

Position Statement: Issue 1a

Justification for the revised Core Strategy target of 14,000 dwellings compared with draft RS figure of 26,750 [see also Issue 3]

Supporting information in response to issues raised by participant's position statements

A) The links between the RSS methodology and that of the Stage 2 Report

1. The RSS approach

1.1 The RSS, as also the Regional Economic Strategy 2005-16 (RES), was produced towards the end of a long period of uninterrupted economic growth, following recovery from the recession of the early 1990s. It was based on an assumption of growth in GVA for the South West as a whole towards the top of the range of 2.8%-3.2% GVA pa, equivalent to a range for the UK as a whole of between 2.8%-3.1% and, for the four unitary authorities of the West of England Partnership area of approximately 3.0%-3.4%. In the normal run of things, over the twenty years between 2006 and 2026, we could expect perhaps two or three brief periods of slower growth, or even moderate contraction, in line with the long-term economic growth cycle. The RSS/RES therefore assumed that growth throughout the period 2006-26, even if it did not carry on uninterrupted over the whole of this period, would at least be sufficiently robust for these averages to prevail.

1.2 The RSS was, however, able to take into account the results of the 2001 Census, although the full impact of the higher rates of household formation informed by the Census¹ were not fully available until after publication of the draft RSS in the spring of 2006. However, following a request by the Secretary of State, the implications of these 2003 based household projections were fully investigated and were used to inform the debate at the RSS EiP in 2007 and the subsequent recommendations by the EiP Panel.

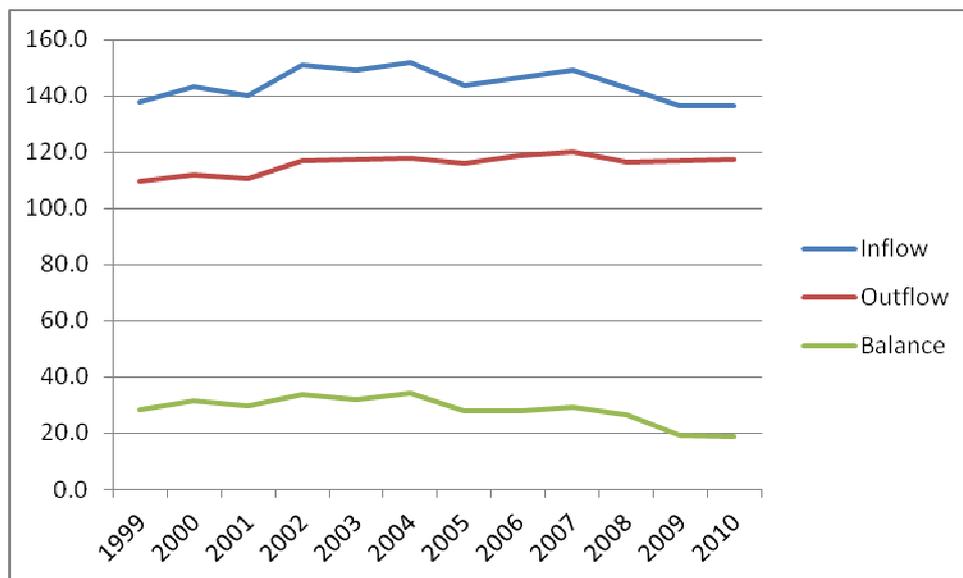
1.3 The RSS set out a strategy to deal with both the overall housing growth needs to support a healthy economy across the whole of the SW region, and also to identify the requirements of each individual local authority and/or wider urban area, the latter referred to in the RSS (Development Policy A) as Strategically Significant Cities and Towns (SSCTs) of which a total of 21 were identified. Weston-super-Mare, along with those of Bristol urban area and Bath were the three SSCTs that, together, initially provided the focus of the West of England Joint Study Area covering the four Unitary Authorities during preparation of the RSS. Later, as the RSS developed, they were joined by the Trowbridge SSCT as part of a wider WoE housing market area which included the Mendip and former West Wiltshire Districts.

1.4 A key element of this work was the central role of local economies and their capacity for growth in providing a solid basis of future employment as part of the drive towards creating more sustainable communities. This was part of a coherent strategy that aimed to keep a broad balance

¹ DCLG "2003 based sub national household projections", March 2006

between future employment and population/housing growth and thereby help to counter the long established trend throughout the SW of population dispersal away from the major economic and service centres. At the same time, the RSS recognised that the long-established pressures from rapid migration-driven growth of the SW would inevitably continue. This net migration gain, due to the region’s attractiveness to large numbers of people from the UK moving for “lifestyle”, social and other non work related reasons, has in recent years been augmented by an increase in overseas migrants, particularly since the accession of Eastern European countries to the EU in 2004. Over the last three years the latter numbers considerably reduced in response to more pessimistic economic prospects in the UK although there has been a recent recovery.²

