North Somerset Council: Determining a locally derived District Core Strategy housing requirement to 2026

Stage 1 Report on Methodology

Keith Woodhead, August 2010

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1.0 Introduction: the purpose of this study

1.1 The study was commissioned to look at potential ways of approaching a review of the North Somerset LDF Core Strategy housing totals to 2026. This requirement has been brought about by the need to respond to changing national government planning policy (the "localism agenda") including revocation of Regional Spatial Strategies and their associated housing targets, and the impact of much more adverse national economic conditions since those original targets were set.

1.2 The objective of Stage 1 is to set out alternative methods of doing this and to test possible outcomes. Final recommendations on total housing numbers (Stage 2) would follow a decision by North Somerset Council on how it wishes to proceed. On the current timetable, the Council wishes to produce a paper for consultation on future housing numbers to be included in the revised draft Core Strategy by mid September 2010 with a view making a final decision later in October.

2.0 Background: the changing planning requirements for housing growth

2.1 Following the May 2010 General Election, the Coalition Government has announced that Regional Strategies are revoked and that subsequent legislation will abolish them altogether.[1] Given that work on the RSS was largely carried out around five years ago in very different economic circumstances a re-examination of the question of growth would by now be required in any case. The Draft RSS published in 2006 proposed a total of 26,000 dwellings to be completed over the period 2006-26 in the District. This included 9,000 dwellings to be built as a major part of an urban extension on the south west side of Bristol and a further 9,000 as an extension to Weston-super-Mare. The subsequent RSS Proposed Changes document of 2008 raised these North Somerset totals by only 750 units,[2] although the total construction requirement for the wider West of England Housing Market Area[3]

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[1] http://www.communities.gov.uk/documents/planningandbuilding/pdf/1631904.pdf
Guidance from the Planning Inspectorate states that "With immediate effect Regional Strategies have been revoked and they and their policies do not now exist in law; they cannot be given any weight. They are no longer part of the development plan for the purposes of s38(6) of the Planning and Compulsory Purchase Act 2004. The development plan now consists only of adopted DPDs; saved policies; and any old style plans that have not lapsed." However, it goes on to say that the evidence used in the RSS "may also be a material consideration, depending on the fact of the case."
http://www.planning-inspectorate.gov.uk/pins/advice_for_insp/rs_revocation_20_07_10.pdf

[2] The Proposed Changes Increased overall provision by 750 dwellings in total (Table 4.1 in both the draft and Proposed Changes RSS documents), raising the "Rest of District" figure from 5,000 to 5,750 units.

[3] Comprising the four unitary authorities of the West of England Partnership, plus Mendip and the former West Wiltshire Districts.

increased sharply from 104,500 to 137,960. North Somerset Council submitted formal objections to the SW Bristol urban extension during consultation on the Proposed Changes on grounds which included concerns about deliverability due to the deteriorating national and international economic climate, and the need to promote delivery on brown field sites across the sub region before incursions were made into green field and Green Belt locations .[4]

2.2 Since the Draft RSS was published, two major factors influencing the housing requirements for North Somerset have therefore changed and will therefore need to be factored into revised housing totals in the Core Strategy:

- Under "localism" the frame of reference for the setting of housing numbers has seen a shift towards greater focus on the ambitions – the "vision" – of the local community concerned, with greater attention to achieving greater local consensus regarding "tensions" between development and conservation.[5]
- The economic forces driving many of the assumptions of previous plans have undergone changes arguably beyond precedent in the period since the 1930s.

2.3 This means that the visions and objectives underlying the Core Strategy will not essentially need to change – they have after all been the subject of wide public consultation and are founded on the priorities of the North Somerset Sustainable Community Strategy (SCS).[6]

2.4 At the meeting of the Council's Executive Committee on 20/07/10, Members welcomed the Government's proposals for housing to be determined on the basis of locally-derived housing need and resolved, as key principles for guiding future developments, that:[7]

(a) the Green Belt will be protected,
(b) there will be no development at South West Bristol, and

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[4] Grounds for objection included concerns about sufficient commitment to "up-front" infrastructure delivery and the need for priority to be given to early delivery on brown field sites before green field and Green Belt locations. The Council expressed concern that the scale of housing allocations set out in the RSS remained unsubstantiated and, in the current economic climate, undeliverable. More flexibility to locally determine the most sustainable locations for growth within the District was required. See http://gosw.limehouse.co.uk/portal/regional_strategies/drss?pointId=109242

[5] Though still expressed through their local authority representatives:
"Communities should be given the greatest possible opportunity to have their say and the greatest possible degree of local control. If we get this right, the planning system can play a major role in decentralising power and strengthening society – bringing communities together, as they formulate a shared vision of sustainable development. And, if we enable communities to find their own ways of overcoming the tensions between development and conservation, local people can become proponents rather than opponents of appropriate economic growth." The Conservative Party "Open Source Planning: Policy Green Paper No. 14" (Feb 2010), p 1
"We believe that the planning priorities and policies – the vision for the development of a community, produced by local democratically-elected representatives following a process of collaborative democracy – should not be overridden by central government inspectors." Ibid p6

[6] The six shared priorities of the SCS are:
- tackling disadvantage and promoting equality of opportunity
- developing strong inclusive communities
- ensuring safer communities
- improving health and wellbeing
- developing a prosperous economy and enterprising community
- living within environmental limits

http://www.n-somerset.gov.uk/Your+Council/Policies+plans+and+strategies/Community+Strategy/

[7] North Somerset Council, Draft Minutes of the Executive Committee, 20/07/10 (Ref EXE27)

(c) the strategic focus for employment-led regeneration in the District will be Weston-super-Mare, but with the scale and form of development reassessed .

