



BATH AND NORTH EAST SOMERSET CORE STRATEGY EXAMINATION

ISSUE 1

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Issue 1: Is the planned district-wide scale of provision for jobs and homes justified and is there sufficient flexibility to reflect uncertainties in forecasting and changing circumstances?

Overarching questions

2.1 Has the Council had appropriate regard to the balance of factors listed in PPS3, paragraph 33?

1.1 Pegasus Planning Group considers that the evidence used by BANES is selective in terms of addressing the balance of factors in PPS3, paragraph 33.

1.2 Firstly in paragraph 33 local planning authorities should be working together to determine the local and sub-regional housing needs. There is no evidence of this taking place. Since the abolition of the Regional Strategies was announced each local authority has clearly considered its own growth and not addressed the implications for the sub-region. The West of England is a city region and Bath, Bristol and Weston-super-Mare are the economic hub of the south west. The RSS stated that realising their economic potential individually and collectively is critical to their future success and also the success of the regional and national economy.

1.3 The only evidence of current and future levels of need and demand for housing and affordability is CD4/H2 Housing Need and Affordability Assessment produced by Professor Bramley in May 2005. The Draft RS of 2006 stated that about 15,500 new homes were needed in BANES for the period 2006 – 2026. The Spatial Options for the District in October 2009 CD5/4 states in respect of the overall housing provision in the Draft RS for BANES at paragraph 2.29 that:

“If this level of housing is not provided then it will have serious implications, preventing some people having access to a decent homes, making housing less affordable (to buy rent) and in the longer term damaging the local economy by reducing labour supply and mobility.”

1.4 These circumstances have not changed since the recession there is still an affordability issue as demonstrated by information from DCLG Live Tables on Housing Market and Prices, Table 576 Ratio of lower quartile house price to lower quartile earnings by district from 1997 for BANES the figure was 4.67 by 2010 this had increased to 9.57 compared with a South West regional average of 8.17 and a national average for England of 6.69 and ratios of 7.09, 7.90 and 7.77 respectively for

Bristol, North Somerset and South Gloucestershire. This data is based on the Annual Survey of Hours and Earnings. Affordability ratios in BANES and Mendip are worse than the national average and comparable with some parts of the South East (West of England SHMA Monitoring Report May 2010). The need for affordable housing is also demonstrated by the size of the Council's waiting list: 10,344 at 1st April 2011 (HSSA Tables).

- 1.5 Long term house price evidence is included in the West of England Strategic Housing Market Assessment Monitoring Report May 2010 which states that average house prices in the West of England for 2008, BANES contains the majority of postcode sectors with the highest average house prices, in particular postcode sector BA2 9 to the West of Bath city centre recorded the highest average house prices in the West of England HMA. Areas in south Bristol postcode recorded the lower average house prices.
- 1.6 The Council have dismissed the Government's latest published household projections and the needs of the regional economy, having regard to economic growth forecasts, the reason being that they extrapolate forward a post EU Accession spike in net international migration and are therefore unreliable.
- 1.7 Instead the Council are relying on the 2004 projections which informed and underpinned the RSS. The only reason for rejecting the 2008 based ONS figures and the 2010 based is the alleged spike in net international migration. However, this issue does not affect the need for new housing as is evidenced in Appendix 3 to these papers; this appendix addresses the nature of gross inward migration flows, the effect on future projections and the changing reasons as to why immigration takes place.
- 1.8 The SHLAA Report Version 2.1 May 2011 indicates that approximately 95% of the housing need i.e. capacity for 11,200 dwellings can be met without the need to consider land in the Green Belt. This was based on a technical requirement of 11,600 dwellings in the plan period 2006 – 2026; this technical requirement is now 12,100 dwellings as set out in Topic Paper 9. Thus even against the Council's own figures there is a shortfall of in excess of 1,000 dwellings. Consequently land in the Green Belt will need to be considered even if the Council's much lower figures are accepted.
- 1.9 If the SHLAA sites were to be considered against a housing requirement based on the 2008 household projections i.e. 16,720 dwellings then there would be a much larger

shortfall of in excess of 5,700 dwellings. Consequently land in the Green Belt would need to be considered.

- 1.10 Appendix 1 Demographic and Housing Paper (using the Chelmer Model) takes a strategic, sub-regional view of housing demand.
- 1.11 The Core Strategy is not considered to be consistent with the “Plan for Growth” and the Budget Statements of March 2011 and more recently the Housing Statement of November 2011.
- 1.12 The Paper demonstrates first that even looked at independently BANES has signally failed to have regard to PPS3 advice and that the latest population and household projections (2008 and 2010 based) demonstrate significantly increased need which will not be met. In order to meet requirements to 2026 housing provision will need to be increased by about 50%.
- 1.13 When looked at over a wider area the West of England sub region (which is the wider area used by the Council for its estimate of employment growth), Appendix 1 Demographic & Housing Paper using the Chelmer model shows that the BANES Core Strategy makes little or no provision for any housing needs from the wider Bristol area. This demonstrates a total failure of the four authorities to undertake any co-operative assessment of employment and housing needs with a massive predicted housing shortfall for the next 15 years. This exacerbates the initial failure of the Council to have proper regard to Paragraph 33 of PPS3.

