

Examination of West Dorset, Weymouth and Portland Local Plan

Statement on Matter 3: Spatial Strategy

1. The following Statement has been prepared by RPS on behalf of Taylor Wimpey UK (TW) in respect of Matter 3: Spatial Strategy.
2. While the Inspector has set out eight questions for this Matter, this Statement focuses on those questions related to the representations made by TW previously. In this context, this Statement supplements evidence and statements already provided by TW through representations to the Pre-Submission Local Plan and the consultations on the subsequent proposed Modifications, in particular those consulted upon in July 2014.

Inspector's Question 3.3: What effect will the balance of homes and jobs be likely to have in reducing commuting pressures?

3. The proposed July 2014 Modifications to the provision of housing and employment within the Plan are unsound. They will result in a Plan where housing and employment are significantly out of balance and exacerbate commuting pressures.
4. TW is aware that the Inspector questioned¹ whether the future population profile of the District associated with the Submission Plan could support economic growth. This was on the basis of the significantly ageing proportion of the population and the decline in the younger age group. In effect a reduction of the local labour supply compared to the increase in job expectations.
5. To evaluate this, the Inspector requested additional work be undertaken on employment forecasts using different scenarios to illustrate how economic growth may influence migration, and to complement this with sensitivity testing of difference participation rates in the indigenous workforce.
6. TW does not consider that the Council has fulfilled this request. Furthermore, the Modifications to the Plan, as proposed in July 2014, will result in excessive unsustainable commuting.

Employment / Housing Balance

7. The Council set out within its Submission Plan a requirement for 16,100 jobs (805 jobs per annum), however, it has proposed that this be modified to 2,300 (135 jobs per annum) jobs over a shorter plan period. However the Council is planning for 775 dwellings per annum, which based upon a Plan Area average household size figure of 2.26 (2011 Census) would result in 1,750 people being accommodated each year. If a significant amount of this is in migration of economically active migrants as is indicated is the case in the PBA Report due to the natural change of the District declining, then there will not be sufficient jobs at 135 per annum to meet the population. This is clear evidence that the Council has incorrectly assessed it

¹ Paragraphs 14 – 16 of the Inspectors Exploratory Meeting correspondence to the Council

housing and employment balance. With the proposed Modifications to the Plan, and significant commuting will be a result.

Question 3.4 Is there sufficient flexibility in the Plan to respond to changing circumstances?

8. There is no flexibility in the housing land supply to respond to changing circumstances. The delivery rates in the Plan's trajectory are overly optimistic and land supply too tightly constrained. The housing supply from key sites within the Plan such as the Vearse Farm are unlikely to be delivered as planned leading to a shortfall in housing. No flexibility is provided within the Plan should these circumstances arise. TW has presented evidence on this already.

Question 3.5: Is the latest assessment of housing robust and representative of needs in the two authority areas?

9. RPS does not consider the assessment robust or representative of the objectively assessed needs of the two authority areas.
10. The National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) set out an approach to identifying the Objectively Assessed Need (OAN) for housing, and while this is not mandatory, any deviation from this should be justified. It is noted that the PBA study (2014) seeks to follow the approach set out within the PPG, however, it fails to fully incorporate the advice contained within it, particularly in respect of the economic component of OAN. It also has significant shortcomings in respect of its consideration of market signals and does not present clear justification for its demographic assumptions. As such the figure presented of 775 dwellings per annum (dpa) is not a sound assessment of housing need. TW consider the objectively assessed housing need to be in excess of this and in excess of the previous independently tested RSS target of 900 dwellings per annum.
11. RPS has set out its response on the basis of its Futures Housing Need Model, as illustrated in Appendix 1 to this statement. This considers the four components of OAN as below:
- Demographic;
 - Economic;
 - Affordable Housing; and
 - Market Signals
12. The concerns of TW are set out below in respect of the above four components of OAN.