2.5 Members also resolved to support the other elements of the approach set out in the accompanying officers' report[8] to the Committee which included:

(d) Regeneration of Weston town centre.

(e) New residential development at Weston to be led by place-making and community-building principles, not top-down housing numbers.

(f) Restriction of housing development elsewhere in the district, with new development reflecting community needs and aspirations.

(g) Infill development to be more sensitive in respect of density, design and environmental impact.

(h) A new locally-derived housing requirement for the district, "likely to be in the range 14,000-16,000 dwellings" to be investigated and tested.

2.6 Members further resolved that, following formal consideration of representations received and agreement of any necessary changes, the Core Strategy be taken forward.

2.7 The current study has been commissioned in the light of these issues to examine options for providing evidence based guidance as to what would be an appropriate future housing requirement for North Somerset (Stage 1 of the study). Having arrived at an agreed approach, there would then be the task of arriving at an evidence based set of overall and affordable housing requirements for the District. This of course would need to take into account demographic and economic change, including the effects of the current worldwide economic crisis on both the UK and the local economy as well as related factors such as projected increases in productivity of the area.

3.0 What needs to be addressed?

3.1 The Council is obviously faced with a problem of needing to plan in a partial policy vacuum, not helped by the lack even of a clear reference single point from the now abandoned RSS. Nevertheless, it is recommended that, as well as a thorough re-examination of the housing requirements for North Somerset in the context of the West of England area, both the Draft RSS and the Proposed Changes growth figures (or at least those in the EiP Panel Recommendations)[9] should be subjected to a rigorous critique in order to provide a watertight justification for any departures, capable of resisting challenge. The broad points that might be covered are as follows:

3.2 **Population growth and declining household size:** Household projections from CLG have shown progressively higher levels of trend population and household growth for the SW in general and West of England area in particular. The rise in projected household numbers reflects increasingly rapid decline in household size due to ever increasing life expectancy, more households separating and higher inward migration both from other areas of the UK

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[8] North Somerset Council, Report to the Executive Committee 20/07/10 Paper 11(2): Core Strategy.

[9] Tables 4.1 and 4.2 in both documents.

and internationally. Evidence suggests that, over the period to 2003-2026, about a quarter of projected increase in the number of one person households in England will be due to overall growth in the total adult population and about a fifth due to population ageing. Just over a further fifth will be due to the impact of separation or divorce and a quarter of the increase due to a continuation of past growth in the underlying preferences of people to form separate household. [10] In my view the 2006 based ONS population projections may have overestimated the long term trend in net gains from international migration reflecting booming economic conditions before the onset of the current economic crisis and this is likely to result in a slight overall reduction in future trend based projections. However, most of the factors leading to a continued decline in household size and the corresponding increase in their numbers already exist in the demographic structure of the area.

3.3 The results of these projections potentially have very severe implications for all of the West of England. The step from RPG10 levels of growth (74,000 dwellings over 20 years up to 2016) to the level set out in the draft RSS for 2006-26 (92,500 for WoE), are difficult enough to plan for. Although the draft RSS figures were based on pre 2001 Census data on household formation, the distribution for the West of England authorities was very close to the 2003 based CLG household projections.[11] Subsequent ONS/ CLG projections however have increased the levels significantly beyond this point (Tables 1 below). However, ONS are at pains to point out that their projections simply reflect recent trends (which include the impact of current and previous – but not of course future - planning policies). The tendency for EiP Panels to give very considerable weight to the projections is understandable but in reality just amounts to an exercise in "predict and provide". However, there are dangers in appearing to select an arguably out of date projection because it provides a "better" answer. The problem is that in N Somerset, owing to the combination of relatively low rates of job growth and relatively lower house prices compared with elsewhere in the WoE, the potential demand for housing from the wider sub region is very strong. Pacing the rate of housing growth locally so as not greatly to outstrip the overall relative rate of growth across the WoE is probably the only practical way of

[10] Dave King, PHRG, East Anglia Ruskin University, Presentation to SW Strategic Planning Authorities, Exeter Sept. 2006. Using the 2003 based CLG Subnational household projections the breakdown is as follows (subsequent revisions to the projection have not substantially altered this):

England Components of change (households: millions)	**Nos**	**%**
adult population	0.9	24
age structure	0.7	20
marital status	0.8	22
household membership rates	0.9	25
remainder	0.3	8
All	**3.6**	**100**

[11] Although the 2003 based projections implied considerably higher total household and housing numbers for the region as a whole compared with the draft RSS levels, the RSS was based on a strategy of dealing with the past trend towards more rapid dispersal of population to the more rural, and less accessible, parts of the region and trying to achieve a better geographical balance between population and the growth of employment and services.

dealing with this problem in the LDF. After all people can, and will, ultimately live where they wish subject to affordability.