2.2 *If the requirements of the draft NPPF in relation to planning for housing and employment were to become national policy before the close of the Examination, would planned provision meet those requirements (in particular paragraphs 13, 14 - first bullet, and 20- 30)?*

- 1.1 Pegasus Planning Group consider that if the NPPF was to be issued before the end of the Examination then the planned provision in the Core Strategy would not meet the requirements in paragraph 13 to support sustainable economic growth. The Core Strategy is failing to meet housing needs and therefore constraining economic growth. As it is not providing sufficient housing to meet forecast needs this will exacerbate the need for affordable housing. The lack of affordable housing is an issue throughout the South West (as evident in the earlier NHPAU and other publications), but even more so in areas of high house prices (see Table 576 as referred to in response to question 2.1) and also the SHMA Monitoring Report 2010.
- 1.2 It is not clear how the objective of creating 95,000 jobs in the West of England, including in BANES, is to be achieved without addressing the need for housing arising from this number of jobs. Whilst the LEP is not a part of the Development Plan it is an integral part of the Growth Agenda.
- 1.3 The Core Strategy fails to place significant weight on the need to support economic growth through the planning system as is required by the Chancellor's March 2011 Budget Statement and the Agenda for Growth.
- 1.4 Paragraph 14 states that Local Plans should be prepared with sufficient flexibility to respond to rapid shifts in demand and other economic changes. The Core Strategy has very little flexibility insofar as it is based solely on the creation of a limited number of new jobs (8,700) which in itself imposes limits on the growth of other aspects of the economy particularly housing. In reality the strategy is one which is employment constrained. Given the acknowledged difficulties in projecting future levels of employment demand at the local level this provides little by way of flexibility or additional growth opportunities. Moreover, it is entirely reliant on the development of brownfield sites coming forward which are inherently more difficult in times of economic uncertainty and are subject to viability. Overall the lack of flexibility means that the Core Strategy is unable to respond to rapid changes in demand and economic circumstances. If low growth is anticipated then it becomes a self fulfilling prophecy and only low growth will be achieved as there will not be the sites available to bring forward and support economic growth.

- 1.5 Paragraph 20 of the NPPF states that the development plans must aim to achieve the objective of sustainable development. The Core Strategy should be consistent with the objectives, principles and policies set out in the NPPF and this includes making provision for adequate levels of growth not only to meet basic needs but also to invigorate the local and national economy. Pegasus Planning Group consider that the Core Strategy is not consistent with the NPPF as it fails to meet household and population projections, taking into account migration and demographic change (paragraph 20 of the Draft NPPF). It also fails to address the needs of all types and tenures of housing as the overall housing figure is constrained in which case the amount of affordable housing will also be reduced. It is also arguable whether the Council has prepared a SHLAA which is realistic in terms of its assumptions about suitability, availability and the likely economic viability of land to meet the identified housing requirement for housing over the plan period (paragraph 28)
- 1.6 The presumption in favour of sustainable development should be that all locations are examined properly to meet identified needs including those in the Green Belt which have already been identified through the RSS as sustainable locations to accommodate housing needs; exceptional circumstances necessary to build in the Green Belt have already been proven given the overall housing need.
- 1.7 The Core Strategy has not been prepared on the basis that objectively assessed development needs should be met, unless the adverse impacts of doing so would significantly and demonstrably outweigh the benefits.
- 1.8 As set out in Appendix 1, Demographic and Housing Paper, the appropriate housing requirement, taking into consideration the indigenous population projections and sub regional growth arising from Bristol, the housing requirement should be in the order of 35,000 dwellings. Excluding the sub regional element, a requirement of 21,000 is appropriate to meet arising housing needs and demand from BANES based on a continuation of trends.
- 1.9 In Appendix 1 Pegasus Planning Group have used the Chelmer model which provides independent projections that do not rely on other commercial forecasts. It is a systematic and transparent method so that results are easily traced back to assumptions. The Chelmer Model is a tool, used for a number of years within the industry, to identify likely housing growth. It is considered that it provides “objectively assessed” evidence demonstrating the demographic information and likely

development requirements. The conclusions of Appendix 1 Demographic and Housing Paper are therefore robust and credible evidence upon which the Inspector can rely.

- 1.10 By contrast the Core Strategy is not transparent and is highly likely to constrain growth. The strategy has apparently been prepared (and the evidence base concocted) so as to meet a preconceived quantum of development that is regarded as being politically acceptable. This involves primarily using existing allocations and commitments together with assumptions about the bringing forward brownfield urban sites and small sites within the urban area.
- 1.11 The time scale for the Core Strategy assumes only a 14 year time horizon after adoption. Instead it should take a longer term view.
- 1.12 Paragraph 27 and 28 of the draft NPPF relates to the use of a proportionate evidence base. It is clearly the case that the evidence base should be up-to-date. The reasons advanced by the Council for not using up-to-date evidence are based on incorrect assumptions about the linkages between employment growth and inward migration – see Appendix 2 critique of Topic Paper 9.
- 1.13 Local Planning Authorities are to ensure that their assessment of strategies for housing and employment and other uses are integrated, and that they take full account of relevant market and economic signals. The SHMA does not take a proper account of demographic change including migration.
- 1.14 Paragraph 29 of the NPPF refers to business requirements and that the LPAs should have a clear understanding of business needs within the economic markets operating in and across their areas. Local authorities are to work together and also with LEPs and work closely with the business community. It is not clear how the approach of the West of England LEP to create 95,000 jobs 2010 – 2030 has been taken into account in the BANES Core Strategy. Pegasus Planning believe there is a need to consider a range of economic forecasts – see Appendix 4¹ and also BANES Stage 2 Report Section 6 lists alternative economic forecasts. BANES are selective in their use of forecasts and the ratio is based on the West of England rather than a ratio for BANES – see Appendix 2 Critique of Topic Paper 9 paragraph 18ff