Demographic

13. RPS set out in its response on behalf of TW on 11 September that it had concerns over the demographic component of the SHMA Update/PBA Study and the mortality and fertility assumptions used. The PBA report sets out at paragraph 4.29 that the preferred scenario (PBA Trends 2001-07) and the PBA Trends 2007-12 scenarios use the same demographic expect that the preferred scenario uses migration data from the period 2001-07 as a more realistic representation of future trends. However, in paragraph 4.21 the PBA report sets out that it does not apply fertility or mortality rates from the latest Sub National Population Projections (SNPP) to the base demographic population, rather it applies ‘assumptions’.
14. No evidence is provided on what these ‘assumptions’ are or how they relate to a base demographic population. This information is considered of critical importance as fertility and mortality rates can dramatically affect a population projection, particularly where the ageing population and lower levels of young people are projected, as is the case in the Plan area of Weymouth and Portland. Without this information, the evidence base in not transparent.
15. The Inspector has identified specific concerns in relation to the population profile and the labour force and therefore fertility and mortality rate assumptions should be explained fully, especially where the Districts’ natural change profile shows a loss in population (paragraph 3.8 of the PBA Report refers) compared to a sudden growth in young people within the PBA preferred scenario.

Economic Component

16. The PPG advises that housing needs assessment should have regard to future employment (paragraph 18 refers) in that:
“Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area”
17. Furthermore it states that:
“Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems”.
18. In assessing the OAN for housing it is necessary to consider the likely change in job numbers based upon economic forecast or previous trends. RPS is aware that the linkage between housing and jobs has been raised by the Inspector in respect of

the effects for commuting (as set out above) and has requested that it be explored by the Council further. RPS has assessed the Council's approach and does not consider it robust as it has not actually tested any realistic economic based scenarios as the only scenarios tested are those based upon demographic inputs to the Experian Forecasts. As such the OAN assessment is deficient in a core PPG requirement.

19. However, RPS has undertaken an assessment of the evidence presented by PBA as set out below against the manner in which RPS Futures approach would consider the economic component. Evidence supporting this is also contained in Appendix 1 of this Statement.

Economic Approach in the PBA Report (2014).

20. The PBA Report sets out (paragraph 5.2 refers) that many housing need assessments start from local employment forecasts commissioned from suppliers such as Experian or Cambridge Econometrics to provide future employment forecasts for the area. It then outlines that these economic forecasts are then often used as a starting point for economic led OAN assessments where the assessment of housing need is derived from need to support the labour force associated with the economic forecasts. The PBA Report considers this approach logically flawed (paragraph 5.3 refers) because local economic forecasts already rely on assumptions about the future resident population. The PBA Report then sets out that given that future population forecasts are an input to the employment forecast, it does not make sense to make it them an output of employment forecasts.
21. On the basis of the above, the PBA Report sets out that for a more robust calculation (paragraph 5.4 refers) economic forecasts (in this case Experian) should substitute the population component of the economic forecasts with the locally derived population forecasts. This it sets out will establish how many jobs are likely to be associated with the expected growth in population (in this case the PBA preferred scenario PBA Trends 2001-07).
22. While RPS does not contest that this may test the economic potential of the projected population change associated with a demographic scenario (PBA Trends 2001-07) it is not an economic forecast, or a scenario for the purposes of paragraph 18 of the PPG. The PBA approach simply tests the economic performance of the demographic scenario PBA Trends 2001-07. ie. how many jobs will the natural increase in population projected to occur provide?
23. Therefore, the PBA Report is just substituting one demographic scenario with another as an input to the Experian Model.
24. To be consistent with the PPG, local authorities should appraise evidence on job expectations, past employment trends and economic forecasts independently of the demographic scenario to understand the potential for job growth / likely change in job numbers that will occur over the Plan period outside of pure demographic

constraints. Once the level of future jobs / economic growth is understood, then this should be compared to the predicted local labour force from the demographic scenario to establish whether there is a potential imbalance.

25. In the PBA Report approach this will never occur, as it is always derived from the population input.

RPS Futures: Economic Past Trends/Forecasts Assessment

26. The RPS Futures approach considers the potential for future economic growth alongside comparative evidence on past trends. Appendix 2 sets out the data on past trend evidence from the Nomis Official Labour Market Statistics. This indicates that historic job growth has averaged between 500 and 1,000 jobs per annum (Table A1.2) dependent upon the period observed. It is noted that the same period as PBA uses in its Preferred Scenario (2001 to 2007) experiences the highest level of job growth.

