

**North Somerset Core Strategy
Examination of remitted policies**

Response to Inspector's letter of 22 April 2014

24 July 2014

Dear Sir,

**North Somerset Core Strategy
Examination of remitted policies**

1. Thank you for your letter of 22 April 2014. As we have already indicated, the Council's preference is to continue to progress the Core Strategy and identify a new housing requirement, working within the context set out in paragraph 56[2] of your letter. The Council is committed to a Plan led approach and will therefore not be withdrawing Policy CS13 and the other remitted policies (56[1]) or inviting you to find Policy CS13 unsound (56[3]).
2. The Council was hugely disappointed that you were not able to conclude that the recommended increase in the housing requirement to the objectively assessed target of 17,130 dwellings was sufficient in the interim to allow the plan to proceed given the firm commitment to conclude the plan review by 2018 through the duty to co-operate following the new West of England SHMA. We believe that the Council's judgement in proposing a revised figure of 17,130 dwellings met the objectively assessed need and was robust and deliverable given the significant constraints affecting the district – particularly floodplain, Green Belt and AONB and the need to plan in step with the provision of essential infrastructure. The Council is committed to the plan led approach and we do not wish to leave ourselves open to unplanned speculative development pressures. We recognise your role in the process and have carefully assessed our options and their implications and propose, albeit reluctantly, a way forward to reflect your findings.
3. We are pleased that you recognise the robustness of the Edge Analytics study. In paragraph 33 you acknowledge that it "is based on up-to-date national population and household formation statistics and makes pragmatic assumptions in their regard" and there is no reason for concluding that as far as it goes, "it is anything other than a fundamentally sound piece of work".
4. Having considered your letter and in response we propose that the North Somerset housing requirement is increased to 20,985 dwellings 2006-2026. This will address the maximum forecast of objectively assessed needs identified in the Edge Analytics report plus a further allowance to boost housing supply and provide a contingency to

support the employment-led objective. This is an interim approach pending review in the light of the new SHMA which will identify housing needs across the sub-region to 2036. The Council is fully committed to SHMA production (currently in progress), early plan review and sub-regional joint working through the duty to co-operate. This was evidenced at the examination by the memorandum of understanding signed by the four portfolio holders (RED/18) which committed the parties to the Joint Planning Strategy and associated enhanced governance arrangements through the joint Planning, Homes and Communities Committee.

5. We, however, respectfully disagree with comments at paragraph 26 of your letter that the joint SHMA process has been delayed. The new SHMA will be ready at the right time (early 2015) to provide the evidence base to support the planned review of the Core Strategies across the sub-region and also to incorporate key Census outputs such as travel to work flows which will not be available until later in 2014. We consider that a SHMA that is prepared at the wrong time could quickly become out-of-date and a complex and costly process would need to be repeated. The originally adopted Policy CS13 which included plan review in 2016 also aligned to this sub-regional timetable.
6. Given the specific circumstances of the North Somerset Core Strategy where an originally adopted housing requirement is proposed to be substantially increased (from 700 to 1,049 pa), the need to bring forward new allocations and the commitment to early plan review, the Council considers that it would be reasonable that any backlog arising is addressed over the plan period as opposed to within the first five years.
7. The Council is mindful of your concern that the employment-led approach may be constrained by the scale of housing provision. However, it is concluded that the proposed housing requirement, coupled with modest anticipated improvements in the commuting balance over the plan period will support the proposed level of jobs growth and not amount to a fundamental change to the Core Strategy approach.
8. The detailed context for these conclusions is set out in Appendix A. We trust you find the approach which boosts housing supply over the plan period by 50% from the originally adopted plan requirement of 14,000 to 20,985 dwellings to be a sound basis to proceed, and should you agree, the Council will discuss the process of drafting Main Modifications. If, however, you still have concerns, the Council would like the opportunity to consider any further amendments which may be required to ensure that the Core Strategy examination process remains live.

Please let me know if you need any further information or clarification,

Yours faithfully,

Michael Reep
Planning Policy Manager

APPENDIX A

Detailed response to the issues raised in the Inspector's Report

Introduction

1. This note sets out the detailed justification for the Council's response to your letter of 22 April 2014. The focus is the response to the points raised in the overall conclusion set out at paragraphs 55-57.

