

Examination into the Birmingham Development Plan

Hearing Statement Response to Inspectors matters issues and questions

Matter F: The duty to co-operate in respect of strategic matters



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**Statement prepared by Redditch Borough Council
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Matter F: The duty to co-operate in respect of strategic matters

Main issue: Have the Council complied with the requirements of section 33A of the Planning and Compulsory Purchase Act 2004?

1) In the preparation of the Plan, have the Council engaged constructively, actively and on an ongoing basis with all those bodies with whom they are required to co-operate, in respect of:

- (a) strategic housing matters;**
- (b) strategic employment matters;**
- (c) strategic retail matters;**
- (d) strategic matters pertaining to minerals and waste; and**
- (e) strategic transport and other infrastructure?**

2) Insofar as the Plan relies on other Local Planning Authorities [LPAs] to deliver a proportion of its housing requirement, what mechanisms exist to ensure that the other LPAs will comply with this approach?

1. During the preparation of the Birmingham Development Plan (BDP), Birmingham City Council have complied with the requirements of Section 33A of the Planning and Compulsory Purchase Act by engaging with Redditch Borough Council to maximise the effectiveness of the BDP, particularly with regards to the unmet housing needs which is considered to be the strategic matter.

2. The activity undertaken by BCC to secure the compliance with the Duty is considered to be robust, in that there has been engagement from officers through meetings, letters and emails which has been ongoing since the Duty was enacted; and constructive because there has been an agreed approach with regards to Birmingham's unmet housing need.

3. Generally, the approach taken in the BDP is supported by Redditch Borough Council, with reference made to the Birmingham Development Plan Duty to Cooperate Statement (June 2014) (DC2) Appendix 9 signed by the leader of the Council at Redditch.

4. At an early stage Birmingham City Council made the surrounding authorities aware of the evidence of its objectively assessed housing need and the City's difficulty in accommodating that level of need. It is understood that those Councils agreed that the most proactive approach to avoid stalling the production of every adjoining Plan was to caveat the Plans with a review clause. Redditch Borough Council like other similar Local Authorities, proposed a change to its Plan to introduce the possibility of this view being required.

5. The Borough of Redditch Local Plan No.4 is currently in the middle of its own examination. Two sessions on Redditch's objectively assessed housing needs and the Duty to Cooperate were held on 16th and 17th June. The Interim Conclusions from those sessions which were issued by Redditch's Planning Inspector (dated 17th July) are attached as Appendix 1. The strategic matter of Birmingham's unmet housing needs and the response from Redditch was considered during the hearing on the Duty to Cooperate matter.

6. Below is an extract from the Borough of Redditch Local Plan No.4 which is supplied to demonstrate how the Council intended to deal with the matter of the unmet housing need from Birmingham. Also provided is a track changed post-submission change suggested by Redditch Borough Council. The wording was

agreed between Redditch Borough Council and Birmingham City Council. It should be noted that there are some things to note from the Redditch inspectors interim conclusions regarding the terminology used (i.e. the words “dealt with”) which would mean that the wording in the Redditch Submission Local Plan below is likely to be subject to amendment.

Borough of Redditch Local Plan No.4 Submission Version 30 th September – 11 th November 2013	Borough of Redditch Proposed Submission Minor Amendments Track Changes (February 2014)
<p>“In addition, Redditch has worked with other Local Authorities, which although are not directly adjacent to Redditch may have strategic matters that have implications for the preparation of the Local Plan. In particular, Redditch Borough Council and Birmingham City Council have jointly acknowledged there is strategic planning matter with regard to Birmingham being unable to accommodate all of its own housing needs. This issue will need to be dealt with during the preparation stage of the next Redditch Local Plan (i.e. the next plan period), or when a review of the development plan may be needed to consider these cross boundary matters. This will be dependent on the outcome of recently commissioned work to understand the issues, and further work on allocations for Birmingham’s growth. The mechanism for dealing with this would be through the Greater Birmingham and Solihull Local Enterprise Partnership (LEP)”.</p>	<p>1.14 In addition, Redditch has worked with other Local Authorities, which although are not directly adjacent to Redditch may have strategic matters that have implications for the preparation of the Local Plan. In particular, Redditch Borough Council and Birmingham City Council have jointly acknowledged there is strategic planning matter with regard to Birmingham being unable to accommodate all of its own housing needs. <u>As required by the Duty to Co-operate, due consideration will be given, including through a review of the BORLP4 where appropriate, to the housing needs of another local planning authority in circumstances when it has been clearly established through collaborative working that those needs must be met through provision in Redditch.</u> This issue will need to be dealt with during the preparation stage of the next Redditch Local Plan (i.e. the next plan period), or when a review of the development plan may be needed to consider these cross boundary matters. This will be dependent on the outcome of recently commissioned work to understand the issues, and further work on allocations for Birmingham’s growth. <u>With regard to Birmingham City Council, the mechanism for dealing with Birmingham’s unmet housing needs this will be through the Greater Birmingham and Solihull Local Enterprise Partnership (LEP).</u></p>