¹ SWRDA Economic Prediction and the Planning Process – January 2011

2.3 Does the Council's methodology for assessing the technical "need" for housing (Stage 2 Report – CD4/H1 - and Topic Paper (TP) 9 – CD6/S10) represent an established methodology used in the past and/or one being used elsewhere?

- 1.1 The methodology the Council have used for assessing the need for housing is not part of an established methodology; nor is it, in our opinion, compliant with advice in PPS3. There is nothing within PPS3 (or any other central Government advice) to stop or prevent planning authorities from utilizing their own methodologies for assessing housing and employment needs. However, such an approach must be transparent and properly assessed the implications of departing from normal, standard procedures for assessing such needs. In the past some authorities have sought to argue that their planning strategies are capacity based in the sense that the supplies of land to meet specific needs are limited. Consequently the population, household and employment projections become policy constrained but only where the implications of doing so have been fully explored. In many such cases a policy constrained projection imposes pressures on adjoining authorities and there is a need to accommodate displaced demand from such areas in these adjoining authorities. Bristol could be said to represent one such Authority where a capacity constrained approach has been taken. However, in the case of BANES the policy constraints are self imposed and the methodology has been "adjusted" to provide an evidential base for a strategy which seeks no change from the current position.
- 1.2 By contrast, the Office for National Statistics produced population projections which are then "converted" by DCLG into household projections. These are standardized to a national base with natural change and net migration being adjusted to take into account local circumstances but also to ensure consistency at the national level. Whilst this methodology is open to some criticism as it is reliant on previous trends (over the last 5 years), the situation is monitored closely at the national level through the mid year estimates and through the biannual projections which are adjusted iteratively as time progresses. Similarly the Chelmer model makes use of the ONS projections but applies slightly different assumptions (see Appendix 1 Demographic & Housing Paper), and these are fully set out.
- 1.3 By contrast the BANES methodology is an employment constrained model which assumes that there is a certain relationship at the sub regional level between housing and employment which enables the translation from the net increase in the number of jobs to a specific housing requirement. Despite the statistical manipulation used in

Table 9 and in the Stage 2 Report, it is clear from Appendix 3 that the relationship is much more complicated than the rather crude approach adopted by the Council.

2.4 What policy weight, if any, or other significance should be given to the Secretary of State's Proposed Modifications to the emerging RSS for the South West? Parties should be aware of the conclusion I came to on this matter in my report of the Bristol Core Strategy (paragraph 12, March 2011).

- 1.1 The policy weight to be accorded to the Secretary of State's Proposed Changes to the RSS is limited because these will not proceed to adoption. However, regard should still be given to the evidence and reasons why the Secretary of State considered that 21,300 dwellings should be provided in Bath and North East Somerset.

- 1.2 The RSS is the only document/process that has looked at the sub-region as a whole including the relationship of Bristol to its neighbours particularly BANES. It is only by looking at the wider needs of the West of England sub region that a reasonable spatial strategy can be prepared. The reasons for this are quite clear in that Bristol cannot accommodate the ever increasing dwelling numbers ascribed to it in the ONS projections; the scale of the deficit and the capacity problems have already been identified by the Examining Inspector (Paragraphs 50 – 60 CD 3/13). This means that in addition to meeting its own properly assessed housing requirements BANES should be looking to accommodate a proportion of Bristol's housing needs. This should form part of the duty to "co-operate" set out in the Localism Act.

Economic/Job Growth forecasting

2.5 Is the Council's assessment of likely economic growth/job creation over the plan period in the district reasonable or too optimistic/pessimistic? Do the assumptions and overall intentions satisfy the aim of the Ministerial Statement: Planning for Growth (23 March 2011) in particular the Government's expectations in the 4th paragraph: Local planning authorities should...?

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- 1.1 The first point to note is that employment projections are notoriously difficult to undertake even at the national level. This can be demonstrated by referring to the differing economic projections that have been produced nationally over the last 18 months. It is self evidence that increasing the period of the projection to 15 years makes such projections even more unreliable. Most national economic forecasts only extend for a maximum of 3 – 5 years and therefore using them as the whole basis for a spatial strategy for 15 years is likely to increase uncertainty commensurately. The third point is that focussing these projections down to an individual Council level is even trickier as it is likely to be dependent on local circumstances. Some of these local circumstances such as economic structure can be taken into account, and some such as spare capacity within the existing stock, cannot. Moreover, the attractiveness or otherwise of Council areas will vary throughout the country; it is perhaps reasonable to assume that Bath is likely to be a more attractive place to set up a business than for example Blackburn but ultimately it depends upon the type of industry sector involved. It also depends on policy factors such as land supply which are part of the strategy which is being tested – so the whole process becomes circular, especially as in this case the Authority are not looking to identify more greenfield land for business purposes.
- 1.2 Taking all this into account Pegasus Planning Group considers that the Council's assessment of the likely growth/job creation over the plan period, is pessimistic. They should consider a range of forecasts and plan to achieve the Local Enterprise Partnership and Government's growth objectives (as a minimum), rather than constrain job growth by taking a pessimistic approach and then linking this to housing methodologically. This issue is considered further in Appendix 2, paragraphs 18 ff.
- 1.3 The Council are not taking either a flexible or a long term view of economic growth, but are using it as a method of constraining housing and other growth as well. Economic activity is constrained by the housing market and consequently the planning policies. Moreover, the strategy of restraining the housing provision is likely to increase the extent of commuting in the event that employment growth is higher.

