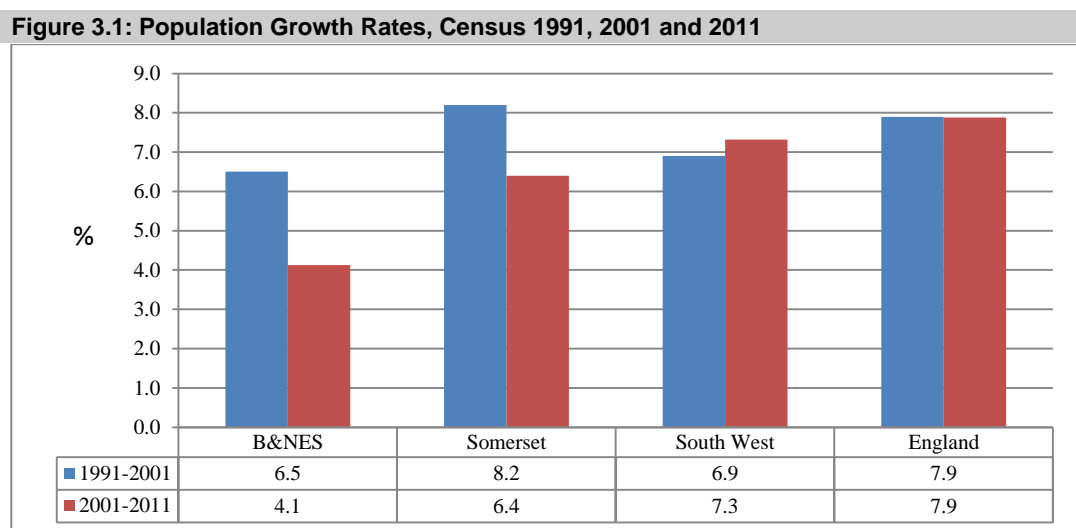
3: Demographic Drivers of Demand

3.1 An assessment of future housing requirements needs to take into account the way that its population, economy and labour markets are expected to change over the 2011-2029 Plan Period. In building a picture of what is likely to happen in the future it is important to understand current and recent change in Bath & North East Somerset relative to regional and national trends. The Unitary Authority of Bath & North East Somerset was formed on the 1st of April 1996 following the abolition of the County of Avon and is part of the Ceremonial County of Somerset, which provides a sub-regional benchmark for analysis.

Population Change

3.2 The published data from the 2011 Census shows that Bath & North East Somerset had a population of 176,016 at the time the Census was conducted. This represents a growth of 4.1% since 2001 which is below average when compared with sub-regional (+6.4%), regional (+7.3%) and national (+7.9%) benchmarks over the same period.

3.3 Historic trends reveal that the growth rate over the period 2001-11 was lower than the equivalent rate for the preceding decade (6.5%) although it remained below sub-regional, regional and national rates of growth.

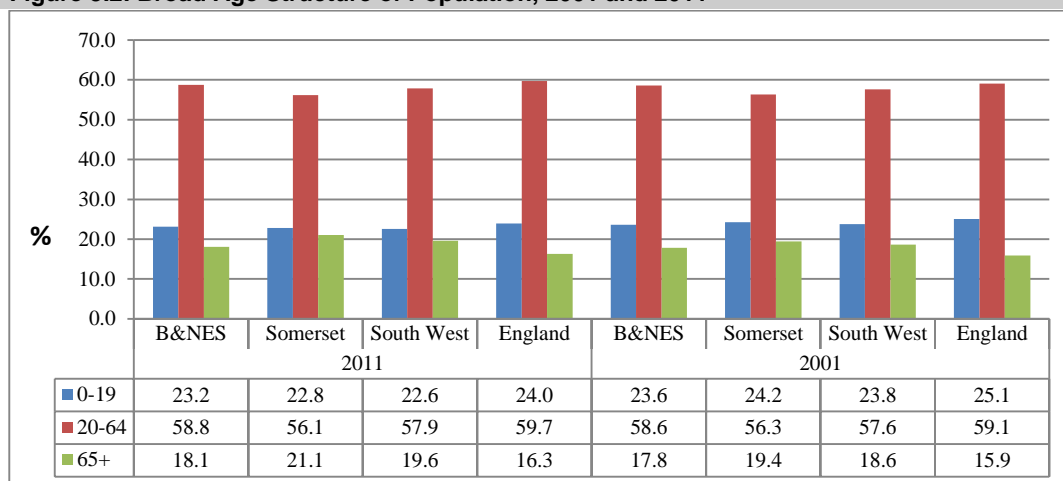


Source: Census 1991, 2001, 2011, ONS

3.4 Mid-Year Population Estimates (MYPE) identify the population of Bath & North East Somerset as standing at 175,500 in 2011 (- 0.3% or -516 people lower than the Census finding).

3.5 The composition of Bath & North East Somerset population shows a dependent population (0-19 and 65+ age groups) slightly above the national average, at 41.2% relative to 40.3%. In particular, B&NES is well represented by prime working age residents, accounting for 58.8% of the population which is above sub-regional and regional averages. Of note, this proportion has increased by 0.2 percentage points since 2001.

Figure 3.2: Broad Age Structure of Population, 2001 and 2011



Source: Census 2001, 2011, ONS

Population Projections

- 3.6 The 2011-based Sub-national Population Projections produced by the Office for National Statistics are based on the latest population estimates data published in September 2012 which take into account results from the 2011 Census. However, these ‘interim’ figures only consider the period up to 2021, whereas the Local Plan period for the Bath & North East Somerset local planning authority extends to 2031. As such, both the 2008-based and the 2010-based projections are still required in order to provide a full picture of anticipated change over the Plan period.

Table 3.1: ONS Population Estimates and Projections for Bath & North East Somerset over the Plan Period (2011-2029)

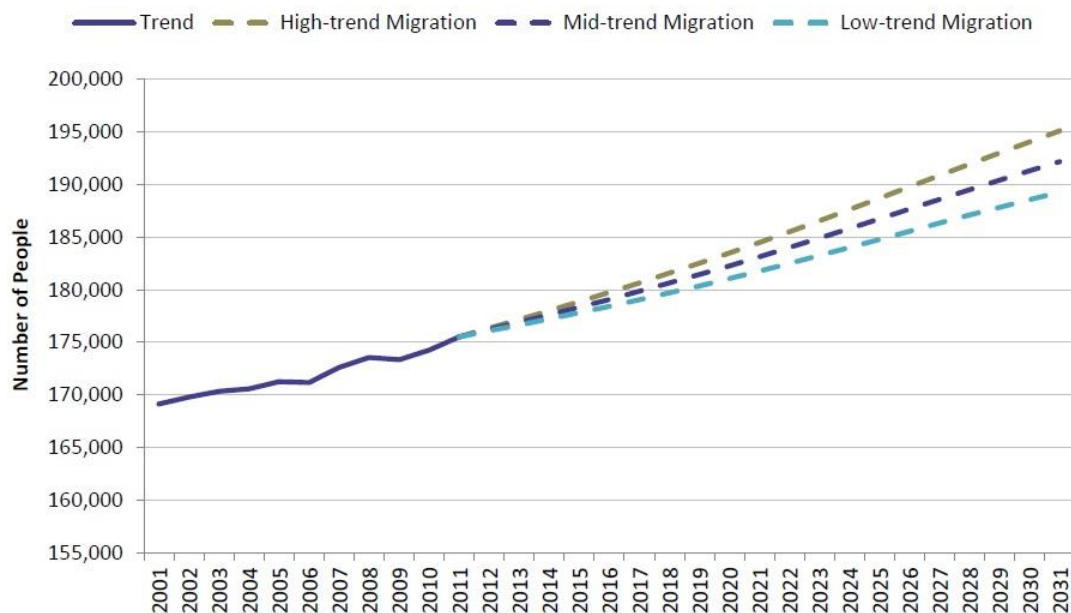
	2011	2015	2021	2026	2029	2011-2029 Period Increase	Annual Average
2006-based	184.2	190.0	198.6	206.4	211.2	27.0	1500
2008-based	182.1	186.6	193.2	200.2	204.7	22.6	1256
2010-based	178.1	179.7	180.8	183.4	185.4	7.3	406
2011-based	175.5	181.2	185.7			N/A	N/A

Source: ONS Sub National Population Projections, various as indicated

- 3.7 The annual average population increase over the 2011-21 period from the 2011-based interim projections is 1,020 persons.
- 3.8 The 2010-based projections anticipated that the Bath & North East Somerset population would grow by 7,300 over the 2011-2029 Period, representing a 4.1% increase and an annual average growth of only 406 persons per annum.
- 3.9 It is notable that the annual average population increase derived from the 2010-based projections is considerably lower than the equivalent increase obtained from either the 2006-based, 2008-based or 2011-based series.
- 3.10 The Census 2011 population figure for Bath & North East Somerset is lower than the ONS 2010 based sub-national population projections for that year (by -1.2% or -2,080 people lower than the Census finding).

- 3.11 The more recent 2011-based interim projections anticipate growth of 10,200 over the 2011-2021 period alone which is a significantly higher rate of growth (1,020 persons per annum) than the equivalent figure from the 2010-based projections (270 p.a.).
- 3.12 On this basis, the 2010-based projections appear be anomalous for the B&NES area. However, as these projections were never used to generate household projections, they are less important than the other series.
- 3.13 The Bath & North East Somerset SHMA 2013 Update Addendum offers population projections which have been produced using the PopGroup software. The analysis is informed by a range of assumptions, with particular regard to the student population and its impact on local demographics.

Figure 3.3: Population Projections 2011-2031 comparing High, Mid and Low-trend Migration scenarios



Source: B&NES SHMA 2013 Update, Addendum, Figure 5, p.7

- 3.14 The projections range from 189,300 based on the low trend migration scenario (+13,700) up to 195,100 (+19,600) based on the high-trend migration scenario.
- 3.15 A closer look at the SNPP 2011-based population projections raises several issues for consideration.
- 3.16 It is anticipated that the proportion of residents of prime working age (20-64 years) in Bath & North East Somerset will fall by 1.9 percentage points by 2021. This below that predicted for Somerset (-4.1 percentage points), the South West (-2.6 percentage points) and England (-2.3 percentage points).

3.17 Ageing is anticipated to be an increasing feature of the Bath & North East Somerset demographic, with residents aged 65+ growing as a proportion of total population by 2 percentage points over the 2011-2021 period. The equivalent increases for the benchmark areas are 4.5 percentage points across Somerset, 2.6 in the South West of England and 2.3 for England as a whole.

Table 3.2: Age Characteristics of Projected Population, 2011-based

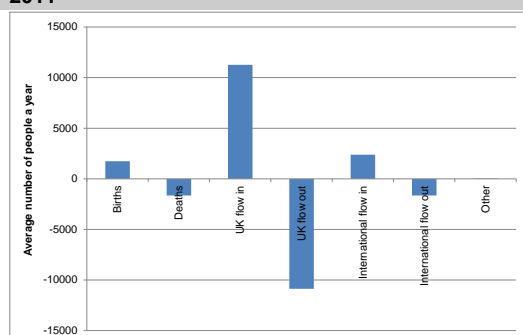
	2011	2021	Percentage Point Difference
B&NES 0-19	22.9	22.7	-0.1
B&NES 20-64	58.9	57.0	-1.9
B&NES 65+	18.3	20.3	2.0
Somerset 0-19	22.8	22.5	-0.3
Somerset 20-64	56.0	51.9	-4.1
Somerset 65+	21.2	25.7	4.5
SW 0-19	23.8	23.8	0.0
SW 20-64	58.5	55.9	-2.6
SW 65+	17.6	20.3	2.6
England 0-19	23.9	23.8	-0.2
England 20-64	59.6	57.5	-2.1
England 65+	16.4	18.7	2.3

Source: ONS Sub-national Population Projections, 2011-based

3.18 These issues are of concern from an economic competitiveness perspective and highlight the need to intervene to address the decline in working age groups to circumvent the potential threat to business competitiveness and long-term prosperity. It also has implications in terms of the changing housing needs of the population, particularly older and smaller households.

3.19 It is also pertinent to understand drivers of population change in Bath & North East Somerset: the key indicators – which are based on demographic evidence from the Mid Year estimates series and are not yet updated to reflect the 2011 Census – are set out in the following figures.

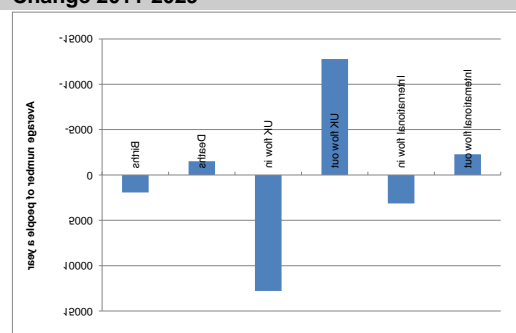
Figure 3.4: Drivers of Population Change 2001-2011



Source: 'What Homes Where?' using ONS data

*note not updated to take into account the 2011 Census

Figure 3.5: Projected Drivers of Population Change 2011-2029



- 3.20 Population growth in Bath & North East Somerset has been driven through a number of sources, including a small net gain through natural change (+86), net flow from overseas (+732) and in-migration from within the UK (+399). A closer examination of recent information of in-flows and out-flows of residents in Bath & North East Somerset indicates a net outflow of people aged 20-34 and 60+ indicating the draw of education and work opportunities elsewhere, as well as retirees moving out of the area. In contrast, a net in-flow is achieved for those aged 35-55 and those aged 0-19 indicating the draw of the area for working age people with families.
- 3.21 Looking forward, it is anticipated that natural change and net flow from overseas will continue to be drivers of population growth, whilst an approximate balance is achieved between in and out migration within the UK.

Household Projections

- 3.22 The 2011 Census data shows that the number of households in Bath & North East Somerset stood at 73,515 (+2,405 since 2001 illustrating a growth of +3.4%). This rate of household formation is lower than the rate of population growth (+4.1%) which is unusual given the national trends towards smaller household types and ageing of the population which generally leads to a higher rate of household formation relative to population growth rates. This could be attributed to a number of reasons. Firstly, the incidence of the student population in Bath & North East Somerset may have had an impact, with students generally living in shared accommodation. According to the 2011 Census, Full-time Students aged 18+ account for 9.1% of the usual resident population. Secondly, a shortage of housing in Bath & North East Somerset may be contributing to households co-habiting in multiple occupation (HMOs).
- 3.23 Bath & North East Somerset has an average household size of 2.39 residents per household, which is slightly above the Somerset (2.33) and South West (2.34) averages, and slightly below the national (2.40) average. This has implications for household type and size in demand in the area. A closer examination of average household size shows that it has increased slightly over time from 2.38 in 2001 to 2.39 in 2011, this contrasts against national trends whereby the shifting social composition of households is leading to smaller household sizes, namely more single person households and smaller family units. This trend, together with a lower rate of household formation, suggests that other factors may be at play in the area including multiple occupancies (i.e. student households), attraction of the area to family households, or a shortage of housing leading to overcrowding/multiple occupancies.

Table 3.3: Comparison between 2011 Census, SNP and Household Projections

	Population	Households	Population: Household Ratio
2011 Census	176,016	73,515	2.39
SNPP 2011/CLG 2011	175,538	73,300	2.39
Difference to Census 2011	478	215	

Source: 2011 Census, ONS Sub-National Projections 2011-based, CLG Households Projections 2011-based

- 3.24 The 2011 Census findings are largely in line with the SNPP 2011-based population projections and the CLG 2011-based interim household projections figures.

- 3.25 The latest projections of future household growth were published by CLG in April 2013 and are linked to the SNPP 2011-based population projections. These projections are interim, however, and only cover the period up to up to 2021. These interim projections anticipate 4,390 additional households being formed between 2011 and 2021 at an annual average of 439 p.a., and would bring the total number of households across Bath & North East Somerset to 77,731.
- 3.26 The 2008-based projections anticipate 786 households forming per annum over the 2011-2021 period, whereas the 2011-based projections anticipate just 439 households forming over this same part-period for the Plan.
- 3.27 However, the 2011-based interim household projections need to be treated with a considerable degree of caution. In particular, it is important to acknowledge that some of the limitations associated with the 2011-based interim population projections are necessarily carried forward into the derived 2011-based interim household projections.
- 3.28 For example, the ONS set out a number of caveats with respect to the interim population projections, such as the assumptions regarding fertility and migration, which are based on estimated trends from the 2010-based population projections rather than being consistent with data from the 2011 Census.²¹
- 3.29 Furthermore, the special nature of the 2011-based interim projections – and in particular the changes in methodology from previous projections – means that direct comparisons with earlier sets of projections can only be undertaken with utmost caution.²² Ultimately, as CLG acknowledge, the considerable user-demand for a set of household projections that incorporated as much 2011 Census data as was possible meant that several “output quality trade-offs” had to be accepted in order for the interim series to be produced in an acceptable timescale. According to CLG:

“This had a detrimental effect in the comparability dimension as the projections are less comparable to previous projections and household formation effects are harder to disentangle”²³

- 3.30 CLG also go on to say:

“DCLG had the option to wait until full data was released from Census 2011 to allow a projection using the existing methodology, allowing better comparison with past projections. However, this would have had a great detrimental effect on the timeliness of the projections and also led to having inconsistent population and household projections, so DCLG decided that producing the interim 2011-based projections was in the best interest for users”²⁴

- 3.31 Further reasons why the 2011-based series should be regarded with caution are that the rate of change anticipated by these projections have been influenced by the unusual economic and market factors that were in place in the three years leading up to 2011, and in particular:
- the economic downturn from 2008-onwards; and

²¹ According to the CLQ Quality Report (page 8) “The special circumstances of an interim set of sub-national population projections led to some modifications to the methodology and best trend data available”.

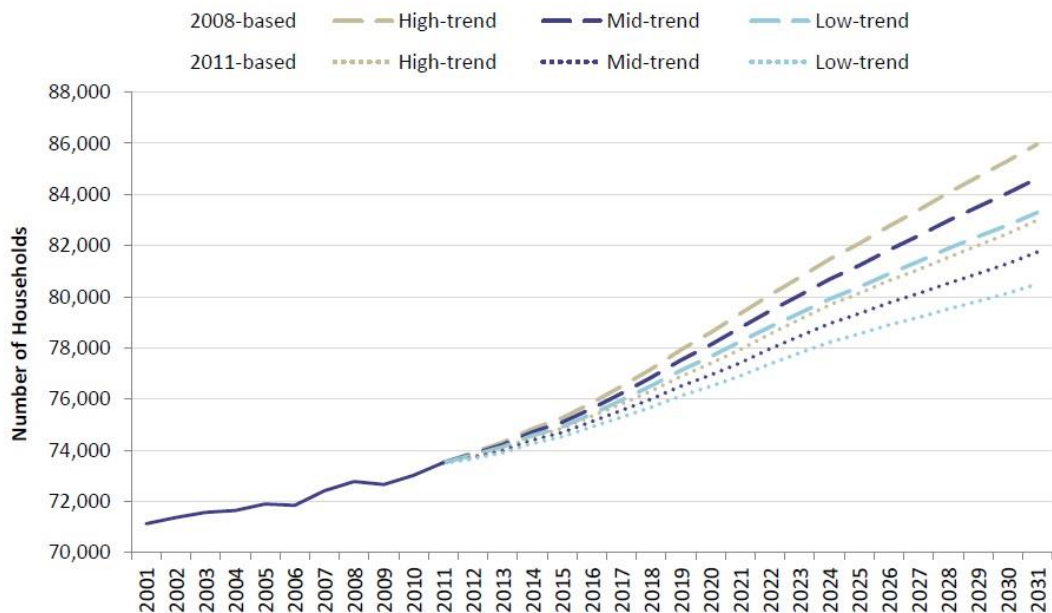
²² CLG: 2011-based Interim Household Projections, Quality Report, April 2013, page 9

²³ CLG: 2011-based Interim Household Projections, Quality Report, April 2013, page 13

²⁴ CLG: 2011-based Interim Household Projections, Quality Report, April 2013, page 13

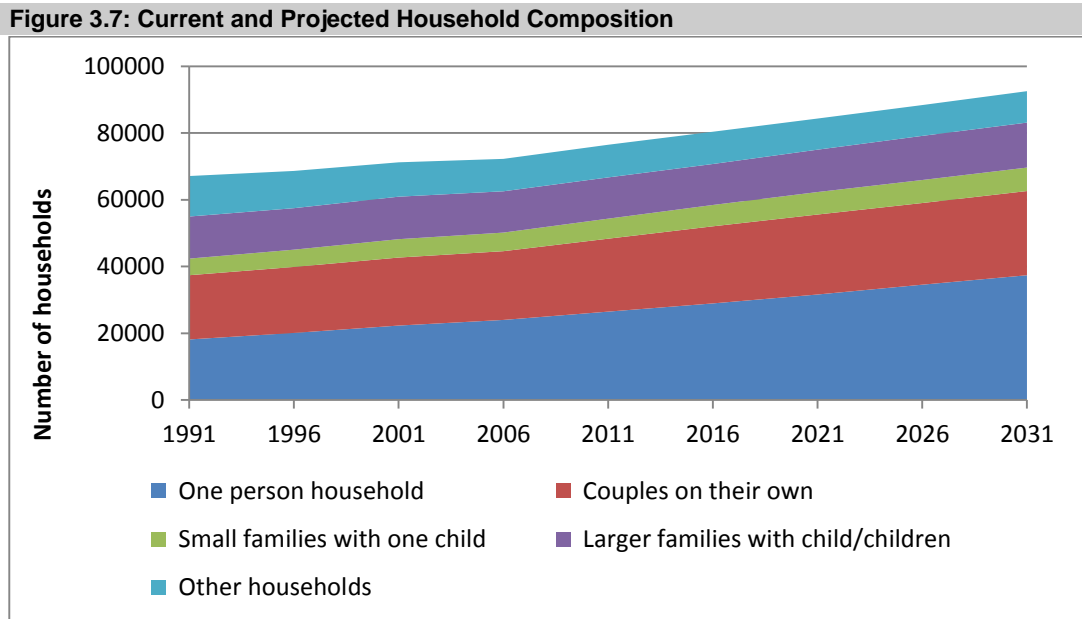
- post-2008 problems in the housing finance market meant that some households – particularly would-be first-time buyers – were not able to enter the market, leading to lower household formation rates and greater levels of “hidden households”.
- 3.32 There is an additional concern, therefore, that the CLG 2011-based household projections have been overly influenced by short-term issues affecting the economy and the housing market, and that when these factors ease or pass then the rate of household formation will return to a level much more like the pre-recession trajectory.
- 3.33 Given all of these issues, we consider that the 2011-based interim projections should be given little weight in determining household requirements for the B&NES area.
- 3.34 It should also be noted that the 2008-based household projection series is the most recent series that provides household projections for B&NES covering the whole of the Plan Period. This source estimates that approximately 14,400 households will form between 2011 and 2029 at an average rate of just over 800 households (i.e 803) per annum.
- 3.35 By applying a rate of 800 households per annum to the 2008-based CLG Household projections we would expect that Bath & North East Somerset had around 76,400 households in 2011 and would be expected to have around 90,800 households by 2029. It should also be highlighted that rates of household formation drive the need for housing, but of course these rates themselves will be constrained by any shortfalls in the availability of housing.
- 3.36 In comparison, the Bath & North East Somerset SHMA 2013 Update Addendum, offers the following household projections based on three migration scenarios.

Figure 3.6: Household Projections 2011-2031 comparing High, Mid and Low Trends



Source: B&NES SHMA 2013 Update, Addendum, Figure 13, p.13

- 3.37 On this basis, the ‘objectively assessed need’ for housing in the B&NES area according to the draft 2013 SHMA ranges from 7,300 dwellings up to 12,900 dwellings over the 20-year period to 2031, equivalent to a rate of 360 and 650 dwellings per year.
- 3.38 The average household size in Bath & North East Somerset is currently 2.39 persons per household (2011 Census). An examination of projected population and households reveals that household size is expected to remain at this level. This has implications for the number of additional dwellings required to accommodate smaller and more numerous households. The chart below illustrates the anticipated household composition of projected change.



