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District Council

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Bromsgrove District Plan 2011 -2030 (BDP) and the Borough of Redditch Local Plan Number 4 (BORLP4) Councils Response to the Inspectors note of the 26th March

Dear Mr Hetherington

Thank you for your prompt consideration of the matter referred to in your letter to the Councils dated 26th March 2014.

This is the requested response from both Councils to provide you with a consistent approach, although both Local Planning Authorities have set out a separate justification for each plan.

1.1 In your paragraph 3 you request that the work done to support the South Worcestershire Development Plan is included in our examination libraries. We can confirm that this has now been done, although the Councils feel it is important to stress at this stage that the approach taken by the South Worcestershire authorities is different to that taken by Bromsgrove and Redditch, which is explained in more detail below.

1.2 In relation to your paragraph 4, we can confirm that the status of the Edge Analytics work is that it is now completed. It should be stressed there have been no substantive changes to it since submission, its scope is that it should be considered in conjunction with the Amion report entitled North Worcestershire Housing Need April 2014 which is now final. Both of the final versions of the report have been submitted alongside this letter and have been added to the examination libraries, the references are Bromsgrove CD14.1 and Redditch CD18.1. The final Edge report now appears as an appendix to the Amion report. We hope the justification contained in the report address your queries over how the updated evidence has affected the Councils' consideration of the objectively assessed housing need, but for clarity it is summarised in more detail from the viewpoint of each Council in sections 2 and 3 below.

1.3 This additional evidence was undertaken to ensure the Councils submit a Local Plan taking account of the most up to date population and household projections. The issues raised at the Examination of the South Worcestershire Development Plan and the housing market linkages between the authorities at South Worcestershire and North Worcestershire led to the joint coordinated production of this evidence. It should be noted that employment led scenarios alongside sensitivity scenarios 2 and 3, were updated for consistency with

South Worcestershire although it was never the intention for them to be considered in the same way as in relation to the SWDP.

1.4 Both Councils recognised that there are implications which needed to be taken into account with respect to migration patterns and growth in Birmingham. This is evident in the commissioning of Sensitivity Scenario 4 in the North Worcestershire Edge Analytics work and the policies within the plans which make allowances for growth of the West Midlands conurbation to be accommodated in Bromsgrove and Redditch.

1.5 Birmingham City Council's proposed submission plan proposes to meet their full objectively assessed housing requirements. This is to be achieved with the cooperation of neighbouring authorities through work commissioned by the GBSLEP. Bromsgrove and Redditch Councils contend that it is not ideal or practical for every area in the economic market to progress with an aspirational economic led plan. This is going to be a particular problem around North Worcestershire Districts where the authorities are located between the global city of Birmingham and the County town of Worcester. Both places propose significant economic ambitions evident through the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) and Worcestershire LEP (WLEP) Strategic Economic Plans (SEP)s.

2. Bromsgrove

2.1 To clarify Bromsgrove's position in relation to its objectively assessed housing need it is necessary to provide some historical context explaining how the Bromsgrove District Plan (BDP) has evolved, where the figure of 7,000 came from and why we feel it is still robust today.

2.2 The Council has always aimed to deliver a balanced plan addressing the social, economic and environmental facets of sustainable development whilst reflecting the District's position as part of the commuter belt for the West Midlands Conurbation. Population growth in the District has continued almost entirely due to inward migration from the conurbation, and in particular from Birmingham. There is no reason to suggest that this historic trend will not continue over the plan period as people continue to seek housing within Bromsgrove District whilst maintaining employment within the conurbation.

2.3 As stated above for a range of reasons there are differences between the approaches adopted by the South Worcestershire and North Worcestershire authorities.