3.4 **The effect of economic growth:** Development growth in many parts of the UK is, even in the age of the so-called post industrial economy, very much influenced by the local economy and the rate at which employment is created. The buoyancy of the local economy is not the major determining factor for housing growth pressures in N Somerset but, rather, wider pressures from the more economically buoyant parts of the WoE. In addition roughly speaking, every three in-migrating households to the area on average creates one service job which then adds to the service economy generated by the tourism and leisure industries locally.[12] The problem is of course that many of these jobs are poorly paid and, without sufficient affordable housing close at hand, service sector employees are often unable to access adequate housing locally. This is not a unique problem and characterises much of the South West. Nevertheless, local economic growth in the West of England apart from Bristol City has been high over the past few years averaging 3.6% p.a. and 3.9% p.a. between 2000 and 2007, and between 1996 and 2007 respectively, with North Somerset lying approximately mid way between South Gloucestershire at the higher end and Bath & NE Somerset.[13] The equivalent figures for the whole of the West of England were 2.8% and 3.4%, while regionally and nationally they were 2.6% and 2.9% (SW), and 2.4% and 2.7% (UK). (See Figs 1 to 3). The picture is complicated somewhat by an apparently dramatic fall in economic growth in the W of England (measured by Gross Value Added) after 2003 and by the apparently generally less buoyant growth of Bristol's economy since 2000. These figures need to be treated with some caution however owing to the difficulty of measuring local GVA.[14]

3.5 The original economic projections for the draft RSS still remain a material consideration as part of the background evidence base for the Core Strategy and provides a starting point for the current exercise. This was the outcome of extensive work on the impact of global competition, including:

a) the then emerging future prospects of local economies across the South West,
b) its impact on rising productivity levels in a large number of economic sectors,
c) the increasing shift towards part-time working and portfolio careers,
d) the changing demographic make-up of a labour force growing as a result of high rates of net inward migration to the South West (both from elsewhere in the UK and internationally),
e) the impact of planned rises in statutory retirement age, particularly of women, and the effect of poorly performing private pension funds on the number of older people wishing to stay at work,

[12] Eric McVittie Experian Business Strategies, formerly Plymouth Business School, personal communication

[13] Note: this is based on relative rates of employment growth as a proxy measure:

Mean per annum % growth employee jobs 2000-08

North Somerset	Bath&NES	Bristol	S Gloucestershire	South West
1.45	0.65	0.04	3.05	1.32

[14] Gross Value Added

f) the trend towards smaller households largely through the effects of demographic ageing and increased independence in old age, but also as a consequence of a longstanding trend towards more people choosing to live separately,

g) the continued impact of migration into the region of people wishing to move for lifestyle related reasons not primarily connected with work, and the additional housing demand that that generates.

Of these factors, the impact of recent changes to future economic prospects on a) and b) is likely to have the most noticeable effect at the level of an individual district such as North Somerset. The remaining factors are likely to continue in the medium term at least on a similar trajectory to those experienced over the past few decades.

3.6 The issue of future growth prospects for the South West and for its sub regions has recently been the subject of work by Oxford Economics, commissioned by SWRDA and SW Councils. The results were published in June 2010[15], based on three economic scenarios looking at the period from 2011 to 2020 and beyond set out in Table 2:

- A central case scenario centred around the Oxford Economics baseline forecast (with UK output growth averaging around 2.3% over 2011-2020, declining slightly to 2.1% pa over the following five years 2021-26).
- An upper band scenario consistent with the trend UK trend growth estimate of 2.75% a year.[16]
- A lower band scenario which will consist of a lower level of output growth, perhaps around 1% in the first 5 years and rising to 1.5% thereafter.

3.7 SW growth rates relative to the UK total have typically been around 0.2 of a percentage point higher (1996-2007) but this was reduced to only 0.1 from 2000-07. However, the above scenarios compare with a range of 2.7% - 3.2% p.a. across the South West in the draft RSS and the Proposed Changes. This equated to just over the regional average (around 2.9% - 3.3%) for the West of England as a whole. To provide a past planning perspective on these new scenario assumptions, the new central case scenario is therefore considerably lower than the RSS target and, in fact, is significantly lower than the assumption of 2.4% p.a. used in RPG10.

3.8 **Development capacity: Proposed d**evelopment levels need to be consistent with the vision for local sustainable development set out in the Vision and Priority Objectives, and the settlement strategy of the draft Core Strategy[17] and the accompanying sustainability appraisal. Other key source documents include North Somerset Strategic Housing Land Availability Assessment[18] (SHLAA) and Residential Land Survey[19]

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[15] Oxford Economics “South West Growth Scenarios: Final Report” June 2010

[16] Oxford Economics 20th April 2010 http://www.oxfordeconomics.com/free/pdfs/ukmfeat1_0410.pdf

[17] See paras 2.5-2.6 above, also North Somerset Core Strategy Consultation Draft, Chapter 2

[18] December 2008 (update expected autumn 2010)

[19] April 2010

4.0 Principles for setting an appropriate level for growth

4.1 Following from the issues set out above, it is clear that it is the capacity of the local housing stock that provides, however crudely, the key constraint on local population (but not necessarily *economic*) growth. This is owing to the large potential pool of migrants, not tied to any single location of work, who could potentially choose to move to the area attracted by its environment. This is one of the key challenges facing areas such as N Somerset and its surrounds, where historically the growth of the local economy has lagged behind population and housing demand .

4.2 The consequences of under provision of housing are rapidly increasing house prices, insufficient affordable housing, increased inward commuting as local employees are forced out of the area to where housing is more available (and thereby increasing pressures on other areas), increasing skills shortages as potential employees move away, rising levels of homelessness and inadequately housed or overcrowded households, greater social inequality and exclusion leading to demographically and socially less well balanced or unsustainable communities. Continued under provision will prolong these trends and increase their severity. Dealing with this situation is central to the strategy.