Response to paragraph 56 [2i]

2. Your letter states that as the Council had previously indicated that any significant increase in the housing target could be inconsistent with the extant employment-led approach, then if the Council remains of this view, then the higher housing requirement may be incapable of being accommodated.
3. The Council remains committed to delivering a relative improvement in self-containment with a focus on delivering employment-led regeneration at Weston-super-Mare. It is recognised that as the housing requirement increases, the self-containment objective is diluted.
4. However, as was evidenced at the examination, it is only once housing numbers exceed about 26,800 dwellings that relative self-containment is likely to deteriorate over the plan period (RED/04 Appendix B). This analysis indicated that dwelling figures up to this figure could achieve some degree of improvement although the effectiveness of the policy approach diminishes as dwellings rise. Beyond this point there would be no such improvement thereby providing a clear conflict with the extant Core Strategy objective of improving the current situation. Some degree of caution should be applied as in practice there will be many factors that come into play, but the analysis served to illustrate the effect of increasing dwelling provision on these sustainability objectives.
5. The employment-led approach as set out in the adopted Core Strategy is not specific as to the degree of improvement in self-containment sought over the plan period though the plan clearly has to be effective in delivering this objective. The references as contained in the plan demonstrate that the overall objective is simply to address the unsustainable development patterns of the past and to secure a more sustainable alignment between jobs and the economically active. The Core Strategy does not articulate what this means in terms of any specific figure or percentage. The Core Strategy references are as follows:

Vision 2: Weston-super-Mare

“By 2026 an employment-led development strategy will have achieved a strong and diverse economic profile in Weston-super-Mare with an improved range, quantity and quality of local employment opportunities which redresses the imbalance between employment and homes reducing dependency on out-commuting by car for work and improving self containment and sustainable living.”

Priority objective 3

“Prioritise employment growth throughout North Somerset to support greater self-containment, in particular by ensuring that in Weston-super-Mare housing development is delivered in step with employment growth, brownfield opportunities in Clevedon, Nailsea and Portishead are maximised, and that small and medium enterprises are supported. Support and promote major employers in North Somerset, such as Bristol Airport and Royal Portbury Dock, to ensure continued employment security and economic prosperity.”

Priority objective 5

“Focus strategic development at Weston-super-Mare as part of an employment-led strategy to deliver improved self-containment, stimulate investment, regenerate and revitalise the town centre to create a thriving and vibrant retail, leisure, tourist, cultural and commercial centre. To support regeneration within communities elsewhere in the town, particularly in the South and Central Wards.”

Policy CS20: Supporting a successful economy

“The Core Strategy seeks to provide at least 10,100 additional employment opportunities 2006 - 2026, including around 114 hectares of land for B1, B2 and B8 uses (business, general industrial and storage and distribution), and to address the existing imbalance at Weston-super-Mare.

The overall approach is employment-led in order to achieve a more sustainable alignment between jobs and the economically active population across towns and villages in North Somerset. This seeks to increase their sustainability, self containment, decrease out-commuting, provide for a range of local jobs and reduce carbon emissions from unsustainable car use. Priority will be given to the reuse of previously developed land and the safeguarding of sites in existing economic use.”

6. In conclusion, the policies of the Core Strategy seek to deliver a relative improvement in self-containment by 2026. As was demonstrated in the evidence, the higher the housing requirement, the less effective the policy. However, the policy objective of improved self-containment is still being met up to a tipping point of about 26,800

dwellings. The conclusion is that provided the dwelling target does not exceed this figure, Policy CS13 remains broadly consistent with the extant employment-led objective.

Response to paragraph 56 [2ii]

7. The Council has concluded that a higher dwelling requirement than the 17,130 remains broadly consistent with the extant employment-led approach, although higher figures will increasingly dilute the effectiveness of the approach.
8. Having reluctantly accepted 20,220 dwellings as the 'starting point' in response to your letter in order safeguard a plan-led approach to development, the question then is how much additional housing should be provided to support the employment-led approach as a contingency should the anticipated improvement in commuting ratios fail to materialise? The indication in your letter is that this should be between the top of the Edge Analytics range of objectively assessed need and their jobs-led scenario.
9. The jobs-led scenario was one of the Edge Analytics sensitivity tests, not one of the recommended dwelling provision scenarios. The jobs-led scenario indicates the level of housing provision required to sustain a given scale of employment growth.

Out-of-date commuting ratio

10. As was indicated at the examination hearings the Edge Analytics jobs-led scenario as presented was not robust as, in the absence of more up-to-date data, the commuting ratio used as the 2011 base date was in fact a 2001 ratio of 1.22. Subsequent Census information indicated that the actual commuting ratio for 2011 was 1.18 and this was discussed and agreed at the examination hearings. Importantly, this indicated a trend reduction 2001-2011 in the absence of policy intervention and supported the Council's case that commuting ratios will improve over the plan period.
11. Given the importance placed on the jobs-led scenario in your letter, Edge Analytics were asked to re-run the jobs-led scenario on the basis of a corrected commuting ratio of 1.18 2011-2026 (see Appendix B). The effect of this correction is that the average dwelling requirement falls from 1,390 to 1,369 pa over the 15 year period.