- 1.4 In this context closure of the MoD in Bath sites will transfer 1,400 jobs to Filton, but most employees are unlikely to relocate, because of the costs of moving and uncertainties in the housing and jobs markets as well as personal and family ties and the relatively short distance for commuting, which is also served by a direct rail service. See Appendix 2, paragraphs 27ff.
- 1.5 There will also be new employment opportunities created through redevelopment of the MoD sites for mixed uses, which – at higher employment densities – need not entail a loss of employment capacity in Bath.
- 1.6 The assumptions and overall intentions set out in the Core Strategy do not satisfy the aim of the Ministerial Statement: “Planning for Growth”, (which is a material consideration) states in the fourth paragraph of the Ministerial Statement:

“Authorities should work together to ensure that needs and opportunities that extend beyond (or cannot be met within) their own boundaries are identified and accommodated in a sustainable way, such as housing and market requirements that cover a number of areas, and the strategic infrastructure necessary to support growth.”

- 1.7 This is a clear and unequivocal expectation that authorities should work together to produce realistic plans that take account of cross boundary pressures. The West of England area - of which the four Bristol city region local authorities are members - has always conceived of itself as a distinctive functional economic area with a shared housing market. As a distinct sub-regional area with shared economic and housing market geography, very little attention is given to BANES relationship to Bristol or the West of England in the Core Strategy.
- 1.8 When testing the Core Strategy requirement and the likely labour force arising from the population, it is clear from Appendix 1: Demographic & Housing Paper, that the sub region will struggle to achieve the LEP target of 95,000 additional jobs because the growth in population has been artificially constrained. Based on other scenarios tested, which included higher the population growth (due to growth in natural change and migration) generates a much larger increase in the potential labour supply. It is essential therefore that the housing requirement is reviewed in light of the information contained within Appendix 1 and increased accordingly

2.6 *Given that: Economic forecasts and projections are inevitably an educated “shot in the dark” (CD4/H1, paragraph 6.1) to what extent should any one growth figure be relied on for determining employment provision and related housing?*

- 1.1 No one figure should be relied on; a range of forecasts and scenarios and their implications should be considered to arrive at an informed judgement. Forecasts and projections should be used to test options and implications together with the application of sensitivity analysis and tests of robustness. The use of forecasts should also be transparent, with all the source material clearly available – which is not the case for this Core Strategy and is sufficient reason to find it unsound.
- 1.2 Appendix 2 and especially paragraphs 18ff contains a more detailed discussion of the forecasts used by BANES and the implications of using an employment constrained forecasting model. Appendix 3 sets out the reasons as to why an employment constrained model to predict/restrict inward migration and housing needs is not a satisfactory way of modelling and does not reflect actual and predicted migration at the national level.
- 1.3 In contrast with the Council PPG has used the Chelmer Model - see Appendix 1 Demographic and Housing Paper where the housing and labour supply calculations for BANES are based on a standardized national model which also incorporates ranges as suggested above.

2.7 *Is the plan's assumption of economic growth in the district and likely increase in the number of jobs consistent with the aspirations of the West of England Partnership's Local Enterprise Partnership Bid in September 2010 (notably 95,000 new jobs by 2030 and 3.4% cumulative annual growth in total GVA 2010- 2020 in the WEP area)? Does any inconsistency undermine the plan's approach? Is the Council distancing or disassociating itself from the LEP's aspirations (see footnote 1 in TP2 and paragraph 4.13 of TP9)?*

- 1.1 The approach the Council has taken is not consistent with that of the West of England LEP. The West of England LEP has stated its objective of achieving 95,000 jobs in the area by 2030; it does not make any reference to the number of dwellings required to secure this growth rate. It is not clear what proportion of the jobs will be accommodated in BANES and, importantly, how this relates to housing provision. If housing is not increased in BANES this will only lead to further increases in commuting.
- 1.2 Given the different periods over which job growth is forecasts (as between the LEP and the Core Strategy) it is necessary to attempt to standardize this data. One way of doing this is by utilizing the Council's (highly suspect) ratio between employment and housing. A total of 95,000 jobs using the 1.39 ratio for the West of England generates a need for 132,050 dwellings. Subdividing this into the proportion attributable to BANES utilizing the Council's 2004-based household projections approach (14.2%) over a 16 year period equates to a housing requirement of 15,000 dwellings over the period 2010 to 2026. It is important to note that in order to compare it directly with the Core Strategy it is necessary to add on the dwelling completions between mid 2006 and mid 2010 which equates to about 1,600 dwellings. Therefore utilizing a methodology similar to the Council's approach and equating it to the LEP job growth targets, generates a need for about 16,600 dwellings over the period 2006 to 2026.
- 1.3 The Council employment "target" is clearly not in accord with the aspirations of the LEP – and Government policy. Unfortunately its restrictive approach to housing land supply will be a self-justifying prophecy; it will effectively continue the constraints on economic development that have applied in the past, rather than seeking to plan positively for the future.
- 1.4 Another way of looking at the impact can be seen from Appendix 1 Demographic and Housing Paper (using the Chelmer Model) which looks properly at the effect on the population of the Council area and the West of England sub regional derived from the proposed Core Strategies. It shows that on the basis of a dwelling led run using the