4.3 Conversely, the problems of over-provision of housing (i.e. too rapid an increase) in housing supply include the danger of development coming forward too rapidly in less sustainable places (e.g. dispersed, more rural / dormitory settlement locations which all have local requirements) and, through competition effects, diverting development resources (e.g. infrastructure investment) from more sustainable but more difficult to develop places (e.g. inner urban brownfield land). This would result in what were largely intended to meet local growth needs being taken up by a higher proportion of inward migrants and commuters, and resulting in a perpetuation of the dispersed, car dependent settlement growth patterns. Over-provision in general would also place additional strain on existing infrastructure and could lead to investment in new capacity before it is required, representing a waste of scarce resources.

4.4 A method of setting the level of growth needs to be applied which follows the requirements for sustainable development but, at the same time, is realistic about the way the housing market operates in the real world. It is suggested that the following principles be applied in addition to the formal Core Strategy vision and objectives in order to resolve the difficulty of defining an appropriate housing growth figure in a situation in where there is no effective local economic/ employment based limiting condition on inward migration and housing demand:

a) Help ensure a healthy economy by closely linking housing growth to employment (employment led growth).

b) Provide sufficient housing to meet locally arising needs through the delivery of mixed and balanced communities. This should allow for a stretching, but achievable, target for affordable housing provision and an adequate allowance for dealing with any current backlog of unmet need identified in the Council's Strategic Housing Market Assessment (SHMA).

c) Accept that the operation of market forces permits movement and freedom of choice for those with the financial means to exercise it; non economically active migrants will choose to move into the District and the pressures that this creates need to be recognised..

d) Finally, identify and test identify alternative general total levels of housing and ascertain which options can be built within acceptable environmental limits following a critical assessment of environmental, infrastructure delivery and transport capacity, constraints and opportunities for mitigation. This requirement must be met from a subsequent exercise which takes on board the results of the SHLAA and SA/SEA.

4.5 **It is recommended that** potential options scenarios for testing include:

A. Housing growth meets projected local economic growth levels only (high and central national economic growth projection based[20]).
B. As for A, Housing growth meets projected local economic growth levels (high and central growth national projection based), plus allowance for pre-existing housing backlog identified in the West of England SHMA.
C. Housing growth meets recent trend population (migration) growth requirements (ONS sub national projection based); this scenario is to provide a benchmark for comparison with now discarded RSS 2006 and 2008) proposals.
D. Housing growth meets all SHMA affordable housing requirements by 2026 as required for evaluation by PPS3. In the case of North Somerset this is a very high requirement which raises immediate questions about deliverability as well as environmental and infrastructure impacts. These will be objectively examined.

4.6 A key element of the testing will be the degree to which delivery can be maintained in a sustainable way. This will need to take full account of the Council's position on the integrity of the Greenbelt and will therefore represent a significant departure from earlier work, notably the draft RSS. In terms of probable outcomes at this stage, A and B are most likely to provide alternative options for future required development. They will be significantly lower than those originally proposed in the RSS reflecting poorer national economic prospects as well as priorities regarding the Greenbelt.

4.7 Option C will be close to historic rates of high growth for the area and broadly represents continuation of past policies but under pre recession levels of national economic growth. It will in this context of course represent an extreme high growth scenario but will provide a useful updated benchmark against past policies. The consequences of C (less allowance for vacant stock, second homes etc) can be seen in Table 1 (cells shaded blue). Consideration of Option D is a requirement of current national policy guidance.[21] All indications suggest, however, that in order to fund sufficient affordable housing improbably high levels of housing delivery would need to be maintained. This assertion will of course need to be objectively tested as part of the process.

[20] See national growth scenario assumptions in para.3.6 above. Within these national scenarios, the likely impact of high, average and low rates of local growth relative to the national position will also be examined.
[21] PPS3 Housing, Annex C.

4.8 In terms of the method used to estimate the requirements, it is highly recommended that key assumptions and outputs such as the relationship between demographic change and economic growth should be readily understandable, and therefore open to public scrutiny and discussion. The unavoidably complex technical elements of the process were then able to be confined strictly within the demographic and economic "black box" models.

4.9 The key point is that there is no single "right" answer to the question as to what is an appropriate level of housing growth in an individual community. Attempts have been made at the national and regional levels based on simple household growth projections and, latterly, supplementing these with economic modelling aimed at reducing, or at least stabilising house prices whose growth has been propelled over the last fifty years by an excess of demand over supply. The problem is that housing is both a basic human necessity and, for many people, at the same time the ultimate consumer good. The task of trying to meet both types of demand effectively in a unified market place is extremely difficult. Ideally, all people who cannot compete in the market place for one reason or another would have reasonable aspirations as well as their basic needs met through the social sector. The problem with this of course is that people's needs and ability to pay the market rate for housing change over time, as do their aspirations. Alongside this sits a finite capacity for the public purse to accommodate needs that cannot be met by the market.

4.10 The solution unavoidably lies in achieving the best balance between the many constraints and requirements, including those set out above in paragraphs 2.4-5 and 4.4 through open consultation and debate. The reality is that, any shortfalls in provision not only have an impact on significant sections of the area, its local population and to some extent its economy, but they also increase the pressures felt by surrounding local authorities. Between local authorities this is a highly exportable problem, often leading to housing stress or excessive commuting to access jobs and services outside the immediate area.