Fig 1 South West: Migration flows to and from the rest of UK



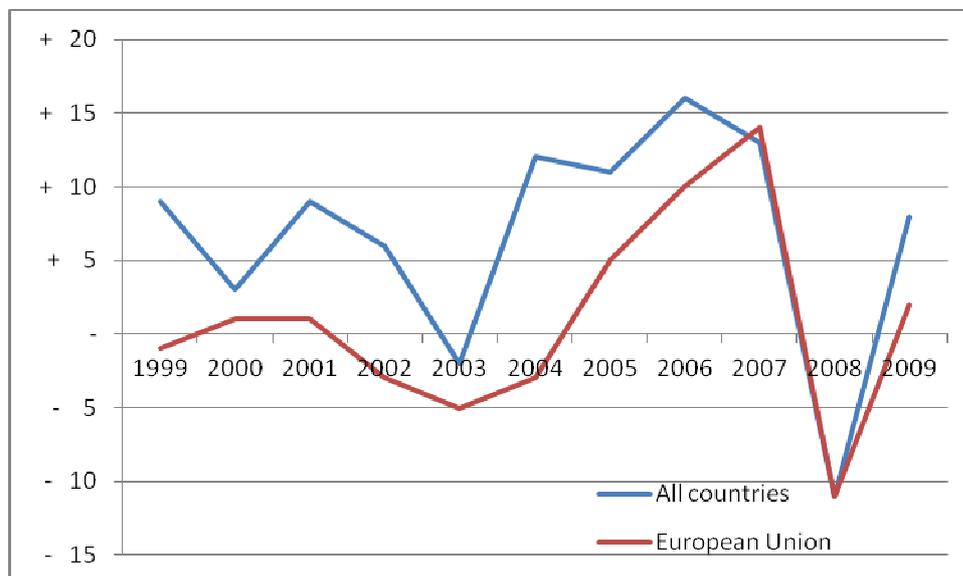
Source: ONS NHSCR

1.5 The RSS recognised that a considerable proportion of the migration gain to the region would inevitably be non work related as many migrants, for example home-owning older people, would be always be able to outbid many locally employed workers and others in the housing market. A relatively generous allowance was therefore made in the RSS for non employment related migration by linking a matched long term trend, ONS compatible set of local population projections with a comparable set of then current trend economic sectoral employment and GVA projections using a similar population base. In the RSS, this relationship, expressed as the ratio of completed additional homes to additional jobs, was calculated across three broad regional sub areas – northern (covering W of England, Gloucestershire, Swindon and most of Wiltshire, and Mendip District), South East (covering Dorset, Bournemouth, Poole, Salisbury and S Somerset) and Peninsula (Cornwall, Devon and remainder of Somerset). Northern had the lowest incidence of non job related migration growth (ratio = 1.25), and Peninsula, with its greater overall component of retirement and other lifestyle migration, the highest (approaching a ratio of 1.9). South East was close to the regional

² Provisional data from the International Passenger Survey shows that whilst net migration from the “Accession Eight” (A8) EU countries to the UK as a whole increased to over 80,000 in 2007, this fell to 5,000 in 2009 before rising again to 39,000 in 2010. (ONS, August 2011).

average ratio of 1.5. The detailed methodology used is set out in “Strategic assumptions about the future and projections of population and economic change” RSS Discussion Paper 6 July 2005 (ED/17)

Fig 2 South West: International net migration



Source: ONS IPS

1.6 This approach was used deliberately for the RSS in place of the more usual method of matching projected labour force requirements to economically active numbers available, “topping up” any shortfall in economically active plus an allowance for unemployment, then via the application of economic activity rates the workforce shortfall is converted into a shortfall in working age population which is then topped up through a flow net estimated net migrants estimated to be within this age group. The age specific ratios between working age migrants and other age groups in the net flow are then calculated. Finally, household representative rates are applied to both the local and migrant populations, allowances made for second homes, vacant homes, shared household spaces and losses from housing stock to arrive at the final additional housing requirement. The problem with this is that it relies on the application of a whole series of assumptions regarding quite volatile elements the such as net migration age balance and economic activity and household representative rates applied to the whole population where very small changes in projected future rates lead to relatively very large changes in population levels and housing requirements at the margin. The danger is that the projections, and therefore the estimates of additional housing required, acquire a false air of scientific precision.

2. Advantages of the new homes to new jobs ratio approach

2.1 The method first developed for the RSS and then modified for use for the smaller geographic scale of the West of England and North Somerset has several advantages over more traditional approaches.

2.2 Compared with basing the housing requirement solely on demographic projections such as the ONS/DCLG sub national projections, the method here avoids simply replicating and extrapolating a version of past population growth trends in a “predict and provide” fashion. Instead, while taking into account demographic trends, it establishes a clear link between economic growth and future housing requirements, whilst acknowledging, and making generous allowance for, the considerable section of the housing market that has no particular connection with local employment.

2.3 The methodology has advantages when compared with a more traditional approach where projected future jobs are translated into a workforce requirement, a requirement for additional workers through net migration is identified and a ratio of locally economically active migrants to other net migrants is applied to “top up” the migrant numbers before feeding the data into a standard demographic model. The N Somerset methodology’s advantages are:

- It does not depend on a series of volatile assumptions linking economic activity rates to unemployment rates to net migrant age distributions to household representative rates (HHR), or at least average household size, to arrive at an additional housing requirement. Instead, apart from application of HHR within the model, the outputs are not over sensitive to the relationship between activity rates and details of population structure.
- By using aggregate outputs of each of the two model systems – economic and demographic models – for most feasible growth outcomes in an area such as North Somerset (ie where change is reasonably progressive and does not fluctuate violently during the plan period), the use of the housing to jobs ratio is stable and reasonably predictable, being based on the application of the principle of avoiding estimator bias caused by unnecessary disaggregation of components within the model. In this way the risk of inadvertently biasing components of the housing requirement model is reduced.
- Whilst the internal workings of the economic and demographic models themselves are fairly obscure, at least to non technical users, the ratio approach at least expresses a key relationship between the models in a way that is visible, and with predictable outcomes when applied.