2.4 The BDP is influenced heavily by demographic change and is not an aspirational economic-led plan like the SWDP. This is not to suggest that economic development has been ignored in the BDP as for example, the Plan proposes 28 hectares of employment land derived from evidence contained within the Employment Land Review and the BDP contains policies to encourage the economic regeneration of the Town Centre. By comparison the SWDP is a plan based on significant economic growth over and above recent trends that are typical within Worcestershire. Should these levels of economic growth take place in the south of the county, it will require a significant increase in internal migration from other parts of the region including Bromsgrove and the West Midlands conurbation into South Worcestershire, if these jobs are to be filled from the local population and not encourage unsustainable travel patterns. It is not clear from the work done as part of the SWDP EIP where the additional population would come from. If past trends are to be maintained a

significant proportion of these would be coming from the north of the county and therefore a similar approach to development in the north of the county would lead to the same questions being asked about the potential dispersal of population. In the case of the north this dispersal in population would be away from key strategic economic areas such as the Birmingham conurbation and this would undermine the urban renaissance strategy which is being still being pursued by the conurbation. Whilst this terminology dates back to the West Midlands RSS, the relevance of the strategy today is acknowledged within the Interim Conclusions of the Solihull Local Plan. The Proposed Submission Birmingham Plan also maintains the focus for as much development as possible to take place with the urban area of the city, mirroring the previous urban renaissance policy.

2.5 To help identify the objectively assessed housing need the Council undertook a SHMA together with the other 5 Worcestershire authorities. This SHMA was completed in February 2012 and included a range of scenarios including migration based and economic-led scenarios. The migration scenario (core scenario 3) was based on migration trends over the 5 year period between 2003/04 and 2008/09 and in the case of Bromsgrove resulted in an indicative requirement of 6,980 dwellings over the period 2011-2030. For the reasons set out above the migration based approach was considered to be most relevant to Bromsgrove District and for the purposes of providing a logical target was rounded up to 7,000. Therefore following the publication of the 2012 SHMA the Council considered that the figure of 7,000 represented the full objectively assessed need.

2.6 Following the publication of the Interim Conclusions into the SWDP it was clear that there were weaknesses in the 2012 SHMA which undermined the robustness of the study. Further work was therefore jointly commissioned to update the scenarios run previously and to test the robustness of the 7,000 figure. The Edge Analytics report entitled 'North Worcestershire Demographic Forecasts' (March 2014 CD7.3) develops a number of up to date scenarios including trend based and jobs-led scenarios. The most comparable scenario to the migration-led scenario in the 2012 SHMA is the migration-led 5 year scenario which is based on historic migration trends between 2007/08 and 2011/12. This results in a net dwelling requirement of 4,250 for the period 2011-2030. However, it is acknowledged that the levels of inward migration experienced within this 5 year period are lower than normally experienced due to the global economic recession. Using this as a basis to roll forward over the plan period as economic conditions improve would therefore be unduly pessimistic. A migration-led 10 year scenario which is based on historic migration trends between 2002/03 and 2011/12 was also tested which results in a requirement of 5,740.

2.7 Under many circumstances a requirement derived from a 10 year average, would provide a sound basis for meeting requirements over the plan period as virtually a full economic cycle has been considered. However, the Council is fully aware that the City of Birmingham is expected to experience unprecedented levels of economic growth and demographic change over the plan period due to the aspirations of the GBSLEP and developments such as HS2. This is something that the Council cannot ignore due to its close links with the City and its historic relationship of providing housing to meet the needs of those who wish to migrate out from the conurbation. Work has been commissioned by the GBSLEP entitled the Joint Strategic Housing Needs Study. All Members of the GBSLEP have been involved in the commissioning of this work and neighbouring authorities outside of the LEP but within the Housing market area have also participated. This sub regional study includes a stock take of the existing evidence base(stage 1) ; an assessment of the

housing requirement within the study area, existing housing capacity and will identify any shortfall or surplus(stage 2); and depending on the outcome of the initial stages of the study may identify spatial options for accommodating any shortfall (stage 3). At the time of submission the GBSLEP work was some way off completion and no indicative results in terms of the likely number of houses Bromsgrove could take were available. Therefore sensitivity scenario 4 was produced in an attempt to factor in some of the additional growth which is likely to be required from the West Midlands Conurbation. This scenario shows an uplift of 20% in internal migration above the 10 year average and results in a figure of 6,840 for the period 2011-2030. This sensitivity test is a pro-active 'policy on' approach by the Council to address the significant changes expected over the plan period and this additional growth could be accommodated by the current plan without a change to the 7,000 target.