27. PBA sets out that it has chosen this period of 2001 to 2007 on the basis that:

***“The projection is the highest of all those we have considered and because it projects forwards very favourable economic conditions (housing boom) is likely to be the highest credible scenario available”.* Paragraph 4.30**

28. Therefore if the PBA report has determined that this 2001 to 2007 is the observation period used for its demographic migration trends, on the basis that it is the most credible scenario going forward, the same logic would suggest that job growth should be set using the similar period (1,000 jobs per annum) as it is linked to migration and ‘favorable economic conditions’. This would equate to a job growth of 20,000 jobs over the submission plan period to 2031.

29. The lowest level of historic trend job growth is observed over the period 2002 to 2012 with only 500 jobs per annum generated. On this basis the minimum level of jobs likely to occur on the basis of past trends is 10,000 jobs to the year 2031.

30. If one then looks at potential forecasts, the Council sets out in its Submission Plan that the level of job growth expected was forecast to be 16,100 jobs over the Plan period. This would sit comfortably within the range of past historic trend evidence of between 10,000 and 20,000 jobs and is considered a sound and reasonable assumption to base a submission plan upon, as the Council has.

31. The latest economic projections from Experian suggest that job growth is now more likely to be in the region of 2,072² jobs over the Plan period, some 14,000 jobs lower than originally predicted. The job expectations associated with the latest July 2014 Modifications proposed therefore not only sit outside of the past historic ranges, but by some extreme margin.

² Table 5.1 PBA Report 2014

32. In light of the above, sound planning judgements need to be made based upon an assessment of the evidence available. To date the evidence illustrates that past historic trend job data aligns more closely with the submission plan forecasts which would be close to the mid-point between the two historic trend figures. This would indicate that a figure of 16,100 has more credibility than a figure of 2,072.

Question 3.6 Is the phasing regime and housing trajectory realistic, appropriate and deliverable and capable of providing an adequate supply of housing land?

TW submitted evidence in September 2014 that illustrated that the phasing regime and housing trajectory is not appropriate and will not deliver a continuous supply of housing land. It will also be significantly deficient in the first five year period. Additional sites are required, particularly early in the Plan period.

Question 3.7 Would the LP provide a 5 year housing land supply on adoption having regard to the need for an appropriate buffer (NPPF paragraph 47)?

While the Plan anticipates a five year supply of housing land on adoption, it is not anticipated that this will occur and render the Plan out of date on adoption. This is not a positively prepared Plan in accordance with the NPPF. Weymouth and Portland has significantly underperformed in housing delivery since 2006 and West Dorset since 2009³ and even with the 20% buffer applied to the current housing target, it is unlikely that a significant boost in housing supply will be achieved with such minimal margins on the potential housing supply. It is noted that the 2014 SHLAA update sets out (pages 12 and 13 refer) that the Council can demonstrate a five year housing land supply with the allocations included within the Plan. It illustrates that this is within a margin of 150 dwellings. TW does not consider the land supply is sufficient to meet this requirement for the reasons above and that the Council will **not** be able to demonstrate a five year land supply.

Conclusion

33. TW does not consider the objective assessment of housing need evidence published by the Council is robust. It is deficient in appraising the realistic likelihood of future economic growth and the levels of job growth to be experienced across the Plan period alongside not being transparent regarding its demographic assumptions.
34. In respect of the economy, there is clear evidence that the level of economic growth will continue to occur across the Plan period in excess of the total 2,300 jobs (as the contained in the July Modifications). The evidence indicates that this is in fact likely

³ page 4 of the February 2014 Five Year Housing Land Supply Document

to be comparable with the past trend evidence of between 10,000 and 20,000 jobs. The 16,100 jobs contained within in the Submission Plan is therefore a realistic assumption on future job growth.