3. Updating the RSS methodology for the Core Strategy housing requirement

3.1. When updating and applying the RSS housing methodology to the N Somerset Core Strategy, a number of modifications had to be made:

- The key economic circumstances have changed radically since the onset of the credit crisis in 2007.
- Notwithstanding the CALA Homes Court of Appeal ruling,³ the region-wide planning perspective which was formerly used by the Regional Planning Body for sharing some strategic elements of growth between different parts the South West cannot in practical terms be reviewed without intruding on other authorities’ areas of responsibility. The housing requirements of each local authority therefore had to be addressed largely on local evidence from the point of view of needs arising from within their own boundaries, and within a wider partnership of authorities where agreement for doing this jointly has been

³ EWCA Civ 639 (27 May 2011)

made under the duty to cooperate.⁴ In addition, appropriate account of evidence from the SHMA was taken.⁵ Therefore, whilst the Stage 2 assessment was primarily based on the growth prospects for jobs within N Somerset, account was taken of the wider characteristics of the wider West of England economy and housing market in order to ensure a more balanced context for growth. **The projected wider WoE new homes to jobs ratio was therefore used rather than that of N Somerset alone** to prevent over generous provision of housing for migrants without a local employment connection to the area, such as out-commuters and the retired.

3.2 The issue of updating the new homes to jobs ratio to be used in the Stage 2 study was a central concern. The RSS work was based on a detailed series of population projections developed by the RPB⁶ in consultation with the former Structure Plan Authorities of the South West (the 4(4) Authorities),⁷ and carried out by The Population and Housing Group (PHRG) of Anglia Ruskin University using the well known Chelmer model. The service provided by PHRG at that time was widely used by a large number of local authorities (many using the Chelmer model software themselves) and by the development industry, including the HBF. It had the advantage of greater transparency compared with the ONS sub-national projection model with the user having complete control over the input data assumptions. In the case of the ONS data the user simply gets what ONS provides with no facility to change any inputs. Importantly, by using Chelmer, it was possible to ensure that all scenarios run were totally consistent with one another regarding their assumptions.

3.3 A further, entirely practical, reason for using Chelmer at the time was that the first DCLG household projections to incorporate the results of the 2001 Census had not been released in their final form and use of the model permitted the latest available household representative rates data to be input.⁸ When the DCLG 2003-based household projections were eventually released in March 2006, the Chelmer model was re-run using the new figures.

3.4 One scenario run by the RPB was to emulate what was in 2005/06 the latest sub-national population projections data for local authorities across the SW. This was then matched for the three sub-regional statistical areas (see Appendix 1 below) against the 2.8% pa “business of usual” trend economic projections commissioned from Cambridge Econometrics which were based on an equivalent set of trend assumptions, broad population trends from the then current ONS sub-national projections being one of a large number of elements in their Local Economy Forecasting Model (LEFM).⁹ Whilst it was not possible to completely replicate the ONS projection, the results obtained were regarded as robust and sufficiently close to those of ONS whilst still retaining internal consistency with the other RSS scenarios. A contemporary briefing note on the comparisons between ONS and Chelmer model results provided by PHRG is shown in Appendix 1. A number of problems were identified with updating the homes, jobs ratio using the latest ONS/DCLG projections:

⁴ Local Government and Public Involvement in Health (LGPIH) Act 2007. Also see para 44 et seq Draft National Planning Policy Framework DCLG 2011

⁵ Strategic Housing Market Assessment. PPS3 (June 2010) para 22

⁶ The Regional Planning Body, based in the SW Regional Assembly Secretariat

⁷ Q.v. Section 4(4) Planning and Compulsory Purchase Act 2004

⁸ This was facilitated at the time by the fact that Prof. Dave King of PHRG had been engaged by DCLG’s predecessor ODPM to advise on the household projections and, in particular, on the household representative rates used for the 2003 based projections. For subsequent projections, DCLG has used its own figures.

⁹ For further details see

http://www.camecon.com/ModellingTraining/suite_economic_models/LEFM/LEFMOverview.aspx also <http://www2.warwick.ac.uk/fac/soc/ier/software/lefm/>

Table 1 West of England ONS/DCLG population and household projections
(from Stage 2 Report)

West of England: 2003, 2004, 2006 and 2008 Based ONS Projections

Table 1a Population

	Population Change 2006-26 (Share of West of England Partnership total)							
	ONS 2003		ONS 2004 Revised		ONS 2006		ONS 2008	
	2006 Projected	Change 2006-26	2006 Projected	Change 2006-26	2006 Projection Base estimate	Change 2006-26	2006 Revised Estimate	Change 2006-26
B&NES	173,400 (17.1%)	14,100 (12.4%)	175,700 (17.0%)	20,900 (12.6%)	175,600 (16.9%)	30,800 (11.9%)	173,100 (16.6%)	27,100 (9.5%)
Bristol	393,700 (38.7%)	29,500 (25.9%)	404,200 (39.0%)	53,800 (32.4%)	410,500 (39.4%)	109,300 (42.2%)	413,600 (39.6%)	134,500 (47.1%)
N. Somerset	196,500 (19.3%)	33,200 (29.2%)	200,500 (19.3%)	45,600 (27.4%)	201,400 (19.3%)	65,000 (25.1%)	200,800 (19.2%)	67,600 (23.7%)
S. Glouc	252,900 (24.9%)	36,800 (32.4%)	255,800 (24.7%)	45,700 (27.5%)	254,400 (24.4%)	53,700 (20.8%)	257,500 (24.6%)	56,100 (19.7%)
WoE	1,016,500	113,600	1,036,300	166,000	1,041,900	258,800	1,045,000	285,300