2.8 In response to paragraph 5 of your letter 3 different headship rates were tested under sensitivity scenario 1 but the 'index approach' (option C) has been preferred and used in all core scenarios (including sensitivity scenario 4). In this approach CLG 2011-based headship rates were applied to 2021 after which figures revert to the 2008 based rate of change in headship rates. This approach takes account of likely improvements in market conditions over the plan period and was recommended within the Interim Conclusions into the SWDP.

2.9 It is acknowledged that the reports completed by Edge Analytics and Amion Consulting focus heavily on a number of employment-led scenarios, which were primarily undertaken for the purposes of the SWDP. However, it is considered that an employment-led strategy would undermine the urban renaissance strategy of the West Midlands Conurbation and it would therefore not be appropriate to adopt these as the objectively assessed housing need. It is not considered appropriate for the Council to aspire to grow economically in scale to that which the authorities in the South Worcestershire authorities are aiming to achieve in their plan. The competition from surrounding higher order areas would mean very significant employment growth would need to take place in order to compete on an equal footing. This magnitude of development would most likely mean a very significant increase in housing provision, as Bromsgrove is and is likely to remain a popular location for new residential development in all market conditions. Allocating significant amounts of new housing to support a vastly expanding local economy could have significant detrimental effects if the jobs growth does not follow the housing growth, and would require significant Green Belt release. The development of employment sites remains difficult nationally and locally with sites in and around Bromsgrove remaining vacant with unimplemented permissions for a number of years. It is therefore highly uncertain that planning for a significant increase in economic activity is a realistic or deliverable strategy when faced with many other initiatives across the region where employers would prefer to locate and/ or funding is more readily available.

2.10 In summary, the Council has followed a consistent approach to identifying the objectively assessed housing need through the evolution of the Plan and all scenarios considered within the 2012 SHMA and the recent Edge Analytics report are attached as Appendix A. Appendix A provides brief details of all the scenario testing recently carried out for both authorities. The use of migration-led scenarios reflects our local circumstances on the periphery of the West Midlands conurbation and the addition of a 20% uplift within sensitivity scenario 4 is a pro-active 'policy-on' approach that is an attempt to address the vastly changing circumstances within the conurbation over the lifetime of the Plan. On this

basis Bromsgrove District Council still considers its objectively assessed need to be 7000 houses up to the period 2030, having fully considered the evidence within the Edge Analytics and Amion Consulting reports.

2.11 The explanatory note provided in relation to the Bromsgrove Submission was an attempt to explain the rationale for the 7000 objectively assessed need figure. Having re-examined this note in the context of your letter we accept that it does not clearly explain how the new evidence had affected the Council's consideration of the objectively assessed housing need, for this we apologise but trust this has been adequately explained in this letter.

3. Redditch

3.1 Firstly, the Borough Council members have instructed the planning authorities' officers to endeavour to achieve a Local Plan for Redditch that takes full account of, and plans for its full demographic-led housing requirements and in doing so take into account any migration impacts in line with the requirements of the NPPF. This is reflected in an objective of the Plan which is "To have sufficient homes meeting demographic needs, including affordable housing providing for a range, mix, and type in the best locations, including on Strategic Sites."

3.2 For Sensitivity Scenario 4 the internal in-migration flows for Bromsgrove and Redditch were altered. This sensitivity scenario is based on the 'Migration 10-year' core scenario. It also includes an increase of 20% on the net internal migration flow. This increases Redditch's dwelling requirement under this scenario from a 275 average annual household growth to 301 average annual household growth (see Table 3.6 of Amion Consulting North Worcestershire Housing Need Report).

3.3 Sensitivity Scenario 4 represents a realistic scenario of future demographic change. It is also the highest forecast of demographic led change and the choice of this scenario as being most representative of the likely future change and corresponds with the requirement in the NPPF to significantly boost the supply of housing. Table 4.1 of the Amion Consulting North Worcestershire Housing Need Report shows the net dwelling requirement of Sensitivity Scenario 4 to be 6,290 dwellings (2011-2030).

3.4 The Council wishes to point out that the Sensitivity Scenario 4 dwelling requirement is broadly similar to two of the jobs-led scenarios (Experian and Oxford) and the 'average' case under Sensitivity Scenario 3 (6,320 dwellings).