Source: 'What Homes Where?' using CLG 2008-based data
 *note not updated to take into account the 2011 Census

- 3.39 One-person households are expected to grow significantly (+13.4 percentage points over 1991-2031). In contrast, large families with children are expected to decrease their share (-4.2 percentage points).

Key Implications and Conclusions

- The demography of an area is one of the principal long-term drivers of housing demand. Trends in overall population, household size and population age structure are all drivers of future requirements for market and affordable housing.
- Bath & North East Somerset experienced population growth of 4.1% over the 2001-2011 period which is below average when compared to sub-regional, regional and national rates. Whilst rates of population growth and household formation drive the need for housing, these rates themselves can be constrained by any shortfalls in the availability of housing. The rate of growth was higher in the preceding decade (6.5%) although it remains below sub-regional, regional and national rates of growth.
- Bath & North East Somerset has a comparable dependent population to the national trend accounting for 41.2% of the total. Young and working age groups are well represented and working age residents have slightly increased their proportional share since 2001 which is a positive finding in economic development terms.

- The average household size is 2.39 residents per household, illustrating the fact that the District is well represented by working age residents and families. The number of households stood at 73,515 according to the 2011 Census. Interestingly, the rate of household growth over the 2001-2011 period has been lower than the rate of population growth. This may be attributed to the incidence of the student population in B&NES impacting upon shared households, or a shortage of housing contributing to an increased incidence of multiple occupation.
- The 2011-based interim population projections anticipate growth of +10,200 residents over the 2011-2021 period which indicates a significantly higher rate of growth than previous Sub-National Population Projections. Local forecasts produced by the SHMA Update anticipate between +13,700 to +19,600 residents over the 2011-2031 period.
- The linked 2011-based interim household projections anticipate 439 households forming each year. The preceding 2008-based projections anticipated 786 households forming annually over the same period.
- However, the 2011-based household projections are subject to significant caveats and, according to CLG, cannot be readily compared directly to preceding series.
- The most recent forward projections for the number of households covering the whole of the Plan Period (CLG 2008-based) implies the formation of an additional 14,400 households over the 2011-2029 Local Plan period. The draft Core Strategy proposed changes proposes a housing target of 12,700 for the 2011-2029 period in comparison.
- Looking forward at the age characteristics of the projected population, ageing of the population and the declining proportion of working age residents pose a threat to the future economic competitiveness of the District and highlights the need to intervene to address the decline in young and working age groups to circumvent the impact on business competitiveness and long term prosperity. This includes measures to ensure the provision of adequate housing to support growth and pursuing options to align jobs, homes, services and facilities.

4: Economic Drivers of Demand

- 4.1 The NPPF states that local planning authorities should ensure that their Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics of their area. The NPPF also states that planning authorities' assessments of and strategies for housing and employment uses should take full account of market and economic signals.
- 4.2 The analysis in this chapter draws from the latest available economic, labour market and other relevant datasets from the Office for National Statistics and other sources. It also draws from data and analysis found in a number of documents and reports prepared by or on behalf of the local authorities and their partners.

The Business Base and Enterprise

- 4.3 Bath & North East Somerset has a population of around 6,740 VAT registered businesses²⁵, meaning that it has around 38.3 VAT registered businesses per 1,000 inhabitants.
- 4.4 An equally important measure of competitiveness is entrepreneurship: the rate at which new businesses are formed. The Government's preferred measure of entrepreneurship (new business formation) is the number of annual VAT registrations per 10,000 adult population. Bath & North East Somerset has 31.1 registrations per 10,000 inhabitants, and sits on the 51st percentile of Britain's local authority areas on this measure.
- 4.5 Overall, about 24.4% of all VAT registered businesses in Bath & North East Somerset qualify as being 'knowledge-intensive' based on the OECD definition. This ranks on the 23rd percentile of Britain's local authority areas on this measure²⁶.

Employment Base

- 4.6 According to the Annual Population Survey, there were approximately 92,000 economically active residents in Bath & North East Somerset in the year to December 2012, implying an above average economic activity rate (among working age residents) of 78.7%.²⁷ This rate of economic activity is above the national average (77.1%), the regional average for the South West (78.4%) and the Somerset average of 77.9%.
- 4.7 Among the economically active residents, 86,300 (73.8% of working age residents) were in employment. This is above the national average (70.9%) and in line with regional (73.6%) and sub-regional averages (74.6%).

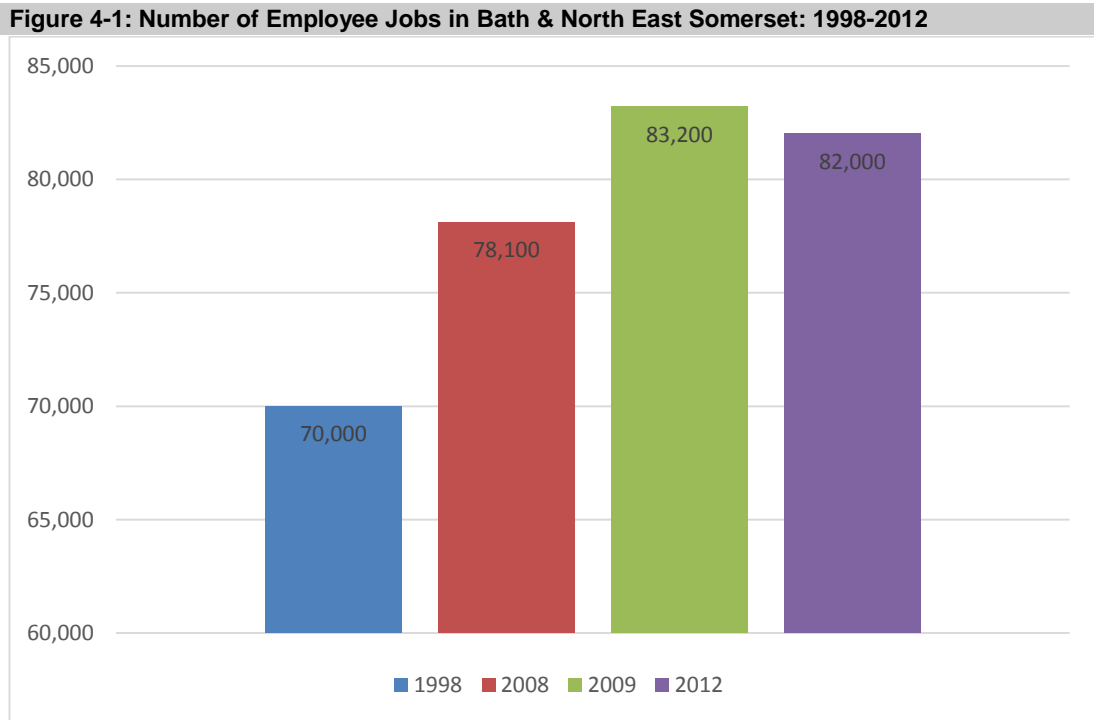
²⁵ Nomis, 2007

²⁶ Data on knowledge intensity is from the 2010 UK Competitiveness Index.

²⁷ Source: NOMIS (data accessed 5th November 2013)

4.8 The number of employee jobs in Bath & North East Somerset (workplace based) grew from around 70,000 in 1998 to peak at around 83,200 in 2009. The impact of the 2008 recession contributed to a fall in employment, reaching 80,300 (-3.5%) in 2011. Recovery has been swift, however, with the number of employee jobs increasing to 82,000 by 2012.²⁸

4.9 The overall trend for employee jobs in Bath & North East Somerset since 1998 is illustrated in the chart below, based on ABI data (1998-2008) and successor BRES data (2009-2012).



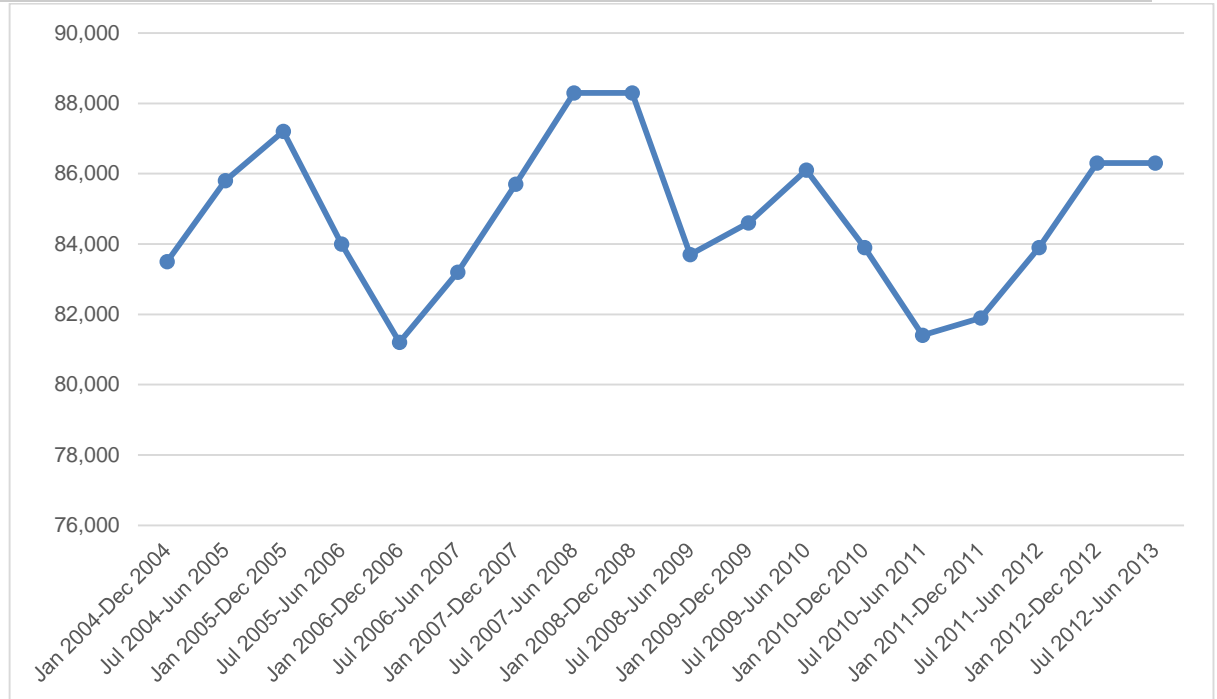
*Source: NOMIS * 1998 & 2008 figures are sourced from the Annual Business Inquiry (ABI), 2009 & 2012 figures are sourced from the Business Register & Employment Survey (BRES)*

4.10 The chart above considers the numbers of employee jobs located in Bath & North East Somerset. An equally relevant consideration is the number of Bath & North East Somerset residents who are in employment, but who may work either within the area or in other local authority areas.

4.11 The trend for the overall number of residents in employment, as shown in Figure 4.2, shows the cyclical nature of employment, with the highest peak of residents in employment reached in 2008 (88,300) before decline during the recession to a trough of 81,400 in 2011 (-7.8%). Since then, recovery has been strong, reaching 86,300 residents in employment in 2012 (+6%).

²⁸ Source: NOMIS (data accessed 7th November 2013)

Figure 4-2: Number of Bath & North East Somerset Residents in Employment, 2004-June 2013



Source: NOMIS

4.12 Bath & North East Somerset has a relatively diverse economy. Analysis of the structure of employment in Bath & North East Somerset reveals that there are a number of sectors which are of absolute (in terms of the number of employees) and relative (the proportion of employees) importance, including:

- Health, accounting for 13,700 employees in employment (16.7%) which is 3.7 percentage points above the England average
- Education, accounting for 12,800 employees in employment (15.5%) which is 5.9 percentage points above the England average
- Retail, accounting for 9,900 employees in employment (12.1%) which is 1.9 percentage points above the England average
- Accommodation & food services, accounting for 7,700 employees in employment (9.4%) which is 2.6 percentage points above the England average and illustrates the attraction of the area to tourists
- Professional, scientific and technical, accounting for 5,700 (6.9%) is of absolute importance but slightly below the England average (0.8 percentage points).

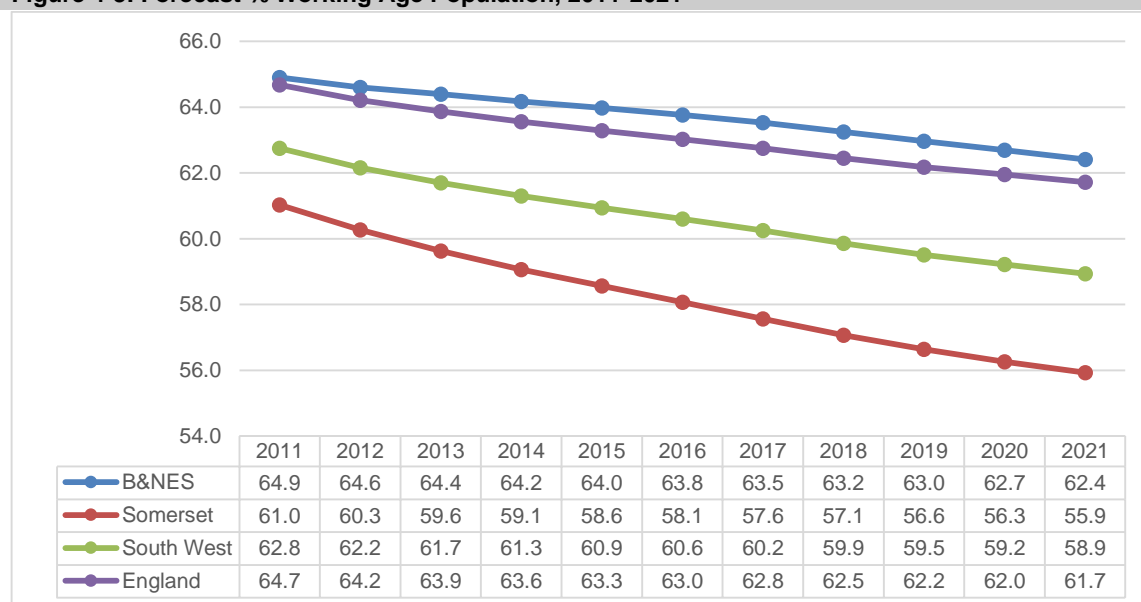
4.13 Sectors such as manufacturing are of absolute importance (4,300 employees) but under-represented relative to the England average.

4.14 The Economic Strategy for Bath and North East Somerset, 2010-2026, identifies the predominance of public-sector related, retail, leisure and tourist employment. The district aims to growth high value activities, including sectors where they identify strengths such as technology-related activities, environmental technologies, and creative industries.

Labour Force Characteristics

- 4.15 According to the 2012 Mid-year Population Estimates (MYPE), Bath & North East Somerset has a working age population (proxied by the age range 16-64) of approximately 114,600 persons, which is 64.5% of the total resident population. The proportion of the population that is of working age in the district is above the Somerset average (60.3%) and regional average (62.1%) and in line with the national average (64.1%).
- 4.16 The size of the resident working age (16-64) population in the district increased in absolute terms by around 6,650 persons (+6.1%) between 2001 and 2011 according to Census data. This rate of growth is below the benchmark averages of Somerset (+6.4%), South West (+8.2%) and England (+9.2%).
- 4.17 However, the proportion of people of working age compared with overall resident population has slightly increased, accounting for 65.1% (+1.2 percentage points below the 2001 position). This trend has been experienced in the benchmark locations also, but not to the same degree (+0.5 percentage points in the South West and 0.8 percentage points nationally).
- 4.18 According to 2011-based interim population projections the proportion of residents of working age is forecast to decline from 2011 onwards. This is a national trend, linked to an ageing population and fewer workers per household. The forecast rate of decline in Bath & North East Somerset over the 2011-2021 period is -2.5 percentage points which is a lower proportion than elsewhere (-5.1 pp in Somerset, -3.8 pp in the South West, and -3 percentage points in England) which may reflect the above average working age population as a starting point in the area.

Figure 4-3: Forecast % Working Age Population, 2011-2021



Source: Sub-National Population Projections 2011-based

- 4.19 Between 2011 and 2021 the proportion of the area's population accounted for by people aged 16-64 (a proxy for the working age population) is expected to fall from 64.9% to 62.4%. However, in absolute terms this accounts for a small growth in the working age population (+1,955 or 1.7%) which can be attributed to the overall population growth anticipated in the district in the future.
- 4.20 This decline in the proportion of people of working age could pose considerable longer term challenges to the competitiveness of the area's economy, and may necessitate the provision of extra housing to accommodate replacement workers.
- 4.21 Data on skills and qualifications from the Annual Population Survey (December 2012) indicates a highly qualified population in Bath & North East Somerset, with 44.8% of residents of working age qualified at degree level or higher which is significantly greater than sub-regional (30%), regional (34.1%), and national (34.2%) averages. Similarly, the proportion of residents with no qualifications (5.6%) is below the benchmark averages of 4.5% (Somerset), 7% (South West), and England (9.5%).
- 4.22 Analysis of the occupation profile indicates that 50.5% of local residents work in managerial and professional occupations which is above sub-regional (38.8%), regional (43%) and national (44.2%) averages.
- 4.23 Overall, local residents in full time work are paid on average somewhat less than the national average (£512.70) with a gross weekly pay of £508.00 in 2012. However, this rate of pay is above the sub-regional (£463.90) and regional (£476.50) average²⁹. Average workplace earnings are around 4% lower than residence-based earnings, providing an incentive for out-commuting for some.
- 4.24 The relatively high level of qualifications among the local resident population, coupled with above average (compared to the regional and sub-regional average) earnings levels, has a potential implication for future housing affordability trends in Bath & North East Somerset. This is because workers with higher levels of qualifications tend to enjoy above-average rates of earnings increases, meaning that their ability to participate in the housing market can improve relative to other households over time.

Travel-to-work Patterns

- 4.25 Bath & North East Somerset possesses a jobs-to-economically active resident's ratio of 0.89:1.00, indicating that there are less jobs than residents that are either in work or actively seeking work. There were 82,000 jobs³⁰ and 92,000³¹ economically active residents in the area in 2012. This provides a measure of economic self-sufficiency and local economic dynamism. This rate will change over time as the population changes and businesses evolve.
- 4.26 Detailed Census data (2001) on travel-to-work patterns show that 56,390 residents live and work in Bath & North East Somerset, accounting for 70% of residents in employment. This means that the remaining 30% commute out of the district for work. This provides a measure of self-containment of the Bath & North East Somerset economy.

²⁹ Source: ONS Annual Survey of Hours and Earnings, 2012

³⁰ Source: BRES, 2012

³¹ Source: APS, Jan 2012-Dec 2012

4.27 Table 4.1 illustrates the most significant origin and destination districts for Bath & North East Somerset.

Table 4.1: Key Origins and Destinations for Bath & North East Somerset Residents and Workers

Local Authorities of Significance	Key Employment Destinations for B&NES residents	Key Origins for Workers based in B&NES	Net Flow
Bristol, City of	9140	4010	-5,130
South Gloucestershire	4050	4250	200
Mendip	2360	4470	2110
North Somerset	1120	1100	-30

*Source: 2001 Census *numbers may not sum due to rounding*

4.28 Overall it can be seen that there are more residents travelling out of Bath & North East Somerset to destinations such as Bristol (-5,130 workers) than there are coming in to the District for work. However, there is a positive flow between South Gloucestershire and B&NES, and Mendip and B&NES, with more residents coming into Bath & North East Somerset to work than there are going out (+200 and +2,110 respectively).

4.29 Updated detailed travel-to-work data from the 2011 Census are not expected to be released until after January 2014.³² However, indications of trends in commuting patterns since 2001 can be obtained from the Annual Population Survey (APS).

4.30 APS Data from 2011 suggests that the number of in-commuters to Bath & North East Somerset from sources such as Wiltshire, North Somerset, Mendip and South Gloucestershire may have increased.³³ The indication that the extent of in-commuting from some neighbouring areas may have increased significantly is in turn further evidence of both the shortage of housing supply and the potential environmental consequences of inadequate housing supply serving the economy of Bath & North East Somerset.

Future employment growth

4.31 The NPPF states that local planning authorities should ensure that their Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics of their area. The NPPF also states that planning authorities' assessments of and strategies for housing and employment uses should take full account of market and economic signals.³⁴

4.32 Bath & North East Somerset Council produced a summary paper in 2013 which considers future jobs and floorspace change over the 2010-2030 period. They have used a scenario which assumes that B&NES takes a 15% market share of the West of England predicted growth³⁵ (therefore +14,250 jobs assumed). A further adjustment is made for MoD losses (-2,800) which brings the overall predicted jobs growth to +11,450 over 2010-2030, bringing the total number of predicted jobs to 101,400 in 2030. A summary of potential jobs growth by sector is, as follows:

³² Based on a discussion with an ONS officer on 10th October 2013

³³ APS 2011 Commuting Tables 6

³⁴ NPPF paragraph 158

³⁵ This is sourced from wider West of England LEP projections commissioned from Oxford Economics

Table 4.2: Summary of Potential Job Growth by Sector, 2011-2029

	2010	2030	Net Change
GVA (£ million)	3,100	4,900	1,800
Employment (Jobs) by Sector			
Agriculture etc.	1,400	1,100	- 300
Extraction	-	-	-
Manufacturing	6,000	3,800	- 2,200
Utilities	1,300	1,200	- 100
Construction	5,200	6,200	1,000
Distribution	13,500	16,400	2,900
Hotels & Catering	7,000	9,200	2,200
Transport & Communication	2,600	2,300	- 300
Financial Services	2,200	2,600	400
Business Services	15,400	21,200	5,800
Public Admin & Defence	5,400	2,500	- 2,900
Education	10,800	11,900	1,100
Health & Social	14,000	16,700	2,700
Other Services	5,100	6,300	1,200
TOTAL	89,900	101,400	11,500

Source: B&NES Council, Summary of 2010-2030 (Jobs and Floorspace Change), 2013

- 4.33 The West of England LEP published an updated suite of projections in August 2013. The WoE are reflecting on the impact of these regarding its Strategic Economic Plan and this will have implications for B&NES and the Council anticipate that it may influence the Core Strategy as it progresses through examination. The most recent forecasts for the West of England are shown below.

Table 4.3: Forecast Employee Change, 2011-2029

West of England LEP	2011 '000s	2029 '000s	Difference '000s	% Change
High growth scenario	533	628	96	18.0
Medium-high growth scenario	533	608	76	14.2
Baseline	533	585	52	9.8
Medium-low growth scenario	533	563	30	5.7
Low growth scenario	533	552	19	3.6

Source: West of England LEP, WoE Scenario Detail, August 2013

- 4.34 If B&NES was to continue taking a 15% share of employment growth in the West of England, these forecasts suggest that employment could increase by up to +14,400 in the district over the Plan Period which is only slightly higher than the B&NES summary of jobs and floorspace 2010-2030 before MoD losses are taken into account.

Key Implications and Conclusions

Key Implications and Conclusions

- The economy influences future housing demand through productivity, the supply of jobs and household income. The Core Strategy needs to ensure that it can create and sustain quality places to live, work, visit and do business in Bath & North East Somerset as a key economic objective.
- A key driver of housing demand in Bath & North East Somerset is the high quality environment that the District offers which is located within a commutable distance of major employment centres. Measures of economic self-sufficiency and self-containment are important in guiding the principles of providing employment opportunities within a reasonable distance to place of residence to reduce travel time (and therefore environmental and social sustainability), and secondly, to enhance the economic sustainability of an area.