West of England: 2003, 2004, 2006 and 2008 Based ONS Projections[22]

Table 1a Population

	Population Change2006-26 (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%)	14100 (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%)	*(data not available: expected Oct/ Nov 2010)*
Bristol	175,000 (39.6%)	29,000 (31.2%)	42,000 (35.0%)	63,000 (41.7%)	
N. Somerset	87,000 (19.7%)	24,000 (25.8%)	29,000 (24.2%)	36,000 (23.8%)	
S. Glouc	106,000 (24.0%)	27,000 (29.0%)	32,000 (26.7%)	33,000 (21.9%)	
WoE	**442,000**	**93,000**	**120,000**	**151,000**	
Mendip	*45000*		*11000*		
W.Wilts	*52000*		*18000*		
WoE HMA	***539000***		***149000***		

[22] It should be noted that projected that population growth is often little higher than accompanying household growth. In B&NES for example, the ONS 2003 based projections of 14,100 extra people is accompanied by a growth of 13,000 households. The reason lies in the difference between the impact of household size change which applies across the entire local population, and the contribution made towards migration by increasing the housing stock at the margin through new build. The relationship is further complicated of course by the fact that declining household size also affects migrants. Also note the very significant increase in the level of growth between the 2003 based and (Revised) 2004 based ONS projections due largely to changes in net migration assumptions.

Fig 1 Recent economic growth trends (a)

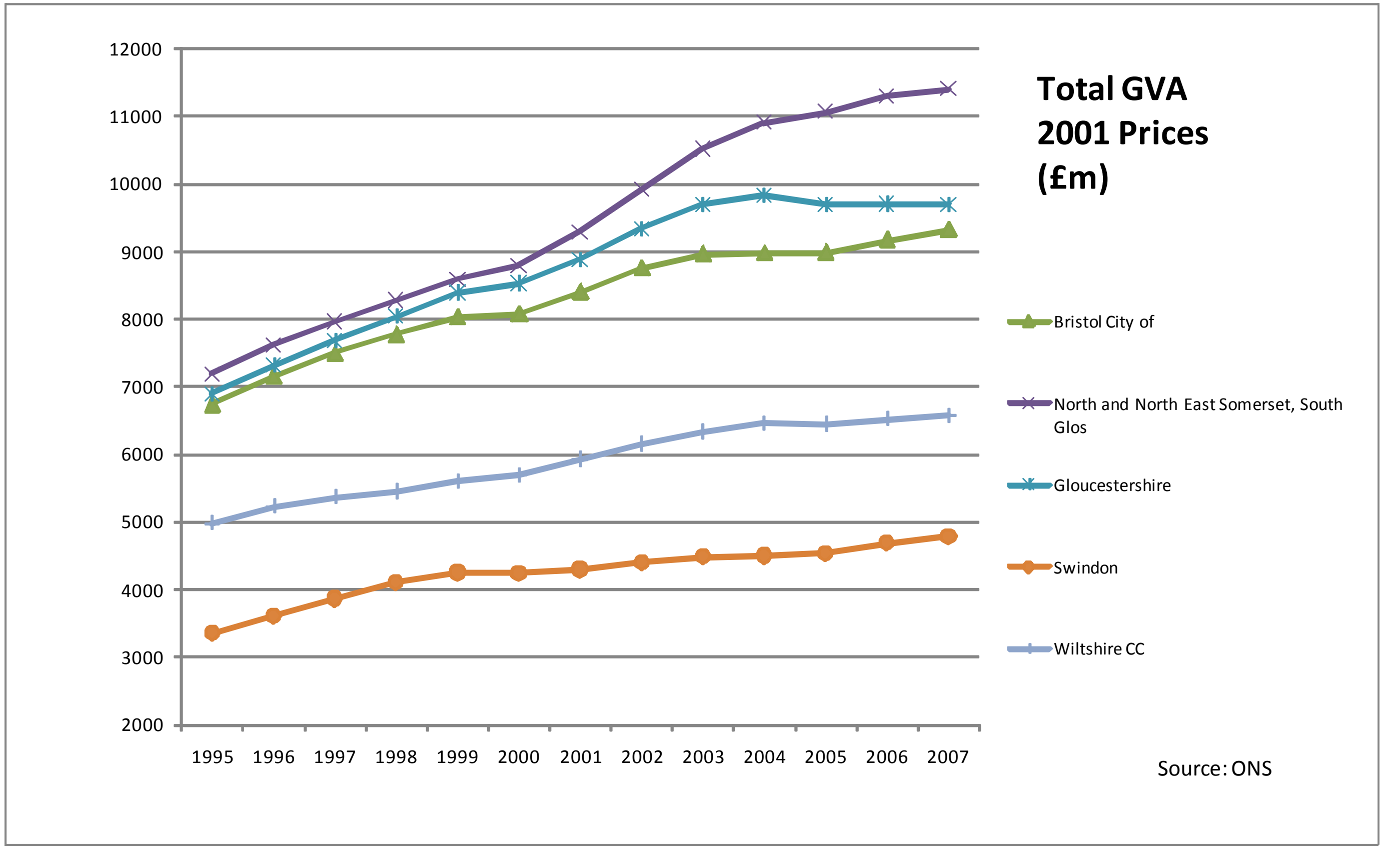


Fig 2 Recent economic growth trends (b)