3.5 Prior to submission of the BORLP4 the results of the draft Edge Analytics demographic forecast work, particularly Sensitivity Scenario 4 were slightly lower than the housing requirements set out in Policy 4 Housing Provision. Given this outcome and following due consideration of the requirements of the NPPF and the broadly consistent outcomes with other scenarios (even though those approaches are not endorsed), the Borough Council was therefore reassured on the robustness of the policy on submission of the Plan. The Council's objectively assessed housing need is therefore determined to be 6,400 dwellings (2011-2030) as described in draft Policy 4.

3. Conclusion

We hope that the evidence provided in the finalised report and the explanations above show clearly how the requirements of paragraph 47 of the NPPF have been met, taking into consideration the various demographic and employment led scenarios which have recently been produced and that the objectively assessed housing need has been catered for in each Plan. The objectively assessed needs for both authorities are therefore based on Sensitivity Scenario 4 in the Edge Analytics work.

Please let us know if you need any further clarification or explanation of the approaches taken. We look forward to hearing from you in due course about how the examinations will proceed.

4th April 2014

Bromsgrove District Council and Redditch Borough Council

Appendix A: Bromsgrove and Redditch Housing Scenarios

Introduction

Over the last couple of years a wide range of potential housing scenarios have been produced for the Councils. Firstly this was completed through the Worcestershire Strategic Housing Market Assessment 2012 (SHMA) by GVA and Edge Analytics and further demographic Forecasts were produced by Edge Analytics in March 2014.

The purpose of this paper is to set out each scenario, explain how it was derived and the relevance of it now. For clarity all housing numbers are set out as the full requirement for the period 2011-2030.

The Worcestershire SHMA (2012)

The SHMA tested a mix of demographic and economic scenarios and included a sensitivity test. Each of these are set out below:

A) Core Scenario 1: Sub-National Population Projections (SNPP)

Bromsgrove Housing Requirement: 7,830

Redditch Housing Requirement: 4,140

This scenario is the 2008 SNPP which were published by the Office of National Statistics (ONS). The data in the population projection element of this scenario has not been recalibrated in anyway although the headship rates were rescaled using locally sourced Council Tax data. The publication of the 2011 census highlighted that the use of Council Tax data had resulted in an underestimation in the number of households. The 2008 SNPP have since been superseded by the 2010 SNPP which further reduces the relevance of this scenario today.

B) Core Scenario 2: Natural Change

Bromsgrove Housing Requirement: 1,840

Redditch Housing Requirement: 4,600

This is a hypothetical scenario where no migration occurs and the only drivers of growth are births and deaths. It is acknowledged that migration forms a significant part of population growth in both local authority areas historically and it is expected to do so in the future. Planning for no migration would result in a significant under-provision and therefore this is not an appropriate scenario on which to base a housing requirement.

C) Core Scenario 3: Migration-led

Bromsgrove Housing Requirement: 6,980

Redditch Housing Requirement: 1,800

This trend based scenario is derived from the 2008 SNPP. The projection bases its trend on the period 2003/04 to 2008/09 with the mid 2009 estimates used as the basis from which to project forward the trend. Migration is the most significant component of population change

in Bromsgrove District making it the most relevant scenario when the 2012 SHMA was completed. However the publication of the 2011 census highlighted that the use of Council Tax data had resulted in an underestimation in the number of households. The 2008 SNPP have since been superseded by the 2010 SNPP and much more update information on migration trends are now available.

In the case of Redditch Borough Council it was acknowledged within the SHMA that official statistics had not sufficiently captured the role of international migration with the Borough. This led to an unrealistically low housing target under this scenario. However, this error is corrected within Sensitivity Scenario 1 which is set out below.

D) Sensitivity Scenario 1: 'Correcting' the International Migration component of Change

Bromsgrove Housing Requirement: N/A
Redditch Housing Requirement: 5,120

This is a sensitivity that was run on core scenario 3 for Redditch only. Analysis of the components of change presented in the mid-year estimates for Redditch highlighted a potential issue in the treatment of international migration within the authority. Further review identified that there was evidence of a potential high level of undercounting in recent years in Redditch. This first sensitivity focuses solely on Redditch and uses locally sourced demographic data to 'correct' the historical estimates and therefore the trend-based demographic projections.

