

Bath and North East Somerset Council: Core Strategy Examination

Written Statement: Issue 1

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?

The Core Strategy is unsound in respect of the proposed level of housing and job-creation. The targets are unjustified as they rely on a modified set of out-of-date household projections.

The planned level of housing supply represents a significant degree of under-provision when measured against the 2008-based household projections and the SHMA. Only 8,700 jobs are planned for compared with the 20,200 target in the draft RS, and 11,000 homes compared to the 21,300 provided for in the draft RS. This is a strategy that diverges to a significant degree to the objectives of the West of England LEP and the Government's *Planning for Growth* agenda.

Since the Council has chosen to advance its core strategy under the auspices of the new planning regime, it has chosen to depart from the housing figures set out in the draft RS. It has neglected, however, the other elements of the new planning regime that requires cross-boundary cooperation to take account of planning decisions being made elsewhere in the HMA. Importantly, there is no evidence that the Council has taken into account the potential under-provision in Bristol City where uncertainty over the forecast housing need has made it necessary to review the housing figures within the next five years.

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

No. Because the Council is choosing to depart from the targets in the draft RS, and is bringing forward a plan under the auspices of the new planning regime that will dispense with the RS, it has chosen to develop its own evidence base for a housing requirement. This is set out in the Stage 2 report (CD4/H1). However, this modelling is based upon out-of-date household projections.

PPS3 requires local authorities (working with the now defunct Regional Planning Bodies) to have regard to the 'latest published household projections' and through this process the RS defined the specific housing

targets for the constituent local authorities. Since the Council is choosing to advance a core strategy under the provisions of the new planning regime it must be assessed against the provisions of emerging planning policy. This is set out in the draft NPPF. This requires that the latest household projections form the basis of the Council's assessment of its housing requirement. Since the Council has not done so, and instead relies upon a hybrid of the 2004-based revised projections and the 2006 projections, it cannot be said to have complied with the draft NPPF.

It should be noted that the Council has not even complied with the Government's interim guidance that accompanied its RS revocation announcement of the 6 July 2010. In his accompanying guidance, the Chief Planner sets out the rules for establishing a new housing requirement if a local authority chooses to depart from the level of provision in the RS. The Chief Planner makes clear that the new housing requirement should be in line with the approach set out in PPS3. PPS3, paragraph 33 requires that the local authority has regard to the 'latest' household projections. Since the Council has not done so, the target cannot be considered to be compliant with national policy.

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)?

The planned provision would signally fail to meet the requirements indicated by the 2008-based household projections and the SHMA. As the Council has chosen to advance its plan under the new planning regime so it must comply with the provisions of the draft NPPF. The draft NPPF requires LPAs to have a clear understanding of the housing requirements in their area. To this end they should prepare a SHMA which meets household and population projections, taking account of migration and demographic change. It is our view that the core strategy fails to do so because it gives insufficient weight to evidence from the most recent household projections and to the West of England SHMA.

The housing targets in the core strategy will fail to meet the level of need indicated by the most recent 2008-based household projections. The 2008 based projections indicate a growth of 16,000 households between 2006 and 2026. In addition to this, consideration must be given to the apportionment of further housing growth to address capacity constraints in Bristol City.

The Government attaches considerable weight to the household projections. In a House of Lords written answer of 25 October DCLG Minister Baroness Hanham confirmed that

“When assessing their housing requirements in future years as part of a strategic housing market assessment, authorities should use the most recently released sub-national population projections (published by the Office

for National Statistics) and household projections (published by the Department for Communities and Local Government)."

This provides a clear statement that the Government expects that the population and household projections will provide the basis for establishing district housing requirements.

It is clear that the Stage 2 (CD4/H1) report does not have regard to the latest population and household projections (2008-based), but is based a 'highly modified' version of the original projections by the Regional Assembly that informed the Draft RSS (paragraph 4.7 of CD4/H1). It is important to note the household projections informing the Draft RSS were based on the 2003-based household projections. Post-EIP the housing target for the region was increased to reflect the Revised 2004-based household projections. In basing its modelling on out-of-date household projections, the Council is potentially distorting significantly what the local housing requirements are. By attaching little weight to the most recent household projections, the core strategy does not conform to emerging national planning policy.