TABLE 1b Households

	Households: Baseline (actual levels) 2006	Household Change 2006-26 (share of change)			
		CLG 2003	CLG 2004 Revised	CLG 2006	CLG 2008
B&NES	74,000 (16.7%)	13,000 (13.9%)	17,000 (14.2%)	19,000 (12.6%)	16,000 (10.3%)
Bristol	175,000 (39.6%)	29,000 (31.2%)	42,000 (35.0%)	63,000 (41.7%)	72,000 (46.5%)
N. Somerset	87,000 (19.7%)	24,000 (25.8%)	29,000 (24.2%)	36,000 (23.8%)	36,000 (23.2%)
S. Glouc	106,000 (24.0%)	27,000 (29.0%)	32,000 (26.7%)	33,000 (21.9%)	32,000 (20.6%)
WoE	442,000 (100%)	93,000 (100%)	120,000 (100%)	151,000 (100%)	155,000 (100%)

3.5 The results for successive ONS/DCLG projections following the 2003 based set have fluctuated severely as assumptions in the official set have changed, particularly regarding migration trends. The extent of these fluctuations is shown below. ONS/DCLG figures for the West of England, critical for the calculation of the homes, jobs ratio in Stage 2, show 2006-26 progressive increases from 113,600 population (ONS 2003 based) to 285,300 (ONS 2008 based), with households increases rising from 93,000 to 155,000. In the case of N Somerset (not critical for calculating the ratio but important for purposes of comparison with the Stage 2 recommendations), population increases projected rose from 33,200 over the period (ONS 2003 based) to 45,600 (2004 based revised), accelerating to 65,000 (2006 based) and then rising further to 67,600 (2008 based). The respective DCLG household projections are 24,000, 29,000, 36,000 and 36,000, the latter representing a huge 41% increase over the 2006 overall total of 87,000 throughout the District.

3.6 By way of comparison, the “actual” (ie ONS mid-year estimate based) average annual growth of population in the District for the nine years 2001-2010 was 2,600 compared with 2,280 p.a. for the 2004 based revised ONS projection and 3,380 p.a. for the 2008 based.

3.7 It should be remembered that these four sets were published over a period of only four years in the case of the household projections (March 2006 to November 2010). Whilst ONS are at pains to emphasise that the projections are only indicative of trends and should not be used as forecasts for policy purposes, the instability of the projections from year to year, due to an emphasis on changing short term trend data, (and particularly migration see above) also undermines their usefulness even as “policy neutral”¹⁰ trend indicators.

3.8 As a result of this, it was decided to retain the rather more conservative population base from the Revised ONS 2004 based projections of private household population for the West of England as a basis for the calculation of the new homes/ additional jobs ratio. This therefore updates the ratios calculated for the wider statistical sub-areas of the SW used for the RSS EiP evidence base in 2007 (see Appendix 1). The revised ratio for the West of England was produced by subtracting estimated non private population totals from the ONS 2004 figures to derive the private household population, then applying 2006 PHRG (Chelmer) derived projections of household size (these were derived from representative rates compatible with the DCLG 2003 based household projections). Finally, Chelmer derived factors covering vacant dwellings, second homes, shared dwellings and households, demolitions and net losses due to changes of use were applied to convert the household total into the dwelling requirement.

4 Projecting local housing requirements

4.1 To approximate to a measure of typical housing demand from the local population, the Stage 2 study (Section 8, para 8.2) uses the artificial assumption of zero net migration (ie that equal numbers of migrants move into the area and move out – with all the age and gender differentials that this implies – but overall the population is just allowed to age). The results from the Chelmer model are given below in Table 2. This suggests that an additional 2,700 dwellings is required by the “local” population in North Somerset 2006-26.

4.2 An alternative to this is the use of pure natural change projections where the starting population of the area is allowed to age, die and give birth in complete isolation from the rest of the world. Household Representative Rates are then applied and the resulting number of households calculated for the projection years. What tends to happen over a period of time is that the population does not replace itself sufficiently and therefore declines, giving a greatly reduced household total beyond the first few years of the projection. This is also usually true of the zero net migration assumption model but to a much lesser extent and that is why it was used for the RSS work. Both situations are, of course, highly artificial as the “local population” from which this demand is said to arise is impossible to pin down, particularly given the fact that on average more than around 10% of the population will move address annually. The problem gets worse as the area for which the projection is made gets smaller and as, in reality, migration becomes a hugely more important factor in demographic change than the “in situ” processes of birth, ageing and death. However, the measure is often included owing to a common concern by local politicians that homes for “local people” should have some degree of significance.

¹⁰ In reality of course, any projection contains “policy” components – the assumption here is that the effects of the current and recent historical policy set, and its effectiveness, remains the same (ie a “business as usual” assumption).