Appendix 1

EXAMINATIONS OF THE BROMSGROVE DISTRICT PLAN (BDP) and BOROUGH OF REDDITCH LOCAL PLAN No. 4 (BORLP4) INSPECTOR'S INTERIM CONCLUSIONS

Introduction

1. As advised at the opening hearing sessions on 16 and 17 June 2014, I am writing to set out my Interim Conclusions in respect of matters O1 and O2 – specifically relating to the Duty to Co-operate, the objective assessment of housing needs and the consideration of additional housing needs arising from the West Midlands conurbation. For the avoidance of doubt, this note does not set out a final view on the soundness of the Plans in respect of these (or any other) matters and is issued without prejudice to the contents of my final reports.

Assessment of the Duty to Co-operate

2. Section 20(5)(c) of the 2004 Act requires that I consider whether the Councils have complied with the duty imposed on them by section 33A in relation to the Plans' preparation. Each Council comments on this in its Duty to Co-operate Statement¹. These describe the activities that the Council concerned has undertaken with other bodies in order to maximise the effectiveness of Plan preparation. This includes co-operation between Bromsgrove District Council (BDC) and the Borough of Redditch (RBC): this has taken place to a high degree, as is evidenced most notably by the joint working in respect of meeting housing needs from the Borough of Redditch, as well as by the co-ordination in regard of the submission of the two Plans and the holding of joint examination hearings.
3. Co-operation has also taken place with other local planning authorities in a wide range of matters that are described in more detail in the above-noted background papers. As discussed below, both Councils have participated in joint working in respect of the evidence base for assessing housing needs – both in the context of the Worcestershire Strategic Housing Market Assessment (SHMA)² (involving all Worcestershire authorities) and the updated evidence base (involving the two Councils and Wyre Forest DC). Co-operation has also taken place between both Councils and Stratford-upon-Avon District Council in respect of cross-boundary employment needs and the Redditch Eastern Gateway proposals³.
4. Both Councils are members of the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) and are involved in the ongoing Joint Strategic Housing Needs Study, which will inform the approach of both Councils towards meeting future needs arising from the West Midlands conurbation.

¹ Document refs. CDB2.8 and CDR1.3

² Document ref. CDB7.2a/CDR7.5a. (In some cases, the same document has different references in the two examination libraries.)

³ See Memorandum of Understanding, document ref. M02/1c.

5. No objections have been raised in respect of any failure to meet the Duty to Co-operate by any of the bodies prescribed in relevant legislation for the purposes of section 33A(1)(c) of the Act. However, a number of representors, particularly from the development sector, consider that the Duty has been failed, principally in respect of the BDP, because explicit provision for unmet housing need from the conurbation has not been made.
6. I address this matter in terms of the Plans' soundness later in these interim conclusions. However, it is clear that both Councils have engaged actively and on an ongoing basis, for example in terms of their participation in the above-noted Joint Strategic Study. Some representors consider that the failure to make explicit provision to meet anticipated additional housing numbers, for example in the form of a Green Belt Boundary Review and specific allocations, represents a failure to act constructively, as is also required by section 33A(1). I do not agree. Relevant Councils (including Birmingham City Council) support the stance of both Plans in respect of this matter. Specifically, Bromsgrove District has accepted that it will accommodate additional housing to meet the conurbation's needs when its scale and apportionment have been quantified. Irrespective of my detailed comments below, a mechanism has been put in place within both Plans to implement this approach. To my mind, this represents an 'outcome' of the co-operation process, in the sense required by the national Planning Practice Guidance (PPG)⁴.
7. Taking these matters together, I am satisfied that Duty has been complied with in respect of both Plans.

Objectively Assessed Housing Needs

a. Background

8. Among other matters, paragraph 47 of the National Planning Policy Framework (the Framework) states that to boost significantly the supply of housing, local planning authorities should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the Framework's policies. Guidance on undertaking an objective assessment is set out in the PPG. This clarifies that need for housing refers to the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet that demand. It should address both the total number of homes needed based on quantitative assessments, but also on an understanding of the qualitative requirements of the market segment. The PPG adds that assessing development needs should be proportionate and does not require

⁴ PPG paragraph ID 9-010-20140306.

local councils to consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur⁵.