E) Core Scenario 4: Employment-led

Bromsgrove Housing Requirement: 8,570
Redditch Housing Requirement: 9,970

This projection uses the migration-led scenario as its base and constrains the population to an employment forecast. The forecast used was taken from the Labour Market Future Profile which was produced by Advantage West Midlands in 2010. This employment forecast is now considered to be out of date. The concerns over the use of council tax data and out dated projections also apply to this scenario. An employment led-scenario is not considered to be the most appropriate approach for the authorities as it could potentially undermine the urban renaissance strategy within the West Midlands conurbation.

F) Core Scenario 5: Dwelling-led

Bromsgrove Housing Requirement: 5,610
Redditch Housing Requirement: 4,090

This constrained scenario uses the migration-led scenario as its base but models the impact of a future housing building trajectory that is based on average completion rates between 2004/05 and 2009/10. Constraining the level of requirement based on completions within a recession could not be considered to meet the full objectively assessed needs in accordance with the NPPF. The concerns over the use of council tax data and out dated projections also apply to this scenario.

G) Sensitivity Scenario 2: Altering Economic Activity Rates of Older Persons

Bromsgrove Housing Requirement: 6,780

Redditch Housing Requirement: 8,620

This a sensitivity that is run on core scenario 4 whereby it is assumed that economic activity rates of older persons will increase in the future with the pension age increasing and people needing to supplement their income from their pension. The sensitivity assumes that between the ages of 50 and 64 economic activity rates will incrementally increase by 10% over the plan period. For those over 65 economic activity rates increase by 50% over the same period. The assumptions used to alter the economic activity rates of older persons were not fully justified meaning this scenario is not considered to be robust.

H) Worcestershire SHMA – Redditch Updated Household Projections (May 2012)

Redditch Housing Requirement: 6,380

In May 2012, Redditch Borough Council commissioned further analysis of International Migration, based on ONS SNPP data releases in March 2012, which were not available to inform the Worcestershire SHMA (Feb 2012). The new SNPP included methodological changes relating primarily to the treatment of projections of international migration flows. Whilst the SHMA (Feb 2012) anticipated a number of methodological refinements to the ONS data, this work was undertaken to consolidate the sensitivity scenario 1 testing.

North Worcestershire Demographic Forecasts (February 2014)

This document includes a wide range of demographic and economic scenarios including a number of sensitivity tests using the most update projections and recommended methods of calculation. Each scenario is set out below:

I) 2010 SNPP

Bromsgrove Housing Requirement: 6,390

Redditch Housing Requirement: 6,090

This scenario is simply the official data set published by the ONS. However CLG 2011-based headship rates have been applied to 2021 which then reverts back 2008-based rate of change in headship rates thereafter. It should be noted that 'interim' 2011-based population projections have been published more recently however they are widely considered to be insufficiently robust to underpin any housing target. Therefore this scenario is based on the most recent projections that are viewed to be valid.

J) Migration-led 5 years

Bromsgrove Housing Requirement: 4,250

Redditch Housing Requirement: 5,070

This trend based scenario uses the 2010 SNPP as its base but internal and international migration assumptions are based on historical evidence between 2007/08 and 2011/12. This basically reflects reduced levels of migration during a recession and this does not provide a valid basis to justify a housing target for the plan period.

K) Migration-led 10 years

Bromsgrove Housing Requirement: 5,740

Redditch Housing Requirement: 5,660

This trend based scenario uses the 2010 SNPP as its base but internal and international migration assumptions are based on historical evidence between 2002/03 and 2011/12. As this is based on migration trends over a longer period of time (e.g. an economic cycle) it provides a potentially realistic view of population growth over the plan period.

L) Natural Change

Bromsgrove Housing Requirement: 930

Redditch Housing Requirement: 4,510

This is a hypothetical scenario where no migration occurs and the only drivers of growth are births and deaths. This is very similar to the scenario included within the 2012 SHMA although more up to date information on births and deaths is used. It is acknowledged that migration forms a significant part of population growth historically and is expected to continue to do so in the future. Planning for no migration would result in a significant under-provision and therefore this is not an appropriate scenario to base a housing requirement on.