Core Strategies for 2006 – 2026 for all four Local Authorities in the West of England sub region the labour supply growth is only 26,191. For BANES the labour supply figure is 5,050 which is only 58% of the already very low employment demand figure (8,700) used in the Core Strategy. This calculation which identifies the labour supply deriving from a given number of dwellings (11,000) demonstrates the substantial deficiencies of using a crude employment/housing ratio. It also demonstrates that the labour supply far from meeting employment demand will actually be insufficient and will hold back growth in the local economy to a considerable extent. The alternative is that it will lead to further unsustainable commuting. Either way it is contrary to central Government guidance.

Relationship of Jobs to Housing

2.8 Is the Council's multiplier of jobs to new homes justified? (NB TP9 Justification for Housing and Employment Provision October 2011 - CD6/S10 – notes that there is an error in the Stage 2 Report such that the multiplier should be 1.39 and not 1.33 as in that report. This results in a calculated housing requirement of $8,700 \times 1.39 = 12,100$ rather than the 11,600 previously stated). Is this multiplier preferable to the use of projected economic activity rates?

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- 1.1 Pegasus Planning Group considers that that the Council's multiplier for jobs is not justified empirically or theoretically; it is simply a ratio with no causal link. The differences between the ratio in the various Councils within the West of England demonstrate the dangers of using this approach (see Appendix 2). Demographic change implies a growing demand for new housing across South West England which is connected to but also independent of economic growth levels. Any suggestion that there is a direct link between the two is refuted in Appendix 3 which shows that migration (leading to the demand for dwellings) operates in a far more complicated way than in the form of a ratio.
 - 1.2 There is already a backlog of unsatisfied, ineffective housing demand in the region, which distorts a range of behaviours linked to employment; commuting, affordability and cohesion (see Appendix 4 Economic Prediction and the Planning Process – January 2011.)
 - 1.3 Appendix 2, provides a detailed critique of Paper Topic Paper 9 and the derivation and use of the multiplier. Ultimately the approach is not transparent and contains a number of errors.

Objections to this overall approach include:

- The use of the ratio is derived from two sets of 2004-based forecasts;
- The ratio is derived from the West of England but is applied at District Level;
- The absence of District level ratios based on the same sources, (for comparison purposes);
- The calculation assumes that the underlying relationships will not change over a 20-year period;
- The ratio is applied selectively to economic forecasts

- The calculations takes no account of variables such as economic activity, demographic and household changes, different migrant flows or commuting;
 - It does not use the most recent statistics on demographic and household change (and is therefore contrary to the advice in PPS3).
- 1.4 In reality, the multiplier is being used to recalculate housing requirements using data which already provides a sound basis for calculating those same requirements. In other words there is already a housing requirement figure which derives from the 2004-based ONS population projections. The difference between the two calculations (set out in Table 1A of the Stage 2 Report CD 4/H1) makes it instantly suspect.
- 1.5 Unlike the Council Pegasus Planning has not only utilized the ONS projections (as recommended by PPS3) but also updated this information to 2010 using the Chelmer model. This enables a clear estimate of labour supply to be calculated which can then be measured against labour demand. The labour supply calculations for both 2008 and 2010 based data are in turn based on a proper evaluation of the age structure of the future population rather than using a simple sub regional ratio which purports to take into account within it those people who are not economically active.
- 1.6 The difficulty with the use of this simple ratio also assumes that employment demand and labour supply can be used interchangeably. The ratio derives from locally applied national growth rates leading to employment demand over a 15 year period; it then matches this exactly against the labour supply from a given number of dwellings (11,600 or 12,100 depending upon which ratio is being used). In real life such matching of people with jobs never occurs because there are issues about the suitability of individual persons for the jobs created, not to mention the need to take into account commuting and to provide employers with a choice from a labour pool. Moreover, a difference between labour demand and supply can trigger the need for an Authority to take pre-emptive action to attract more employment to an area.

2.9 *Points for detailed clarification by the Council:*

- *The last sentence of paragraph 5.1.4 of the Stage 2 report refers to the ratio as (erroneously) 1.33 and then to a needed rounding up of the ratio to 1.33 (sic). How does the corrected ratio fit into this sentence? Does the new 1.39 need an additional rounding up?*
 - *Where has the figure of 127,038 come from in 3.1 of TP9? How does it relate to 126,763 in Table A7 of the Revised Appendix 2 tables in TP9?*
 - *Why is a ratio derived for the West of England sub region seen as appropriate to be applied specifically to a job growth estimate for B&NES when this is not necessarily the basis being used now for planning in other parts of the sub region?*
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1.1 Appendix 2 provides a critique of Topic Paper 9 covering these points.