- Analysis of 2001 travel-to-work patterns reveals that self-containment (% of jobs held by local residents) stood at 70%, with the remaining 30% commuting out of the district for work with key destinations including Bristol and South Gloucestershire. More recent evidence suggests the number of in-commuters may have increased which illustrates the impact that a shortage of housing may have on the economy and environment of the district. If the local housing market cannot supply sufficient capacity to house those moving in to take up employment opportunities then there will be the prospect of increases in commuting from outside the area or the threat that economic advance may be stifled.
- The district has a relatively diverse economy with key business sectors including health, education, retail, accommodation and food services, and professional, scientific and technical. The area has average levels of entrepreneurship and a highly skilled and qualified resident population.
- The area has high levels of economic activity and employment and the number of jobs in the district has grown over time, and has weathered the national recession well, with strong recovery experienced since 2011.
- Looking forward, forecasts produced by B&NES Council suggest that net job growth of around +11,450 can be expected between 2010 and 2030 which indicates that future economic growth will be a key driver of housing demand in the Core Strategy period. More recent sub-regional forecasts are available which B&NES will need to take into account in the Core Strategy.
- A key area of concern is the trend towards an ageing population and fewer workers per household, leading to a declining proportion of residents of working age (16-64) with a forecast 2.5 percentage point decrease over the 2011-2021 period relative to 3 percentage points in England. The implication of this demographic trend is that additional housing will be needed to accommodate replacements for existing working residents retiring from the workforce over the remainder of the Plan period. It also implies that additional housing will be needed to attract a workforce to the area so that businesses can recruit to both meet the net growth in job opportunities as well as the replacement of retiring workers. In setting housing targets for the local authority consideration should be given to scenarios which seek to maintain the labour supply at current levels in the future in order to improve the balance of labour and jobs.
- All of this underscores the point that, in order for the Core Strategy policies to support the local economy and help achieve its growth potential (and thereby conform with the requirements of the NPPF), the Plan must provide for sufficient new housing to ensure that future availability of workers and their skills will not be a constraint to the local area's business base.
- In particular, there is a significant risk that a failure to provide sufficient housing to accommodate the future requirements of the business base will make it increasingly difficult for local employers, inward investors and new start businesses to recruit and retain labour in the area.
- Moreover, any policy of restricting future housing delivery below the levels required to meet future needs would likely result in a constraint to future economic growth and prosperity, and would be in direct conflict with the sustainable development and economic growth objectives of the NPPF, as is specified in paragraph 19 of that document.³⁶

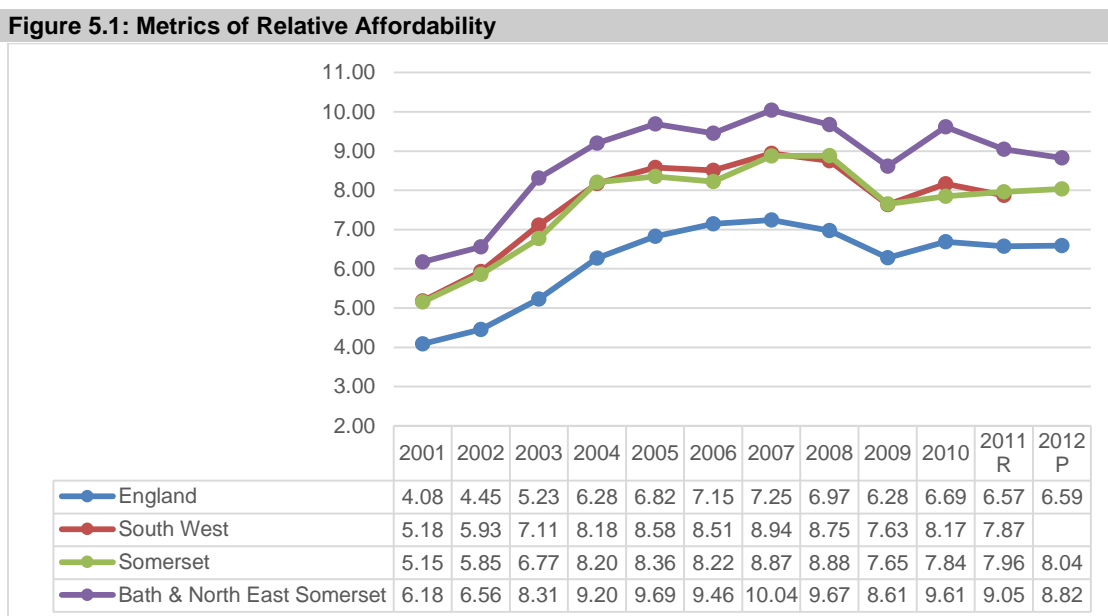
³⁶ The NPPF makes clear that the planning system “*should operate to encourage and not act as an impediment to economic growth*” (NPPF paragraph 19).

5: House Market Trends & Housing Affordability Needs

- 5.1 The NPPF states that local planning authorities should plan for a mix of housing based on current and future demographic trends, market trends, and the needs of different groups in the community in order to deliver a wide choice of high quality homes, widen opportunities for home ownership, and create sustainable, inclusive and mixed communities.
- 5.2 Paragraph 47 of the NPPF states that: “to boost significantly the supply of housing, local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area”.
- 5.3 The key indicators concerning affordability in Bath & North East Somerset are described below.

CLG Metrics of Relative Affordability

- 5.4 The ratio of house prices to earnings is one measure of how affordable it is to buy a property. The higher the ratio, the less affordable it is for households to get onto the property ladder.



Source: CLG, Live Tables 576

- 5.5 CLG data set out in the table suggests that the affordability of housing in Bath & North East Somerset is a long term issue in the area which has worsened over time. In 2011, Bath & North Somerset had an affordability ratio of 9.05:1.00 which is significantly higher than the national average (6.57:1.00), or sub-regional (7.96:1.00) or regional (7.87:1.00) benchmarks.

HSSA data

- 5.6 Analysis of HSSA data from CLG provides an insight into the scale of demand for social housing. This data suggests that housing waiting lists have lengthened significantly in Bath & North East Somerset over time, peaking at the current height of 11,775 in 2012. This figure is +8,254 higher than the position in 2001 representing a 234% increase on that position relative to +137% increase in Somerset and +78% increase in England.
- 5.7 Examining just the ‘unmet’ housing need as shown by those households who have no permanent home of their own (as used as a key indicator in the SHMA) does not adequately account for the demand for affordable housing present in the HMA.

Updated SHMA assessment (2013)

- 5.8 Opinion Research Services carried out a **Bath & North East Somerset Strategic Housing Market Assessment Update** in 2013. This was published as a draft in March 2013, with further addenda being published in July and September. The report does not yet appear to have been finalised.
- 5.9 According to the draft SHMA update it has been identified that the west of Bath & North East Somerset falls within a Bristol focused housing market (which also covers the whole of North Somerset and South Gloucestershire), as well as extending into the fringes of Somerset, Gloucestershire and Wiltshire. The city of Bath, its environs and the south of the district form a local housing market which also extends to a small extent into Wiltshire and villages in the north of Mendip.
- 5.10 A range of different scenarios were used to produce household projections using the PopGroup software to produce a range of scenarios for Bath & North East Somerset which covers the period 2011-2031. These included:
- ONS Sub-National Population Projections 2008-based and CLG Household projections
 - Net nil migration
 - Low-trend migration
 - Mid-trend migration
 - High-trend migration
 - Jobs-led – using the baseline forecast of the Oxford Economics Projections 2010 for West of England Local Enterprise Partnership
- 5.11 It is surprising that the 2013 draft SHMA still relies on economic forecasts that are only as recent as 2010. In order to be robust – in terms of NPPF paragraph 158 & 159 – the most recent forecasts available at the time the SHMA update commenced should have been used.
- 5.12 Addendum 1b on Housing Mix sets out the housing requirement for 2011-31 based on different migration scenarios and assumptions regarding headship rates.

Table 5.1: Housing Requirements to 2031 based on High, Mid and Low Trend Migration Scenarios and 2008-based and 2011-based Headship Rates

	2008-based Headship Rates			2011-based Headship Rates		
	High-trend Migration	Mid-trend Migration	Low-trend Migration	High-trend Migration	Mid-trend Migration	Low-trend Migration
Housing Requirement 2011-31						
Market Housing	8,400	7,300	6,300	6,300	5,300	4,500
Intermediate Affordable Housing	700	600	500	1,200	1,100	900
Social/Affordable Rent Housing	3,800	3,600	3,400	2,300	2,100	1,900
Total Housing Requirement	12,900	11,500	10,200	9,800	8,600	7,300
Market Housing	64.7%	63.6%	62.3%	64.0%	62.9%	61.0%
Intermediate Affordable Housing	5.8%	5.2%	4.4%	12.5%	12.5%	12.7%
Social/Affordable Rent Housing	29.5%	31.2%	33.3%	23.4%	24.5%	26.8%

Source: B&NES Council, SHMA Update 2013, Addendum 1b to the Draft SHMA, Housing Mix, July 2013, Figure 1

- 5.13 The report concludes that the required housing mix for 2011-31 is 12,900 (approx. 650 dpa) of which market housing accounts for 8,400 (420 p.a) and that 4,500 affordable housing units will be needed over the same period (225 p.a). Further scenario testing was then undertaken in Addendum 1c.
- 5.14 However, a further covering note to the Addendums³⁷ goes on to refine this figure further, identifying a total housing need of 12,749 of which 9,639 is market and 3,110 is affordable.
- 5.15 The various addendums and covering notes to the SHMA make it difficult to fully understand the logic behind the final conclusions, and it is also apparent that the final conclusion has been developed using unsound and dated economic forecasts (2010) when more up-to-date and reliable forecast evidence was available.

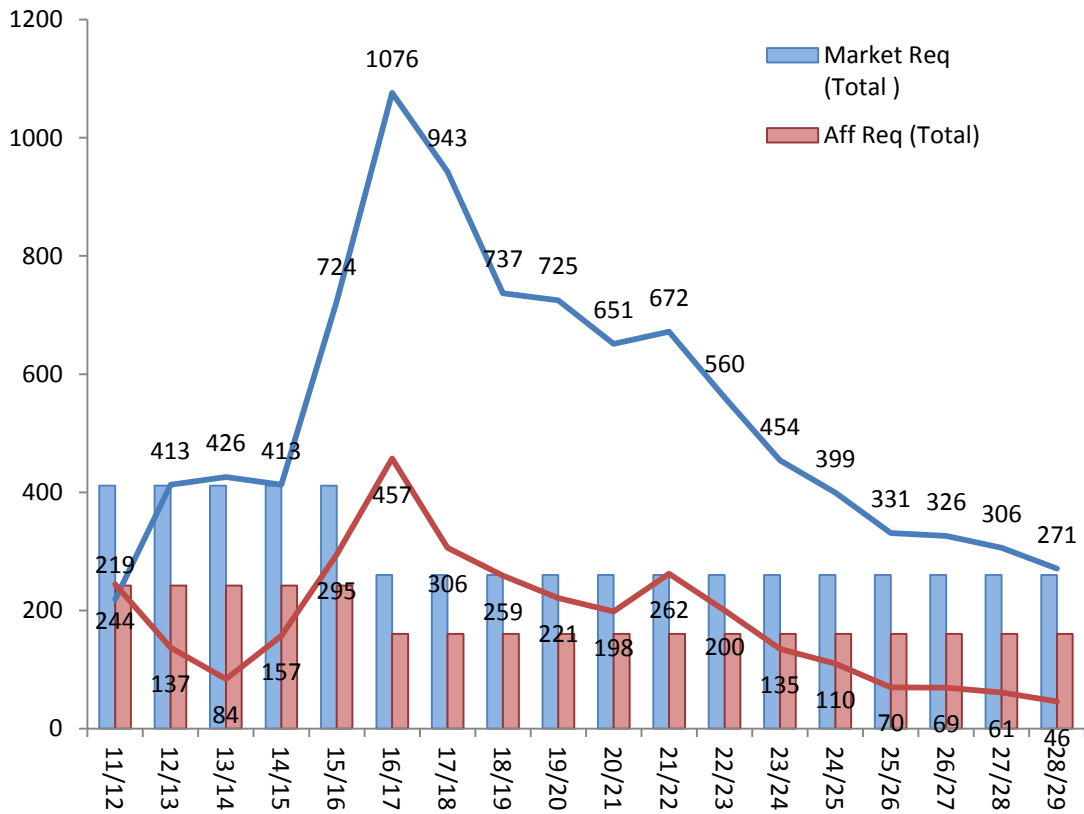
Housing Completions

- 5.16 The most recent Annual Monitoring Report available is for 2010-11 which measures progress against the Core Strategy Plan Period (up to 2026) rather than the revised Local Plan timescale which plans up to 2029. The Council website states that the 2011/12 AMR Part 2 ‘Residential Monitoring’ report will be available later in 2013. The delay in publishing the most recent information on completions makes it difficult to consider recent progress against targets and the trajectory going forward.
- 5.17 According to the Bath & North East Somerset Monitoring Report, 2010/11, since 2006 (the beginning of the Core Strategy period), 3,719 homes had been built, resulting in a shortfall against the cumulative Local Plan requirement of 851 over the time period. The Core Strategy annualised average target for 575 dwellings per annum. Progress to date accounts for 32.3% of the 11,500 Core Strategy target for 2006-2026.

³⁷ BNES/48, p.8, Table 9

- 5.18 The NPPF requires Local Planning Authorities to identify an update annually a supply of specific deliverable sites sufficient to provide five years' worth of housing against their housing requirements with an additional buffer of 5% to ensure choice and competition in the market for land. NPPF 47 also says that, "where there has been a record of persistent under delivery of housing, LPAs should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and completion in the market for land".
- 5.19 A Strategic Housing Land Availability Assessment was published in June 2013 and a further update produced in November 2013. The most recent version of the SHLAA accompanies the Proposed Changes to the Submission Core Strategy and updates previous versions.
- 5.20 According to the SHLAA, B&NES anticipates delivering 12,956 dwellings between 2011 and 2029. Of this figure, it is anticipated that 9,646 will be market housing, and 3,310 will be affordable housing.

Figure 2.3: Housing Trajectory



Source: Bath & North East Somerset SHLAA, November 2013

- 5.21 B&NES needs to deliver 4,525 dwellings by 2018, with the first 5 years frontloaded to account for the Local Plan shortfall during the period 1996-2011 (-1,167).

Table 5.2: Requirement and Delivery Position

	2011	2012	2013	2014	2015	2016	2017	2018	11-18
LP Backlog Req	233	233	233	233	233				1,165
CLG Req	453	453	453	453	453	453	453	453	3,624
Total Req	686	686	686	686	686	453	453	453	4,789
Delivery	463	550	510						
5 year Requirement +20% buffer				4789-1523= 3266 x1.2= 3919					3,919
Forecast Delivery				570	1018	1533	1249	996	5,366

Source: Bath & North East Somerset SHLAA, November 2013, p.28

- 5.22 The Council forecast that they can deliver 5,366 dwellings in this time period and therefore that they have an adequate 5-year supply. We have not tested this contention as part of this report but we note that the inspector (ID/40) queries the approach the Council have taken to identifying the requirement for the five-year target, which appears to be based on the ‘aggregate dwelling demand’ figure and not the total requirement figure for the Plan Period. The Council still maintain³⁸ that the 5-year supply target should be measured against the ‘aggregate’ demand figure of 8,727 which means that the Inspector’s concerns regarding the measurement and adequacy of supply are still valid.
- 5.23 If the Core Strategy delivers 12,956 dwellings as per the SHLAA assumptions, this means the target of 12,700 homes for the Plan Period will be slightly exceeded.

Implications for Housing Demand

- There is evidence to suggest that increasing the supply of housing can improve the ‘affordability’ of housing by ensuring supply more evenly matches demand and also by increasing the amount of ‘affordable’ homes such as social-rented or properties for rent. A failure to provide the levels of annual affordable housing supply required as being needed has the potential to create significant social and equity problems in Bath & North East Somerset.
- Housing affordability is a significant issue in Bath & North East Somerset and this is a long-term issue which has worsened over time.
- The ‘objectively assessed need’ identified in the SHMA Update and Covering Note provides an indication of the likely scale of future housing needed in the HMA (+12,700).
- The draft 2013 SHMA covers a different period than the Plan (i.e. to 2031) and has been developed using dated economic forecasts (2010). The SHMA is in draft but covering notes to the addendum documents estimates that 9,500 market dwellings will be needed over the 2011-29 period (528 p.a.), and that 3,110 affordable housing units will be needed over the same period (173 p.a.). More recently, the Council have refined this figure to 3,200³⁹ affordable.
- The Council anticipate meeting the target (3,200) for affordable housing over the Plan Period and have anticipated that 1,474 of these will be delivered over the next five years.
- There are a range of other factors that must be taken into account, including evidence of housing need and demand, the need for economic growth (including the recent economic forecasts produced for the West of England in August 2013), the availability of suitable housing land, and the need to improve housing affordability and increase supply. However, we consider that that the ‘objectively assessed need’ will not be as effective in boosting housing supply and addressing affordability, and would limit the opportunity to provide new or enhanced infrastructure.

³⁸ Email correspondence from Richard Walker, Planning Policy Officer, B&NES, 18th November 2013

³⁹ Email correspondence from Richard Walker, Planning Policy Officer, B&NES, 18th November 2013

6: The Adequacy of the Proposed Housing Target

- 6.1 The purpose of this Chapter is to pool and analyse the available demographic, economic and housing affordability evidence in order to review the adequacy of the currently proposed housing target for Bath & North East Somerset. This assessment reflects the issues and drivers of future housing requirements as set out in the NPPF.

Demographic change

- 6.2 The most recent available household projections (interim, 2011-based) suggest that an average of 439 households per annum can be expected to form over the period 2011-2021. These projections take into account anticipated population growth, plus other demographic trends that influence average household size.
- 6.3 However, this anticipated annual rate of growth in households is much lower than the average rate of growth anticipated for the same period identified by the 2008-based household projections, which was for 786 dpa.
- 6.4 However, it is widely accepted that the findings of the latest (2011-based, interim) household projections from CLG need to be taken with considerable caution, because the ONS interim population projections upon which they are based are subject to a number of major caveats and provisos, such as for the assumptions regarding fertility and migration, which are based on estimated trends from the 2010-based population projections rather than being consistent with data from the 2011 Census.⁴⁰
- 6.5 Furthermore, the special nature of the 2011-based interim projections – and in particular the changes in methodology from previous projections – means that direct comparisons with earlier sets of projections need to be undertaken with utmost caution.⁴¹
- 6.6 It is also the case that the most recent projections are reflective of previous under-delivery of housing in the B&NES area, and that the current projections are likely to significantly underestimate the underlying and latent pressure for household formation in the District.
- 6.7 On this basis, given these serious short-comings, we consider that the 2008-based projections remain a more robust assessment of the likely future trajectory of household formation in B&NES, and that, moreover, they remain the most recent set of projections that cover the whole of the Plan period.
- 6.8 The 2008-based annual average household formation was – (for the period 2011-2029) – 803 households p.a.

⁴⁰ According to the CLQ Quality Report (page 8) “The special circumstances of an interim set of sub-national population projections led to some modifications to the methodology and best trend data available”.

⁴¹ CLG: 2011-based Interim Household Projections, Quality Report, April 2013, page 9

- 6.9 Applying a small uplift (2%) to the household estimate (to take account of empty and second hand homes) allows for an estimated number of additional dwellings needed, which in this case is 820 d.p.a.

Economic Growth

- 6.10 The analysis provided in Chapter 4 of this report confirms that B&NES has a broadly based economy, and that the area benefits from reasonably high levels of entrepreneurship, a knowledge intensive economy and a well-above average skills and qualification base among the resident population
- 6.11 Travel-to-work patterns across the District are dominated by commuting relationships with Bristol, South Gloucestershire, North Somerset and Wiltshire. Overall, the District has a reasonable level of workforce self-containment, although comprehensive data on this topic dates back to the 2001 Census and is therefore somewhat dated.
- 6.12 Incentives for out-commuting are provided by the differential between residence-based earnings and workplace-based earnings in B&NES. Average workplace earnings in 2012 were around 4% lower than the level earned by B&NES, reflecting the availability of better earnings opportunities for some workers beyond the boundaries of the District.
- 6.13 Looking forward, somewhat dated econometric forecasts relied on the Council suggest that employment growth amounting to 14,250 jobs stand to be achieved between 2011 and 2029, although these additions may be ameliorated by the expectation of 2,800 MoD job losses locally (i.e. 11,450 net jobs).
- 6.14 Even these dated forecasts provide an indication that the opportunity for net additional future jobs growth will be a key driver of housing demand over the Plan period.
- 6.15 More up-to-date forecasts appear to indicate that there is additional growth potential available to the area.
- 6.16 An additional important area of concern is the trend towards an ageing population and fewer workers per household, leading to a declining proportion of residents of working age. The implication of this demographic trend is that additional housing will be needed to accommodate replacements for existing working residents retiring from the workforce over the remainder of the Plan period. It also implies that additional housing will be needed to attract a workforce to the area so that businesses can recruit to both meet the net growth in job opportunities as well as the replacement of retiree workers.
- 6.17 According to the 2011 sub-national population projections, the expected increase in the age range 20-67 in B&NES over the period 2011-2021 is a total of just 2,240 people. Assuming 80% workforce participation, this can be expected to yield just 1,800 workers, and assuming 70% self-containment, the effective increase in the local workforce would be just 1,250 over the first 10 years of the plan period. This amounts to an average of just 125 additional workers per year. Over the full Plan period, the implication would be an increase in effective local workforce of just 2,260. This is only about 20% of the net additional jobs that the Council suggests may be created over the 2011-2029 period.

- 6.18 On this basis, the overall economically-driven requirement for housing is expected to be much more than the level associated with the 2011-based interim household projections.
- 6.19 On the balance of economic evidence, we consider that at least 750 dwellings per annum would be needed to provide sufficient additional workers to deliver the additional labour needed to fulfil the anticipated levels of jobs growth in the B&NES area over the Plan period.

Affordability Needs

- 6.20 A third domain that needs to be taken into account is affordable housing need: that is, meeting the housing needs of those existing and future residents of B&NES district unable to afford to pay market prices for houses or rent.
- 6.21 Data from CLG confirms that the problems of housing affordability are acute in the B&NES area, and that affordability ratios have increased markedly over time.
- 6.22 The local authority housing waiting list has also shown considerable growth in the numbers of households wishing to access affordable accommodation.
- 6.23 The 2013 SHMA is in draft, is based on out-dated economic forecasts and covers a different period (2011-2031) compared to the Plan Period (2011-2029). The SHMA is therefore unsound in terms of supporting evidentially the Council's proposed housing target.
- 6.24 The SHMA is also difficult to interpret, and may be subject to further change: however, the July addendum appears to be suggesting that 225 affordable housing units may be needed annually over the 2011-2031 period, in addition to 420 market homes p.a.
- 6.25 The overall housing requirement figure according to this assessment is therefore understood to be 645 dpa, which is figure lower than the Council is currently proposing.

Overall Assessment of Future Housing Needs

- 6.26 In summary, therefore, the annual future housing needs suggested by each of three NPPF-compliant approaches individually are as follows:
- **demographic:** 820 dpa, based on a review of the various household and population projections, in particular the 2008-based projections which are the most recent to cover the whole of the Plan period;
 - **economic:** at least 750 dpa, to allow for a majority of the expected net increase in employment anticipated to occur in B&NES to be met locally, as well as providing additional housing needed to accommodate additional workers who will be needed to replace workers expected to retire over the Plan Period, and to compensate for the anticipated decline in the relative numbers of working age residents that is expected to occur);
 - **affordable housing:** 225 affordable dwellings per annum, based on the findings to date of the draft 2013 SHMA.

- 6.27 Balancing the three NPPF drivers, our assessment is that **a housing delivery target of a minimum of 820 dpa** would provide a balance between fully meeting the demographic and economic drivers of housing demand, as well as making a substantial contribution towards addressing the area's affordable housing need.
- 6.28 However, this should be regarded as an interim conclusion, in advance of the finalisation of the SHMA for the area, which in our view should include a re-run of scenarios based on up-to-date economic forecasts rather than a continued reliance on forecasts that date back to 2010.
- 6.29 On this basis, the Council's proposed target of 705 dpa is considered at this stage to be inadequate to meet the area's future housing needs, as measured against key NPPF criteria, and in particular the need to provide sufficient housing to accommodate expected demographic and economic change.