Table 2 Chelmer Zero net migration assumptions (run for SW RSS 2006)

	Priv. h/hold pop.					
	2001	2006	2011	2016	2021	2026
BATHNESOM	164294	164001	163347	162895	162912	163081
BRISTOL	379959	383233	389565	398716	409783	421343
NSOMERST	185144	183762	181290	178121	174327	169691
SGLOUCES	242655	247067	249596	250877	251382	251156
WoE	972052	978063	983798	990609	998404	1005271
	Total households					
	2001	2006	2011	2016	2021	2026
BATHNESOM	71170	71352	72229	73784	75638	77222
BRISTOL	165425	169061	175654	184303	193853	202940
NSOMERST	80171	81847	82999	84007	84569	84338
SGLOUCES	99220	103655	108299	113501	118386	122279
WoE	415986	425915	439181	455595	472446	486779
	Total dwellings					
	2001	2006	2011	2016	2021	2026
BATHNESOM	73104	73291	74192	75789	77693	79321
BRISTOL	169806	173539	180307	189185	198988	208315
NSOMERST	82837	84570	85760	86802	87382	87143
SGLOUCES	101051	105569	110298	115596	120571	124536
WoE	426798	436969	450557	467372	484634	499315

B) Comments on position statements

1. Baker Associates for LandTrust Developments (Issue 1)

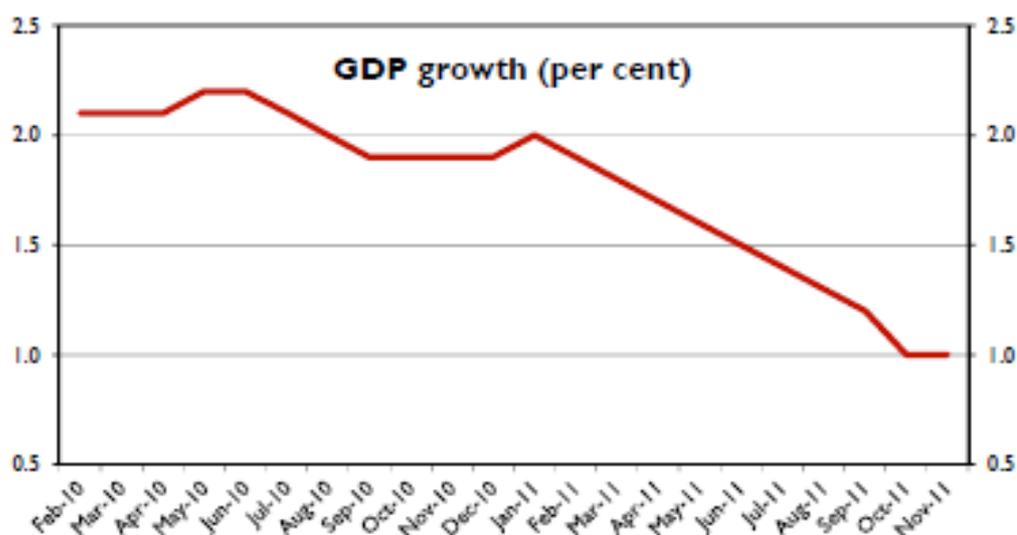
1.1 Baker para 6 comment on justification for the methodology is answered thoroughly in the Stage 2 report and augmented by the description in Section A1 – A3 above. Section A2 sets out the specific advantages of the methodology compared with the main alternatives.

1.2 Baker para 7 points out that employment is not the only determinant of housing growth and that failing to allow for sufficient increase constrains the economy. The Stage 2 methodology actually provides a generous degree of built-in flexibility by ensuring that there is generous spare capacity within the homes/jobs ratio. At the same time it reduces the dangers of overprovision during a period of prolonged low demand, resulting in more outward commuters and likelihood of uncoordinated “cherry picking” of sites for development. In addition, there is no real evidence that housing actually constrains development (see for example DTZ Consulting & Research (2006) Housing, Economic Development and Productivity: Literature Review, report for Dept of Trade and Industry).

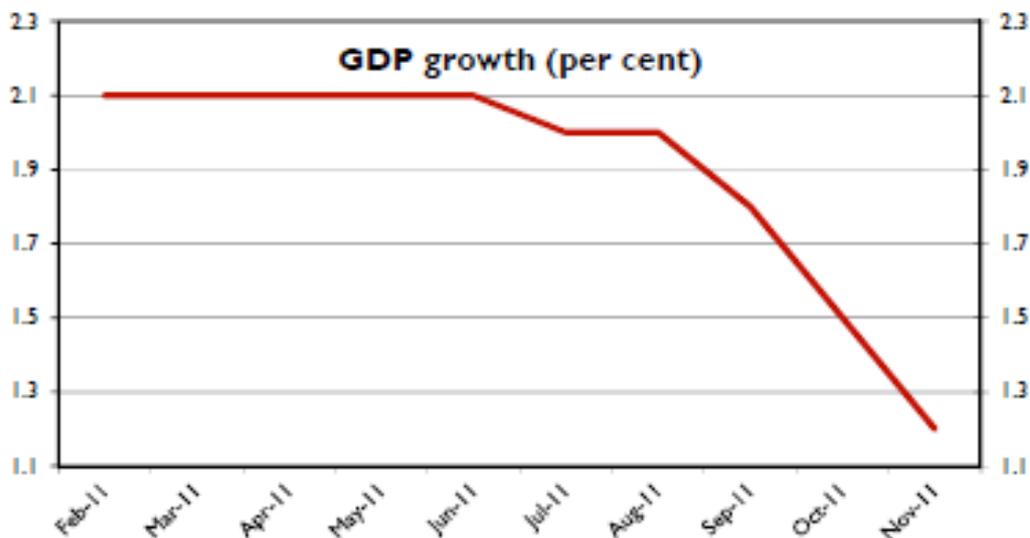
1.3 Baker para 8 states that “every economic report that emerges paints a different picture of future growth”. This is true to a point but the direction with successive projections of UK growth prospects has been inexorably downwards as shown in the following graphs from HM Treasury.