35. Furthermore, it is noted that the level of employment land is maintained at 60.3ha in the Plan and yet this is associated with the provision of some 16,100 jobs, not the 2,300 now proposed. Therefore the Council is not proposing to plan for less housing linked to a demographic based economic projection and yet provide 60.3ha of employment land. The actual outcome of this action would therefore be that job growth is likely to continue to grow well in excess of the 2,300 job to the effect that there are significantly more jobs in the area than can be accommodated by the indigenous workforce. This will result in unsustainable commuting into the housing market area. This is not soundly based.

Recommendation to make sound.

36. The Council is seeking through proposing Modifications to the Plan to not only reduce the level of employment but also the Plan period. Both of these are not appropriate Modifications and cannot make the Plan sound.
37. The Plan must be examined on the basis of the Submission Plan where the Inspector is only enabled to make Modifications to the Submission Plan if he/she finds that the Plan is unsound and that the Modifications are capable of making the Plan sound.

Plan Period

38. In this context for modifications to be made particularly FPC4 in relation to the shortening of the Plan period, the Inspector would have to find the Plan as submitted unsound in the first instance. The Councils position as set out in the FPC4 is that in order to meet the revised level of need across the submission plan period to 2031 it will be necessary to identify additional development sites. This, however, is no basis for amending the Plan period in the context of paragraph 47 of the NPPF that sets out local authorities should meet their full objectively assessed need for housing.
39. TW therefore consider that the Plan period was soundly based, consistent with the NPPF and provided a positively prepared plan period for the consideration of meeting the OAN for housing. The deficiency in the Plan and thus unsoundness was related to the supply of housing and not the Plan period. Therefore the period of the Plan remains sound in the context of the NPPF and the modifications that are required is associated with land supply to meet that need.
40. The Plan period should therefore remain to 2031 as the modification proposes to move the Plan from a position of soundness to unsoundness in this regard.

Employment land and economic growth

41. The Plan as submitted and as being examined is not unsound in respect of the employment provision. It is unsound in respect of the housing component of the Plan and the correlation between job growth and housing. The Council should have maintained its realistic job growth predictions and identified a level of housing to provide for this level of job growth. This is should have sought to identify through testing a range of sensitivity scenarios to understand what the level of housing would be required (taking into account migration and commuting) to provide 16,100 jobs. Instead the Council sought to reduce its job predictions and link these directly to the level of population growth in its baseline demographic scenario but maintain the level of employment land retained in the Plan. The Modification to reduce the employment requirements will move the Plan from a position of soundness to unsoundness in this respect.

Housing Growth

42. The level of housing growth is unsoundly based and not based upon the NPPF or PPG requirements. It is a constrained demographic based assessment and does not adequately make provision for economic growth as set out in the Submission Plan. Therefore TW recommends that the OAN for housing is reassessed in light of the need to deliver between 10,000 and 20,000 jobs or 16,100 jobs as contained in the Submission Plan. This is likely to lead to a housing need of at least the previous regional spatial strategy targets of 900 dwellings per annum.



APPENDIX 1: RPS Futures HOUSING NEED MODEL

APPENDIX 2: ECONOMIC JOB DATA

Past Trend Evidence

past trend job growth is provided by Nomis Official Labour Market Statistics which is set out below.

Table A1.1: Past Job Growth (Nomis)

Period	Total Jobs (Plan Area)
2000	72,000
2001	70,000
2002	74,000
2003	68,000
2004	68,000
2005	71,000
2006	76,000
2007	76,000
2008	81,000
2009	83,000
2010	81,000
2011	80,000
2012	79,000

43. From the above it is observed that since the year 2000 job growth has occurred, but more significantly, the level of jobs has marginally / remained stable through the recent recession period, with a slight fall occurring in the emergence from recession. The following table examines job growth across a range of different sample periods. From this it can be seen that the average historic job growth in the plan area is between 500 and 1,000 jobs per annum, within which the job expectations of the Submission Plan sit comfortably. However, conversely the job expectations associated with the July 2014 Modifications proposed to the Plan not only sit outside of the past historic ranges, but by some extreme margin.