Again in paragraph 8.3 the Council makes it clear that their modelling is based on out-dated evidence. It is based on a combination of the 2004-based Revised Household projections and the 2006-based household projections. The 2008-based projections have not been evaluated despite these being published a year ago. The Council states that both sets (2004 Revised and 2006) are used owing to fears that the 2006-based projections were too high as these were informed by previously high levels of international migration in to the UK. The Council maintains that such levels of international in-migration that might not be sustained. However, the evidence suggests that international migration has not fallen to the degree that the Council has hoped, and depends upon in part to justify departing from the draft RSS housing target. The Migration Statistics Quarterly Report for February 2011 shows that after the South East region the South West has experienced the largest net inflow of people from the rest of the UK (19,000). The Migration Statistics Quarterly Report, August 2011 (this report does not provide a statement on move within the UK) shows that net migration to the UK stands at 239,000 for the year ending December 2010. This is up from 198,000 for the year ending December 2009. Contrary to the statement by the Council (and many other commentators) the UK, and in turn the South West, continues to draw people to it. This may be a reflection of the relative robustness of the UK and Bristol City Region economies and their relative attractiveness compared to other EU countries. It is important to note that the draft NPPF requires the housing requirement to take account of the migration change (paragraph 28).

The Council admits that it has not had regard to the 2008-based household projections in paragraph 8.3. Yet if it was choosing to depart from the draft RSS it would be required to comply with the provisions of the draft NPPF in establishing a new housing requirement that had regard to the latest household projections. Given that the Stage 2 report was published in September 2010, the Council had adequate time to revise its housing

requirement to take account of the 2008-based projections when these were published in November 2010. It should have done so, to ensure that it had developed a robustly core strategy that could justify a housing target that departed so significantly from the draft RSS especially when the 2006 and 2008 household projections indicated household formation over the plan period that is significantly in excess of the levels indicated by the 2004-based Revised projection.

We also note that the Stage 2 report is based upon the out of date 2004 based ONS sub national population projections. These had originally been used by Cambridge Econometrics to develop scenarios for the draft RS.

The draft NPPF also makes it clear that the assessment of the housing requirement should be set out in the SHMA (paragraph 28). In the draft NPPF the SHMA is a key document to understanding the housing requirements of the district. The core strategy provides for only 11,000 homes over twenty years (2006-2026) or 550 per year, whereas the West of England SHMA identifies the need for 847 affordable homes per year. By attaching little weight to the evidence from the SHMA, the core strategy does not conform to emerging national planning policy. The Council appear to attach limited weight to the SHMA which indicates a level of affordable housing need that exceeds the housing requirement of the core strategy.

However, the West of England SHMA has its limitations. It is deficient with respect to the NPPF and PPS3 in that it only assesses affordable housing need, not the market need that will be additional to this.

Finally, by way of illustration of the degree of housing stress being experienced in B&NES, it should be noted that the Housing Waiting List for B&NES in 2011 stands at 10,344 households. This represents 13.5% of all households in B&NES, compared to a national average of 8.2% in England and 8% across the SW.

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?

The Council cannot pick and choose from the old or new regime to justify its core strategy. Either no weight is attached to the old regime consisting of RPG 10, the draft RS and what is still current national planning policy or else regard is given for the newly emerging planning regime which includes the duty to cooperate which is now statute under the Localism Act. It would also need to have regard to the provisions of the draft NPPF. The new regime, after all, will apply for the time-period covered by the core strategy. The Council cannot depart from the RS but not have regard to the rest of the provisions of the new planning regime.

If the Council does not wish to be bound by the provisions of the Localism Act which includes the revocation of the RS and the duty to co-operate, then it must conform to the sub-regional strategy of the draft RS. This includes the

strategic distribution of growth across the city region and its cross-boundary provisions plus the requirement to providing for 21,300 homes – a level of provision that had been subject to exhaustive consultation and examination-in-public.

Conversely, if the Council wishes to attach little weight to the RS and its housing targets, and has regard instead for the Government's localism agenda, then it must show how its plan complies with the statutory duty to cooperate.

The Council cannot realistically argue that it was unaware of the duty to cooperate as this has been matter of national debate for much of the year, and has been a requirement of the Ministerial Statement on *Planning for Growth* since 23 March 2011. We have referred to this previously above.

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?

The core strategy does not reflect the aims of the Government's growth agenda. It places barriers in front of housing opportunities that could otherwise be realised by a more supportive core strategy. This includes the potential for a greater level of provision in the areas of search indicated by the draft RS, for example (but not exclusively) at Keynsham (in line with the 3,000 proposed by the draft RS) and what had been Area of Search 1B of the draft RS (9,000 homes).

The core strategy does not reflect the objectives of the West of England LEP which aims to achieve 3.4% growth per annum by 2020 and 95,000 jobs by 2030.

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?

It is necessary for the core strategy to set a clear housing requirement. This provides the basis for planning for housing delivery, including identifying a five and ten year supply of deliverable land and a housing trajectory. Establishing a requirement is important for developers. It provides them with a degree of certainty and a basis for investment decisions. The Council will not be able to plan delivery satisfactorily unless it has a housing target. The core strategy should set a housing requirement that is in line with the draft RS so that this is sufficiently broad in scope to accommodate a higher level of housing need over the plan period to 2026.