Fig 3 Average of HM Treasury survey of independent forecasts for 2011 and 2012 by survey date

Average of independent forecasts for 2011; GDP growth, CPI and RPI inflation and claimant unemployment



Average of independent forecasts for 2012; GDP growth, CPI and RPI inflation and claimant unemployment



Source: HM Treasury Forecasts for the UK Economy: a comparison of independent forecasts Nov 2011 <http://www.hm-treasury.gov.uk/d/201111forcomp.pdf>

1.4 Regarding the Experian economic projections for SW Observatory Economy Module mentioned by Baker, a very recent SWO report (Prospects for Private Sector Jobs Growth in SW England Oct 2011 pp57-58) give equal weight to both the Experian and the 2010 Oxford forecasts in an analysis future employment growth prospects. The former broadly follow the growth path of the Oxford “higher” scenario until 2021 and then depart on an even higher trajectory. The believability of this, as pointed out in the SWO report, is dependent on whether structural changes such as the Government’s intended substantial shifts from public to private sector employment are sufficient to overcome factors such as slowing in-migration, capital constraints and an ageing population which act to reduce growth. Given now emerging prospects for substantially lower growth in the short and medium term than forecast in the OBR’s March 2011 forecasts issued with the Chancellor’s spring Budget Statement.¹¹ Against this background, and factors such as continued public sector employment cuts, the Experian projected increase of employment in N Somerset of 7,500 full time equivalent jobs for 2012-16 seems very optimistic.¹²

1.5 The ABI figures quoted by Baker are for the 2006-08 period and only very partially reflect the impact of the recession, although the shift in the ABI survey month from December in 2006 to September from 2007 will cause a relative reduction in the scale of recorded change. ABI data comparisons taken over short periods and small geographical areas are not reliable. The primary concern of ABI is the collection of data at national level and sub-national employment estimates are based on modelled local unit data. Whilst the relationship between reporting unit (business

¹¹ See for example “Bank of England slashes UK economic growth forecast” The Guardian 16/11/11. “Bank of England warns of growth standstill” The Daily Telegraph 17/11/11. A revised set of OBR figures will be published alongside the Chancellor’s Autumn Statement on 29th Nov 2011.

¹² The Experian figures are published in SW Observatory Economy Module South West Economic Projections Autumn 2011.

establishments) and local unit geography is quite good at high levels of geography (for example Government Office Region), this deteriorates as the geographies get smaller.¹³

1.6 Baker para 11 criticises the Core Strategy for not upholding West of England LEP's growth objective of 3.4% from 2010 onwards. Apart from the arguably very aspirational nature of the objective in the light of current growth prospects, Baker ignores the fact that the Core Strategy covers the period 2006-26 whereas the LEP's is from 2010 onwards and does not allow for negative change in the 2008-2009 recession. This implications of LEP will be discussed at Issue 2a.

1.7 Para 13 mentions the requirement set out in para 109 of the Draft NPPF for a further 20% allowance in addition to the rolling 5 year land supply requirement to allow for changes in demand. This is already available in N Somerset having been identified by the SHLAA. This has demonstrated that there is approximately seven years' supply at the Core Strategy's proposed building rate.¹⁴

1.8 The point made about N Somerset's low current levels of commuting self containment in Baker para 14 reinforces the argument in the Core Strategy that housing development needs to be more in step with the growth in employment. Simply to build without reference to job creation levels is certain to exacerbate the problem.

1.7 In para 17 Baker states that the area will not be able to sustain a higher rate of economic growth if "higher projections are realised" beyond the requirement for 14,000 dwellings. This ignores the fact that the dwelling allocation is sufficiently large to sustain a higher level of delivery in the earlier part of the plan period should this be required, and that a more rapid than anticipated economic growth and associated housing demand would then trigger a strategic review. Secondly, as pointed out in para 1.2 above, there is little evidence to support the notion that housing supply problems have a significant limiting effect on economic growth. It is a common situation that economically successful areas generate population growth that creates housing pressures and shortages and yet these areas are still successful. Elsewhere, a relative housing surplus often accompanies slow economic growth locally.

1.8 Baker argues that the 14,000 dwellings total is only one element of the District's requirement, the remainder coming from what he sees as unmet need from Bristol City Council area. This completely ignores the fact that, with appropriate caveats regarding the need for care monitoring and, if justified, prompt review, Bristol's core strategy which accommodates all anticipated growth within its boundaries up to 2026 has been found to be sound.

2. James Stevens, Home Builders' Federation

2.1 Stevens (pp1-2) claims that the CS housing target does not conform to Government policy in that the draft NPPF's statement that housing requirements should be derived from the SHMA and should meet "household and population projections, taking account of migration and demographic change" draft NPPF para 28).

2.2 This argument is fallacious on a number of points. The NPPF of course is still in draft form and this particular section does not state which particular projections it refers to and the latest ONS/ DCLG sub-national projections are understandably assumed by Stevens. Para 33 of the still extant

¹³ Source NOMIS; see www.nomisweb.co.uk/articles/259.pdf

¹⁴ North Somerset Strategic Housing Land Availability Assessment August 2011, para 13.1

PPS3 however takes a more measured approach stating that proposed housing numbers should take into account “The Government’s latest published household projections and the needs of the regional economy, having regard to economic growth forecasts.” The critical point here is that the Stage 2 study does take both into account. Simply to follow the latest ONS/DCLG population and household projections (which ONS themselves emphasise should not be used as forecasts) is merely a blind exercise in out-dated “predict and provide” trend-based planning. To do so would be to ignore the radically changed economic prospects of the area which are fully discussed in Stage 2, the very significant instability of the official projections published between 2006 (2003-based) and 2010 (2008-based) set out in Table 1 above and the policy priority identified by the CS document to rebalance growth away from its current domination by out-commuting towards a higher number of residents able to choose more local employment.