2.10 *From TP9 (e.g. box under 3.1), the Council's intention appears to be to balance the planned number of (net) new jobs and the growth in the economically active population from new housing. Is this aim of the Core Strategy? If so:*

- *how does that meet Objective 5 bullet 1?*
- *is the intended balance at the margin (ie only in relation to the planned growth) the right approach?*
- *would more housing and/or fewer jobs result in unsustainable patterns of development? (See also question on commuting below.)*

1.1 The Council's approach does not explicitly consider job growth and labour supply. Notwithstanding this the objective appears to be to only allow for net inward migration if those migrants can secure a job. To achieve this the Council uses a spurious ratio, which applies only to marginal change and does not consider the current balance of housing and employment which is associated with increasing reliance on commuting into the District (especially Bath) from the surrounding Districts. It has also been noted under Q2.8 above that the actual labour supply in 2026 (using the 2010 based projections disaggregated by Chelmer) shows a substantial mismatch between economically active and demand for jobs. This makes the use of the ratio questionable in its own right.

1.2 Appendix 2 provides a critique of Topic Paper 9 and deals with a number of these aspects.

1.3 There is no recognition of the need to provide housing to serve the wider economic needs of the sub-region – and especially housing needs generated in Bristol that cannot be accommodated within the City's boundaries. This point has been amply demonstrated at the Bristol Examination in Public.

1.4 Existing commuting patterns demonstrate an imbalance from Mendip, West Wiltshire (ONS APS data). The Core Strategy will continue the imbalance of the past which will constrain job growth and lead to more commuting and labour supply shortages for key services.

1.5 More housing and/or fewer jobs would not necessarily lead to unsustainable patterns of development. The strategy in the RSS was for sustainable urban extensions to provide housing and jobs.

The spatial/practical implications

2.11 What is the Core Strategy’s intention in relation to the future pattern of commuting? Council to explain what is the practical intention of:

- 1c The Vision: a more sustainable relationship between the city’s labour and job markets.
- 2b The Vision for Bath: same quote as above
- Policy B1 part 4 a and b.

Are these statements consistent with each other and how do they relate to the explanation about commuting in TP9 (paragraphs 6.20-6.28) which appears to focus on the planned increase in housing/jobs and not any changes to existing patterns.

1.1 Commuting patterns in the West of England are complex. BANES as an Authority has a net loss through commuting. Although the purported aim is to match new net in migration with job growth the Council accept this will not occur in practice. Moreover, by linking jobs and housing growth the Core Strategy will now deliver much less housing than would properly be required. BANES is not addressing the current imbalance between housing and jobs. In this context BANES is now less self contained than it was in 2001; figures from ONS Area Placement Statistics show that in 2001 71.8% of people lived and worked in BANES whereas in 2008 this figure fell to 68.7%.

1.2 BANES acts as an employment and services and facilities centre for surrounding population as evidenced by journey to work patterns. BANES relies on commuting from outlying areas of the district and neighbouring authorities.

2001

	BANES	Bristol City	North Somerset	South Glos
BANES	71.8%	4.7%	1.5%	1.9%
Bristol City	6.9%	54.3%	6.3%	20.7%
North Somerset	2.3%	8.8%	82.3%	3.0%
South Glos	4.1%	20.9%	1.7%	66.3%

2008

	BANES	Bristol City	North Somerset	South Glos
BANES	68.7%	4.8%	1.5%	1.9%
Bristol City	5.0%	54.6%	4.9%	19.3%
North Somerset	1.5%	8.9%	82.5%	3.4%
South Glos	3.8%	21.3%	2.2%	66.1%

- 1.3 The Council's approach is to exacerbate the District's reliance on areas of cheaper housing in adjoining districts. There is evidence that in-commuters are increasingly coming from further afield – e.g. Wiltshire and Mendip. Further detail is given in Appendix 2, paragraphs 27 ff.

2.12 *Have the cross boundary implications of the strategy been properly taken into account (both within and outside the sub region)?*

- *Do the assumptions of the methodology used (e.g TP9 2.21 first sentence and in the box after 3.1) have potential implications for adjoining authorities?*
- *Should the plan be taking into account any needs or delivery requirements from adjoining areas?*

1.1 Pegasus Planning have severe doubts about the degree to which the BANES Core Strategy takes account of cross boundary implications for its strategy (both within and outside the sub region). So far as the West of England is concerned the implications in terms of housing and employment issues of the BANES Core Strategy (together with the other emerging Core Strategies for the three other authorities) is set out in detail in Appendix 1. These show that across the West of England sub region the four authorities are likely to be providing (given that South Gloucestershire has yet to finalize its Core Strategy) less than one half of the dwelling numbers required. The overall labour supply generated from a dwelling constrained population model shows that there is also a very substantial deficit when measures against the future number of jobs which the LEP wishes to attract to the area; the labour supply of only 26,000 is substantially below even the adjusted 95,000 new jobs sought by the LEP. The lack of any proper co-ordination between the authorities is highly regrettable and makes it important that both central Government and independent arbitrators properly ensure that the “duty to co-operate” contained in the Localism Act is properly enforced. The reason for the introduction of this safeguarding clause within the Act is to ensure that individual authorities do not act independently thereby imposing unnecessary and unwanted effects on adjoining authorities.