Plan period

The core strategy should be extended by at least a year to ensure that it covers a period of at least 15 years, as required by PPS12. The draft NPPF is less specific, advising only a period of 15 years. However, it should be remembered that the NPPF needs to be read as a whole (paragraph 9) so the core strategy would have to comply with the other provisions in the NPPF.

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 LEP 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?

The core strategy does not support the aspirations of the West of England LEP. It assumes 1.6% economic growth in B&NES over the plan period 2006-26 compared to the target of 3.4% for the West of England area by 2020 as set by the LEP.

The Stage 2 (CD4/H1) report notes in paragraph 6.4 and table 3b that 3.1% growth was the pre-recession trend for the West of England Partnership area. While the LEP target represents an increase on the pre-recession trend, it provides a necessarily aspirational target for this important sub-regional area that makes an important contribution to the UK economy. The need for aspirational targets would be consistent with the Government's *Planning for Growth* statement.

The draft NPPF requires local planning authorities to work collaboratively to enable sustainable economic growth in consultation with the Local Enterprise Partnership (paragraph 45).

The Core Strategy itself acknowledges the buoyancy of the West of England economy being the second highest in the country after London (paragraph 1.07). While today's circumstances are challenging, the potential for the West of England to assist the country's economic recovery and attain higher levels of growth is considerable. The local planning authorities of the West of England play a central role in facilitating such a recovery. This is the Government's expectation. Its aims in this respect have been articulated in *Planning for Growth* and the draft NPPF. Most recently, the Government in its Housing Strategy emphasises the importance of increasing house building to assist economic growth. This document states on page vii, paragraph 2, that encouraging new house building "is central to our plans for economic growth". Again, in paragraph 10, the Government acknowledges the link between new house building and the wider health of the economy and the jobs that new homes provide (paragraph 11).

A more permissive core strategy that allowed sites that are suitable for housing to be developed - irrespective of housing targets (if a site is suitable

in terms of the provisions of the NPPF then why not allow it to be developed?) would enable higher growth targets to be achieved. Policies of constraint, as they accumulate over the years, only serve to depress the market. Projections of future moribund growth that are derived from today's depressed market conditions, do not allow for decisive political and planning interventions that can reverse such trends.

2.8 Is the Council's multiplier of jobs to new homes justified?

No. The approach is unreliable and consequently it serves as an unsound basis upon which to derive a housing requirement.

The lower figure of 1.6% economic growth drives a target of 8,700 jobs. A multiplier of 1.39 homes per job is then applied to generate a housing requirement of 12,100 homes.

Firstly, the figure of 1.6% economic growth is based upon out-dated populations and household projections used to inform the draft RS.

Secondly, the Stage 2 report justifies using the multiplier as the basis for calculating the housing requirement for the district because this will provide the number of new homes necessary to allow the economy to grow at a rate unconstrained by local labour shortages but without encouraging further commuting (paragraph 5.1.5).

This approach ignores the pressures for new housing generated from new immigrants, particularly wealthy incomers including the self-employed (who although employed may not feature in the statistics for new jobs created), and those who commute to work outside the district. Wealthy incomers will price-out locals. This will only add to the housing tensions within the district and export B&NES own housing problem to adjacent authorities as existing residents are forced to look without the district to meet their needs. The increase in student numbers represents an additional source of demand.

Thirdly, the approach ignores the housing pressures arising from Bristol City Council (and to a lesser extent the other authorities) adopting a housing target that is considerably lower than the level indicated as necessary by the household projections. The uncertainties and risks associated with setting a target that falls very substantially below the potential level of demand was discussed at length at the Examination of the Bristol plan (paragraphs 48 and 56). It was noted that Bristol's decision regarding its housing numbers could have implications for the other authorities (paragraph 24).

Fourthly, since the Council is not proposing to supply 12,100 new homes, only 11,000, even the logic of its policy rationale of balancing new jobs and homes is not being followed through.

Finally, the Council cannot control who occupies new market housing and where those residents work, nor can we see how it is able to ensure that new homes are occupied only by those taking-up new jobs in the district. This

results in a very weak link between locally created jobs and new housing and is thus also a very weak basis upon which to justify a housing requirement. The Council should, therefore, undertake a far more robust assessment of the need for additional dwellings in B&NES based on the realities of the travel to work patterns in the area and the influence of Bristol on the housing/employment balance.