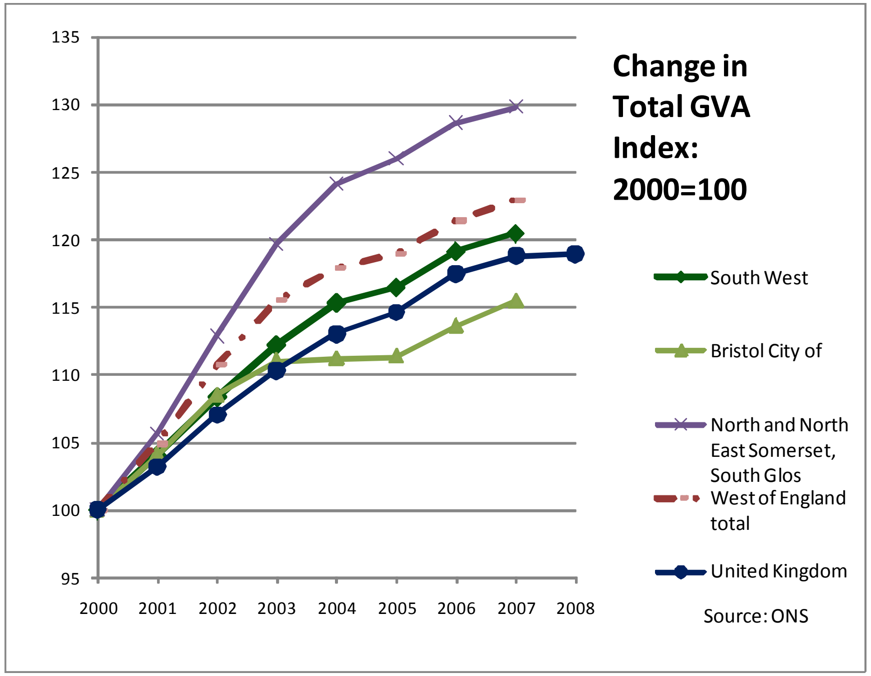
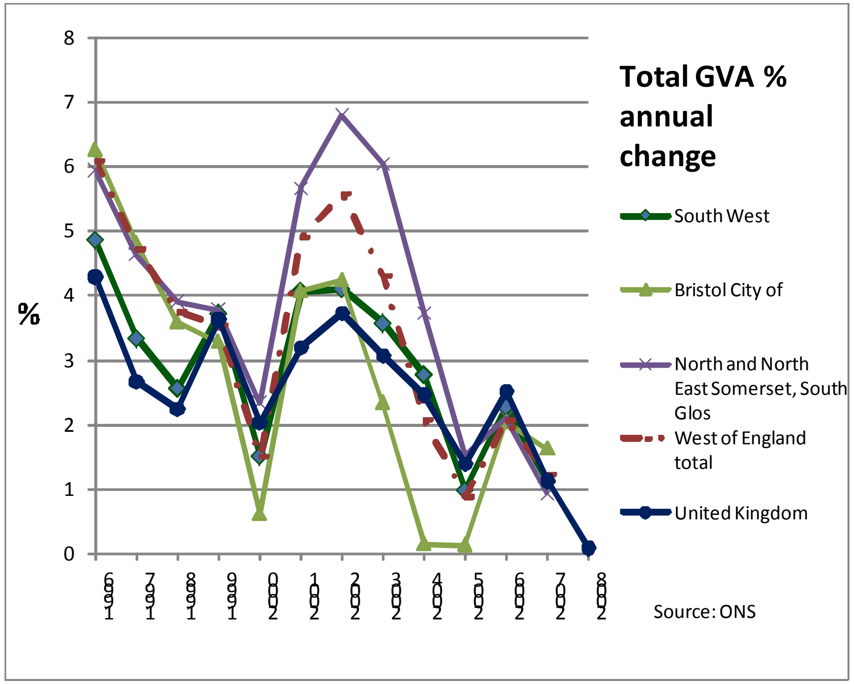
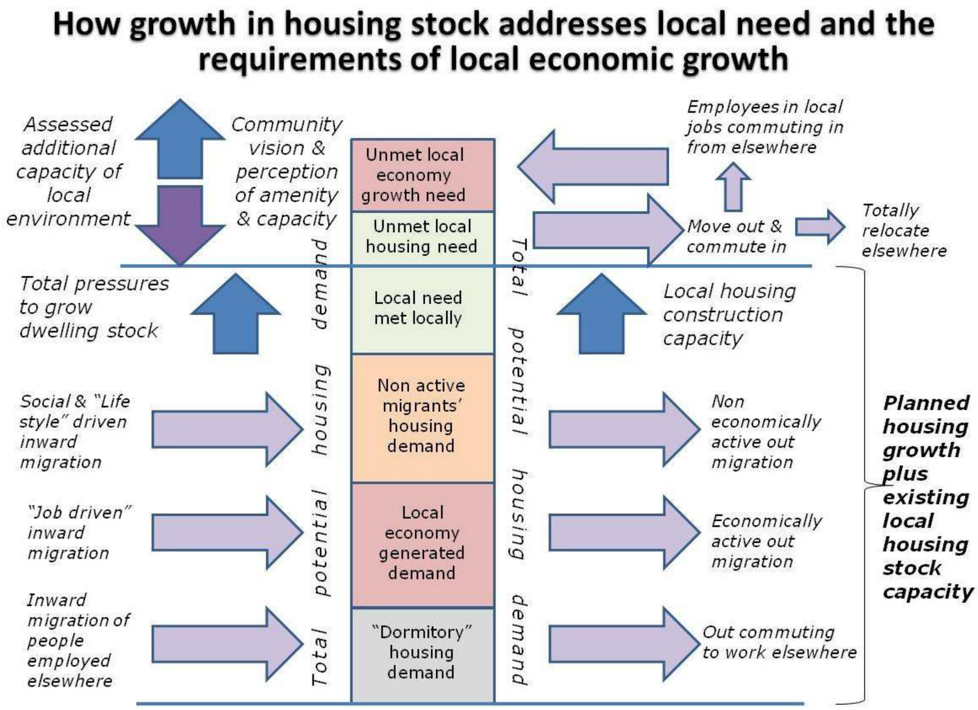