Scenario	Average annual dwelling requirement 2011-2026	Total dwelling requirement 2011-2026
Jobs-led (CR 1.22)	1,390	20,850
Jobs-led (CR 1.18)	1,369	20,535

Addition of dwelling completions 2006 to 2011

12. Your letter concluded that the Council should consider an additional allowance to be added to the housing requirement over and above the 'starting point' of 20,220 dwellings to support the employment-led objective. You suggest that this ceiling should be the jobs-led scenario but we disagree that this equates to 25,950 dwellings.
13. In order to answer the question how many houses are required to support the delivery of 10,100 jobs across the plan period, it is flawed logic to simply add the Edge Analytics forecast for 2011-2026 to actual completions 2006-2011 to arrive at a total of 25,950 dwellings (based on a commuting ratio of 1.22) as suggested in paragraph 56 [2ii] of your letter (or a total of 25,485 using a commuting ratio of 1.18).
14. The Edge Analytics job-led scenario is predicated on the question of how many houses are required to support the anticipated number of jobs in the 15 year period 2011-2026. The assumed number of jobs was based on the trajectory shown at Figure 15 in the Edge Analytics report (RED/05). This assumed that out of the 10,100 jobs target for the whole plan period 350 (70 pa) were delivered within the first five years, leaving 9,750 (650 pa) 2011-2026.
15. Looking over the whole plan period, it is clear that this approach results in a distinct contrast between the first five years and the last 15 in terms of the relationship between housing and jobs.

	Total dwellings	Total jobs	Dwellings/job
2006-2011 (5 year period)	4,950	350	14.1
2011-2026 (15 year period)	20,535	9,750	2.1

On this basis, in the first 5 years there was a significant overprovision of houses relative to jobs which needs to be taken into account when considering the plan period as a whole.

Assuming an even distribution of jobs across the plan period

16. As the Edge Analytics work uses a 2011 base date, we do not have a jobs-led scenario for the whole plan period 2006-2026. However, in order to provide an indication of how many houses are required to support 10,100 jobs, Edge Analytics re-ran the jobs-led scenario based on an equal distribution of jobs across the whole plan period (ie 10,100 jobs/20 years = 505 jobs pa or 7,575 over the 15 year period 2011-2026). This is attached at Appendix C. This identified an average annual dwelling requirement of 1,239 pa.

Scenario	Average annual dwelling requirement 2011-2026	Total dwelling requirement 2011-2026	Actual completions plus jobs-led scenario to derive total 2006-2026
Jobs-led (CR 1.18) 505 jobs pa	1,239	18,585	23,535

Adding actual completions 2006-2011 to this jobs-led scenario gives an equivalent dwelling requirement to your 25,950 of 23,535 dwellings over the plan period. It is the Council's view that paragraph 56 [2ii] of your letter should be amended to refer to the need to consider additional housing provision up to an amended ceiling of 23,535 dwellings.

Proposed housing requirement

17. The Council has accepted your conclusion that the top of the objectively assessed range of 20,220 dwellings 2006-2026 should be the 'starting point'. In addition it is proposed to add an allowance to support the employment-led objective.
18. There is no obvious way of evidencing how much this allowance should be – this is essentially a matter of judgement. The Council proposes that, reflecting the NPPF approach to provide flexibility and choice, that an additional 5% is added to the top of the Edge Analytics recommended range for the rest of the plan period. This would increase the district housing requirement to 20,985 dwellings.

2006-2011	4,950 dwellings	Completed in accordance with previous targets
2011-2026	16,035 dwellings	1,069 per annum (1,018 per annum + 5%)
Total	20,985 dwellings	

19. The proposed dwelling requirement of 20,985 dwellings is considered to be a robust and challenging target:

- It is 5% higher than the upper end of the range of objectively assessed need recommended by Edge Analytics and will therefore boost housing supply.
- The additional 5% would provide a contingency in case the anticipated reduction in commuting ratios over the plan period did not materialise.

- It would deliver a meaningful improvement in relative self-containment over the plan period from 65% in 2006 to around 70% in 2026 (see RED/04 table 1).
- The proposed housing requirement would be less effective in meeting the plan's employment-led objective than before, but would nevertheless be consistent with the extant employment-led policies of the plan and would support wider objectives such as housing delivery.
- It is an interim approach pending review of the housing requirement in the light of the new SHMA by 2018, and will not prejudice strategic choices post-SHMA.
- The employment-led approach will be reviewed by 2018 and amended as appropriate.
- The jobs-led scenario is likely to overestimate the amount of housing needed to support the jobs target because it does not take account of expected improvements in unemployment rates over the plan period.
- The proposed delivery rate of 1,069 pa is challenging; actual completions have only exceeded 1,000 dwelling pa in times of strong economic growth – this has only been recorded in 13 out of the last 33 years.
- Higher quantum of housing will be increasingly difficult to deliver in sustainable locations supported by essential infrastructure.

