

North Somerset Council Core Strategy Examination of remitted policies

**North Somerset Council response to Inspector's initial letter dated 6
July 2013**

August 2013

Introduction

1. This is the North Somerset Council response to the issues raised in the Inspector's initial letter of 6 July 2013. Many of these issues were discussed at the original Core Strategy examination and further detailed evidence is being prepared and will be submitted to support the Council's position at the current examination.
2. This is an examination into remitted policies as a result of the High Court Judgment which found Policy CS13 to be unlawful as result of the Inspector's failure to give adequate or intelligible reasons for his conclusion that the housing requirement made sufficient allowance for latent demand. It is not the figure of a minimum of 14,000 dwellings that was unlawful, but that inadequate or intelligible reasons were given. The primary task for the examination is therefore to reassess the reasoning and conclusions in the light of the evidence, taking account of more recent information.
3. Other than CS13 and the other eight policies which were also remitted specifically in case consequential changes were required to the spatial strategy as a result of the re-examination of the housing requirement, the remainder of the Core Strategy remains adopted. Extant policies therefore include the employment-led approach and district-wide job target (CS20) and affordable housing (CS16). The remaining adopted Core Strategy policies continue to have development plan status and therefore carry significant weight and are material in terms of their relationship to the consideration of the remitted policies (for example there is a close relationship between the housing requirement and job forecasts).

General context

4. This response to the Inspector's initial letter is in two parts; firstly some general points in relation to the Core Strategy content and context, including an outline of the housing requirement methodology, and secondly detailed comments in respect of specific points made or issues raised in the letter.

Core Strategy approach – practical, flexible, deliverable

5. The original Inspector recognised that given significant uncertainties at that time over the economic situation and doubts about the robustness of trend-based projections that the Core Strategy needed to be a practical document that could respond flexibly to changing circumstances both within the district and the West of England HMA. In particular the projections based on periods of strong economic growth and high levels of housebuilding were clearly not providing a meaningful indication of what was appropriate for a period of recession and low growth as the economy recovered. He found the overall Core Strategy approach to the housing requirement sound given that:
 - The housing requirement was framed as a minimum of 14,000 dwellings, not a maximum.
 - SHLAA evidence had indicated that supply was likely to be in the order of 17,150 dwellings (this related to sustainable sites in locations consistent with the spatial strategy and not including Green Belt, and included a windfall allowance of 1570 units 2021-26).
 - Formal plan reviews were proposed at 2016 and 2021.
 - There was no current need to cater for any unmet need from neighbouring districts. (IR paragraphs 27-35).
6. Since adoption of the Core Strategy, and despite a nationally-depressed development industry, delivery at the key strategic location of Weston Villages has progressed well with new housing areas (5,800 dwellings) being provided in step with jobs consistent with the employment-led approach, supported by the creation of the J21 Enterprise Area. Despite the recession, delivery of jobs across the district is on course to meet the 10,100 jobs total as set out in CS20.