Fig 3 Recent economic growth trends (c)



4.11 The dynamic relationships between the various elements of the local housing market are shown in Fig 4. The final planned capacity of the District's market and affordable housing stock is depicted as the area of the central coloured column between the two horizontal blue lines in the diagram. This capacity is arrived at in policy terms by the outcome of any potential tensions between community views expressed together with objective measures environmental capacity to protect the local environment (the vertical green arrow to the top left of the diagram) on the one hand, and the political and market pressures plus measures of housing need (the vertical upward pointing orange arrow) on the other. This has always been the case of course. In a "localist" approach, however, local opinion, vision and objectives receive greater weight than perhaps has previously been the case. As a result, factors such as the external pressures that help to determine the growth of local market and affordable housing capacity and degree of environmental protection, whilst still very potent, are less automatically dominant than before. The externally generated pressures can still make themselves felt on local opinion eventually, for example through market mechanisms such as increased house price inflation and homelessness, or through adverse environmental consequences. The role of the planning process is to anticipate these consequences using clear, objective evidence and ensure that this is considered fully in public consultation.

Fig 4



5.0 Next steps - Updating economic projections and testing the scenarios

5.1 In line with work carried out recently by Oxford Economics in respect of the South West as a whole and Roger Tym and Partners and by me in B&NES, I would recommend that the broad national economic growth assumptions in Table 2 are used as a basis for generating scenarios A and B.

5.2 The assumptions translated into growth rates for the South West and for the West of England Partnership area are shown in Table 3 and the consequences in terms of employment growth to 2026 are set out in Table 4. These tables are based on modifications of the RSS economic projections produced by Cambridge Econometrics in 2008 updated to allow for the impact of the current recession and its likely impacts on future growth. These scenarios are illustrated in Fig 5. I have concerns about the way that the Oxford projections translate into job growth in the WEP area (particularly in the distribution between the four unitary authorities) and they are therefore not used as a basis for these projections. This issue will be explored further in the Stage Two report on scenarios.

Table 2: Economic Growth Scenarios for the UK – key assumptions

(GVA growth % per annum)

Projection Scenario	1997-2006	2007 & 2009	2010	2011-20	2021-26	2007-26 annual average
Central	2.7	-2.3	1.0	2.3	2.1	1.5
High Growth	2.7	-2.3	1.0	2.7	2.7	1.9
Low Growth	2.7	-2.3	1.0	1.5	1.3	0.9
Pre recession trend	2.7	2.7	2.7	2.7	2.7	2.7

Table 3: Economic Growth Scenarios for the South West Region & West of England Partnership area – key assumptions (GVA growth % per annum)

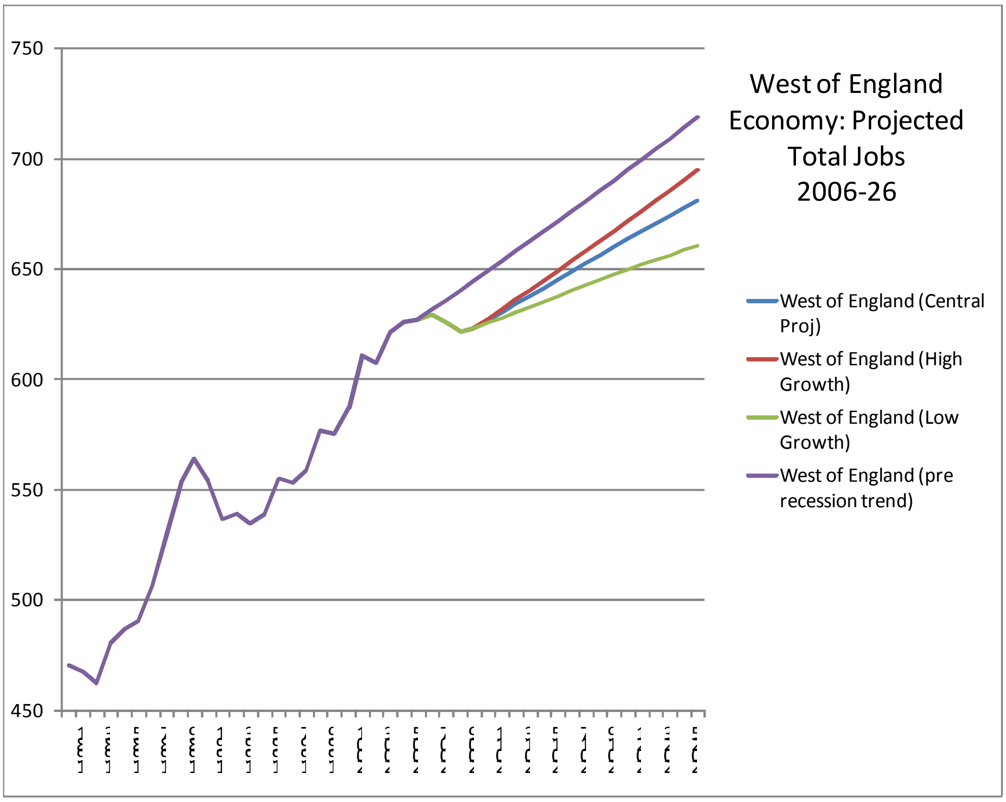
Projection Scenario	1997-2006		2007-09		2010		2011-20		2021-26		Annual average 2006-26	
	SW	WoE	SW	WoE	SW	WoE	SW	WoE	SW	WoE	SW	WoE
Central	2.9	3.4	-4.5	-4.2	1.1	1.4	2.4	2.7	2.2	2.5	1.6	1.8
High Growth	2.9	3.4	-4.5	-4.2	1.1	1.4	2.9	3.1	2.9	3.1	1.9	2.1
Low Growth	2.9	3.4	-4.5	-4.2	1.1	1.4	1.6	1.9	1.4	1.7	1.0	1.2
Pre recession trend	2.9	3.4	2.9	3.1	2.9	3.1	2.9	3.1	2.9	3.1	2.9	3.1