Response to paragraph 56 [2iii]

20. This section of your letter emphasises that if the Council was to propose draft Main Modifications to uplift the housing figure then there is a need for a clear appraisal of the effects of the approach on the overall spatial strategy linked to the employment-led approach. The Main Modifications should not amount to a fundamental change in direction of the Core Strategy.
21. The Council has given careful consideration to this concern and has concluded that the proposed housing requirement of 20,985 would not amount to a re-writing of the Core Strategy for the following reasons:
 - The extant employment-led approach of the Core Strategy sets out a framework to secure a better balance between jobs and the economically active over the plan period. While the approach needs to be effective, there is no specific

requirement in terms of the degree of improvement in self-containment which is expected.

- Evidence before the examination demonstrated that housing requirements less than about 26,800 would deliver an overall improvement in self-containment over the plan period.
- The remitting of additional policies provides the flexibility to adjust the spatial strategy should this be required to accommodate the increased housing requirement.

Other issues: backlog

22. The top of the objectively assessed range of 20,220 dwellings is comprised of two elements; 4,950 completions between 2006-2011 plus the Edge Analytics 15 year forecast of 1,018 pa. We suggest that any 'backlog' in delivery as a consequence of any further increase in the future (such as referred to in paragraph 46 of your letter) would be only from 2011 as delivery in the period 2006-2011 was in response to, and delivered, the Structure Plan/Replacement Local Plan requirement of 4,965 dwellings.
23. In addition, there is the potential backlog arising as a consequence of the period of uncertainty when the Council was delivering the original Policy CS13 but the housing requirement had been remitted. The proposed increase is significant - from 14,000 (700 pa) to 20,985 dwellings (1,049 pa). It is acknowledged that NPPG advice is that local planning authorities should aim to deal with any under supply within the first five years where possible. However, given the need for the plan-making process to 'catch up' as a consequence of the re-examination process, it is reasonable that any backlog should be averaged over the remainder of the plan period (the 'Liverpool' approach), particularly given that the housing target is 'interim' and the commitment to conclude plan review by 2018 which, depending on the scale of the future housing challenge, may require the assessment of different spatial solutions.
24. This is a critical issue for the authority as dealing with under supply against the proposed new 'boosted' housing requirement of 20,985 will make a challenging five year supply situation significantly more difficult to deliver. Elsewhere in the sub-region where housing requirements have been increased, this issue of dealing with under supply has been specifically addressed. The South Gloucestershire Core Strategy Inspector considered the 'Sedgefield' versus 'Liverpool' methods and concluded that given the scale of annual completion rates required, and the need to allocate sites through a plan-making as opposed to a more ad hoc process in order to deliver sustainable development, that the Council should annualise the backlog over the course of the plan period. The approach to delivering an annualised rate of housing

delivery across the plan period is confirmed at paragraph 10.8 of the supporting text to Policy CS15 (adopted December 2013).

25. At the Bath and NE Somerset Core Strategy examination the Inspector also considered the different approaches in his Report. In that case the Council had agreed to address under delivery which had occurred during the first three years of the new plan base date within the next five years, but the under delivery in relation to the previous local plan was to be averaged over the plan period. The Inspector concluded that requiring the Council to achieve a five year supply incorporating the local plan backlog would result in considerable delay in bringing allocations forward, and that a 'Sedgefield' approach would result in a very large jump in the housing supply requirement over a short period followed by a substantial reduction which was not conducive to effective delivery (paragraphs 86/87). The Inspector supported the Council's approach and the Core Strategy was adopted in July 2014.

Conclusion

26. Having carefully considered your findings, the Council concluded that, given the need to progress plan-making, it would recommend a revised housing requirement that not only delivered the top of the range of objectively assessed need but provided an additional allowance to support the employment-led objective. Reflecting your advice, this additional allowance should be somewhere between 20,220 dwellings and a revised jobs-led scenario of 23,535 dwellings. In the Council's view a proposed figure of 20,985 dwellings (a 50% increase on the original housing requirement of 14,000 dwellings) provides adequate contingency should commuting ratios not improve over the plan period as anticipated, is appropriate given the interim nature of the Core Strategy housing requirement, and would not conflict with the plan's extant employment objectives.

APPENDIX B

North Somerset Demographic Analysis and Forecasts: Commuting ratio sensitivity Edge Analytics May 2014

Edge Analytics re-run of the jobs-led scenario on the basis of a corrected commuting ratio of 1.18 2011-2026.

APPENDIX C

North Somerset Demographic Analysis and Forecasts: Jobs led scenario Edge Analytics May 2014

Edge Analytics re-run of the jobs-led scenario on the basis of an equal distribution of jobs across the whole plan period (ie 10,100 jobs/20 years = 505 jobs pa or 7,575 over the 15 year period 2011-2026).