1.2 So far as adjoining areas in the West of England are concerned Appendix 1 makes it clear that the housing needs of Bristol are highly unlikely to be met within its area. This point has been confirmed after the examination into its Core Strategy. BANES Core Strategy does not seek to resolve this problem at all but merely seeks to increase the pressure (both on Bristol City Council and on adjoining authorities) by failing to make adequate provision for housing within its area.

1.2 In the context of impacts outside the sub region, it is clear that there are strong commuting relationships between the Council and the adjoining area of West Wiltshire. Areas around Trowbridge are generally ones with lower house prices and act as a labour pool for the City of Bath. Failure to supply sufficient residential dwellings within the City of Bath and BANES generally will impose additional

pressures on the housing market operating within the Trowbridge area. This will be particularly marked given the very low increase in the labour supply generated from within the proposed 11,000 dwellings. Appendix 1 of this response sets out the reasons for this in detail.

- 1.3 More specifically in relation to Paragraph 2.21, the assumption that dwelling numbers can be exactly matched to labour demand, is fanciful. The planning system is unable to regulate the type of families moving into new accommodation and will not be able to monitor the number of economically active per household to check that the assumptions are valid. Bath has traditionally been a location which is attractive to retirees. Such families often have greater economic purchasing power than working families; therefore a reduction in the number of dwellings (over and above the number required to meet all levels of migration) may simply mean that there are fewer and fewer economically active persons within the expanding stock of dwellings. This places more pressure on newly forming employers and industries and a tighter job market, unless this is relieved by additional inward commuting. This will have a particular impact on West of Wiltshire but may also affect other authorities.

2.13 *If the assumptions in the Stage 2 Report/TP9 are reasonable/justified in calculating a need for 12,100 dwellings (as now corrected):*

- *Is the Council justified in planning for 9% less at 11,000 dwellings?*
- *Prior to TP9, all the Council's justification has been in the context of a smaller gap - a need of 11,600 – where/when has the Council weighed this larger gap in its decision making?*
- *What are the consequences of planning for less than the assessment?*

1.1 As set out in Appendix 1 Demographic and Housing Paper (using the Chelmer Model) and Appendix 2 Critique of Topic Paper 9 Pegasus explains that the Council is not justified in planning for only 11,000 dwellings. The methodology in arriving at this figure is totally flawed for reasons set out previously. The methodology appears to be little more than a crude attempt to recalculate housing numbers from an outdated base in order to arrive at a predetermined housing figure which is no more than an aggregation of existing commitments. As such it is not a spatial strategy but is a retrospective agglomeration of earlier decisions.

1.2 The consequences of planning for less than the assessment are set out in the Cabinet Report of 13th September 2011; Annex A paragraph A1.5 and A1.8. Since the Cabinet report it has transpired that, even using the Council's flawed methodology, provision should be made for 12,000 dwellings rather than 11,600 dwellings, this means that the size of the shortfall between the requirement and the allocation is increased to 1,000 dwellings. The Council have acknowledged that the housing land supply is tight and that there is limited flexibility/contingency in their figures because of its heavy reliance on constrained, brownfield sites. There is a substantial risk that the housing needs will not be met, thereby exacerbating affordable housing needs and limiting economic growth (see Dwelling Constrained Labour Supply Estimates in Appendix 1).

1.3 A failure in housing delivery will have a significant impact on resources as changes in Local Government funding means that the Council is increasingly dependent on local sources of funding e.g. the New Homes Bonus and CIL.

1.4 It appears that although the Council rejected changes to the Core Strategy when the discrepancy was only 600 dwellings i.e. 11,000 homes compared to a requirement for 11,000, it has not reconsidered this matter since the deficit increased to over 1,000 dwellings. Regrettably in the light of its earlier Committee decision in September

2011 on contingencies we do not believe that the Council would be willing to alter its stance.

- 1.5 It is relevant to note in the context of providing a higher level of growth – 15,500 dwellings in the Spatial Options Consultation 2009², the Core Strategy in paragraph 2.29 stated that:

“If this level of housing is not provided then it will have serious implications, preventing some people having access to a decent home, making housing less affordable (to buy or rent) and in the longer term damaging the local economy by reducing labour supply and mobility.”

- 1.6 As the assessment in State 2 Report/Topic Paper 9 underestimates the demand for housing, the Council's approach of planning for even less will exacerbate the economic and social consequences of a housing shortage to an even greater degree. The effects are well known but bear repetition and include:-

- high house prices and rental levels,
- suppressed and deferred household formation,
- increased levels of sharing and multiple occupation;
- the inability of new households and young families to find suitable housing;
- shortage of labour supply for new and existing firms;
- inability to achieve economic potential.

- 1.7 The Council were aware of these disadvantages when making the decision to opt for only 11,000 dwellings but chose to ignore them.

² DC5/4 B&NES Core Strategy Spatial Options Consultation (October 2009)

2.14 Is the Council justified in not making additional provision to offset the shortfall against intended delivery in the Local Plan to 2006 of 850 dwellings? (TP9, 6.3-6.5 and CD4/H13, 3.1-3.4.)