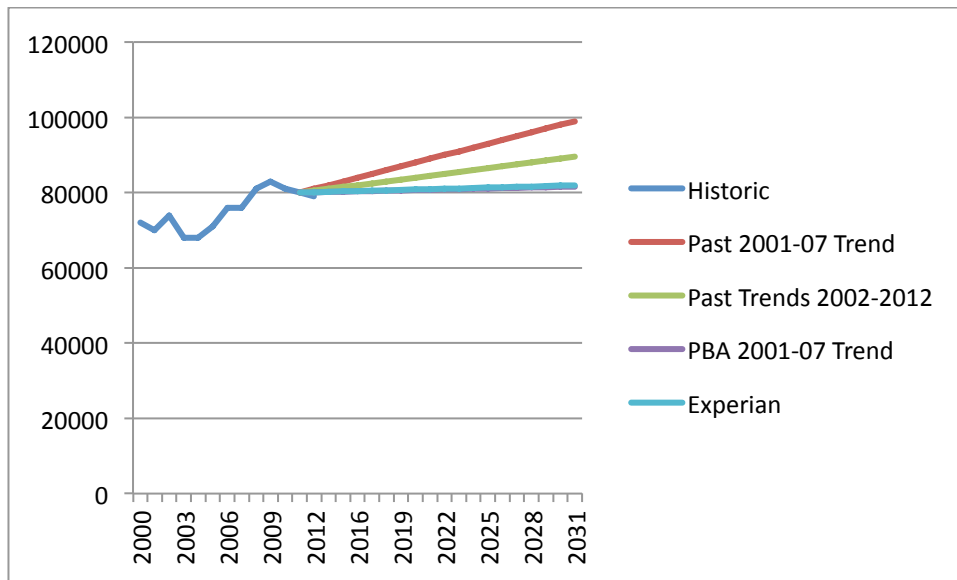
44. The PBA Preferred Scenario now sits at the lowest position

Table A1.2: Past Trend Analysis

Scenario	Historic Total Job Growth	Job growth per annum	Commentary
Historic 2000 – 2012	5,000	580	All trend evidence
Historic 2001 - 2007	6,000	1,000	The same period as PBA preferred Option period 2001 to 2007
Historic 2002 – 2012	5,000	500	Last ten year period of records
Submission Plan	-	805	The level of job growth in the submission Plan
Experian	-	103	The level of job growth associated with the Experian Projections
PBA Trend 2001-07	-	84	The level of job growth contained within the PBA Modified Experian projections

45. The following graph illustrates how the above average rates would appear if projected across the remainder of the Submission Plan’s plan period to 2031. This illustrates that the past trend observed through the PBA preferred 2001 to 2007 demographic period would see a rise of some 20,000 jobs, where the past ten year trend would observe a rise of 10,000 jobs. On this basis, RPS consider that the future trend projections based upon past trends would suggest a level of job growth between 10,000 and 20,000 jobs.

Graph A1. Comparison of historic employment trends to future projections.



Employment Land Provision

- 46. The Council set out within its Submission Plan a requirement for 60.3ha of employment land based upon the need to provide for 16,100 jobs. This was prepared through the Council’s Workspace Assessment that identified the level of employment land that will be required for traditional ‘B’ Class employment as part of the overall 16,100 requirement. Thus, the 60.3ha of employment land is associated with providing 16,100 jobs.
- 47. RPS notes that the level of employment land contained within the Plan remains at 60.3ha despite the level of jobs being reduced to 2,300. This would create a serious imbalance in the level of employment land to the jobs sought. It also has significant influences on commuting.
- 48. Given that the average historic job growth would indicate between 10,000 and 20,000 jobs (15,000 average) would be created, it is highly likely that the 60.3ha of employment land will be taken up over the Plan period and the levels of economic growth will support this. However, if the authority is planning only for a level of housing commensurate with providing for only 2,300 jobs, the implication is that the vast majority of the workforce will commute into the area rather than reside in the authorities. This will result in vast imbalances between jobs and employment and increase unsustainable commuting.