7: Consequences of Inadequate Provision

- 7.1 The conclusion of the assessment undertaken in this report is that the Council's proposed delivery target of 12,700 dwellings (705 dpa) for the B&NES area would represent significant under-provision against the objectively assessed requirement for housing in the District.
- 7.2 It can therefore be concluded that – unless the Council's proposed housing delivery target is increased to a level of at least 820 dpa – that there is a consequential significant danger that the failure to deliver the required future supply of housing would generate a range of adverse consequences across a range of economic and equity considerations.
- 7.3 Paragraph 152 of the NPPF requires local planning authorities to seek opportunities to achieve each of the economic, social and environmental dimensions of sustainable development and achieve net gains across all three. The implication of the NPPF, however, is that where local planning authorities do not propose to provide for the full, objectively assessed need for housing in their area, they need to have tested any potential negative consequences of such policies and should have assessed how these could be avoided, mitigated or compensated for through an alternative approach to the delivery of the full, objectively assessed needs.
- 7.4 Furthermore, nothing the Council has prepared thus far appears to amount to an assessment of the potential consequences of failing to address the full objectively assessed requirement for housing as appears to be envisaged by the NPPF.
- 7.5 The purpose of this chapter, therefore, is to assess further what might be the negative consequences for B&NES – in social and economic terms – if the Council fails to provide a sufficient housing delivery to meet the full, objectively assessed future need for housing in the District.

Potential Economic Consequences

- 7.6 A potential consequence of inadequate housing supply would be to hinder the efficient working of the local labour market and the local economy more generally.
- 7.7 In particular, a growing under-supply of housing can cause problems for the local labour market as it can reduce the mobility of labour, and make it more difficult for labour demand and labour supply to be adequately matched. Resulting labour and skills shortages can result in lost productive potential, reduced overall productivity and lower business profitability. The impact of such labour market difficulties might be to deter new business investment and, ultimately, to encourage existing local businesses to consider re-location.
- 7.8 This is because employers require adequate access to a workforce of various skill levels. The process of recruiting new workers and replacing workers who leave can be a significant cost to

many businesses, and an inability to fill vacancies is a key source of lost productive potential for both individual businesses and the local economy as a whole.⁴²

- 7.9 Any increase in difficulties of recruiting and retaining staff, such as might be caused by a shortage of housing would, in the medium term, potentially increase the burden of the constraint on the local supply of workers and skills and, as a consequence, serve to provide an upward pressure on the cost of labour. Moreover, increasing the difficulties of recruiting and retaining an appropriately skilled workforce and potentially increasing the direct cost of labour would serve to reduce the competitiveness of local businesses compared to their competitors located in places where labour supply is less constrained.
- 7.10 Moreover, an artificially constrained labour supply – imposed by a housing development constraint – would likely act as a significant and substantial deterrent to international and national businesses that might otherwise regard the District as a potential location to host a new branch or establishment. Failure to attract new investment would be detrimental to the long-term productive potential of the area and long-term competitiveness and prosperity.
- 7.11 A failure to provide sufficient housing to meet local needs can only exacerbate current housing shortages, leading to further upwards pressure on house prices and worsening affordability problems. This would likely have particular consequences for local employers, who would increasingly struggle to fill job vacancies from a rapidly ageing local population, with local young people increasingly forced to relocate to more affordable areas in order to access housing and resultant negative sustainability consequences linked to extended commuting patterns.
- 7.12 It is clear from various of the Council’s strategy documents that they are keen to encourage growth in the employment base of the District. A scenario of 11,450 net additions to the District’s employment base has been proposed.
- 7.13 However, reversing the current trend for significant levels of out-commuting will be a challenge, especially because of the earnings differentials that exist currently between workplace-based earnings and residence-based earnings, as was discussed in Chapter 4 of this report.
- 7.14 Simply put, there is currently a financial incentive that is encouraging out-commuting, and the reversal of currently commuting patterns would depend on growing substantial numbers of high quality, high paying jobs locally, not just any jobs.
- 7.15 A linked issue is that the labour market is currently operating at high rates of economic activity and, furthermore, there is an ageing trend in the area’s current working age population that is likely to have significant longer term (10-20 years hence) implications for the District’s economic competitiveness.
- 7.16 Both of these issues imply that an increase in future housing supply – beyond the levels currently being proposed by the Council – may be necessary if growth ambitions are to be realised and medium to long term dangers to future economic competitiveness are to be averted.

⁴² The impact of housing market under-supply on labour market efficiency was identified in the Interim Report of the Barker Review commissioned by HM Treasury in December 2003.

Potential Social and Equity Consequences

- 7.17 The evidence provided in the most recent SHMA update (2012) as well as data on affordability ratios from CLG confirm the long-standing shortage of affordable housing in the B&NES area.
- 7.18 Given that the full objectively assessed need is not proposed to be delivered by the Council, the inevitable implication of an on-going housing under-supply will be rising house prices and housing rents in real terms, with consequential impacts on housing affordability.
- 7.19 Extensive research confirms that insufficient supply of affordable housing can result in significant adverse social consequences, including for health outcomes, children's educational performance and other metrics of societal well-being. For example, well-regarded research undertaken by Shelter has identified a clear link between over-crowded housing conditions or a lack of housing and a number of medical conditions, including the following:⁴³
- higher rates of cardio-vascular and respiratory diseases
 - higher numbers of accidents needing medical treatment
 - hypothermia
 - higher risk of meningitis
 - greater risk of substance misuse
- 7.20 Other research undertaken by Shelter has also highlighted the adverse impacts of poor housing on the life chances of children, including the following key findings:⁴⁴
- up to 25% higher risk of severe ill health throughout childhood and into early adulthood
 - greater risk of mental health problems and problems with behaviour
 - increased risk of meningitis, respiratory problems such as asthma, and slow-growth
 - poor health leads to greater incidence of missed schooling, with consequent problems for school attainment and achieving qualifications
 - poor health leading to missed opportunities to participate in sport and physical recreation, leading to longer term problems linked to inactivity, such as obesity
 - lower educational attainment, and greater likelihood of unemployment and poverty when reaching adulthood
- 7.21 One of the most visible aspects of an undersupply of housing is homelessness, although this results from a number of social as well as economic causes. If they are not able to afford housing, and cannot immediately be given a permanent dwelling in the social housing sector or be subsidised through Housing Benefit, then local authorities may be left with few options other than to house affected individuals or families in temporary dwellings, such as bed and breakfast accommodation, at considerable cost to the local taxpayer.

⁴³ Shelter: Living in Limbo (2004)

⁴⁴ Shelter: Chances of a lifetime: the impact of poor housing on children's lives (2006)

- 7.22 There are also wealth distribution implications associated with rising house prices and rents. Data from HMRC⁴⁵ confirms that wealth inequalities have been increasing in the UK in line with rising house prices; one consequence is the long-term transfer of wealth in favour of home-owners and at the expense of non-owners of homes. The substantial increase in the average age of first time buyers over the past two decades is another cause of rising inequality and a symptom of inter-generational wealth transfer.
- 7.23 The net result over the longer term would be to further stimulate the trend of wealth transfer towards existing home owners from future entrants to the housing market in the B&NES area, with negative consequences for social equity in the District.

⁴⁵ HMRC Statistics on the Distribution of Personal Wealth

8: Conclusions

8.1 The overall thrust of the NPPF is that is that although local authorities have the responsibility to set their own targets, there is now a much more onerous requirement to meet the full identified need for housing than existed under the previous policy regime. This report has considered policy influences as well as both demographic and economic drivers of future demand for housing in Bath & North East Somerset, as well as reporting the available evidence on affordable housing needs.

An Appropriate Future Target

8.2 As was set out in Chapter 6 of this report, an appropriate future housing delivery target for B&NES, produced as a result of a triangulation of the three NPPF-compliant drivers approaches can be identified as follows:

- **demographic:** 820 dpa, based on a review of the various household and population projections, in particular the 2008-based projections which are the most recent to cover the whole of the Plan period;
- **economic:** at least 750 dpa, to allow for a majority of the expected net increase in employment anticipated to occur in B&NES to be met locally, as well as providing additional housing needed to accommodate additional workers who will be needed to replace workers expected to retire over the Plan Period, and to compensate for the anticipated decline in the relative numbers of working age residents that is expected to occur);
- **affordable housing:** 225 affordable dwellings per annum, based on the findings to date of the draft 2013 SHMA.

8.3 Balancing the three NPPF drivers, our assessment is that **a housing delivery target of a minimum of 820 dpa** would provide a balance between fully meeting the demographic and economic drivers of housing demand, as well as making a substantial contribution towards addressing affordable housing need.

8.4 This is an interim conclusion, in advance of the finalisation of the SHMA for the area.

8.5 On this basis, the Council's proposed target of 705 dpa is considered at this stage to be inadequate to meet the area's future housing needs, as measured against key NPPF criteria, and in particular the need to provide sufficient housing to accommodate expected demographic and economic change.

The potential consequences of inadequate provision for housing

- 8.6 Given that the Council's currently proposed target lies very much below what – on currently available evidence – appears to be the full, objectively assessed need the future delivery of for housing across B&NES, it is necessary to consider the potential consequences of seriously inadequate supply over the Plan Period as a whole.
- 8.7 From the perspective of **economic development and future prosperity**, a key consequence of an inadequate future housing supply in B&NES would be to hinder the efficient working of the local labour market and the local economy more generally. This could be manifested in the following:
- difficulties for local employers in terms of recruitment and retention of appropriately skilled staff
 - upward pressures on the cost of labour, with potential adverse consequences for employers who are competing in national and/or international markets
 - a potential deterrent to new inward investment, given that the availability of an appropriately skilled workforce is a key location determinant of business location decisions
 - a potential deterrent effect on entrepreneurship and new business formation and growth
 - in the longer term, businesses already established in the area may look to relocate elsewhere so they can recruit sufficient supplies of appropriately skilled workers in order to remain competitive.
- 8.8 From the perspective of **social equity**, given that demand for housing is expected to remain strong, a reduction in supply would thereby serve to increase the cost of housing, and to reduce the affordability of that housing for both first time buyers and existing home-owners who need a larger house (e.g. for growing families). The result over the longer term would be to further stimulate the trend of wealth transfer towards existing home owners from future entrants to the housing market, with negative consequences for social equity in the area.

Overall Conclusions on the Soundness of the Proposed Target

- 8.9 The ability to arrive at over-arching conclusions as the soundness of the Council's proposed housing delivery target is made more difficult than it should be by the confused and continually evolving nature of the Council's evidence base. At this stage our interpretation is that the Council is currently proposing to provide 12,700 dwellings over the Plan Period at an average rate of 705 dpa. However, it is possible to interpret the evidence base in different ways that arrive at a lower proposed trajectory: the comments that follow here relate to a presumed target of 705 dpa, but they would apply to any even greater extent if it emerges at Examination that the Council is actually arguing for a lower figure than 705 dpa.
- 8.10 The overall conclusion is that a housing delivery target of 705 dpa would not deliver in full the objectively assessed need for housing. In particular, the proposed range provides insufficient supply to meet the additional demands required to accommodate replacement workers needs to

offset the ageing trend in the area's working age population, and not would it provide a sufficient boost to meeting the needs for affordable housing.

8.11 Moreover, our conclusion is also that the Council's currently proposed housing target is not based on a sound analysis of the available and relevant evidence, and not does it reflect the full, objectively assessed need for housing over the Plan period. In particular:

- There is no adequate justification – from a demographic, economic or housing affordability perspective – of setting the proposed target at a level that is below the levels identified as being needed to meet demographic change and economic growth requirements;
- The Council's proposed target appears to have been formulated without regard to up-to-date econometric forecasts – the ones utilised by the SHMA date back to 2010 and are therefore not current;
- It is not clear that the proposed target could deliver the 225 affordable dwellings per annum that appears to be the conclusion of the draft SHMA (although it is accepted that this document may be subject to further change)
- the Council has failed to assess the potential social, economic and sustainability implications of failing to address in full the objectively assessed need for additional housing supply in its area of responsibility, as is required by the NPPF

8.12 Our overall conclusion is that a minimum housing delivery target of 820 dpa should be adopted instead of the target of 705 dpa that (we presume) that the local planning authority is currently proposing.

Appendix 2 – Inspector's Interim Report, Lichfield Core Strategy

Lichfield District Council

Local Plan: Strategy Examination

Mr Richard King
Strategic Director of Democratic,
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3rd September 2013

Dear Mr King

1. I indicated at the end of the hearing sessions held in Lichfield between 24 June and 10 July 2013, that I would be writing to you to give my preliminary views on a number of matters.
2. Attached to this letter is an annex setting out my preliminary findings on the following points. Firstly, whether Lichfield District Council (the Council) has discharged its duty to co-operate as required by section 33A of the 2004 Act (as amended); secondly, whether the *Lichfield District Local Plan; Strategy* (the Plan)¹ makes adequate provision for the objectively assessed need for housing; thirdly, whether the Sustainability Appraisal² is a reliable piece of evidence; and fourthly, whether the various sites identified in the Plan as Sustainable Development Areas and the site identified as a Broad Development Location are deliverable or developable, whether they are viable, whether they are sustainable and whether they are the most appropriate when judged against reasonable alternatives?
3. While these preliminary findings are issued without prejudice to any final report that I may prepare, you will see that I am satisfied that the Council has discharged its duty to co-operate, that the Sustainability Appraisal is a reliable piece of evidence and that the Strategic Development Areas and the Broad Development Location identified in the Plan are soundly based. I am, however, concerned that the Plan as submitted is unsound in that it does not make adequate provision for the objective assessment of housing need contained in its own evidence base.
4. Two methods of rectifying this unsoundness were discussed at the hearings. One possibility would be to identify an additional site or sites through the forthcoming *Lichfield District Local Plan; Allocations* document, the other would be to do this through the Plan itself. To my mind finding a site or sites for an additional 900 houses is a strategic matter which should be dealt with through the Plan itself.

¹ CD1.1. Lichfield District Local Plan: Strategy.

² CD1.8. Sustainability Appraisal: Proposed Submission Local Plan Strategy (Updated)

5. The Council indicated at the hearings that it would be willing to identify a further site or sites to address such a shortfall, carry out the necessary Sustainability Appraisal, make any resulting main modifications to the Plan and consult on these - and that this process would not take more than six months or so. I would be grateful for confirmation that this is still the case and, if so, let me have a preliminary timetable for such works.

6. It may be of course that the main modifications will themselves prompt further representations. It is possible that these could be dealt with by written representations but if they could not then the hearings would need to be resumed. Any resumed hearing sessions would deal solely with matters raised in the further representations.

Yours sincerely

R. Yuille

Mr R Yuille
Inspector

**Annex attached to the Inspector's letter to Lichfield District
Council 28th August**

Initial Findings

Duty to Co-operate.

Tamworth and Cannock

1. The Council has agreed with Tamworth Borough Council³ and with Cannock Chase District Council⁴ that provision should be made in the Plan for agreed amounts of housing to meet the needs of those neighbouring councils. The joint level of housing provision for South Eastern Staffordshire has also been agreed with those councils⁵. There is no specific requirement for the Council to meet the housing needs of any other council nor does it require any other council to help provide for its (Lichfield's) housing needs. No council has objected to the amount of housing proposed in the Plan.

East Staffordshire

2. In particular it has been confirmed⁶ that there is no need for the Council to make provision for any of East Staffordshire Borough Council's housing or employment needs or vice versa.
3. This is relevant to a proposal put forward by representors known as the Brookhay Villages and Twin Rivers Park, a scheme that straddles the boundary between the two council areas. This scheme does not feature either in the Plan or in the emerging local plan for East Staffordshire but both councils acknowledge that it is a strategic matter of importance that warrants further investigation to better understand its deliverability and potential benefits - particularly if it transpires that Birmingham City Council cannot accommodate its housing needs within its own area⁷.

Birmingham

4. Evidence that Birmingham may not be able to meet its own housing needs emerged relatively late in the preparation of the Plan. Consequently the Council proposes a main modification⁸ which recognises this and proposes collaborative working with Birmingham and other authorities within the Greater Birmingham and Solihull Local Enterprise Partnership to establish the scale of any shortfall and where it should be met. If this work points to a need for further provision for housing in Lichfield then the Plan will be reviewed.
5. This appears to me to be a pragmatic response to a changing situation. Given that it has yet to be established what the level of the shortfall in housing land will be or whether any of this shortfall will be met in Lichfield District, I do not consider that there is a need at this stage to commit to a review of the Plan or to include reference to such a review in a policy rather than in the supporting text.

³ CD3.1. Memorandum of Understanding: Meeting Tamworth's Housing Needs.

⁴ CD3.2. Memorandum of Understanding: Meeting the Needs of SE Staffordshire.

⁵ CD3.4. Meeting Development Needs in SE Staffordshire 2006-2028.

⁶ CD5.9. Statement of Common Ground with East Staffordshire Borough Council.

⁷ CD5.10. Memorandum of Understanding with East Staffordshire Borough Council.

⁸ HD58. LDC proposed Main Modifications. Main Modification 1.

Walsall

6. Walsall Metropolitan Borough Council raises no objection to the housing numbers in the Plan but is concerned that there is no explicit policy reference in the Plan to not undermining regeneration in neighbouring areas. However, at paragraph 9.6 of the supporting text, the Plan does include a reference to this effect and little would be achieved by incorporating this into policy.

Transportation and Infrastructure Provision

7. Even allowing for efforts to reduce the need to travel, the planned growth in housing and employment in the District is likely to lead to an increase in out commuting. If this is to be accommodated then improvements to the road network and to public transport provision will be needed.
8. The Council has co-operated with all the bodies responsible for highways and transportation provision in and beyond its area such as Staffordshire County Council, the Highways Agency, Centro and Network Rail. None of these bodies have raised concern that the housing and employment policies in the Plan are out of step with or compromise their strategies. Moreover these bodies are working with the Council to provide a range of highway and transportation improvements as set out in Core Policy 5 of the Plan.
9. While it is suggested by representors that more should have been done, particularly in improving rail links to Birmingham, it is difficult to see what else the Council could realistically have achieved.

Conclusion

10. On the basis of the evidence set out above I am satisfied that the Council has co-operated constructively, actively and on an ongoing basis with relevant bodies on the strategic matters of housing and transportation and in so doing has maximised the effectiveness of the plan making process. It has thus discharged its duty under the Planning and Compulsory Purchase Order Act 2004.

Housing Numbers

The Evidence Base

11. The Plan seeks to deliver 8,700 homes between 2008 and 2028 at a rate of 435 dpa. These figures are derived from the *Housing Needs Study*⁹ prepared jointly with Tamworth Borough and Cannock Chase District Council. This study is based on the 2008 CLG household projections which examined twelve demographic and employment led scenarios which in turn generated a broad range of housing demand of between 76 dpa and 630 dpa for Lichfield District over the plan period. This range was ultimately narrowed down to between 410 and 450 dpa.
12. With the publication of the 2011 CLG household projections the Council produced a *Housing Requirements Update* which concluded that the range of 410-450 dpa remained within an acceptable margin of tolerance despite changes to the growth forecasts¹⁰. A significant change between the 2008 and 2011 projections is that household representation rates (the factor used to convert population into households) are lower in the latter, reflecting the

⁹ CD2.20. Southern Staffordshire Housing Needs Study & SHMA Update.

¹⁰ CD5.5. Lichfield, Tamworth and Cannock Chase Housing Requirement Update paragraph 4.17.

- fact that people are less likely to form households in poor economic times. When account is taken of this a figure of 430 dpa is arrived at¹¹.
13. The Council also produced a *Migration Scenario Addendum* which on the basis of the most recent migration trends gives a range of 379-393 dpa, figures which the Council concludes lend further weight towards justifying a figure towards the lower end of 410 to 450 dpa range¹².
 14. The *Housing Needs Study* and its associated documents were subjected to detailed demographic and statistical scrutiny - particularly by those arguing for a lower housing figure than proposed in the Plan - with matters such as migration rates, household representation rates, the inherent model volatility when dealing with small areas and the accuracy of iterative models as the length of projection increases, all being thoroughly canvassed.
 15. At the hearings, however, it was accepted that detailed arguments about such matters would achieve little because in any housing forecast, as opposed to a housing projection, policy considerations such as the need to boost significantly the supply of housing land¹³ would be the dominant factor.
 16. I regard this as a sensible approach. Certainly when it came to the detailed arithmetical points that were pressed at the hearings there was little to indicate that these would significantly affect the housing figures in the Plan. For example, I saw no compelling evidence to indicate that in its *Employment Land Review*¹⁴ the Council had overstated employment growth (a matter related to housing growth) because it had double counted inward migration¹⁵.
 17. Similarly, while it was accepted that the proportion of the 75+ age group who would live in institutional accommodation as opposed to in general housing was difficult to model, this would not be likely to have a significant effect on population forecasts in the early years of the Plan. If it were to become significant in later years this could be dealt with through a review of the Plan.
 18. One further methodological point that needs to be dealt with is that while the *Housing Needs Study* covers South Eastern Staffordshire (Cannock Chase, Lichfield and Tamworth), it does not include Birmingham - with which Lichfield District has strong migratory links. However, I do not regard this as a fundamental criticism.
 19. The Council prepared its *Housing Needs Study* with Cannock Chase and Tamworth not only because it had strong migratory links with them but also because it was expected to assist them in providing for their housing needs. As has been established when discussing the duty to co-operate, it only became apparent late in the day that there might be a need to assist Birmingham in meeting its housing needs and, if this turns out to be the case, the plan will be reviewed. I regard this as a pragmatic response to a developing situation and do not regard the *Housing Needs Study* as fundamentally flawed because it does not cover Birmingham.
 20. Overall I am satisfied that the *Housing Need Study* is a robust piece of evidence and that the broad range of housing figures it identifies provides an appropriate basis for determining the objective assessment of housing need. This was generally accepted at the hearings. That said, there were those who argued that the housing figures should be lower or higher than those proposed in the Plan. I will deal with these in turn.

¹¹ SQ-Mii-LA1. Supplementary Questions (ii) Table 6.4.

¹² CD5.5a. Addendum. Paragraph 3.2.

¹³ National Planning policy Framework. Paragraph 47.

¹⁴ CD2.32. *Employment Land Review*.

¹⁵ HD48 *Employment*. This note contains the Council's response on this point.

Lower Housing Figures

21. Those who argued for lower housing figures mention the importance of not derailing the regeneration agenda in Birmingham and the Black Country. They also referred to the increase in out commuting that would accompany housing growth in Lichfield District and the adverse consequences of this. They drew attention to the effect of the 2011 CLG household projections¹⁶ and lower migration trends¹⁷.
22. To my mind, however, while such factors may point to a figure towards the middle or lower end of the range of between 410 to 450 dpa ultimately selected in the Housing Needs Study, they do not provide evidence for a figure below that proposed in the Plan.
23. There are three reasons for this. Firstly, selecting a figure below that range would be to fly in the face of the policy of boosting significantly the supply of housing land, an aim that, as has already been established, should be a dominant consideration in any housing forecast.
24. Secondly, although the household representation rates in the 2011 CLG household projections are lower than those in the 2008 projections, this is a result of poor economic conditions that the latter projection took account of. However, over the longer term household representation rates have been rising and the fall in these rates identified in the 2011 projection is likely to have been driven by short term factors such as the impact of the recession, constraints on housing supply and constraints on mortgage lending. It is reasonable, therefore, to assume that beyond 2021 (the end of the period covered by the 2011 projection) household representation rates will resume their long term rise.
25. Thirdly, in migration is the key driver of population growth and hence household growth in Lichfield District. There is limited evidence to suggest that migration levels over the Plan period will fall significantly below past levels. Indeed the emerging evidence that Birmingham may not be able to accommodate its housing needs within its own borders gives credence to the argument that past in migration rates are likely to continue.
26. It is also the case that Lichfield District is and will remain an attractive place to live for local people and in migrants. In such a situation there would need to be strong evidence for abandoning long term migration rates with all of the implications this could have in terms of people who want a house not being able to afford one. No such strong evidence has been put forward.
27. For these reasons I do not consider the housing figures in the Plan should be reduced.