2.3 In addition, Steven’s inferred choice of the 2008-based DCLG projection of 36,000 homes (a massive 41% increase on the 2006 position) ignores the fact that Bristol City’s CS policy of containment of growth within its current borders precludes the need at the present time to plan for overspill growth, an approach that has been identified as being sound. An increase of this scale in North Somerset is both unwarranted and also is unsupported by current employment prospects. Neither these figures nor those of the Proposed Changes RSS take into account the major impact that now prevailing market conditions are having on both the availability and take-up of mortgage finance and the impact this is having on house sales and, with it, the ability of new development to fund affordable housing alongside it. Currently, UK mortgages are running at levels little more than half of those that applied during the previous recession in the housing market in the early 1990s (Fig 4). Not only are the days of easy mortgage credit now gone, but the ability of householders to take up what is on offer is reduced, given that they are experiencing more unemployment, a decline in real earnings and general insecurity regarding future prospects. Stevens ignores the particular dangers of over provision of housing allocations which can lead to part completed and sparsely occupied estates, non completion of essential infrastructure and the uncoordinated “cherry picking” of available development sites not on grounds of sustainability or utility but just on grounds of ease of development and ease of sale.

Fig 4 UK mortgage loans made: 1990-2010



Source: DCLG

2.4 Steven's comment about not meeting the SHMA requirement is dealt with fully in Stage 2. The requirement that the SHMA identifies is not deliverable, and no evidence as to the viability of delivery at the levels identified exists. If the 900 p.a. affordable new-build requirement in the SHMA were to be met via the already stringent CS target of 30% of all completions being affordable, then this would require a completions total of 3,000 dw p.a. giving a total of 60,000 over the life of the plan. Clearly this would be beyond all reason.

2.5 On page 3, Stevens criticises the Core Strategy's position that the reduction in growth improves sustainability. He goes on to use the fact that the RSS was subjected successfully to a Sustainability Assessment process and that Government ambitions expressed in the draft NPPF and in the Ministerial statement *Planning for Growth* of March 2011 are for the planning system to promote growth. This, however, conveniently ignores the additional requirement that the growth should be sustainable (draft NPPF para 9). The SA undertaken of both the draft RSS (2006) and the Proposed Changes (2008) had their reference base in the pre-recession period and after the best part of two decades of unbroken economic growth. Even then, it should be noted, the 2008 SA was equivocal concerning the sustainability of the Proposed Changes. Although it was seen to broadly improve housing availability and the relationship between jobs and homes under the economic projections regarded as most likely at that time, the SA identified "aspects that cause us significant concern."¹⁵ For example the SA document states:

The scale of additional development in the Proposed Changes and the pace of development also raises significant sustainability concerns. Under the Proposed Changes there will be 592,460 more dwellings in the region in 2026 compared to 2006, an increase in the total dwelling stock of 26%. This represents a 29% increase in the number of new dwellings than was proposed in the Draft RSS. The majority of the SSCTs will grow by more than 30% in 20 years. The greater the growth being accommodated in this way, the more that it will change the character of the settlements concerned and the more it will place strain on their services and infrastructure. This in turn will make it more difficult to achieve quality of life objectives and to deliver development within environmental limits.¹⁶

2.6 Stevens fails to acknowledge that the starting point for the CS is the application of the equivalent RSS methodology to the very much changed economic circumstances that now prevail. This is set out clearly in the Stage 2 work and represents the most sustainable adjustment to new requirements. Ignoring these changes will not deliver sustainable outcomes.

3. Alder King for University of Bristol, Issues 1 and 2

3.1 AK maintain (para 1.6) that according to the "employment led" methodology used in the Core Strategy "zero job creation would result in zero housing need", implying "that there is no housing requirement arising from population growth, in-migration or changes in household structures". This represents a misunderstanding of the approach in the Stage 2 study. The homes/jobs ratio (of 1.39 revised from 1.33) fully incorporates projected increases in demand due to both population structure related and social trend induced falls in household size, the preservation of the substantial pre-recession trend based relationship between local job and other types of migration growth and increased structural demand from the "local base" population of North Somerset 2006-26 (of 2,600 additional households). However, whilst the method allows for considerable non local employment led growth, at the same time it ensures that elements of the market such as dormitory commuting

¹⁵ SW RSS Proposed Changes, Sustainability Assessment, Non Technical Summary, July 2008,

¹⁶ Ibid, para 23

accommodation and retirement migration related inward migration do not get further out of balance with the job led growth component. This is the reason why the multiplier, based on projected 2026 population/ household/ jobs relationships, is held constant. To vary the ratio as suggested in AK para 4.5 would be to remove the very point of using it in the first place.

3.2 Without access to the detailed assumptions of the Hardisty-Jones model, it is difficult to comment on their assertion that 14,100 dwellings would be needed even if 2006 levels of local employment remained static in North Somerset to 2026. Amongst other things, this would depend on the degree of substitution into local jobs that characterised newcomers to the District as opposed to those leaving – population change caused by migration involving far greater levels of gross turnover per annum than is indicated by just focusing on estimates of change predicated on net migration and projected shifts in local population structure. During the year ended June 2010, for example, out of a total population of 212,200 in North Somerset, 9,300 people had moved into the area during the preceding year and a further 7,400 moved out. Total population turnover in 2009-10 was therefore 16,700 (8%) compared with a net gain of just 1,900 (under 1%). Similarly, there will be substantial turnover of inward and outward commuters to and from employment in North Somerset. These turnover factors provide ample scope for higher local take-up of new and existing jobs in the District by locally resident workers. As local employment grows, albeit perhaps at a rate lower than was hoped for at the time that the RSS was prepared, more opportunities will be available to both inward migrants and existing local residents to take up local jobs.