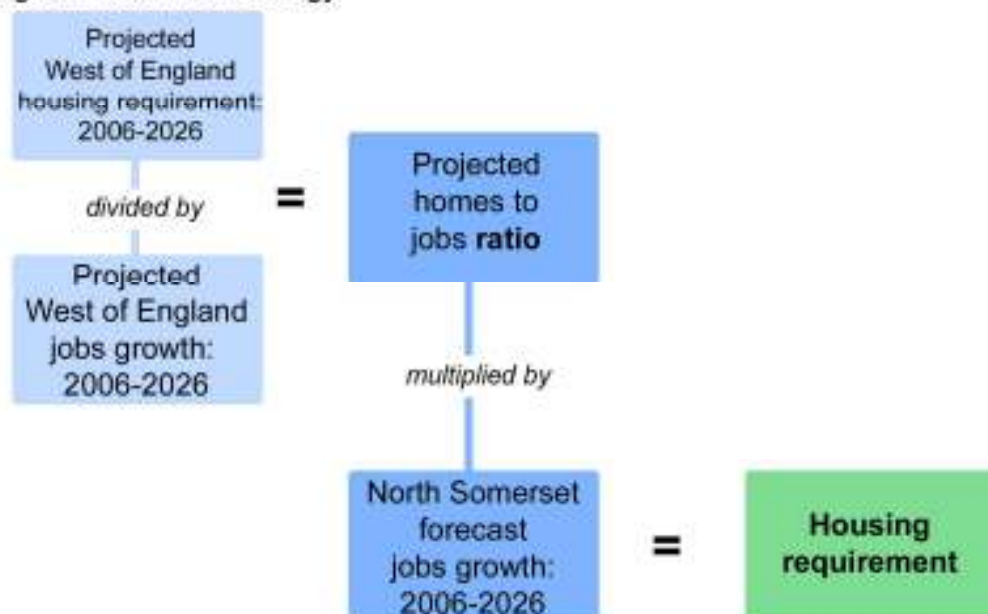
Housing requirement methodology

7. The starting point for the assessment of the Core Strategy housing requirement was a traditional analysis of trend-based population and household projections. Where predictions based on past performance are shown to be robust and likely to be appropriate and deliverable going forward taking account of sustainable development objectives, then these can be used for plan making with some confidence.
8. However, in an area such as North Somerset where there is a significant existing imbalance between homes and jobs, the continuation of inappropriate trends would simply serve to further exacerbate the area's inherent unsustainability. For such areas a methodology is needed which better reflects the underlying relationships and spatial objectives.
9. The North Somerset methodology is set out in the 'North Somerset Council: Determining a locally derived district Core Strategy housing requirement to 2026' Stage 1 and Stage 2 (2010, amended 2011). At the time this document was produced the national economy had

entered recession and the trend-based data from the previous years of strong economic growth, high in-migration and record levels of housebuilding was no longer reliable as a robust estimate of what might realistically happen in the future.

10. As an alternative to a simplistic 'predict and provide' approach, the NSC methodology sought to better encapsulate the interrelationships between housing need and demand, and economic growth. This was particularly relevant for North Somerset where long-standing strategic spatial objectives (set out in the Regional Strategy, Structure Plan and North Somerset Replacement Local Plan) emphasised the need for better self-containment, reducing out-commuting and achieving an essential balance between jobs and homes growth (see adopted policy CS20). The methodology therefore sought to break away from the historic unsustainable trend of high housing and low employment growth in North Somerset in order to plan for more sustainable growth in accordance with national and local policy objectives.
11. At the heart of the NSC methodology is a relationship between projected housing and jobs. This relationship needs to be assessed at an appropriate larger geography. For North Somerset the wider West of England was used as the frame of reference as at this sub-regional geography the overall patterns of, for example, jobs, commuting and migration are more representative of the overall balance. Once an appropriate relationship had been identified at the larger geography, then North Somerset employment projections can be used to identify a sustainable level of housing growth.
12. The methodology is summarised in the following diagram:

North Somerset Core Strategy housing requirement
Diagrammatic methodology



The first step is to identify the housing projection. This is based on population and household projections for the West of England over the plan period taking account of natural change, migration and household formation rates. The household forecast is converted to a dwelling requirement. This is then divided by the employment projection based on forecasts for job growth derived from econometric modelling for the West of England. This produces a homes to jobs ratio which captures the relationship at the wider Housing Market Area between projected homes and projected jobs over the plan period including non-economic components, and which in our submission made sufficient allowance for latent demand. The forecast employment growth for North Somerset was then multiplied by this ratio to derive the North Somerset housing requirement.

13. In preparation for the examination into the remitted policies the Council has commissioned Edge Analytics to undertake an updated NPPF-compliant assessment of the housing requirement using the PopGroup methodology. This will supplement the existing evidence and provide a comprehensive, independent, up-to-date set of housing forecasts to act as a robust evidence base for the examination of Policy CS13. The Edge Analytics work will:

- Provide up-to-date population and household projections for North Somerset using 2011 census population and household statistics, 2010 revised mid-year population estimates (ONS) and 2011 household projections (CLG).
- Advise on the detailed components of household change including natural change, migration and latent demand.
- Provide an analysis of projected household formation rates and apply this to projected population growth to derive housing requirements.
- Assess a range of forecast scenarios and advise on a preferred approach.

14. Without prejudice to the Council's position and in advance of the Edge Analytics study being finalised and published, it is clear that the projections as assessed now will be very different to those at the time of the original Core Strategy examination. They are likely to be substantially lower primarily as a result of the recalibration of the population base in the light of census data, reduced migration and household formation rates, and factors reflecting more recent economic conditions.