Higher Housing Figures

28. The reason put forward most strongly by representors arguing for increased housing numbers relates to the question of how the Plan deals with cross boundary provision. Briefly the argument put is as follows. The Plan seeks to deliver 8,700 homes over the period 2008-2028 (435 dpa) and on the face of it these figures sit within the 410-450 dpa range identified in the Housing Needs Study, a range that amounts to 8,200 – 9,000 dwellings over the plan period.
29. However, the 8,700 dwellings referred to in the Plan includes 1,000 dwellings to meet the needs of Tamworth and Cannock Chase Councils and when this figure is taken out, the Plan only provides 7,700 dwellings to meet the needs of Lichfield District (385 dpa) over the plan period – a figure that is below the range set out in the Housing Needs Study.
30. At the hearings the Council accepted that that the 410-450 dpa range in the Housing Needs Study did not include the 1,000 dwellings for Tamworth and

¹⁶ CD5.5. Lichfield, Tamworth and Cannock Chase Housing Requirement Update.

¹⁷ CD5.5a. Addendum.

Cannock Chase so it was indeed proposing a lower housing figure for Lichfield District than its own evidence indicated was needed. However, it considered that the important figure to look at was the 903 dpa for South Eastern Staffordshire as a whole (ie including Cannock Chase and Tamworth) and that this figure would be achieved.

31. I do not accept this approach. While the Council has quite correctly co-operated with its neighbours in preparing its evidence base, while it has signed memoranda of understanding with them relating to the delivery of housing and while Cannock Chase and Tamworth have each submitted local plans (the latter having been withdrawn) – the fact remains that the Council is not preparing a joint plan with its neighbours.
32. To rely on the figure of 903 dpa would be to rely on those other councils being able to deliver their share of overall housing provision. This is something that has not been tested and on which I have very limited evidence to formulate a view, even if it were appropriate for me to do so.
33. Given that there is no significant evidence to dispute the soundness of the figure of 1,000 dwellings to meet the needs of Cannock Chase and Tamworth, I consider that the figure which needs to be scrutinised is the 7,700 dwellings (385 dpa) proposed in the Plan to meet the needs of Lichfield District. This figure is below the Council's own objective assessment of housing need (410-450 dpa) set out in its housing needs assessment and the Council put forward no substantial reasons at the hearings as to why this should be.
34. There were those who argued that the housing figures in the Plan should be increased to 601 dpa, a figure derived from the forecast jobs growth scenario (Scenario F) in the *Housing Needs Study*. While such a figure would have the advantage of providing more affordable housing, for which there is an unquestioned need, there is insufficient evidence to indicate that such a high annual rate of housing could actually be delivered over the plan period.
35. While 601 dpa has been achieved on three occasions over the last 11 years and while the housing trajectory on the Plan anticipates figures in excess of this at times during the life of the Plan, it remains the case that achieving such a figure consistently over the plan period would require something in the order of a 40% increase in average net annual completions¹⁸.
36. I do not consider a figure of over 600 dpa to be provided consistently over the entire 20 year period of the Plan would be deliverable when this has not in the past been consistently achieved even during the boom years of construction. It would be well in excess of the long term average net annual completion rate. Plans are expected to be aspirational but they are also expected to be realistic¹⁹. I do not consider such a high figure would be realistic.
37. Other representors argued that the figure of 430 dpa produced by the Council²⁰ would be more appropriate. I agree. This figure is soundly based in that it takes on board the most recent household representation rates referred to above but is also aspirational in that for the later years of the Plan those rates will rise as the economy improves.
38. Raising the annual house building for Lichfield District from 385 dpa as proposed in the Plan to 430 dpa would involve an additional 45 dpa which over the 20 year plan period would amount to an additional 900 dwellings. The 7,700 dwellings proposed in the Plan to meet Lichfield District's needs would, therefore need to be increased to 8,600 dwellings. When the 1,000 dwellings to meet Tamworth and Cannock Chase's needs are added in this gives a figure of 9,600 dwellings.

¹⁸ HD17. Matter 2 Housing Numbers. Paragraphs 4.5 & 4.8.

¹⁹ National Planning Policy Framework. Paragraph 154.

²⁰ SQ-MII-LA1. Supplementary Questions (ii) Table 6.4.

39. This would involve a main modification to the Plan and the work it would entail would mean that the Plan would not be adopted before 2014 at the earliest. That being so the Plan, which runs to 2028, would only have a 14 year life - rather than the 15 year time horizon which the NPPF indicates would be preferable. The Council should, therefore, consider extending the end date of the Plan to 2029 and making the necessary adjustment to housing numbers.

Conclusion

40. I conclude that the Plan is not justified, and hence unsound, in that it does not make adequate provision for the objective assessment of need contained in its own evidence base. This unsoundness would be remedied by identifying a site or sites for an additional 900 houses.

Sustainability Appraisal

Background

41. The Sustainability Appraisal²¹ was the subject of much debate at the hearings. While it is not my role to comment on the legality of the Sustainability Appraisal it is necessary to establish whether it is a reliable piece of evidence.
42. In formulating its preferred spatial strategy the Council, through the Sustainability Appraisal and its precursor documents²², considered various ways of distributing differing levels of growth throughout the District. Early work included an assessment of four initial spatial options (town focussed development, town and key rural village focussed development, dispersed development and a new settlement option) together with an examination of several different directions of growth around Lichfield and Burntwood as well as consideration of the sustainability of rural settlements and cross boundary issues at Tamworth and Rugeley.
43. Later work involved the consideration of four alternative spatial strategies, these being various versions of the Fradley West option, the New Village option (north east of Lichfield) and the JVH option (which involved a range of sites throughout the District) together with the Brookhay Villages and Twin Rivers Park which emerged at an advanced stage in the plan making process. Consideration was also given to various combinations of sites which could deliver ten alternative Housing Growth Scenarios derived from the Housing Numbers Study²³.
44. A number of criticisms of the Sustainability Appraisal were made. I will deal in turn with the main points raised.

Congestion and Greenhouse Gas Emissions

45. The suggestion was made that the Sustainability Appraisal failed to identify, describe and evaluate the effects of cross boundary commuting in terms of increased congestion and greenhouse gas emissions. This is not the case. One of the objectives of the Sustainability Appraisal is to improve the availability of sustainable transport options to jobs and services and detailed targets and criteria have been devised to enable alternative strategies and sites to be assessed in this respect²⁴.

²¹ CD1-8. Sustainability Appraisal Proposed Submission Local Plan Strategy (Updated).

²² CD1-10 Sustainability Appraisal Proposed Submission Local Plan Strategy; CD1-14 Interim Sustainability Addendum; CD1-17 Sustainability Appraisal: Shaping Our District; CD 1-19 Interim Core Strategy Sustainability Assessment; and, CD1-23 Scoping Report for the Sustainability Appraisal.

²³ CD1-8 Sustainability Appraisal Update; page 123.

²⁴ CD1-8 Sustainability Appraisal Update; Sustainability Objective G page 98.

46. The results of this exercise have fed through into policies in the Plan such as Policy CP7 which seeks to balance housing and job provision and Policies CP5 and ST1 which seek to achieve sustainable transport. While it is always possible to suggest ways in which evidence could be elaborated on and improved, the Sustainability Appraisal deals with the matter of congestion and greenhouse gas emissions in a proportionate manner.

Lower Housing Figure.

47. As has already been established there is little evidence to suggest that the split between elderly residents living in institutions rather than households will have a significant effect on housing need in the early years of the Plan. A wide range of housing numbers were tested through the Sustainability Appraisal and there is no pressing need for a lower housing figure based on this consideration to have been specifically assessed.

Flexible Housing Target

48. It was suggested that a flexible housing target, one that increased towards the latter part of the Plan as the economy came out of recession, should have been appraised. However, this ignores the fact that housing growth is seen by the Government as a main driver in boosting the economy. A housing target which followed rather than helped drive the economy would be inconsistent with this approach.

Tamworth and Rugeley.

49. There is an undisputed need for more lower priced housing in the District. The suggestion was made that the option of accelerating housing provision on land adjoining Tamworth and Rugeley (where house prices are lower and where there is a prospect of improving rail services) should have been assessed. However, there is little to suggest that such an option would indeed have delivered a sufficient supply of housing early in the plan period or that it would necessarily result in cheaper housing. This was not an option, therefore, that the Council was bound to assess.

Mandatory Review

50. It would have been possible to include a requirement for a mandatory review of the Plan triggered, for example, by a failure to deliver a critical piece of infrastructure or by housing and employment provision getting significantly out of step. However, there is no requirement that a plan should contain such a mandatory review.
51. In this instance the Plan would be monitored annually and this could trigger a review of the Plan. Moreover, it is acknowledged in the Plan that a review may be necessary if it transpired that Birmingham was unable to meet its own housing needs within its boundaries.
52. In these circumstances the Council was not bound to appraise the option of incorporating such a mandatory review into the Plan.

Lack of Change in the Plan

53. It is difficult to substantiate the charge made at the hearings that the Plan has not changed as a result of the Sustainability Appraisal. The Plan has been in preparation since 2006 while the first document in the process of sustainability appraisal was produced in 2007²⁵. Over that period the strategy in the Plan has clearly changed and evolved and there is no reason to doubt that the Sustainability Appraisal has played a part in this.

²⁵ CD1-23 Scoping Report for the Sustainability Appraisal 2007

Errors and Inaccuracies.

54. The Sustainability Appraisal has been prepared over a long period, its scope is broad and its methodology complex. Some errors and inaccuracies have, therefore, inevitably crept in. However, there is no evidence²⁶ to suggest that these amount to major flaws that significantly undermine the reliability of the Sustainability Appraisal.

Not all alternative sites assessed.

55. Although the Sustainability Appraisal assesses a range of alternative sites that have been put forward it is criticised for not assessing every individual site suggested. However, I do not consider that there is an obligation on the Council to assess in detail every individual site put forward particularly if these sites are included within the scope of a more general option that has been assessed - such as, for example, the broad direction of growth south of Lichfield.

Equal Appraisal of Options: Relationship between Table A1 and Table F1

56. In Table F1 the Brookhay Villages alternative is assessed against a range of Sustainability Objectives including objectives G (Sustainable Transport) and I (Mixed and Balanced Communities). The Local Plan Spatial Strategy and all other options and alternatives are assessed against the same range of Sustainability Objectives (Table A1) but objectives G and I are divided into economic and social sub categories (G-Ec, G-Soc, I-Ec and I-Soc). This inconsistency, it was argued, throws doubt on whether all alternatives have been afforded an equal examination.
57. Although the basis for this sub division is not fully explained in the Sustainability Appraisal, the Council has subsequently confirmed which of the detailed criteria relating to these Sustainability Objectives are deemed to be economic and which social²⁷. On that basis it is clear that when appraising the Brookhay Villages Alternative, account was taken of both the economic and social aspects of Sustainability Objectives G and I²⁸. The various alternatives have, therefore, been equally appraised.
58. That said it would, as the Council acknowledged at the hearings, have been much better if the assessment of all alternatives had been presented in a consistent manner and if the economic and social sub categories had been clearly defined. These are points the Council should consider addressing in any future versions of the Sustainability Appraisal.

Not all options assessed in the same level of detail

59. It was suggested that not all options have been assessed in the same level of detail with Brookhay Villages, unlike other options, having a separate table (Table F1) devoted solely to it. To my mind this is largely a matter of presentation, probably prompted by the fact that Brookhay Villages was a late comer to the process and was thus appraised separately. The important point is that, as has already been established, all options have been appraised against the same Sustainability Objectives and the same Appraisal Framework²⁹ has been applied to each option. Consequently, while the amount of commentary may vary between options, I am satisfied that they have been assessed in same level of detail.

²⁶ SQ-M3ii-LDC1 contains the Council's response on this matter.

²⁷ HD56. Joint Hearing Notes BDW/LDC. Paragraphs 7(b) and (c), page 5 and paragraph 2, page 7.

²⁸ HD56. Joint Hearing Notes BDW/LDC. Paragraphs 2a-2d, pages 4 and 5.

²⁹ CD1-8 Sustainability Appraisal Update. Table 11.2, page 96.

Individual sites in the Council's chosen strategy not assessed separately

60. It was suggested that the individual sites proposed by the Council were not assessed separately in the Sustainability Appraisal but rather the overall strategy proposed was assessed as a whole. The point has been made that this makes it difficult to compare the proposed new village at north east Lichfield to individual sites forming part of the Council's strategy.
61. In fact assessments of the individual sites and groups of sites selected by the Council are contained in the Sustainability Appraisal³⁰. It is true that Table A1 compares the Council's chosen strategy as a whole with various options including the new village at north east Lichfield, but this is a legitimate approach as that new village was being promoted as an alternative to the Council's strategy as a whole.

Need to Pursue the Best Performing Option/The Relationship Between Table F.2 and Table F.3.

62. As has already been established the Sustainability Appraisal assessed a number of alternative levels of housing growth or Housing Growth Scenarios. Part of that assessment (Table F.2) involves looking at how different Housing Growth Scenarios could be delivered by varying combinations of sites - or variants as they are known. Representors were concerned that the top performing variants had not been taken forward into the Plan.
63. However, the Council has made clear³¹ that the purpose of Table F.2 not to select the best performing variant but to understand the likely impact of each variant. Rather than being used as a filter to reduce the number of variants it is used to build up an overall picture of the potential impact of the different Housing Growth Scenarios, an overall picture which takes into account broader less site specific matters. This overall picture is set out in Table F.3.
64. The conclusions set out in Table F.3 are not, therefore, arrived at by simply comparing the various scores set out in Table F.2 or averaging out various totals for each Housing Growth Scenario. Rather a series of judgements were made as set out in the comments which follow Table F.3³². The fact that a particular variant performs well in Table F.2 does not, therefore, mean that it will perform well in Table F.3.
65. While this is a complicated approach, it is nonetheless a legitimate way of attempting to take into account both the spatial and non-spatial implications of various Housing Growth Scenarios. The fact that this approach relies on a series of judgements does not invalidate it, such judgements are at the heart of any such process.

Need to Assess all Housing Growth Scenarios

66. The Sustainability Appraisal does not assess all of the housing Growth Scenarios identified in the Housing Needs Study. In particular it does not assess the two economic growth scenarios (F and G) which gave the highest housing figures.
67. However, while the Housing Needs Study identified a broad range of housing requirements (a range of between 76 and 630 dpa) which included these two scenarios - it also, quite legitimately sought to refine that range. In so doing it excluded 'outliers' such as Housing Growth Scenarios F and G which produced housing requirements that were inconsistent with the majority of other scenarios which clustered around the 400-460 dpa range. This is a reasonable approach.

³⁰ CD1-8. Sustainability Appraisal Update. Tables 16.1 to 20.1.

³¹ HD56. Joint Hearing Note BDW/LDC. Paragraphs 1-10, pages 10 and 11.

³² CD1-8. Sustainability Appraisal Update. Pages 263 to 267.

Conclusions

68. The Sustainability Appraisal is not a simple document. The commonest criticism of it is that it is hard to understand. There is some truth in this - indeed the Council was itself hard pressed at times to explain its intricacies and only did so by way of additional explanatory notes. However, a document of this scope is necessarily complex and while parts of it require close reading, its main points are clearly drawn out in the non-technical summary. Having considered the various criticisms made of the Sustainability Appraisal I am of the opinion that it is a reliable piece of evidence.

The Appropriateness of the Spatial Strategy

Background.

69. This section seeks, firstly, to establish whether the Strategic Development Allocations and the Broad Development Location identified in the Plan are sustainable, whether they are deliverable or developable and whether they are viable. Secondly, it considers whether these sites are the most appropriate having considered reasonable alternatives.
70. In dealing with this second point consideration is given only to whether certain sites should have been chosen in preference to the sites selected by the Council. No consideration is given to whether certain sites should be chosen in addition to those selected by the Council - that is a matter that is likely to be dealt with subsequently. To put it simply, we are dealing with an 'A' instead of 'B' analysis not an 'A' plus 'B' analysis.
71. The Strategy in the Plan seeks to concentrate major growth within the urban area, at a Broad Development Location on the edge of an urban area and at five Strategic Development Allocations (SDA's) four of which are on the edge of urban areas - the fifth being Fradley which is centred on a former airfield. Other than that, development will for the most part be focussed on Key Rural Settlements ie those having the widest range of facilities and judged to be the most capable of accommodating growth.
72. On the face of it this is a sustainable strategy as it makes use of existing facilities and infrastructure in the urban areas, provides opportunities to travel by means other than the private car and reduces the need to travel. This is borne out by the findings of the Sustainability Appraisal which, for the reasons set out above, can be treated as a reliable piece of evidence. However, it is necessary to look at individual sites that go to make up the strategy in more detail.

South Lichfield SDA.

73. This site is located on the southern edge of Lichfield relatively close to the city centre. The development of this site would enable the construction of a link of the Lichfield southern By-pass.
74. The long term development potential of a sizeable proportion of this site is recognised in the existing Lichfield District Local Plan where it is designated as an Area of Development Restraint - that is a site which it is not essential to keep open for Green Belt purposes. The remainder of the site is in Green Belt but it is proposed that this land will be kept in open uses such as playing fields and green infrastructure. An as yet undetermined planning application for 450 houses has been submitted on the site³³.
75. The benefits of such an urban extension in terms of sustainability have already been mentioned, more information is contained in the Sustainability

³³ A request has been made that the National Planning Casework Unit that the planning applications concerning the SDA's at Fradley, Streethay and South Lichfield be called in for determination by the Secretary of State. A detailed response is awaited.

- Appraisal³⁴. While it is important not to overstate the extent to which future occupants of this site would walk, cycle or use public transport, the fact remains that these options would be open to them. The site is, therefore, sustainable in these respects.
76. Nonetheless, the site will generate additional trips by car and it was the effect that these would have on roads in the vicinity and the role that developing the site would play in completing the southern by-pass which were the principal unresolved issues discussed at the hearings.
 77. Dealing firstly with the issue of the southern by-pass, the uncompleted section of this road runs between Birmingham Road and London Road under the railway bridge a short distance to the east of Birmingham Road. It is common ground that this section of by-pass needs to be completed in the plan period. Previously the Council had taken the view that the completion of the by-pass was a pre-requisite for developing the South Lichfield SDA.
 78. However, while the developer of the site proposes to construct, at their own expense, the section of by-pass between London Road and the railway, they do not control the land necessary to complete the link to Birmingham Road. The Council regards this as acceptable and no longer requires the completion of the by pass as a condition of developing the site.
 79. The completion of the final section will be the responsibility of Staffordshire County Council (the County Council) which will make a bid for the necessary funding. The indications are that there will not be a willing seller for this land and if that proves to be the case the County Council proposes to seek Compulsory Purchase Order powers to acquire the land.
 80. Compulsory Purchase procedures are generally time consuming and there is no guarantee as to their outcome. However, given that this would be the last link in a by-pass that will play an important part in traffic management for the City as a whole and given that the Plan runs until 2028, I consider that there is a reasonable prospect of the by-pass being completed in the plan period.
 81. On a slightly different point it was suggested that a site that requires a piece of infrastructure as costly as a section of the by-pass is neither sustainable nor viable and that there are more economic sites that could be developed. However, this overlooks two facts. Firstly, the role of the additional section of the by-pass is not simply to serve the site, it will assist in the completion of the by-pass which will have wider benefits to the City. Secondly, the evidence is that the development of the site is a viable proposition³⁵. This was confirmed by the developer at the hearings who made clear that the proposed scheme would pay for the section of by-pass to be provided and allow for an adequate profit.
 82. As to the effect that developing this site would have on the nearby roads, it is common ground that local roads, particularly London Road, are congested at peak times. Access to the site as proposed in the scheme for which planning permission is sought has changed over time, the latest proposal involves three linked junctions onto London Road where only one exists at present.
 83. Although concern was expressed at the hearings about the effect that this would have in highway terms, traffic modelling carried out in support of the planning application on the site indicates that - assuming the existing modal split, taking account of all proposed uses on the site and assuming either that the by-pass has been completed or that it has not - the effect on local roads would not be severe.

³⁴ CD1-8 Sustainability Appraisal Update. Table 16.1. Pages 198-200.

³⁵ CD5.6. Initial Strategic Sites Viability Assessment: Summary Report. Table 4.2.6.

84. Based on this and other highway evidence produced in the run up to the hearings³⁶, the Highways Agency, which has issued a holding objection, and the County Council both unequivocally confirmed at the hearings that all outstanding highway objections to the development proposed on this site could be overcome. On that basis I am satisfied that the site is capable of being accessed and in this respect the selection of the site as a Strategic Development Allocation is soundly based.
85. Those opposing the development of the site pointed out that they had not seen or had the opportunity to comment on the latest modelling information. However that information relates to the latest junction design which is a matter to be dealt with as part of the planning application – something that is beyond the scope of the Examination. The purpose of the Examination is to decide whether the allocation is soundly based. To do this it is not necessary to know the full details of the proposed access but to be satisfied that an access is capable of being provided. The evidence indicates that it is.
86. Drawing together my findings on the South Lichfield SDA I conclude that it is in a suitable and sustainable location, there are no insurmountable technical barriers to its development, it is deliverable in the sense that it is in the control of a developer with a confirmed intention to develop it, it is viable and there is a reasonable prospect of housing coming forward on it within the next 5 years. The decision to allocate the site as a SDA is, therefore, soundly based.

Other Sites South of Lichfield

87. Other sites to the south of Lichfield, at Deanslade Park and Cricket Lane, were promoted at the hearings but these were put forward as additional sites rather than as alternative sites and as such fall beyond the scope of this report.

East Rugeley SDA.

88. This SDA is located on the eastern edge of Rugeley, a market town in the neighbouring district of Cannock Chase. It consists of three sites; the Power Station site on which planning permission has been granted for, and development commenced on, a scheme including some 600 houses; the Borrow Pit Land which has a capacity of approximately 450 houses; and the British Waterways site with a capacity of some 80 dwellings. 500 of the approximately 1,130 dwellings on this SDA would be to meet the needs of Rugeley.
89. Retail and community facilities are planned within the development. The SDA, which relates well to Rugeley and involves the reclamation of brownfield land, is in a suitable and sustainable location³⁷ and that part of it covered by the existing planning permission is certainly deliverable. The Borrow Pit site needs to be filled before it can be built on and given that Rugeley Power Station produces less ash than previously, this process is unlikely to be completed before 2021.
90. There is a reasonable prospect of this site being available at that time; the British Waterways site could be available earlier. These parts of the SDA are, therefore, developable. The SDA as a whole is viable³⁸ and there are no substantial technical or environmental reasons why it should not be developed.

³⁶ CD2.14 Transport Appraisal of Spatial Strategy for Lichfield City Addendum & SQ-M3iii-LDC1 Joint Statement of Persimmon Homes, Lichfield District Council, Staffordshire County Council and (in part) the Highways Agency.

³⁷ CD1-8. Sustainability Appraisal Update. Table 19.1, page 215

³⁸ CD5.6. Initial Strategic Sites Viability Assessment: Summary Report. Table 4.2.6

91. The decision to allocate this site as a SDA is, therefore, soundly based.

Alternatives Sites at Rugeley

92. An alternative put forward was that the nearby Key Rural Settlement of Armitage with Handsacre should accommodate more growth. This settlement has a range of local facilities and is close to Rugeley Town Station but the option put forward would involve alterations to the Green Belt boundary to the west, south and south east of the settlement. The Rugeley SDA, by contrast, is not in Green Belt.
93. Green Belt boundaries should only be altered in exceptional circumstances. Given that there is an alternative credible site outside the Green Belt capable of helping to meet both the Council's and Rugeley's housing needs then it is reasonable for the Council to select that site.