5.3 The economic data will then be used together with demographic (household and labour force) projections as basis for identifying a stable medium to long term relationship between local work and non local work related migration growth (i.e. taking into account allowances for inevitable non economically active inward migrants and commuters). Following generation of Scenarios A and B , these will be compared with the results of Scenarios C and D, the latter of course comprising the (controversial) results of the SHMA exercise. All scenarios will be tested against the general constraints set out in the revised Core Strategy key principles approved by North Somerset Members on 20th July and against the 2008 SHLAA (this can be modified when the 2010 SHLAA update becomes available).

TABLE 4 SW and West of England Partnership area: Projected Employment (thousands) Projected figures in *italics*

	1981	1991	2001	2006	2011	2016	2021	2026	Total Change 2006-26
South West (Central Projection)	2001.9	2346.3	2489.5	2613.3	***2611.0***	***2685.1***	***2760.0***	***2831.7***	***218.4***
South West (High Growth)	2001.9	2346.3	2489.5	2613.3	***2613.7***	***2701.9***	***2793.0***	***2887.2***	***273.9***
South West (Low Growth)	2001.9	2346.3	2489.5	2613.3	***2606.1***	***2655.4***	***2704.3***	***2749.0***	***135.7***
South West (pre recession trend)	2001.9	2346.3	2489.5	2613.3	***2701.5***	***2792.6***	***2886.8***	***2984.2***	***370.9***
West of England (Central Projection)	470.1	554.1	586.6	627.2	***626.6***	***644.9***	***663.3***	***681.0***	***53.8***
West of England (High Growth)	470.1	554.1	586.6	627.2	***627.3***	***649.0***	***671.5***	***694.7***	***67.5***
West of England (Low Growth)	470.1	554.1	586.6	627.2	***625.4***	***637.6***	***649.6***	***660.6***	***33.4***
West of England (pre recession trend)	470.1	554.1	586.6	627.2	***648.9***	***671.4***	***694.6***	***718.7***	***91.5***

Fig 5 West of England Partnership Area Economy Total Jobs 2006-2026



5.4 On completion of this work, a well tested set of options for growth will have been examined against locally determined ambitions and priorities, and a clear set of recommendations, derived from modifications of Scenarios A and/or B arrived at in time for consultation in September 2010. A third stage will also need to be undertaken by the council, assessing capacity issues, settlement strategy, infrastructure, and deliverability, and also environmental and other issues such as flooding and social impacts as part of required updated sustainability assessment, and biodiversity as part of Habitat Regulations. The timing of this will of course need to be carefully considered.

Keith Woodhead
August 2010

APPENDIX: Former Regional Spatial Strategy Dwellings and Jobs Allocations

	RSS Dwellings		Draft RSS Jobs scenarios	
	Draft RSS June 2006	Proposed Modifications July 2008	2.8% pa GVA growth	3.2% pa GVA RES[23] Scenario
B&NES	15,500 (16.8%)	21,300 (18.2%)	17,000 (17.9%)	20,900 (17.8%)
Bristol	28,000 (30.3%)	36,500 (31.1%)	35,600 (37.6)%	42,500 (36.3%)
N. Somerset	26,000 (28.1%)	26,750 (22.8%)	12,900 (13.6%)	15,700 (13.4%)
S. Glouc	23,000 (24.9%)	32,800 (28.0%)	29,100 (30.7%)	37,700 (32.2%)
WoE	**92,500**	**117,350**	**94,600**	**116,800**
Mendip	*10500*	*12300*	*9500*	*11700*
W.Wilts	*7200*	*8300*	*6800*	*8500*
WoE HMA	***110200***	***137950***	***110900***	***137000***

[23] RES = SWRDA "Regional Economic Strategy for South West England: 2006-2016" Table 3. These figures are also the basis for local authority totals set out in the Secretary of State's RSS Proposed Changes document, 2008.