M) Jobs-led (Cambridge Econometrics)

Bromsgrove Housing Requirement: 10,230

Redditch Housing Requirement: 8,360

In this scenario population growth is constrained by an annual net change in jobs numbers as defined in the Cambridge Econometrics employment forecasts. This forecast is up to date however an employment led-scenario is not considered to be the most appropriate approach for either Council as it could potentially undermine the urban renaissance strategy within the West Midlands conurbation.

N) Jobs-led (Oxford Economics)

Bromsgrove Housing Requirement: 11,530

Redditch Housing Requirement: 6,590

In this scenario population growth is constrained by an annual net change in jobs numbers as defined in the Oxford Economics employment forecasts. This forecast is up to date however an employment led-scenario is not considered to be the most appropriate approach for either Council as it could potentially undermine the urban renaissance strategy within the West Midlands conurbation.

O) Jobs-led (Experian)

Bromsgrove Housing Requirement: 10,290

Redditch Housing Requirement: 6,470

In this scenario population growth is constrained by an annual net change in jobs numbers as defined in the Experian employment forecasts. This forecast is up to date however an employment led-scenario is not considered to be the most appropriate approach for either

Council as it could potentially undermine the urban renaissance strategy within the West Midlands conurbation.

P) Sensitivity Scenario 2

Jobs-led (Cambridge Econometrics) Bromsgrove Housing Requirement: 9,180

Jobs-led (Cambridge Econometrics) Redditch Housing Requirement: 7,460

Jobs-led (Oxford Economics) Bromsgrove Housing Requirement: 10,470

Jobs-led (Oxford Economics) Redditch Housing Requirement: 5,690

Jobs-led (Experian) Bromsgrove Housing Requirement: 9,240

Jobs-led (Experian) Redditch Housing Requirement: 5,570

Sensitivity scenario 2 has been applied to each of the jobs-led scenarios. Within this sensitivity economic activity rates in the older population are changed to reflect planned changes to the State Pension Age and unemployment rates have been reduced over the plan period to reflect improving economic conditions. This sensitivity results in more people retaining employment in the local authority areas meaning that lower migration is required into the authorities to fill jobs and thereby less housing is needed. This sensitivity provides a robust example of how economic circumstances are likely to change over the plan period however for the reasons outlined above the councils are not pursuing an economic-led strategy.

Q) Sensitivity Scenario 3

Jobs-led (Cambridge Econometrics) Bromsgrove Housing Requirement: 9,320

Jobs-led (Cambridge Econometrics) Redditch Housing Requirement: 7,490

Jobs-led (Oxford Economics) Bromsgrove Housing Requirement: 10,570

Jobs-led (Oxford Economics) Redditch Housing Requirement: 5,790

Jobs-led (Experian) Bromsgrove Housing Requirement: 9,380

Jobs-led (Experian) Redditch Housing Requirement: 5,680

A further sensitivity has been tested on each of the jobs-led scenarios which take into account labour market dynamics. This sensitivity tests the impact of increased economic participation as economic conditions improve over the plan period. This was seen to be particularly relevant to each of the South Worcestershire districts. This sensitivity has only a nominal impact on the housing requirements regardless of which forecast is used when compared to sensitivity scenario 2. For the reasons outlined above the councils are not pursuing an economic led strategy and therefore this sensitivity is not considered to be the most relevant.

R) Sensitivity Scenario 3 (average)

Bromsgrove Housing Requirement: 9,760

Redditch Housing Requirement: 6,320

To take account of the 3 economic forecasts by Oxford Economics, Cambridge Econometrics and Experian an average has been calculated for sensitivity scenario 3 using

the 3 jobs-led figures. For the reasons outlined above the councils are not pursuing an economic led strategy and therefore this sensitivity is not considered to be the most relevant.

S) Sensitivity Scenario 4

Bromsgrove Housing Requirement: 6,840

Redditch Housing Requirement: 6,290

The purpose of this scenario is to consider the possible implications of the unprecedented economic and demographic change that is likely to take place in the West Midlands conurbation over the plan period which could increase migration from the conurbation into Bromsgrove and Redditch. This is due to the proposals of the GBSLEP and other developments such as HS2. Therefore for the purposes of this sensitivity internal migration levels have been increased by 20% above the levels used in the migration-led 10 year scenario. This 'policy-on' scenario is considered to be realistic attempt to take into account the likely changes within the conurbation over the plan period.