4. Barton Willmore for Bloor Homes (Issue 1)

4.1 BW's argument that the Core Strategy housing total ignores the projected increase of 36,000 additional households in the 2008 based ONS/DCLG figures has been extensively dealt with above (eg B2.3). Uncritical use of these projections runs counter to PPS3 requirements to ensure sustainability and have regard for economic forecasts. BW's approach does not do this. Increasing households by 41% in the period to 2026 with a totally insufficient growth in new employment to support it would completely undermine the aims of the Core Strategy.

4.2 BW's assertion that "robust" economic OE forecasts were recalculated on the basis of "anecdotal evidence" that they were misrepresentative of North Somerset ignores the detailed evidence given in the Stage 2 report, Section 7. Taking Business Services, the sector showing by far the largest growth 2006-26, the Oxford Central Forecast shows a growth of 10,700 jobs in North Somerset (almost doubling the total size of the sector in 2006) compared with a still substantial increase of 6,900 if the sector grew at the average rate for the WoE as a whole. This pattern is replicated in the OE forecast for BaNES and S Gloucestershire resulting in well below par residual changes in Bristol City. There is no evidence that N Somerset is likely to outperform its more metropolitan neighbour in one of the latter's signature employment sectors to such an extent (if at all), hence the justification for the use of average sectoral rates of change across the WoE.

5. Persimmon Special Projects Western (Issue 1)

5.1 This paper takes a more positive line than the above representations in that it does acknowledge the significance of current economic and political circumstances compared with when the RSS was prepared (para 1a.1). However, it later goes on (para 1a.8) to criticise the consequences of the Core Strategy reflecting this in its revised housing totals. Persimmon do not directly offer an alternative total except to hint that this might lie in the direction of the Proposed Changes RSS levels of growth (paras 1a.1 and 1b.5) or failing this the former Structure Plan (para 1a.9), forgetting that

these plans were all prepared in those different economic circumstances. Certainly, adding growth at the sort of levels that would be required by adhering to the Proposed Changes proposal would far exceed the capacity of the economy to support it in terms of local jobs growth, thereby undermining the Core Strategy's aim of rebalancing growth and reducing the reliance on out-commuting. Adding arguments that some of the additional numbers are required to deal with cross border pressures from Bristol (para 1b.3) when the City's own Core Strategy approach of accommodating those pressures within its administrative boundaries does nothing to strengthen Persimmon's case.

5.2 Persimmon also argue that, while there is an urgent need to provide an up-to-date development plan, the Council should commence a review at the earliest possible opportunity after the current strategy's adoption, tasking account of Bristol's "unmet needs" and a consequent review of the Green Belt. This would of course clearly be premature and should only be triggered following a sufficient period of monitoring of the progress of both the N Somerset and the Bristol City plans.

Appendix 1: Comparison of ONS 2003 Sub-national population projections and Chelmer model output run under equivalent migration assumptions

Text from briefing note to SW RPB by Janet Hayden (Population and Housing Group, Anglia Ruskin University)

[It is not possible to] pinpoint the exact ingredients of differences between Chelmer projections and the ONS projections, but I can give an overview and some pointers, most of which are bound up with different assumptions.

Firstly, a general caveat (from ONS):

"It is not possible to draw direct comparisons between data from the ONS subnational population projections and projections produced from the Chelmer model. There are differences between the two, both in the modelling systems and in the data available for use. For example, some of the base data, such as the migration modelling components, used by the Chelmer model is different to that used by ONS. Also, the ONS projections come from a multi-region model, consistent across all local authorities within England, and are constrained to the GAD National Projections by age and sex. This is different to the Chelmer model, which is single region, and which does not have access to all the detailed data used by ONS".

Secondly, with regard to data assumptions, there are the differences in the migration data. In particular, our short term net migration control is based on the most recent 5yrs of data, and is held constant for all future forecast periods.

We're not able to compare migration profiles easily, but we know that the net migration assumptions used are different to those used by ONS. For example, for the short term control (1998-03), we take the difference between MYE population at 2003 and 1998 and subtract the natural change for those 5 years. For the corresponding international net migration control, we then subtract net NHSCR internal migration from this residual. Both these controls are then held constant during a net migration controlled run. Differences in profiles and net migration levels will then impact upon numbers of births (less so on deaths) because as you will be aware, the most mobile cohorts are in the child-bearing ages. In the case of Bristol, which shows the most noticeable difference between Chelmer and ONS in Mike Legg's spreadsheet, the Chelmer total net migration levels for 2006 and 2011 are -2000, -2000 with births of 23000, 23500 respectively. The corresponding figures for ONS are -2500, -2100 with births of 24900, 25800. These figures are not so very different. Thereafter the Chelmer net migration level is maintained at -2000, with slightly increasing levels of births, whilst the ONS net outmigration is increasing noticeably (up to -5100) at the same time as producing more noticeable increased levels of births.

The Chelmer international net migration control for 98-03 is +3700 (& is projected forward), whilst the ONS international net for 2004-2008 is +6300. The accumulation of greater levels of international net migration being projected by ONS may be contributory to the greater levels of births being projected.

From: Janet Hayden [j.hayden@apu.ac.uk]

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