Response to the Inspector's initial letter

15. This section comments on the detailed content of the letter using the same structure for ease of reference.

Introduction

16. The original Inspector's Report is a key document in terms of understanding the Core Strategy issues and the High Court Judgment and we would urge the Inspector to read it. Other than the specific sections addressed in the Judgment, the remaining paragraphs remain highly material and carry substantial weight, e.g. in relation to the Inspector's conclusions around the fundamental principles of growth in North Somerset particularly an employment-led approach and agreed objective of increasing self-containment.

The Re-examination

17. The proposed approach of starting with the re-examination of CS13 and to issue a report in respect of that policy alone, before moving on to the consideration of other policies should it be concluded that this is necessary, is supported.
18. The Inspector states that "I cannot accept that any part of the Policy, or of the background from which it was derived, can be taken as agreed." While it is accepted that the role of the examination is to consider the evidence afresh, it is also important to bear in mind that the Core Strategy remains an adopted document and several of the extant policies are relevant to the assessment of the housing requirement, particularly the employment-led approach and the job requirement. These are agreed and carry considerable weight.
19. The Inspector states that "if Policy CS13 is found to be unsound the consequential effects are likely to be wide ranging" and "it may be that this could only be accomplished by withdrawal of the document." These statements unfortunately seem to pre-judge the outcome of the re-examination.
20. The Council's position is that even if the housing requirement is increased, the flexibilities in the plan mean that this is likely to be able to be accommodated without changing the spatial strategy (ie with no change to the remitted policies other than CS13) and with no change to the Green Belt. For example, the Sites and Policies Plan Consultation Draft (February 2013) made provision for an anticipated supply of 18,099 dwellings over the plan period, a significant boost to housing supply of nearly 30% over the minimum of 14,000 dwellings set out in Policy CS13. Evidence was also given at the original examination that around 18,000 dwellings was also the ceiling in terms of the total amount of dwellings which could be practically delivered within North Somerset over the plan period given current economic forecasts and

lead in times for new housing sites. Furthermore, whilst the 2008 trend-based projections were pointing to an undeliverable 32,000 households (which would have had significant adverse consequences for the key objectives of more sustainable employment-led growth, reduced out-commuting and improved self-containment), latest objectively assessed evidence is likely to show a substantially lower requirement. In our submission there are very convincing reasons why any necessary change to CS13 is likely to be accommodated within the existing spatial planning framework.

21. The Council will undertake consultation in advance of the examination hearings. This will include an opportunity for interested parties to comment upon:

- Any new or updated evidence (such as demographic information and population forecasts)
- The NPPF context.
- Implications of the revocation of the Regional Strategy.
- Any other matter that the Inspector considers appropriate.

Matters to be addressed

Duty to co-operate and strategic context

22. The legal position on the duty-to-co-operate in respect of s33a of the 2004 Act was clarified in the High Court Judgment. The duty to co-operate was not introduced until after the Core Strategy was submitted for examination and therefore the original Inspector was right that he did not have to consider the duty retrospectively.

23. The Council recognises its sub-regional context and has engaged effectively over a long period of time on strategic planning matters with the other West of England authorities. The focus for this work was originally through the West of England Partnership and currently the West of England LEP. Cross-border issues are assessed, strategic objectives agreed and infrastructure co-ordinated. These sub-working arrangements were established prior to the duty to co-operate and have continued following the recent revocation of the Regional Strategy (RPG10).

24. While it is accepted that there has been a change in respect of the revocation of the regional strategy and the introduction of the duty to co-operate, this 'changed strategic context' is primarily in terms of process. The strategic objectives for the West of England in terms of regeneration of disadvantaged areas, tackling long-distance commuting and improving self-containment whilst at the same time providing a range of strategic growth locations to meet objectively assessed needs and support economic growth were supported by both

the previous sub-regional context (RPG10, Joint Replacement Structure Plan) and the new arrangements.