2.10 Would more housing and/or fewer jobs result in unsustainable patterns of development?

Failing to provide an adequate numbers of homes in B&NES would only export the housing problem elsewhere. This would not result in a decline in commuting. Indeed, if households are priced-out or not accommodated within Bristol City and B&NES then they might be forced to commute into work in these areas from further afield.

However, it should be noted that adjacent local authorities are not planning to accommodate any potential unmet need from Bristol or B&NES. Like B&NES they are pursuing policies of self-containment. North Somerset is pursuing a policy of discouraging commuting by limiting the number of new homes built in the district (see Vision 1: North Somerset Vision). Wiltshire's emerging core strategy is not making provision for commuters in the district either (see Chapter 4, Core Policy 2: Delivery Strategy of the preferred option). If adjoining authorities are not proposing to house commuters with jobs in Bristol, then the problem is being passed onto another authority. Commutes could increase in length. The more likely consequence, however, of pursuing such autarkic policies is that existing residents on low incomes will be priced-out of the market by those with greater purchasing power who nevertheless need a home in the district to do a job. That would represent a truly unsustainable strategy when sustainability is considered in the round (i.e. social and economic, as well as environmental). This is set out in paragraph 10 of the draft NPPF.

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

No. The core strategy neglects the cross-boundary implications arising from the housing situation in Bristol City. Uncertainty in Bristol over the likely scale of housing need over the plan period, and the capacity constraints that were cited by the City as the reason for scaling back on provision against the draft RS targets, means that there is potentially a need for the West of England authorities to work in concert to plan for a higher housing requirement. It is important to note that it was the evidence of capacity constraints that was a decisive reason in allowing the City to set a lower target. Inevitably, some of Bristol's unmet need will have to be accommodated elsewhere, by another district. B&NES cannot assume that this will be accommodated in either South Gloucestershire or North Somerset as judgments as to the soundness of their respective core strategies (including the soundness of their housing targets) is still pending.

Flexibility and review

2.15 What flexibility exists within the 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).

There is no scope within the core strategy to accommodate a higher rate of growth (employment and housing). A higher rate of growth would require urban extensions (such as those indicated in the draft RS which defines areas of search 1B and 1G and a 1,500 more in area of search 1F). Strategic sites need to be accounted for in the core strategy because they require a long lead-in time and their infrastructure requirements need to be planned for. This is in accordance with paragraph 4.6 of PPS12.

Should the planned delivery of the 6,000 homes within Bath become delayed for any reason (and it should be noted that some of the key sites within Bath upon which the Council depends for delivery against its housing targets have been sitting around for many years) there is very little by way of contingency to allow for possible shortfalls to be picked-up elsewhere.

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?**

No. The Council must plan for its needs based upon its best assessment of the likely challenges it faces for the next 15-20 years. If there are doubts that the core strategy is the right one for the next 15-20 years then it should not be adopted. Planning, by the nature of the discipline, should be concerned with the longer-term. A series of five year plans would be inadequate and continually put-off the need for longer-term strategic decisions. This is frankly a cowardly and in-decisive way of meeting the district's development needs.

Reviews are also slow and insufficiently responsive to accommodate changing circumstances. Reviews also cause significant problems in terms of calculating the five and ten year land supplies of deliverable sites and they will block decisions being made on the need for larger, strategic, schemes that may be necessary to meet a higher housing requirement. The core strategy needs to have built into it sufficient margin that will enable the Council to be able to respond to and accommodate a higher level of growth if this proves necessary. This will include a margin for a higher housing target. It is easier to adjust a plan downwards to accommodate lower than expected growth than carry-out a review and produce a new plan to accommodate more.

- **Does the Government's planned removal of regional plans make a planned review more important than before?**

No. The purpose of producing a plan now is to deal with events over the next 15-20 years. This plan has been produced by the Council on the basis that the RS is no longer part of the Development Plan. If there are doubts about whether the plan to be examined is the right one to address the needs of the district over the next 20 years then it should be declared unsound and a new plan produced which does address those needs.

- **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?**

We do not support reliance on contingency measures as a way of remedying an unsound plan. Contingency options in a plan are necessary to provide alternatives in case certain development sites do not come forward as originally anticipated (e.g. key strategic sites) not to address fundamental flaws in a plan. The core strategy, however, should be based upon the most reliable assessment of the future growth needs of the district and set its housing requirement accordingly.

If there is any doubt about the plan's adequacy in this regard then it must be unsound. If in doubt, the plan should make allowance for a higher housing requirement.

- **Should a spatial contingency be an explicit part of the strategy?**

Yes, but this should not be linked to a review. As stated above, contingency options (such as alternative housing sites) are necessary in case allocated sites fail come forward at the pace expected in the housing trajectory.

If there is any doubt about the appropriateness of the housing target then the plan should not be adopted.

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