East of Burntwood Bypass SDA

94. This site is well related to the urban area of Burntwood and within walking distance of existing services and facilities. It is in a suitable and sustainable location³⁹ and there are no technical or environmental reasons why it should not be developed. It was allocated as an industrial site in the 1990's and it was hoped that road improvements in the area would enhance its attractiveness to the market. They did not and following investigation of the sites potential⁴⁰ it was decided that there was no reasonable prospect of it being developed for that purpose.
95. The site has no ownership constraints and it was reported at the hearings that a development partner was shortly to be appointed with a view to submitting a planning application in the near future and starting building on site within 5 years. The indications are that the viability of the site is marginal⁴¹ but this would improve as and when the economy recovers. The Council also indicated that if economic viability were to prove an issue it would look again at its affordable housing requirements. The evidence is, therefore, that the site is, developable and that its selection as an SDA is well founded.

Alternative Sites at Burntwood

96. Earlier versions of the Plan proposed a broad direction of growth to the south and south east of Burntwood. This included a site at Highfields Road and a site south east of Burntwood in the vicinity of Hammerwich both of which were promoted at the hearings. An additional site at Meg Lane, which lies to the north of Burntwood was also promoted at the hearings.
97. Following public objections to the extent of Green Belt releases that developing to the south and south-east would cause the Council elected to pursue an approach of limiting Green Belt release and bringing forward brownfield sites. It was assisted in this by the fact that further housing sites within the urban area had come forward - including the site at Mount Road Industrial Estate.
98. It was suggested that reliance should not be placed on urban sites because their viability for housing had not been established, indeed a viability assessment of the Mount Road site prepared by a representor⁴² concluded that it was not viable for housing.
99. However, there is no suggestion that the Mount Road site is likely to come forward in the short term, the Council's assessment is that the site is

³⁹ CD1-8. Sustainability Appraisal Update. Table 17.1. Pages 205-206.

⁴⁰ CD2-32. Employment Land Review. Pages 89-91

⁴¹ CD5.6. Initial Strategic Sites Viability Assessment: Summary Report. Table 4.2.6

⁴² HD33. Mount Road Industrial Estate Viability Assessment

developable in the next 5-10 years⁴³. Any improvement in market conditions over that time would have a positive effect on that site's viability as would any flexibility shown by the Council in affordable housing requirements. It cannot, therefore, be concluded that urban sites such as this will not come forward.

100. There is, therefore, no clear advantage in the suggestion that one or other of the greenfield sites referred to above should be allocated for housing either to replace urban capacity sites or to provide additional capacity should the East of Burntwood Bypass SDA not deliver the number or type of housing anticipated.
101. All of these other sites are in Green Belt and, to repeat a point made earlier, Green Belt boundaries should be altered only in exceptional circumstances. Moreover, one of the purposes of Green Belt is to assist in urban regeneration by encouraging the recycling of urban land. It is difficult to see how releasing housing sites in the Green Belt as an alternative to developing urban sites or the East of Burntwood Bypass SDA would assist the regeneration of Burntwood, which is one of the Strategic Objectives of the Plan.
102. The alternative sites put forward at Burntwood are not, therefore, preferable to the strategy proposed in the Plan of focussing development in the urban area on land outside the Green Belt.

North of Tamworth

103. A Broad Development Location, capable of accommodating 1,000 dwellings, is proposed to the north of Tamworth on land to the east and west of the railway. Half of these houses would meet needs arising within Tamworth Borough. It is common ground that the development of this land should be planned comprehensively with the adjoining Anker Valley Sustainable Urban Extension proposed in the Tamworth Local Plan. However, the Inspector examining that plan expressed concern about the deliverability and developability of that proposal and this plan was subsequently withdrawn.
104. Clearly the development of the Broad Development Location is linked with the Anker Valley scheme. Both would, for example, rely on improvements to the local highway network - possibly involving the construction of the Anker Valley Link Road - and sites within the Broad Development Location would help fund such improvements. It is also the case that without the Anker Valley scheme, the development of the land to the east of the railway within Lichfield would result in a salient of built form jutting into the countryside and poorly related to the urban area.
105. Representors pointed out that the Anker Valley scheme had been around for many years and had not been delivered even during previous boom times. The Council acknowledged at the hearings that this scheme was a work in progress with much needing to be done before its delivery can be assured.
106. However, Tamworth Borough Council confirmed at the hearings that the Anker Valley scheme remains an integral part of its Local Plan. It also confirmed that it is working with interested parties to establish schedules of the land uses proposed, the infrastructure required and the relevant constraints and mitigation measures needed together with funding information and timetables for delivery, including indications of what development can take place before key infrastructure is delivered.
107. Finally it confirmed that a planning application within Anker Valley for 500 dwellings was imminent and in that context it is relevant to note that a recent study indicates that the local road network could accommodate

⁴³ CD2.23. Strategic Housing Land Availability Assessment 2012. Table B.32, page 64.

- between 300 and 500 dwellings before the Anker Valley Link Road was brought forward⁴⁴. Some representors suggested this figure could be higher.
108. The situation is, therefore, that there is no certainty that the Anker Valley scheme will come forward and certainly I am not in a position to prejudge the outcome of the examination into the Tamworth Local Plan. However, on the basis of the information available there appears to be a reasonable prospect that it will, given the firm commitment to it by Tamworth Borough Council.
 109. If this proves not to be the case the Council will need to reconsider its position when preparing the *Lichfield Local Plan: Allocations* document when it will be considering the Broad Development Location in more detail.
 110. At the present time there is sufficient evidence to support the allocation of the proposed Broad Development Location in the Plan. Land shown within it is, or has the potential to be, well related to the urban area of Tamworth with the range of facilities that this provides. It is, in other words, in a suitable and sustainable location⁴⁵. The various sites within the Broad Development Location are developable in the next 6 to 15 years⁴⁶ and they are assessed as having medium viability when considered in conjunction with the Anker Valley site⁴⁷. The allocation of this Broad Development Location is, therefore, soundly based.

Alternative Sites at Tamworth

111. An alternative approach suggested by representors to catering for development needs in the area was to develop on the edge of Fazeley, a Key Rural Settlement a short distance to the west of Tamworth where the Council is promoting development within the defined urban area. It was pointed out that development on the edge of Fazeley has previously been assessed and found to be somewhat more sustainable than developing to the north of Tamworth⁴⁸. Such an approach would not be dependent on development at Anker Valley.
112. However, Fazeley, unlike the land north of Tamworth, is in Green Belt and development in the manner proposed would involve an alteration of Green Belt boundaries, something which should only be done in exceptional circumstances. It is quite legitimate for the Council, therefore, to select an option which - although somewhat less sustainable - avoids developing in Green Belt.

Streethay SDA

113. The Streethay SDA is located on the eastern edge of Lichfield. It is within walking distance of a range of services and facilities within the City including Lichfield Trent Valley Station. A planning application for 700 houses, shops and a care village together with additional parking for the nearby station is being considered by the Council⁴⁹.
114. The Streethay SDA is well related to Lichfield City. Of particular significance is its proximity to Lichfield Trent Valley Station and the opportunity it offers to improve on the existing limited provision of parking at that station. Clearly if this station is to be used to its full potential then improvements to it will need to be made, including the provision of disabled access, and the

⁴⁴ CD5.2. Upper Gungate, Staffordshire. Executive Summary, page 3.

⁴⁵ CD1-8. Sustainability Appraisal; pages 208-212 including Table 18.1 and Map D.2 on page 242.

⁴⁶ CD2.23. Strategic Housing Land Availability Assessment 2012 Tables B267-269, pages 216-219.

⁴⁷ CD2.31 Tamworth Future Development and Infrastructure Study. Table 8.7 page 75, Option F.

⁴⁸ CD2.31 Tamworth Future Development and Infrastructure Study. Table 9.1 page 78, Option F.

⁴⁹ A request has been made that the National Planning Casework Unit that the planning applications concerning the SDA's at Fradley, Streethay and South Lichfield be called in for determination by the Secretary of State. A detailed response is awaited.

- Council is working with other interested bodies to this end. Nonetheless the proximity of this station to the SDA and the opportunity it would offer to the future occupants of the SDA to use the train is an important point in its favour.
115. There are, however, no plans to improve the frequency of train services to Birmingham and the fact remains that future occupants of the site will be largely reliant on the private car. Access to the site would be onto Burton Road, a busy approach road to the City with a nearby junction onto the A38. While Burton Road is undoubtedly congested at peak times neither Staffordshire County Council nor the Highways Agency have raised an objection in principle to the proposed SDA.
 116. The Highways Agency has put in a holding objection to the planning application on this SDA pending the production of a Traffic Assessment, an assessment that has apparently been completed but which, at the time of the hearings, had yet to be submitted. However, holding objections from the Highways Agency are not uncommon on major schemes such as this and Staffordshire County Council confirmed at the hearings that the access arrangements proposed in the planning application were, in its view, acceptable in principle. There is, therefore, a reasonable prospect of an acceptable form of access to this site being devised.
 117. A small part of this SDA is within the safeguarded area of the preferred route of HS2 (the proposed national high speed rail link) which would run nearby on a raised viaduct across the A38 and the Cross City Railway Line. However the Plan makes clear that development of this SDA would require appropriate mitigation measures in relation to the high speed railway and on that basis HS2 have raised no objection to its proposed designation.⁵⁰
 118. The Council has received a formal response on its consultation with HS2 regarding the planning application on this SDA as has the developer of the site both of which confirm that the proposed development would not give rise to conflicts with the line of the route⁵¹.
 119. Streethay is not administratively part of the City and concerns were expressed that its identity as a separate community would be submergled by the development of the SDA. This is a matter which, to a large extent could be addressed through the detailed design of the site. Some sense of separation could, for example, be achieved by suitable positioning of open space.
 120. The Streethay SDA is, therefore, in a suitable and sustainable location⁵² and there are no technical or environmental constraints to its delivery that cannot be overcome. The site is in the control of a developer with a confirmed intention to develop and there is a reasonable prospect that houses will be built on it in the next five years. The site is therefore, deliverable. Moreover, the evidence is that the site is economically viable⁵³- a point confirmed by the developer. The proposal to allocate the Streethay SDA is, therefore, soundly based.

Alternative Sites to the North East of Lichfield

121. The proposed new village to the north east of Lichfield is discussed subsequently in this report.

⁵⁰ HD62. Consultation response from HS2

⁵¹ HD61. Letter to Pegasus regarding East of Lichfield (Streethay) SDA & HD63 - HS2 Response to East Of Lichfield (Streethay) SDA Planning..

⁵² CD1-8. Sustainability Appraisal Update. Table 16.1, pages 198-200 (where Streethay SDA is considered as part of the appraisal for Lichfield City). HD34 contains other references from CD1-8.

⁵³ CD5.6. Initial Strategic Sites Viability Assessment: Summary Report. Table 4.2.6.

Fradley SDA

122. The existing housing provision at Fradley consists of an older, smaller residential area known as Fradley Village and a more recent, larger area known as Fradley South. The latter area is set on an old airfield as is the adjacent employment park, the largest employment location in the District. Some of this employment land has been judged to be surplus to requirements.⁵⁴
123. The proposed SDA at Fradley consists of some 750 houses on brownfield land formerly allocated for employment uses and some 250 houses on a greenfield site to the north of Hay End Lane. Land to the east of Gorse Lane would be retained in employment use.
124. Fradley is defined as a Key Rural Settlement in the Plan. The question was raised as to whether it was a sufficiently sustainable settlement to warrant that designation. Alternatively it was argued that, given the amount of development allocated to it, it should have been given another designation more akin to that of a main settlement. However, these are largely semantic points – more important is whether it is a suitable and sustainable location for the level of growth proposed.
125. Judged in terms of accessibility by public transport to then existing services and facilities, Fradley has not previously been identified as one of the most sustainable rural settlements⁵⁵. However, the provision of further housing would create the opportunity to bolster the provision of facilities in the settlement⁵⁶. Furthermore, Fradley's potential to provide a suitable location for development outside the Green Belt has been recognised in previous plans and much of the development now proposed would make use of previously developed land - which is a point in its favour⁵⁷.
126. There is no substantial evidence to suggest that there are insurmountable technical or environmental constraints to the development of this SDA. It is outside the safeguarding zone for the preferred route of HS2 (the proposed high speed link) and there is little to indicate that the presence of a nearby pig farm would cause any air quality or odour problems that could not be dealt with at the planning application stage. Concerns about existing views across the site north of Hay End Lane could also be dealt with at the planning application stage.
127. There was discussion at the hearings about whether additional school facilities should be in the form of an extension to the existing school or on a new school site – with the existing school governors favouring the latter approach. It was confirmed that either approach could be accommodated in emerging proposals for the SDA. The Fradley SDA is, therefore, in a suitable and sustainable⁵⁸ location.
128. Both of the proposed housing sites are controlled by developers who have expressed a firm intention to develop them. The Council has resolved to grant planning permission for a 750 house scheme on the land formerly allocated for employment while a planning application for 250 dwellings on the greenfield site has been lodged with the Council⁵⁹. These sites are, therefore, deliverable. The evidence is that these sites are economically viable⁶⁰ - something which the developers confirmed at the hearings.

⁵⁴ CD2-34. General Employment, Existing Estates and Land Allocations: A Market Assessment, page 44.

⁵⁵ CD2.69 Rural Settlement Sustainability Assessment 2011

⁵⁶ CD1-1 Lichfield District Local Plan: Strategy, Policy Frad2 page 124.

⁵⁷ National Planning Policy Framework, paragraph 111.

⁵⁸ HD30 Updated Sustainability Appraisal: Fradley, particularly Table 20.1 on page 220.

⁵⁹ A request has been made that the National Planning Casework Unit that the planning applications concerning the SDA's at Fradley, Streethay and South Lichfield be called in for determination by the Secretary of State. A detailed response is awaited.

⁶⁰ CD5.6. Initial Strategic Sites Viability Assessment: Summary Report. Table 4.2.6.

129. The decision to allocate the Fradley SDA is, therefore, soundly based.

Alternative Sites at Fradley

130. It was suggested that brownfield land to the east of Gorse Lane currently allocated for employment should be used for housing rather than the greenfield site to the north of Hay End Lane. This proposal has attracted some local support.
131. The Council has identified a lack of physical and social cohesion between the older part of the settlement at Fradley village and more recent housing at the former airfield⁶¹. The development of the land to the north of Hay End Lane is intended to help consolidate the two parts of the settlement. The ability to expand the existing school into this development area thus enabling children from all parts of the village to be educated together could have assisted in this process but is no longer supported by the school governors.
132. Nonetheless the aim of consolidating the community is a worthwhile one and the development of the land north of Hay End Lane for housing would help provide some physical connection between the two parts of the settlement as well as providing for additional playing fields and space for a public house/restaurant.
133. Although the land to the east of Gorse Lane has the benefit of being a brownfield site, it is in a more peripheral position and I see no overriding advantages in developing that site in preference to the Hay End Lane site. The same considerations and the same conclusions apply to land to the west of Gorse Lane insofar as it was promoted as an alternative to the Hay End Lane site.
134. The question of whether smaller, non-strategic sites at Fradley, such as the site controlled by the Booth Trustees, should be developed for some form of housing is a matter that would more appropriately be dealt with through the preparation of the *Lichfield District Local Plan: Allocations* document.
135. Land to the west of Gorse Lane was essentially promoted as an additional rather than an alternative site and thus falls beyond the scope of this report.

Rural Areas

136. In addition to Fradley, which has been discussed above, five Key Rural Settlements have been identified in the Plan (Fazeley, Shenstone, Armitage with Handsacre, Whittington and Alrewas). These settlements have been selected following an assessment of the sustainability of all rural settlements⁶². It is proposed that they would accommodate some 12% of the housing growth in the District (1,025 dwellings). This figure is made up of sites within the boundaries of these settlements which are judged to be deliverable or developable⁶³ (sites with an estimated capacity of some 585 dwellings) and sites which will be identified through the *Lichfield District Local Plan: Allocations* document (sites with a capacity of some 440 dwellings).
137. The ability of these settlements to accommodate this level of growth in suitable, sustainable, deliverable and developable locations was not questioned at the hearings. On the contrary the suggestion was made that these figures would not reflect the sustainability credentials of the settlements and should be increased.
138. However, these figures are expressed as a minimum. There is a possibility, albeit one considered by representors to be remote, that more houses could be allocated through the *Lichfield District Local Plan: Allocations* document or through Neighbourhood Plans/Community Plans. It is also the case that such an approach would increase the amount of land to be released from Green

⁶¹ CD2-71. Fradley spatial Strategy Report, pages 35 and 36.

⁶² CD2-69 & CD2-70 Rural Settlement Sustainability Study dated 2011 and 2008 respectively.

⁶³ CD2-23 Strategic Housing Land availability Assessment 2012

- Belt, something that should be contemplated only in exceptional circumstances. There is no clear evidence as to why such an approach would be superior to the strategy proposed by the Council of focussing development on large sites on the edge of principal settlements on land for the most part outside Green Belt – particularly as the evidence already discussed indicates that these sites are capable of delivering the required number of houses in suitable and sustainable locations.
139. It was also pointed out that Little Aston has not been identified as a Key Rural Settlement even though it has been assessed as one of the most sustainable of the rural settlements. The reasons for this are partly that it is not a freestanding settlement but an adjunct to the West Midlands conurbation and partly that it has few potential housing sites within its boundaries.
 140. As a result additional development there would involve the release of Green Belt land in a position where there is a particular need to check the unrestricted sprawl of large built up areas and to safeguard the countryside from encroachment. The decision not to take this approach- which would conflict with two of the purposes of Green Belt – is, therefore, soundly based.

Alternative Strategies

The JVH Alternative Strategy

141. The JVH Alternative consists of a combination of sites at Burntwood (Meg Lane), Armitage with Handsacre, Fazeley and Little Aston. These sites have been dealt with previously in this report when considering the Burntwood SDA, the Rugeley SDA and the rural area. As established there, these sites offer no clear advantages over the sites selected by the Council principally because they rely on the release of Green Belt sites.

New Village Option: North East Lichfield.

142. Various versions of this alternative have been put forward during the emergence of the Plan but it was confirmed at the hearings that what is now being promoted is a 2,000 house new village. A scheme for 750 dwellings has been the subject of pre-application discussions and this would form the first phase of the new village. It is envisaged that a large proportion of the 2,000 houses proposed could be delivered in the plan period.
143. There is nothing to suggest that such a scheme would not be viable and it is common ground that such a proposal would be developable and it may well be that the 750 dwelling scheme is deliverable - although little in the way of detailed evidence is provided about matters such as how it would link to the A38 and the local road network.
144. It is common ground that this is a sustainable site but there is disagreement as to whether it is more sustainable than the strategy proposed by the Council. The Sustainability Appraisal concludes that it is not.⁶⁴ The promoters of the site disagree and have carried out their own Sustainability Appraisal to demonstrate their point.
145. However, this exercise simply makes the point that such assessments are based on a series of judgements and such judgements can vary. There is, however, no substantial evidence to suggest that the judgements in the Sustainability Appraisal are awry or that they are based on inaccurate information.
146. To take the example of flood risk, when considering this the Council's Sustainability Appraisal gives this new village option a score of '0' meaning that it would have no effect. This appears to be sensible since, while the risks of flooding caused by any development on the site could be effectively

⁶⁴ CD1-8. Sustainability Appraisal Update. Table A1, page 229.

- managed it would not offer opportunities to reduce flood risk in the wider area. In other words it will not have a positive or negative impact in terms of flood risk. There is no reason, therefore, to think that the Sustainability Appraisal is flawed in this respect.
147. It is also difficult to see how a strategy which proposes to focus housing development in one location rather than a variety of locations would meet the Plan's Strategic Priorities of consolidating the sustainability of, and supporting regeneration initiatives in, Lichfield, Burntwood and Key Rural Settlements as well as developing and maintaining sustainable rural communities. It is also questionable how effective a site relatively remote from Tamworth and Rugeley would be in meeting the housing needs of those settlements.
 148. While the promoters of this scheme confirmed that in preparing detailed technical and environmental work for the 750 house scheme they would 'have an eye' to the scheme for 2,000 houses – there is relatively little information about the masterplanning of this new village. Clearly this has an effect on the depth to which it can be assessed and more detailed debates could take place on whether this new village would put additional pressure on existing facilities in Lichfield or conversely whether it would help support them. Similar debates could take place on biodiversity, heritage and townscape.
 149. However, on the information available, there is no clear indication that the proposed new village at north east Lichfield would be a more suitable or sustainable alternative than the strategy selected by the Council in the Plan.

Brookhay Villages and Twin Rivers Park (Brookhay Villages)

150. This alternative, which emerged at a late stage in the preparation of the Plan, consists of new settlement planned on 'Garden City' principles which would straddle the boundary between Lichfield District Council and East Staffordshire Borough Council. It would be on land which has been or is soon to be worked for gravel extraction.
151. The settlement would include housing, retail, leisure, health, sports, recreational and employment uses together with the construction of two new rail stations, major junction improvements on the A38, improved bus services and cycle/footpath links.⁶⁵ In total it would involve the construction of up to 7,500 dwellings⁶⁶ and it is estimated that some 8,000 jobs would be created.⁶⁷
152. It is common ground that the site as a whole is developable and the promoter of the site has given varying estimates of the number of houses that could be delivered in the plan period - earlier evidence gave a figure of 2,500 dwellings⁶⁸ while a more recent figure is 1,200 dwellings over the period 2016-2020 at a rate of up to 300 dwellings per annum⁶⁹.
153. The promoter of the site is satisfied that the scheme would be economically viable although few detailed figures as to costs and values are provided⁷⁰.
154. The evidence is that Brookhay Villages would be a sustainable proposal⁷¹ and there is no evidence to suggest that it would face insurmountable technical or environmental objections.

⁶⁵ SQ-M3ii-LG1. Appendix A. Brookhay Villages and Twin Rivers Park. Deliverability and Viability Report to Landowners, paragraphs 2.1-2.6.

⁶⁶ See above paragraph 2.5.

⁶⁷ HD43. Notes Submitted to Assist the Inspector by BDW Trading Ltd. Paragraph 4.1.7

⁶⁸ MMI-40 M4. Council's Hearing Statement on Matter 4. Paragraph 1.7.

⁶⁹ SQ-M3ii-LG1-Appendix A. Brookhay Villages and Twin Rivers Park. Deliverability and Viability Report to Landowners, appendix B.

⁷⁰ See above Chapter 6.

⁷¹ CD1-8 Sustainability Appraisal Update. Paragraphs 14.8 to 14.12 and Table F, page 258.