25. Since publication of the NPPF and adoption of the North Somerset Core Strategy, the West of England authorities have continued to progress their joint working on strategic planning matters. A Strategic Framework has been agreed and published which sets out the shared strategic spatial vision and provides a unifying and overarching strategic context for Local Plans and infrastructure programming and delivery. A West of England Duty to Co-operate Register records and prioritises the cross-border strategic issues. Significantly, the West of England authorities have agreed the production of a revised joint SHMA with a timetable linked to Census outputs and with anticipated completion in December 2014 to provide a key evidence base for the 2016 West of England Core Strategy reviews.
26. The North Somerset approach to the housing requirement does not 'ignore the influence of Bristol' and we have demonstrated that effective co-operation has taken place and will continue to take place across the sub-region. The NS Core Strategy Inspector, having considered the evidence, concluded that "significantly, the Bristol Core Strategy was found to be sound and adopted in 2011 without reliance upon urban extensions outside its boundary with North Somerset. Even though future urban extensions south west of Bristol are not ruled out, there is evidently no current need for North Somerset to cater for any unmet need from neighbouring districts over and above its own calculated housing and employment requirements" (IR paragraph 27). This approach was supported at paragraph 127 of the High Court Judgment.
27. The adopted Bristol Core Strategy makes no reference to any 'unwillingness to consider urban extensions into the Green Belt around Bristol'. It in fact identifies as a broad location on the Key Diagram a contingency site in the Green Belt in south east Bristol adjacent to the Bath and NE Somerset area. Bristol City and North Somerset both objected to the draft RSS proposed SW Bristol urban extension as this would be contrary to agreed spatial planning objectives (such as the regeneration of South Bristol and Weston), and incursion into the Green Belt of this scale was not justified when objectively assessed and deliverable needs could be met in more sustainable locations.

Housing requirements

28. The Core Strategy examination took the draft NPPF into account and all parties were given the opportunity to make representations on the implications. The Inspector's Report was dated 15 March and was published prior to the publication of the NPPF on 27 March. The Council formally considered the implications of the final version of the NPPF before adoption on 10 April 2012. The Core Strategy was not

judicially reviewed in respect of the issue of inconsistency with the NPPF.

29. The NPPF states that 'to boost significantly the supply of housing, local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework' (Paragraph 47).
30. The starting point for the original Core Strategy was the assessment of the objectively assessed housing needs, but in accordance with the NPPF advice, this must be balanced against the impact on sustainable development objectives.
31. It is not correct to suggest that the North Somerset approach substituted a multiplier approach for an objective assessment of housing requirements (a brief summary of the approach is set out above). The methodology evolved because of serious misgivings at the time as to the robustness of the trend-based analysis in providing a sustainable and deliverable solution to meeting housing needs consistent with spatial objectives over the plan period. The appropriateness of this approach has been borne out by more recent data.
32. Under the 'Housing requirements' section in the interim letter a list of issues a) to f) is set out. While many of these issues have already been addressed through previous examination documents, the Council is happy to provide a detailed response to these and any other questions taking account of up-to-date information including the forthcoming Edge Analytics demographic and forecasting work. If necessary, the Council's response to any agreed list of preliminary questions could be prepared and consulted upon prior to the hearings commencing.

Conclusions

33. While it is accepted that the Council will need to address the key issues of NPPF compliance and the strategic context, there is concern about the perceived lack of balance in the Inspector's initial letter. In particular the starting point seems to be that the remitted examination process is unlikely to result in a successful outcome, whereas the Council would strongly argue that the original Inspector's conclusions were sound and that even if the housing requirement was amended, this could be accommodated in accordance with the existing spatial strategy.
34. We would encourage the Inspector to consider the approach taken in the 29 May 2013 Inspector's Report in respect of the Milton Keynes Core Strategy. This appears to have many parallels with the North Somerset circumstances and provides a practical solution to make progress on the basis of supporting an interim housing target pending

the already agreed 2016 review to be undertaken in co-operation with the West of England authorities.

35. There is a perception in parts of the development industry that there is somehow an inevitability about development in the North Somerset Green Belt which means that all other spatial planning and sustainability considerations can be set aside. This was reflected in the original Inspector's conclusions where he comments that "the approach of NSC to the employment and housing targets of the CS is at first sight an inward-looking and conservative departure from the dRSS and national advice in PPS3" (our underlining). However, having fully considered the context and the evidence, he found the North Somerset approach to be sound given the flexibility in supply and provision for review in conjunction with the West of England authorities.
36. The Council strongly believes that this response should provide the reassurances required that there is a realistic prospect of the re-examination having a successful conclusion through the re-adoption of the remitted policies. The alternative would be a further period of uncertainty which would undermine the plan-led system, could stall development sites coming forward through the Sites and Policies Plan, encourage planning by appeal and potentially undermine the extant Core Strategy policies.