- 1.1 The Council is not justified in its approach. It seems to have followed late revisions to the Stage 2 Report, which refers to tables A8 and 10 which were later omitted (see also Appendix 2 Critique of Topic Paper 9, paragraph 26). The shortfall in the housing delivery of the adopted Local Plan should be included in the provision in the Core Strategy; these households will not simply have “gone away” and given the comments in Paragraph 65 of Topic Paper 9 it reflects badly on the Authority to make this suggestion. Not only does it suggest that the Authority have had little real concern in properly implementing its forward planning strategy (or in its monitoring or consequences) but it unfortunately gives credence to the view that they will take a similar approach with the current Core Strategy proposals. For an Authority which seems determined to resist greenfield land releases for as long as possible it might be supposed that it would at least do its best to secure the release of those allocated brownfield sites to achieve their early delivery. Unfortunately evidence from the past 10 years suggests otherwise and that this approach is likely to continue.
- 1.2 Any under provision in the Local Plan i.e. pre 2006 needs to be taken into account in addition to the tables included in Appendix 1.
- 1.3 In this context the SHMA Practise Guidance Version 2 page 52 Step 5.1 encourages any under provision to be provided within the first five years of the plan period particularly in respect to affordable housing. The Secretary of State’s decision on a planning appeal at land at Todenham Road, Moreton-in-the-Marsh ref APP/F161/A10/2130320 in April 2011 supported this method of calculating the land supply.

Flexibility and Review

2.15 *What flexibility exists within strategy if the Council's assessment of growth/job creation or delivery are not borne out? (The practical implications of the contingencies referred to at the end of DW1 and 2.53 are best explored in the context of Bath under issue 2.)*

- 1.1 There is no flexibility in the strategy to respond to higher levels of demand because outturn figures for both employment and housing appear solely to be based on existing commitments and the emergence of some unidentified (but estimated) sites. If these do not emerge or are delayed then development will be unable to respond to any increase in demand. The only flexibility is downward i.e. less provision of housing (and to a lesser extent employment).
- 1.2 In reality employment creation is less constrained because setting aside labour supply limitations (including those currently unemployed) there is some flexibility within the existing stock of buildings. There have been significant increases in vacancies of industrial, office retail and other floorspace in the last 3 years as well as occupied buildings being used less efficiently. Consequently there is some spare capacity although little by way of new employment land to cater for new industries in a modern environment i.e. a business park.

2.16 Core Strategy paragraph 7.05 anticipates a review of the Core Strategy every 5 years.

- *is such a review compatible with the intended long term nature of Core Strategies?*
- *does the Government's planned removal of regional plans make a planned review more important than before?*
- *should the Core Strategy be more explicit about what would be reviewed/when and what might trigger a contingency or review of the spatial strategy;*
- *should a spatial contingency be an explicit part of the strategy?*

1.1 As the strategy is fundamentally unsound, its adoption followed by an early review is not a credible approach. When the council was asked by the Inspector to consider identifying a housing contingency – with the recognition that the Core Strategy could be found unsound – the Council rejected options that were recommended by their Officers at the Cabinet Meeting on 13th September 2011. This experience offers no support for the idea that an early review would achieve a more positive result. It will therefore be necessary to find the Core Strategy unsound with a clear guidance as to what action will be necessary to make it sound.

1.2 It should be added that there are no disadvantages in this course of action since although the current Core Strategy claims to be a Spatial Strategy, it is in reality little more than an aggregation of existing commitments (allocations and permissions) together with an allowance for known large brownfield sites and small site urban infill which are entirely in conformity with existing policies. Given this the absence of a Core Strategy for a limited period whilst a new Plan is prepared will pose no major policy difficulties.

1.3 If the Inspector does not favour this approach we would very reluctantly go along with a very early (within 3 years) review of the Core Strategy to take into account:-

- (i) the wider sub regional housing issues currently neglected because of the lack of any cross boundary co-operation;
- (ii) the shortfall against current housing/employment needs within the ONS data;
- (iii) the need for a review of the Green Belt.

1.4 We see no purpose in recommending a spatial contingency since this has very recently been rejected by the Council.

2.17 *Does the Council's methodology for assessing housing requirements enable assumptions to be tested in the future against new evidence in a transparent way?*

- *What data could be monitored/used to assess whether the plan was working as intended or whether it was having unintended consequences?*
- *For how long would the homes/job ratio of 1.39 be used for future work? What would trigger its review?*

1.1 We have explained in detail in Appendix 2 that the approach is not transparent and this makes it virtually incapable of being monitored accurately.

1.2 Whilst it is relatively easy to collect up-to-date information on new housing growth, collecting employment data at the local level is extremely difficult to achieve. Moreover, given that the ratio/multiplier is based on the whole of the West of England it would be important to monitor employment growth over this wider area to ensure that the multiplier/ratio itself was not changing. However, the most important point to note is that, since the jobs/homes ratio has no causal connection (and is merely a mathematical figure) it cannot be monitored in any satisfactory way.

1.3 In terms of assessing whether it had any unintended consequences, this becomes even more difficult. In order to achieve proper monitoring of this it would be important to assess levels of commuting both in and out of BANES, together with commuting patterns across the whole of the West of England. We strongly suspect that this information is neither available; nor will there be the political will to collect it.

1.4 Our view is that the home/job ratio of 1.39 will be used for future work provided it gives rise to a solution which is found by BANES Council to generate a politically acceptable level of growth. In reality there are no wider benefits in utilizing this method of recalculating housing needs using national projections (for the reasons stated above).