155. The Highways Agency has no objection in principle to the proposed junction improvements on the A38⁷². The Environment Agency agrees in principle with the approach being taken to determining the flood compensation required and acknowledge that it could improve the available floodplain⁷³. Network Rail has confirmed that it is happy to engage in discussions of a new station in the Alrewas area.⁷⁴
156. Nonetheless Brookhay Villages is an ambitious undertaking and much would need to be done if, as planned, all highways, rail infrastructure and much of the drainage infrastructure were to be provided by 2020⁷⁵. In particular work on the proposed new stations, an eye catching advantage of this proposal, appears to be at a very preliminary stage with the promoters of this scheme accepting at the hearings that the letter from Network Rail in fact says very little.
157. Moreover, as with the new village proposed to the north east of Lichfield, Brookhay Villages would concentrate housing in one location. As with that other proposal it is difficult to see how such an approach would meet the Plan's Strategic Priorities of consolidating the sustainability of, and supporting regeneration initiatives in, Lichfield, Burntwood and Key Rural Settlements as well as developing and maintaining sustainable rural communities. It is also questionable how effective a site relatively remote from Tamworth and Rugeley would be in meeting the housing needs of those settlements.
158. As has already been established earlier in this report the Council acknowledges that the Brookhay New Villages proposal is a strategic matter of importance that warrants further investigation to better understand its deliverability and potential benefits - particularly if it transpires that Birmingham City Council cannot accommodate its housing needs within its own area. This is something that would be likely to take place through a review of the Plan. However, there is no clear evidence at this time which suggests that the strategy of concentrating development at Brookhay Villages would be more appropriate than the strategy proposed by the Council in the Plan.
159. Moreover, Brookhay Villages is quite correctly being promoted as a single proposal that would be planned comprehensively. However, as has already been noted, the scheme would involve land in both Lichfield District and East Staffordshire Borough and if it were to progress would need to be included in the Local Plan for each area. The evidence at the hearings was that the scheme does not feature as a proposal in the emerging plan for East Staffordshire.
160. There would be little merit, therefore, in me recommending that, in effect, the Plan should unilaterally propose this scheme, a scheme which requires comprehensive and cross boundary planning, without clear evidence that it was supported by the neighbouring council. There is no evidence at this time that such support would be forthcoming.
161. This comment is not intended as a criticism of either council as this scheme only emerged relatively late in the day. Rather it is intended to point out the procedural difficulties of promoting this scheme without clear evidence of cross boundary agreement.

⁷² HD40. Letter from the Highways agency (21/06/13) regarding Brookhay Villages.

⁷³ HD42. E Mail from Environment Agency (03/07/13) regarding Brookhay Villages.

⁷⁴ HD41. Letter from Network Rail (10/06/13) regarding potential new station in Alrewas area.

⁷⁵ SQ-M3ii-LG1-Appendix A. Brookhay Villages and Twin Rivers Park. Deliverability and Viability Report to Landowners, appendix B.

Conclusion

162. I am satisfied on the available evidence that the proposed Strategic Development Allocations and the Broad Development Location identified in the Plan are either deliverable or developable, they are viable and they are sustainable. I am also satisfied that these sites are the most appropriate having considered reasonable alternatives.

The Next Steps

163. An overall summary of my initial findings together with my suggestions for the next steps are set out in paragraphs 3 to 6 of the letter accompanying this annex.

Appendix 3 – Inspector's Interim Report, South Worcestershire Development Plan

STAGE 1 OF THE EXAMINATION OF THE SOUTH WORCESTERSHIRE DEVELOPMENT PLAN

INSPECTOR'S INTERIM CONCLUSIONS ON THE STAGE 1 MATTERS

The duty to co-operate in the planning of sustainable development (Matter 2)

1. The South Worcestershire Councils' [SWCs] *Duty to Co-operate Statement* and supporting evidence provided to the examination demonstrate that the SWCs have co-operated constructively, actively and on an ongoing basis with each other and with the other Worcestershire councils and prescribed bodies on strategic and cross-boundary matters in preparing the South Worcestershire Development Plan [the Plan]. There is evidence of a similarly appropriate level of co-operation with other neighbouring local planning authorities [LPAs] and with authorities in the West Midlands conurbation. No LPA has stated in terms that they are looking to the SWCs to meet part of their development needs.
2. The main area of controversy is whether or not the SWCs have co-operated effectively over housing provision with the three north Gloucestershire councils who are producing a Joint Core Strategy [JCS], and with Birmingham City Council. It is argued that the Plan fails to take adequate account of unmet housing need in the JCS area and in Birmingham.
3. Dealing first with the JCS area, there has been a series of meetings since at least 2010 involving representatives of the SWCs and JCS councils, at which the possibility that sites in South Worcestershire close to Tewkesbury could meet an element of housing need arising in north Gloucestershire has been discussed. This demonstrates active co-operation between the authorities on the issue. However, there is no current evidence that the JCS councils intend to pursue this approach.
4. Assuming they maintain their current stance, whether or not they ought to do so is a matter of soundness to be considered at the JCS examination. Should their position change, on the other hand, the ongoing nature of the duty to co-operate will require the SWCs to continue to engage in constructive discussions on the issue. The same applies in respect of any other neighbouring LPA which may identify a need for development that they consider should be met in South Worcestershire.
5. Turning to Birmingham, it may well be, on current evidence, that the City Council [BCC] will face a substantial shortfall of land within its boundaries to meet its arising housing need. The extent of the shortfall, and proposals for how it might be addressed, is currently being considered through a sub-regional Strategic Housing Study.

The SWCs are not directly involved in that work, but in my view that is appropriate given their distance from Birmingham.

6. Nonetheless, there have been meetings between representatives of BCC and SWDC to discuss the issue of housing need. At a meeting in 2011 BCC expressed concern at the housing requirement of 20,400 then being proposed by the SWCs. However, their representative made it clear at the Matter 2 hearing that BCC have no objection to the housing requirement figure in the submitted Plan.
7. At this time, therefore, there is no clear evidence that any land in South Worcestershire will be required to meet part of Birmingham's housing need. It would be contrary to the plan-making objectives of the *National Planning Policy Framework* [NPPF] to delay the examination of the Plan until any such evidence may have emerged. In that event, the ongoing duty to co-operate will require the SWCs to engage with BCC and other authorities over the issue.
8. The ongoing duty to co-operate over other LPAs' housing needs is recognised in policy SWDP2 H and its footnotes, which I consider further under Matter 1 below.
9. BCC and the Black Country councils have concerns about the level of employment land provision in the Plan, but that is a question of soundness, considered further under Matter 3 below. There is no evidence that the SWCs have failed to engage adequately with BCC and the Black Country authorities over the matter.
10. As I made clear at the hearing session, the issue of the West Mercia police headquarters at Hindlip Park will be considered further during Stage 2 of the examination.
11. I conclude that the legal duty to co-operate in the preparation of the Plan has been met.

The housing requirement (Matter 1)

The objective assessment of housing need over the Plan period

The assessment of housing need in the SHMA

12. The NPPF advises that Local Plans should meet the full, objectively-assessed needs for housing in the housing market area, as far as is consistent with the NPPF's policies. Consistent with this objective, Local Plans should be based on adequate, up-to-date and relevant evidence, and the assessment of and strategies for housing, employment and other uses should be integrated. In particular, the *Strategic Housing Market Assessment* [SHMA] should identify housing need which meets household and population projections, taking account of migration and demographic change.

13. Using the POPGROUP model, the Worcestershire SHMA (February 2012 – CD.090) identifies three Core Scenarios [CS] of projected population and household change, based on the 2008-based sub-national population projections [SNPP] and 2009 ONS mid-year estimates (CS1, CS2 & CS3). The most recent trend-based projections in CS3 are then modified to reflect the need for additional net in-migration to meet forecast job growth in the Plan area (CS4). Finally, in Sensitivity Scenario 2 (SS2), assumptions are made about future increases in the economic activity rates of older people. These have the effect of substantially reducing the level of in-migration needed to meet the forecast growth in jobs.
14. SS2 is the basis for the Plan’s housing requirement figure of 23,200 dwellings for the period 2006 to 2030. The Councils consider that this represents the full, objectively-assessed need for housing in the Plan area over that period.
15. However, I consider that there are three fundamental shortcomings in the approach taken in the SHMA. In combination they mean that its assessment of housing need is unreliable and does not provide a sound basis for the planning of housing provision in the Plan area. I shall deal with each in turn.
16. **First**, the SHMA does not use household representative rates [HRR]¹ drawn from the 2008-based DCLG household projections – the corresponding official projections to the 2008 SNPP – or any other official population or household statistics. Instead, for the purposes of the SHMA, HRR were recalibrated using the total number of occupied properties in the Plan area in 2011, drawn from Council Tax records. While the objective may have been to calibrate HRR to a fixed dataset, the adjustment introduces a degree of inconsistency into the household projection process. This is because an individual occupied property, as considered for Council Tax purposes, may contain more than one household as defined in the Census and other official population and household statistics.
17. Comparison of the Council tax data for occupied properties with household numbers drawn from the 2011 Census – not available until after the SHMA was published – illustrates the point. In each of the three districts of South Worcestershire, the Council Tax occupied properties figure is lower than the Census figure for households: an overall discrepancy of some 1,500. By contrast, when the 2011 household figures drawn from the 2008-based household projections are compared with the 2011 Census figures, the overall discrepancy is significantly lower, albeit with greater divergences in the individual figures for two of the three districts.
18. **Secondly**, the job growth figures underlying CS4 were based on employment forecasts for the three South Worcestershire districts produced by Cambridge Econometrics [CE] in 2009. The CE forecasts

¹ Also sometimes known as “headship” rates.

give annualised employment growth rates well below any of the more recent employment forecasts, by other independent and reputable analysts², that were provided to the examination. Moreover, the CE forecasts predict a modest decline in employment between 2010 and 2020, in contrast to all the other forecasts which predict reasonably strong growth in that decade.

19. Economic forecasting is notoriously difficult and so variations between forecasts need not necessarily cause concern in themselves. Nonetheless, there are two factors which in my view significantly reduce the reliability of the CE forecasts as a basis for assessing future household growth. First, they were explicitly based on a *public sector austerity scenario* which attempted to anticipate cuts in government spending, but they have not been revisited subsequently in the light of actual spending plans. Secondly, and perhaps more significantly, they contain an unexplained anomaly in their treatment of agricultural employment, as follows.
20. The CE forecasts show some 6,000 workers employed in the agricultural sector in South Worcestershire in 2001, rising slightly to about 6,600 in 2010. The number of agricultural workers then slumps to around 3,700 in 2020 before falling more gradually to some 1,800 in 2030. The fall of some 44% between 2010 and 2020 largely accounts for the overall decline in employment predicted by CE for that decade³. No explanation is given for this dramatic predicted decline in agricultural employment. It appears to have no basis in current trends and it is not reflected in any of the other employment forecasts provided to the examination. Each of these predicts a more gradual decline in agricultural employment during the Plan period.
21. **Thirdly**, there is a lack of convincing evidence to support the assumed increases in older people's economic participation rates which provide the basis for SS2. While the Councils refer to national trends in support of the assumptions, the way the latter are derived from the former is not made clear.
22. There may be evidence of a steady rise, nationally, in economic participation by women aged 50-64⁴, but there appears to be no parallel trend among men and, moreover, future increases in the state pension age will not affect men in this age-group. Among the 65-plus age group, it may well be that the number in employment has nearly doubled between 1993 and 2011, but the Office for National Statistics [ONS] report⁵ cited in para 1.7 of Annex Q1(c)3 to the Councils' Matter 1 hearing statement makes it clear that two-thirds of them were working part-time in 2011. It is unclear how this

² Oxford Economics and Experian

³ Manufacturing employment is also forecast to fall over the same period, but much more gradually.

⁴ CD.084, p147, Figure 3

⁵ Office for National Statistics, *Older Workers in the Labour Market, 2012*

tendency would affect older people's ability to substitute for younger in-migrants in the future workforce.

23. I asked the Councils to carry out further sensitivity tests on SS2 to assess the effect of reducing the assumed increases in the economic participation rates of older persons, by half and by three-quarters⁶. The effect was to raise the projected increase in households between 2006 and 2030 by about 2,850 and 4,300 respectively, compared with SS2. The Councils also voluntarily carried out two further sensitivity tests, one applying a flat 10% increase in the participation rate across all 50+ age groups, and the other attempting to define the increase so as to mirror the impact of planned rises in the state pension age. These tests also resulted in significant rises in the projected household figures, compared with SS2.
24. Thus I find both a lack of clear evidence to support the assumptions made in SS2, and a high degree of sensitivity in the model to changes in those assumptions when calculating the housing requirement for the Plan period. Although the Councils refer in paragraph 1.35 of their Matter 1 hearing statement to other factors that might reduce the need for in-migration to meet the forecast increase in jobs over the Plan period, the effects of those factors are not quantified and in any event they did not form part of the SHMA modelling exercise.
25. Because of their fundamental shortcomings, I consider that the Plan is not justified in relying on the February 2012 SHMA, and in particular on SS2, as the basis for defining its housing requirement.

Alternative approaches to assessing housing need

26. Despite the fundamental shortcomings in the way the SHMA was carried out, in principle its approach of beginning with trend-based projections and modifying them to take account of the effect of job growth forecasts is an appropriate one. A similar approach was followed in the evidence prepared for the examination by Nathaniel Lichfield and Partners [NLP], also using the POPGROUP model⁷.
27. NLP had the advantage of access to later SNPP, Mid-Year Estimates [MYE] and household projections, which take account of more recent trends than the 2008-based projections that were used in preparing the SHMA. Compared with the latter, the 2011-based interim household projections indicate a significantly lower rate of increase between 2011 and 2021. In particular, the growth in household formation by those aged 25 to 44 is substantially reduced.
28. However, the DCLG *Statistical Release* setting out the 2011 household projections advises that they show

⁶ Reported in CD.221

⁷ Hearing statement M1/27b (Appendix)

... the long-term trend in household numbers if previous demographic trends in the population and household formation rates were to continue into the future. These interim projections only span for a 10-year period so users that require a longer time span would need to judge whether recent household formation trends are likely to continue.⁸

29. It seems very likely that the 2011-based projections are, at least in part, reflecting the fact that household formation, especially among the 25-44 age-groups, has been suppressed in the years since the global financial crisis of 2008 by a combination of reduced supply and lower effective demand. Some evidence for this can be found in the 2011 Census, which simultaneously demonstrated that there is a higher population and a lower number of households than had been expected from previous projections. At a national level, the Census found about 375,000 fewer households in 2011 than had been predicted in the 2008-based household projections.
30. A recent Town and Country Planning Association paper argues persuasively that just under half that reduction is attributable to suppressed household formation due to the state of the economy and the housing market⁹. The corollary of this is that, under the more favourable economic conditions expected in future years, there will almost certainly be a return to higher rates of household formation. Thus it would be unwise to rely on the household growth rates shown in the 2011-based projections persisting throughout the Plan period.
31. NLP follow this logic by employing two alternative sets of HRR in their modelling. The first, on which their "index" scenarios are based, uses HRR drawn from the 2011-based household projections for the period 2011-2021, then for the rest of the Plan period uses an index of HRR drawn from the 2008-based household projections. This effectively assumes that current trends in household formation will persist until 2021, after which there will be a return to the household growth rates experienced in the years before the financial downturn.
32. Taking into account all the evidence I heard on this point, this is a reasonable assumption. On the basis of current economic trends, I consider it less likely that, after 2021, household growth rates will accelerate beyond the rates experienced before 2008, as envisaged in NLP's alternative "partial catch-up" scenarios.
33. On their "index" basis, NLP's three trend-based "baseline" scenarios produce dwelling requirements for the Plan period of between about

⁸ DCLG, *Housing Statistical Release, Household Interim Projections 2011 to 2021, England*, April 2013, p19

⁹ Alan Holmans, *New estimates of housing demand and need in England, 2011 to 2031*, Town and Country Planning Tomorrow Series Paper 16, September 2013, appended to hearing statement M1/23c. According to the paper, the rest of the reduction is due to the effect of HRR changes associated with increased international migration.

23,500 and 24,600¹⁰. NLP then apply employment forecasts to their first baseline scenario, in much the same way as was done by the SHMA to produce CS4. NLP test the effects of applying both the 2009 CE forecasts used in the SHMA, and recent forecasts produced by Experian. The additional in-migration required to provide enough employees to meet these job forecasts raises the dwelling requirement to 25,300 based on the CE forecasts, and 32,000 based on the Experian forecasts. NLP recommend the latter as the minimum housing requirement for the Plan.

34. NLP's methodology is generally sound. In particular they use realistic assumptions about both future falls in local unemployment rates and increases in economic activity among older age-groups in the period to 2020. Nonetheless, I am concerned that the Experian forecasts on which NLP rely lie at the upper end of the range of employment forecasts provided to the examination. Indeed it is notable that the three Experian forecasts – from 2011, 2012 and 2013¹¹ – gave annual average job increases ranging widely from just under 500 to just under 700¹². These compare with the figures of about 450 jobs per annum from the 2011 Oxford Economics forecasts¹³, and about 250 per annum from the 2009 CE forecasts.
35. Using the Chelmer model, Barton Willmore [BW] follow a similar overall method to the SHMA and NLP in producing a trend-based demographic scenario, this time based on the interim 2011-based SNPP, and then applying employment forecasts to estimate the additional in-migration required to support likely job growth. It seems that their demographic scenario uses HRR drawn from the 2008-based projections throughout, which is likely to overstate the actual household formation rate in the period to 2021.
36. At the same time, while the 2012 Experian employment forecasts BW used were substantially lower than the 2011 figures used by NLP, their analysis appears not to have included the more sophisticated, and realistic, assumptions made by NLP in respect of unemployment and economic participation rates. For both these reasons, I find that it would not be appropriate to adopt BW's recommended requirement of about 34,000 dwellings for the Plan period.
37. The Chelmer model was also used by Pegasus Group and DLP to produce a range of future housing growth scenarios. Leaving aside Pegasus's avowedly unrealistic "zero net migration" scenario, these result in housing requirements for the Plan period ranging from about

¹⁰ The variations depend on which set of demographic inputs are used. The requirement figures also include an allowance for unmet need, which I deal with separately below.

¹¹ The 2011 forecasts were used by NLP, the latter two were provided to the examination by Barton Willmore.

¹² The last figure is a 15-year average of the 2011 Experian forecasts. NLP actually use an annual average increase of 630 jobs in their Experian-based scenario, after extrapolating the forecasts from 2026 to 2030.

¹³ Provided to the examination by Gladman Developments Ltd.

23,700 to around 27,000. However, each of these scenarios is essentially trend-based and does not include the necessary additional step of factoring in the effect of future employment growth on in-migration. Similar comments apply to the analysis presented by Harris Lamb using the *What Homes Where* toolkit.

38. Development Economics Ltd [DE] take a different approach, presenting three assessments of future housing need based on demographic change, economic growth and affordability needs. Balancing these three “drivers”, DE argue for a minimum housing requirement of 36,000 dwellings over the Plan period. However, their assessments appear not to have involved any original modelling work, and the economic growth assessment in particular is based on less sophisticated assumptions than those which informed the NLP work.
39. Finally, PSL Research Ltd provide an analysis of the SHMA work which identifies some of the shortcomings I have outlined above and proposes adjustments to the SHMA figures to rectify them, leading to a recommended requirement figure of about 26,800 over the Plan period. While PSL’s analysis is illuminating, their adjustments to the SHMA figures are essentially broad estimates, and moreover they do not seek to correct for the effect of the 2009 CE employment forecasts which I regard as insufficiently reliable.
40. The SWCs themselves commissioned a further examination of the demographic and economic impacts of the SWDP’s policies, published as *South Worcestershire Demographic Forecasts* in August 2013 (CD.220). Its main output is a “dwelling-led” forecast which presents an illustration of the demographic implications of the target level of housing growth in the Plan. While this forecast takes account of more recent official population and household statistics than the SHMA, it is not intended to constitute an assessment of housing need as required by the NPPF.

Conclusions on the assessment of housing need

41. For the reasons given above, the analysis in the February 2012 SHMA does not provide a reliable basis for identifying the level of housing need in South Worcestershire over the Plan period. This is principally because it introduces inconsistency into the calculation of HRR, uses employment forecasts which appear significantly out of line with those produced by other reputable forecasters, and places reliance on unsupported assumptions about a substantial increase in older people’s participation in the workforce.
42. Nonetheless, the SHMA’s underlying methodology, which involves modelling a trend-based demographic growth scenario and then modifying it to take account of additional in-migration resulting from forecast employment growth, is essentially sound. The inclusion of an assessment of job-related in-migration is particularly necessary in

South Worcestershire in view of the well-documented relative ageing of the population over the Plan period.

43. For the reasons given in the previous section, I consider that none of the other analyses of housing need presented to the examination provides a sufficiently firm basis on which to derive an overall housing requirement for the Plan period. Nonetheless there are useful elements in some of the analyses which could contribute towards a sound assessment of the requirement.
44. Thus **I must ask the Councils to undertake some further analysis in order to derive an objective assessment of housing need over the Plan period.** From what is said above, it should be clear that in my view the demographic stage of that analysis should be carried out using the latest available official population projections, combined with NLP's "index" approach to translate those projections into future household numbers. The "index" approach uses HRR drawn from the 2011-based household projections for the period 2011-2021, and an index of HRR drawn from the 2008-based household projections for the rest of the Plan period.
45. It is more difficult to indicate clearly how the employment growth stage of the analysis should be conducted, principally because of the large variations in the employment forecasts provided to the examination. As a first step in this stage, therefore, the Councils will need to satisfy themselves that they have up-to-date and realistic employment forecasts to inform the analysis. This is likely to mean examining and comparing forecasts from more than one source to ensure as far as possible that any they rely on are representative of the likely economic situation over the Plan period.
46. Once representative employment forecasts have been obtained, the Councils will need to assess their implications in terms of in-migration. For the purposes of this assessment I would endorse, in principle, NLP's assumptions about both future falls in local unemployment rates and increases in economic activity among older age-groups in the period to 2020. A similarly realistic assessment will need to be made of any further increases in older people's economic activity in the following decade.
47. It will be helpful to me for the Councils to prepare more than one employment-based scenario to illustrate the implications of different levels of employment growth, provided that each is based on up-to-date and representative forecasts. It is also likely to be helpful for sensitivity tests to be carried out on any significant assumptions made in this stage of the analysis.
48. I should add that, as with the original SHMA analysis and many of the other analyses I have referred to, separate modelling will need to be carried out to assess the level of housing need in each local authority area separately, before the results are brought together to give a objectively-assessed need figure for South Worcestershire as a

whole. In the interests of comparability, all the modelling should cover the same time period (2006-2030) and be set out in similar formats as were used in chapter 6 of the SHMA.

49. Clearly I cannot predict the outcome of this additional work. However, the 2009 CE employment forecasts on which SHMA CS4 was based show levels of employment growth well below any of the more recent employment forecasts provided to the examination. Added to this, the unsupported assumptions used to derive SS2 had the effect of substantially reducing the projected growth in households derived from CS4. As a general guide, therefore, it appears from the evidence before me so far that the objectively-assessed housing need figure for the Plan period is likely to be substantially higher than the 23,200 figure identified in the submitted Plan.

Other issues relevant to Matter 1

Does the proposed housing requirement take adequate account of the need for affordable housing?

50. The SHMA contains a robust assessment, in accordance with DCLG's *Practice Guidance*, of the need for affordable housing in the Plan area. Based on this assessment, and taking into account the committed supply of affordable housing, the *Housing Background Paper* (CD.084) identifies a net requirement over the remainder of the Plan period (2012-2030) of some 6,280 affordable dwellings¹⁴.
51. Of this requirement, the SWCs calculate that about 4,110 can be delivered between 2012 and 2030 from the uplift in land value associated with housing developments allocated in the submitted Plan¹⁵. This figure is informed by the *Affordable Housing Development Viability Study* (CD.103) and reflected in the requirements of policy SWDP15, which will be considered at Stage 2 of the examination.
52. This leaves a need for over 2,000 affordable dwellings which is not specifically met by the Plan as submitted. The recalculation of the assessment of housing need which I am asking the SWCs to carry out is likely to lead to an increase in the Plan's overall housing requirement, which may in turn increase the amount of affordable housing that can be delivered in association with market housing developments. Nonetheless, it is probable that a gap will remain between the need for affordable housing and the amount that can be specifically delivered through the Plan.
53. While this is regrettable, on current evidence I see no feasible means of overcoming it through further changes to the Plan. Increasing the proportion of affordable housing required from development beyond

¹⁴ CD.084, p152, Table 4

¹⁵ CD.084, p153

a viable level would be counter-productive, while simply increasing the overall housing requirement in proportion to the unmet affordable housing need would result in a substantial surplus of market houses and so would be economically unrealistic.

54. Additional affordable supply, over and above that identified in the Plan, would come forward from schemes such as that run by the Worcester Lettings Agency to bring derelict houses back into use. Other affordable housing initiatives such as housing association and local authority new-build schemes, and developments delivered through rural exceptions policy, neighbourhood plans and Community Right to Build are not included in the Plan's supply figures and would also contribute to reducing the gap in provision.

Does the proposed housing requirement take adequate account of any past under-supply of housing in the Plan area?

55. The intention of the SHMA was to carry out an objective assessment of housing need over the whole of the Plan period, 2006-2030. For the reasons set out above, I consider that its assessment is unreliable and that further work is needed to ensure that a satisfactory objective assessment of need over the whole Plan period is made. Once that has been done, there will be no need to consider past under-supply, as I will expect the Plan to make provision for the full assessed level of need.

Is there justification for the Plan's base date of 2006?

56. The Council made it clear at the hearing session that the base date for the Plan was chosen to coincide with the start date of the *West Midlands Regional Spatial Strategy* [WMRSS] review period. With the revocation of the WMRSS and the passage of time, the date now appears somewhat arbitrary. Nonetheless, all the evidence of housing, employment and retail need has been prepared on that basis, and it would be unhelpfully disruptive to insist that the base date be changed at this point in the preparation process. The Plan looks forward at least 15 years from its likely adoption date and so is consistent with the advice in NPPF paragraph 157.

Does the Plan place unjustified reliance on a review in 2019 in order to meet the full housing requirement for the Plan area?

57. As submitted, the Plan aims to meet what the SWCs regard as the full, objectively-assessed need for housing within its area. That aim is consistent with national planning policy. Once a revised housing need figure has been arrived at, on the basis I have outlined above, it will be for the SWCs to show how the need will be met through the Plan. It would not be appropriate to rely on a review of the Plan to meet part of the objectively-assessed need.
58. In considering Matter 2 above, I referred to the ongoing duty on the SWCs to co-operate with other LPAs, including the JCS councils and

BCC, in respect of any housing need that might arise in their areas which they consider should be met in South Worcestershire. This duty is recognised in policy SWDP2 H and its footnotes. However, as currently worded the policy is not entirely clear or effective. Moreover, its requirement that another LPA's housing needs must be set out in an adopted Local Plan before they can be considered for inclusion in the SWDP is too stringent, as it might be impossible for that other LPA to adopt their Local Plan until such consideration has been given.

59. In my view **policy SWDP2 H needs to be reworded** along the following lines:

As required by the Duty to Co-operate, due consideration will be given, including through a review of the SWDP where appropriate, to the housing needs of another local planning authority in circumstances when it has been clearly established through that LPA's Local Plan process that those needs must be met through provision in the SWDP area.

60. **Footnote 8** would then become unnecessary and **should be deleted**. Its reference to a review of the Plan in 2019 is too restrictive given that, in principle, circumstances could dictate that an earlier review is required.
61. In the interests of consistency, these changes are also likely to require corresponding **modifications to policy SWDP62/2**. I invite the SWCs to consider this point and make appropriate proposals.

Is there justification for the level of windfall allowance?

62. NPPF paragraph 48 enables LPAs to make an allowance for windfall sites in the five-year housing land supply if there is compelling evidence to support this. The five-year supply is not a static measurement but rolls forward each year. In principle, therefore, I see no objection to the Plan accounting for windfalls as part of the supply of housing over the Plan period identified in policy SWDP3 G and Table 4e.
63. The Councils have provided evidence of recent windfall supply rates on small sites of less than 10 dwellings, or less than five dwellings in the case of Malvern Hills. In order to avoid double-counting with existing commitments, the windfall rates are applied from 2016/17 only, and they are reduced by one-third to allow for uncertainty at the end of the Plan period. An adjustment is also made to account for small-site allocations in the first 10 years. With these adjustments in place, it is reasonable to suppose that windfall developments will come forward on the basis that the Councils assume.
64. NPPF paragraph 48 also makes it clear that windfall allowances should not include residential gardens. In this respect the evidence before me is not entirely clear and I need to seek further clarification

from the Councils. I will write to the Councils separately on this point. **Depending on the outcome of this clarification process, the actual level of the windfall allowance, as set out in the submitted Plan, may be confirmed or may need to be adjusted.**

Is there justification for the level of allowance made for bringing empty homes back into use?

65. The calculation of the housing requirement derived from the SHMA includes a 3% allowance for vacant homes to allow for turnover, or “churn”, in the housing market. As the SHMA makes clear, this level of vacancy allowance is commonly made in housing requirement calculations¹⁶. It corresponds almost exactly to the vacancy rate of 2.9% for South Worcestershire in October 2010 that can be derived from SHMA Figure 3.1.
66. While NPPF paragraph 51 advocates bringing empty houses back into use, it gives no guidance on including them in the assessment of housing land supply. Nonetheless, Table 4e of the submitted Plan includes an allowance of 550 dwellings in the overall housing supply for bringing long-term empty homes back into use. Long-term empty homes are defined as those that have been unoccupied or substantially unfurnished for more than six months. There were 1,364 such dwellings in South Worcestershire in October 2011¹⁷. The Councils say that advice from their housing support teams indicates that about one-third of long-term empty homes are in danger of being lost to the supply without intervention.
67. The *Housing Background Paper* gives figures showing that Wychavon brought 254 empty homes back into use between 2006 and 2012, and I was told at the hearing session about similar initiatives elsewhere. Despite this, I can find no clear evidence of how the actual allowance figures for each sub-area were derived. Although the SWCs do refer to the overall figure of 550 dwellings as corresponding to 12% of the SHMA vacancy allowance¹⁸, it is not made clear how that percentage has been arrived at.
68. Thus I am not persuaded that the Table 4e allowance of 550 dwellings over the Plan period is soundly based. It would represent 40% of all the long-term empty homes that existed in South Worcestershire in 2011 – that is to say, more than the one-third of such homes that the SWCs regard as in danger of being lost to the supply. Even if assumes that the same proportion of the additional dwellings built over the Plan period also fall into long-term disuse,

¹⁶ SHMA, para 6.100

¹⁷ See CD.084, Appendix 11, Annex 1

¹⁸ Hearing statement M1/1, para 1.149

that only adds a further 82 dwellings to the number potentially lost to the supply¹⁹.

69. Thus an allowance of 550 dwellings would represent a success rate of over 100% in bringing such homes back into use. That is evidently implausible. Moreover, the figures for long-term empty homes change significantly from one year to another – in 2004 the figure in South Worcestershire was as low as 988, whereas in 2009 it was 1,829. In Wychavon the figure rose by 272 between 2006 and 2009, despite the Council bringing 126 empty homes back into use over the same period, according to the SWCs' figures.
70. This shows that fluctuations in the market are a far more significant factor in reducing (or increasing) the proportion of long-term empty homes than local authority initiatives, valuable though the latter are. Indeed it suggests that in many cases local authority initiatives, rather than preventing properties from being lost to the supply altogether, only speed up the process of returning it to use. While that is of course to be welcomed, it does not justify treating dwellings that would have returned to use in any case, albeit somewhat later, as additions to the overall housing supply.
71. Taking all these points into account, **I conclude that the Plan's allowance of 550 dwellings in the housing supply for bringing long-term empty homes back into use is not justified.**
72. If the SWCs wish, and are able, to bring forward further evidence to justify a lower allowance figure, I would be prepared to consider that evidence at the reconvened Matter 1 hearing. However, it would need to demonstrate robustly (i) that any figure included in the allowance corresponded to dwellings that would otherwise remain empty throughout the whole Plan period, and (ii) that there were firm, evidence-based arrangements in place to ensure that the dwellings are brought permanently back into the housing supply. Any such evidence should be provided on the same timescale as the revised assessment of housing need referred to above.

Is there justification for the level of allowance made for dwellings released when their residents move into extra care accommodation?

73. There is clear national and local policy support for the provision of extra-care housing for older people. The *Worcestershire Extra Care Housing Strategy* (CD.218) identifies a need for some 2,600 such housing units in South Worcestershire between 2012 and 2026. It indicates that extra-care dwellings should be self-contained, each

¹⁹ The arithmetic is: 22,785 (Plan supply figure minus the 550 "empty homes" allowance) x 3% (SHMA vacancy rate) = 686.25 x 12% (SWCs' assumed proportion of vacant homes in danger of loss to supply) = 82.35. This figure is a little generous because it includes 2006-11 completions which must already be included in the 2011 vacancy figures, and it also assumes that new houses will fall into long-term vacancy at the same rate as older stock.

with their own kitchen and bathroom, as distinct from the shared facilities found in residential care homes. On this basis, the *Strategy* considers that extra-care housing should be classified within use-class C3, the dwelling-house class.

74. However, the SWCs point to two recent appeal decisions in which self-contained extra-care housing was deemed to fall into use-class C2 – *use for the provision of residential accommodation and care*²⁰. They also provide evidence that, when submitting applications, some developers are choosing to categorise extra-care housing as C2 on the grounds that, among other things, it may reduce their liability to provide affordable housing or CIL.
75. The needs of older people for extra-care housing are encompassed within the Plan's overall (C3) housing requirement: they are not assessed as a separate category. The SWCs' concern is therefore that if a proportion of extra-care housing provided during the Plan period is classified as C2 rather than C3, it will appear as if that element of the housing requirement has not been met, when in fact it has. They propose to overcome this by making an allowance in the supply figures for the dwelling-houses that are "released" when their occupants move into extra-care housing that has been classified as C2.
76. I accept that there are monitoring difficulties which arise from the ambiguity over the position of extra-care housing in the use-class spectrum. But in my view those difficulties do not justify the Council's decision to make an allowance in the supply figures in SWDP Table 4e for "extra-care housing release". Such an allowance could only be justified if the Plan made separate provision in the supply for C2 extra-care housing.
77. Because no such separate provision is made in the Plan, any C2 extra-care developments will have to come forward on allocated or windfall sites that would otherwise be available for C3 housing. No actual addition to the housing supply already identified by the other elements of Table 4e will have occurred. Making an allowance for the dwelling-houses "released" by their occupants in these circumstances would therefore be inappropriate, as it would, in effect, constitute double-counting. For these reasons **the allowance for "extra-care housing release" in SWDP Table 4e should be removed.**

Does the Plan make adequate allowance for the non-delivery of housing commitments?

78. The Plan applies a non-delivery discount rate of 4% to all commitments – that is to say, sites with planning permission for housing – excluding dwellings under construction²¹. That rate is supported by detailed evidence of lapsed planning permissions for

²⁰ See hearing statement M1/1, Annex 1(n), para 18

²¹ See footnote B to SWDP Table 4e.

each of the three districts (EX.214-217b). However, the information for each district covers a different period of time, ranging from 18 years at Worcester City to six at Wychavon. Moreover, the “average” lapse rate for each district appears to have been arrived at by calculating the mean of the percentage lapse rates for each year. This is mathematically inexact if the objective is to assess the overall percentage lapse rate over the period in question.

79. I also note that, in Malvern in particular and to a lesser extent in Worcester, there are much higher annual lapse rates in the years after 2007 compared with the period from 2000 to 2007. In order to achieve a robust discount figure that takes account of recent market conditions, and is reasonably consistent across all three districts, I therefore consider that it should be calculated by reference to figures from 2006/07 onwards – the earliest date for which figures for Wychavon were provided.
80. Summing all the available figures for lapsed permitted dwellings since 2006/07, and dividing that sum by the total number of dwellings with outstanding planning permissions over the same period, gives an average lapse rate of 4.8% across South Worcestershire. On this basis **I conclude that a robust and sound non-delivery discount figure to be applied to commitments in SWDP Table 4e is 5%**, rather than the 4% used in the Plan as submitted.
81. In reaching this conclusion I note that the inspector in the Honeybourne appeal²², to which many respondents referred, and some other inspectors have applied a 10% non-delivery discount rate when dealing with section 78 appeals on housing development. But I have based my conclusion on the detailed evidence provided at this examination, which does not all appear to have been before those other inspectors.

Should the Plan set out district-wide housing figures for each of the three LPAs in the Plan area?

82. An important factor in the decision of the three SWCs to prepare the SWDP jointly is that Worcester City’s built-up area is tightly constrained inside its boundaries. There is insufficient space in the City’s administrative area to meet all its needs for development, especially housing.
83. Hence the Plan proposes that a share of Worcester’s housing need should be met on sites just outside and abutting its boundary, in both Malvern Hills and Wychavon (policy SWDP3 H). The Worcester City administrative area together with the urban extension sites directly abutting it are referred to in the reasoned justification to policy SWDP3 as the Wider Worcester Area [WWA].

²² Land between Station Road and Dudley Road, Honeybourne – Ref APP/H1840/A/12/2171339

84. Because of natural and environmental constraints, Malvern Hills district is also seen by the Councils as having limited ability to accept new development. The Plan therefore proposes that part of its housing need be met in the WWA and part in Wychavon.
85. These arrangements are entirely in line with the approach suggested in NPPF paragraph 179 to deal with situations where development requirements cannot wholly be met within an LPA's own area. Accordingly, policy SWDP3 D and Table 4b of the Plan contain separate housing apportionments for the WWA, Malvern Hills excluding the WWA, and Wychavon excluding the WWA. The policy specifies that the apportionments are non-transferable between these three areas.
86. Some respondents have pointed out a potential difficulty, in that NPPF paragraph 47 indicates that each LPA must be able to demonstrate a five-year housing land supply in its own area. My view is that this difficulty can be overcome by **making it clear in the Plan that, for the purposes of monitoring their five-year housing land supply, Malvern Hills and Wychavon will make separate calculations for those parts of their administrative areas within and outside the WWA**, in accordance with policy SWDP3 D and Table 4b. (The issue does not arise for Worcester City because its administrative area apportionment is already set out in the Plan.) This would be in addition to the sub-area-based monitoring described in paragraph 33 of the reasoned justification to policy SWDP3.
87. The High Court Consent Order concerning a Secretary of State [SoS] decision on two appeals by *Richborough Estates* at Sandbach, Cheshire²³ to which I was referred pre-dates the replacement of PPS3 by the NPPF. It also makes it clear that the decisive point in that case was the introduction by the SoS of an additional requirement relating to the five-year housing land supply in part of a district council area *which has no basis in the development plan or PPS3*. By contrast, policy SWDP3 D will, once adopted, by definition become part of the development plan. Because of these material differences I consider that the *Richborough Estates* case has no direct bearing on this matter.

Should the phasing of housing provision in the Plan be adjusted or deleted?

88. Policy SWDP3 E and Table 4c set out the proposed level of housing provision in each of the three sub-areas, divided into three phases: 2006-2013, 2013-2019 and after 2019. Since the first phase effectively represents completions and current commitments, the issue is whether or not the phasing of provision before and after 2019 should be adjusted or deleted.

²³ *Richborough Estates (Sandbach) Ltd v SoS CLG, Cheshire East Council and others*, CO/7802/2011. See hearing statement M1/24b.

89. The SWCs' representative made it clear at the hearing session that the phasing is not intended to hold back development if, for example, it proves possible to exceed the indicated level of provision for 2013-2019. Nor is the phasing specifically linked to the timing of infrastructure provision, albeit that there may be particular timing requirements applying to some individual sites. (These will be considered during Stage 2 of the examination.)
90. Instead, the SWCs' representative said that their intention was that the phasing would encourage development to come forward sooner in the Plan period rather than later. This is reflected in the higher annual rate of provision for 2013-2019 compared with the period after 2019.
91. Merely indicating a certain rate of provision will not in itself mean that development comes forward, however. In this regard, the robustness of the SWCs' housing delivery trajectories will be examined at Stage 2. In the absence of any other justification for the phasing of the sub-area housing provision totals, my view is that **the reference to phasing in policy SWDP3 E should be deleted**. This would effectively make that sentence of the policy redundant, since the sub-area totals are already set out in policy SWDP D and Table 4b.
92. It is a matter for the SWCs whether or not they retain Table 4c, or a variant of it. But **if they choose to do so, it should be made clear that any future phasing indicated in it is indicative, and not intended to prevent development from coming forward earlier than indicated**. Any indicative phasing shown would of course need to be consistent with the SWCs' housing delivery trajectories.

Should the five-year housing land supply include provision for a 5% or 20% buffer?

93. NPPF paragraph 47 advises that when calculating their five-year housing land supply, LPAs should include an additional buffer of 5% moved forward from later in the plan period. Where there has been a record of persistent under-delivery of housing in their area, LPAs should increase the buffer to 20%. Whether a 5% or a 20% buffer is used is relevant to the calculation of housing delivery trajectories for the Plan period.
94. Appendix 9 to the SWCs' *Housing Background Paper* (CD.084) sets out housing completions for three Council areas from 1996 to 2011. It indicates that Worcester City and Malvern Hills met their total requirements for that period derived from the former WMRSS and Worcestershire County Structure Plan, while Wychavon under-provided by about 10%. On this basis the Council argue that there has not been persistent under-provision of housing in the Plan area.

95. Many of the respondents who contend that there has been persistent under-provision base their argument on a shorter time-period, typically beginning in 2006. The inspector in the Honeybourne appeal²⁴, to which many respondents referred, based his findings of persistent under-delivery on the same period. But it is unclear from his decision whether or not he had evidence of delivery from earlier years. In any case, while that approach was found to be appropriate when considering the current five-year land supply in the context of a section 78 inquiry, it is appropriate to take a longer perspective when dealing with a Plan whose period extends to 2030.
96. Moreover, the Honeybourne decision only considered the housing land supply in Wychavon district, as did the Evesham decision²⁵ to which reference was also made. While the inspector who dealt with the Rushwick appeal²⁶ stated that Malvern Hills council *has very significantly underperformed* [in the delivery of housing] *on a persistent basis*, he did not elaborate on the basis for that statement.
97. The SWCs' assessment of housing delivery in Appendix 9 to CD.084 takes no account of the higher housing requirement figures from 2006 onwards set out in the WMRSS Phase 2 Revision Panel Report. Had it done so, it is likely that, against those figures, their assessment would have shown significant under-delivery of housing in the Plan area since 2006. But taking into account that the Panel's recommended figures have never had formal development plan status, I consider that under-delivery against those figures, when balanced against a record of successful provision in the preceding 10 years, should not be regarded as persistent under-delivery for the purposes of this examination.
98. It follows from this that **a 5% buffer should be used when calculating whether or not the Plan's housing delivery trajectories will deliver a five-year housing land supply** in accordance with NPPF paragraph 47. It would nonetheless be prudent also to calculate the five-year supply using a 20% buffer, in order to test the robustness of the trajectories.

The employment land requirement (Matter 3)

99. At the hearing, the SWCs made it clear that the Plan's employment land requirement of 280ha over the Plan period is based primarily on the annual average of employment land developed across the three council areas over the 21 years from 1992 to 2013²⁷. That is an appropriate length of time, taking in periods of both growth and recession. Although the requirement figure is somewhat higher than

²⁴ See footnote 22.

²⁵ Land off Cheltenham Road, Evesham – Ref APP/H1840/A/13/2195014

²⁶ Land at Green Hedges, Claphill Lane, Rushwick – Refs APP/H1840/A/12/2187934 & 2193129

²⁷ See the table in EX.109a, Annex 1

would result from a strict extrapolation of the 21-year average²⁸, the difference is justified given that there are some gaps in the data from which the average was derived, notably in Wychavon where only developments over 0.4ha were recorded.

100. While the *South Worcestershire Employment Land Review* prepared by GVA Grimley in February 2008 (CD.073) provides no direct support for the requirement figure, the evidence base that underlies that review is now quite dated. The more recent report of the same title by Roger Tym and Partners (March 2011 – CD.074) does not seek to set out a requirement figure.
101. The Councils' *Economic Prosperity Background Paper* (CD.070) sets a goal of 25,000 additional jobs in South Worcestershire between 2011 and 2030. That implies an annual employment growth rate of around 1%, comparable with the rate experienced during the decade of strong economic performance between 1998 and 2008²⁹. This rate is significantly higher than the growth rates implied in the economic forecasts provided to the examination for the discussion of Matter 1. Nonetheless the *Background Paper* makes it clear that the Councils have deliberately chosen an optimistic figure in order to ensure that there is no planning barrier to economic growth, reflecting guidance in NPPF paragraph 19.
102. Employment land take-up rates between 1998 and 2008 were somewhat higher than the 1992-2013 average, and on this basis the *Background Paper's* goal of 25,000 jobs provides further support for the Plan's 280ha requirement figure. Even if, as seems likely, actual employment growth is lower than that goal, the requirement will help promote economic development by ensuring that a wide range of sites is available for developers and businesses. It will provide flexibility to accommodate unanticipated needs and rapid economic change.
103. BCC and the Black Country councils expressed some concern at the hearing that the amount of employment land required by the Plan might threaten their own regeneration objectives. It was suggested that the WMRSS Phase 2 Revision Panel's recommended figure of 244ha would be more appropriate. However, that figure is for a 20-year period and implies an annual take-up rate somewhat greater than that implied by the Plan figure. Moreover I was given no specific evidence to show how the provision of employment land in South Worcestershire in general threatens investment in the West Midlands conurbation. (The issue of the Worcester Technology Park in particular will be considered during Stage 2.)
104. Taking all these points into account, I conclude that the employment requirement figure of 280ha set out in policy SWDP3 C is soundly

²⁸ A strict extrapolation of the 1992-2013 annual average would give a figure of 255.6ha for the Plan period.

²⁹ See CD.074, Table 3.4 on p15.

based. No evidence was submitted to indicate that the distribution into sub-area totals set out in Table 4a under that policy is inappropriate. However, in order to provide necessary flexibility, **the policy needs to make it clear that the sub-totals are not intended to put a cap on employment development in any of the sub-areas.**

The requirement for retail provision (Matter 4)

105. Policy SWDP3 F and Table 4d set out an overall retail floorspace requirement of 50,000sqm over the Plan period, of which 28,000sqm is allocated to Worcester City with a further 2,000sqm outside the city boundary in the WWA. The policy figures, as submitted, correspond to the findings of the *South Worcestershire Town Centres and Retail Strategy Update 2010* (CD.192-195), which had an end-date of 2026.
106. However, in their hearing statement the SWCs presented figures drawn from a more recent update to the Retail Strategy carried out in 2013. The 2013 Update took account of several more recent datasets than had been available in 2011, including the 2011-based interim SNPP and Experian's September 2012 *Retail Planner Briefing Note 10.1*. It also rolled forward the end-date of the forecast period to 2031.
107. Notwithstanding these changes, the 2013 Update continues to forecast a surplus of convenience goods floorspace in all town centres except Malvern, where a need for some 664sqm by 2031 is identified. In respect of comparison goods floorspace there are more significant changes in the forecast level of need, most notably in Worcester. Much, but not all, of the forecast need for additional floorspace will be met by existing commitments.
108. In the interests of soundness I consider that **the figures in policy SWDP3 F and Table 4d should be revised to reflect the findings of the 2013 Update**, as – unlike the 2010 update – the 2013 version is based on up-to-date information and covers the whole of the remaining Plan period. This will provide a firmer basis on which to determine, during Stage 2 of the examination, whether or not the Plan makes adequate provision to meet the assessed level of need.
109. The 2013 Update was criticised for relying on household surveys which were conducted in 2006 or 2007 and so do not reflect subsequent changes in shopping patterns, or spending by those living outside the study area. However, I am not persuaded that any such changes or additional spending are likely to have been so significant, particularly in a period characterised by recession and slow growth, as to justify the cost and delay involved in commissioning new or additional surveys.

110. There are also concerns that the Plan ought to be more aspirational in seeking to claw back to Worcester local comparison spending that currently goes out to centres like Birmingham, Merry Hill and Cheltenham. But I share the Councils' view that this is more likely to be achieved as a result of market competition than by increasing the retail floorspace requirement beyond a level that reflects an up-to-date needs assessment. In this respect, the important question is whether or not there are opportunities for growth over and above that required to meet the assessed need, especially in Worcester city centre. That is a question for Stage 2 of the examination.

Roger Clews

Inspector

28 October 2013