9. The PPG explains that this exercise is an objective assessment of need based on facts and unbiased evidence and that constraints should not be applied to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints. Such considerations should be addressed at a later stage when developing specific policies⁶. As such, a clear distinction must be drawn between the objective assessment of housing needs and the eventual determination of a Local Plan housing requirement.
10. In the present examinations, both Councils accepted at the relevant hearing that the terminology in their housing needs evidence does not fully align with the advice in the PPG, which was published very shortly before the Plans were submitted for examination. This has led to a lack of clarity in the Councils' submissions and evidence bases. Specifically, the Councils have now dissociated themselves from the conclusions in their letter to me dated 4 April 2014⁷, which effectively equated the output of the 2012 SHMA with their up-to-date objective assessment of housing needs.
11. The final outputs of the 2012 SHMA (and supporting appendices) are phrased as 'housing requirements'. However, the Councils now take the view that some of the scenarios that have been tested in the relevant studies (which are described in more detail below) involve the application of a policy-based approach that effectively goes further than an objective assessment of needs in the terms defined above. They describe these as 'policy-on' scenarios: in the Councils' view it is the 'policy-off' scenarios that accurately reflect the objectively assessed needs for their respective areas.
12. To my mind, use of the terms 'policy-on' and 'policy-off' is potentially confusing: the distinction between housing *needs* (that have been objectively assessed) and housing *requirements* (that a plan aims to provide for) is clarified in the PPG, and that is the distinction that I have used⁸. As discussed below, this can go further than demographic evidence: adjustments can be made to household projection-based estimates of housing need, while employment trends and market signals should also be taken into account⁹.
13. The Councils' housing needs evidence base rests primarily on two documents: the February 2012 SHMA plus appendices (with a

⁵ PPG paragraph ID 2a-003-20140306.

⁶ PPG paragraph ID 2a-004-20140306.

⁷ Document ref. ED/2.

⁸ A similar distinction between housing need and housing requirement is made in the decision of Gallagher Homes Ltd vs Solihull MBC [2014] EWHC 1283 (Admin) (paragraph 37) – document PHD/2.

⁹ PPG paragraph IDs 2a-017-20140306 to 2a-020-20140306.

subsequent May 2012 Annex in respect of Redditch¹⁰) and the North Worcestershire Housing Need (NWHN) report¹¹. The latter document comprises a report by Amion consulting (which was not available at the time of the Plans' submission) with a demographic paper by Edge Analytics (available only in draft form at submission) attached as an appendix.

14. The housing needs assessment that underpins the Plans as submitted is broadly derived from work undertaken in 2012 as set out in the SHMA and the additional Redditch annex. In summary, the Councils confirmed at the hearing that their view of the overall objectively assessed housing needs figure *at that stage* was as follows. In respect of Bromsgrove a need for 6,980 dwellings was identified (for the 19 year period from 2011/12 to 2029/30), effectively equating to the output of a particular core scenario (CS3). This was a migration-led scenario, projecting forward a continuation of recent historical demographic trends. In the Council's view, the selection of this scenario was justified by the significant part that in-migration has played in terms of the District's overall growth. CS3 did not include any assessment of projected changes in employment levels or the labour force: an alternative scenario (CS4) (described as 'employment-constrained') produced markedly higher levels of population and household growth. This assessment was however refined by a 'sensitivity scenario' (SS2) that – for Bromsgrove – suggested a broadly similar output to CS3. I return to this later.
15. In respect of Redditch, the SHMA identified irregularities in respect of relevant data sets, which led to the undertaking of a specific sensitivity scenario to 'correct' the international migration component of population change (SS1). However, in the SHMA Annex (May 2012) the output figure of that scenario (5,120 dwellings) was reassessed in the light of more up-to-date household projections and a revised assessment of the amount of vacant stock. This produced a figure equating to some 6,400 dwellings (2011/12 to 2029/30), which was considered to be a more realistic assessment of needs. Given that the additional work represented a more in-depth demographic analysis, notably in respect of international migration, in the light of updated information, I agree with that assessment.
16. The methodology of the 2012 SHMA has been considered in the context of the ongoing examination of the South Worcestershire Development Plan (SWDP), for which it also provides part of the evidence base. In his initial Interim Conclusions (October 2013)¹², the Inspector concerned supported in principle the approach of beginning with trend-based projections and then modifying them to take account of the effect of job growth forecasts. However, he identified particular shortcomings in the way that the SHMA had been carried out, finding in particular that there was a lack of clear

¹⁰ Document ref. CDR7.5b.

¹¹ Document ref. CDB13.3/CDR17.1.

¹² Document ref. CDB13.1/CDR17.2.

evidence to support the assumptions made in scenario SS2 and a high degree of sensitivity in the model to changes in those assumptions.

17. The SWDP Inspector's concerns are shared by a number of representors in the present examinations and are generally accepted by the two Councils. Such concerns led the Councils to commission the NWHN report, which the Councils consider to now represent a more up-to-date and robust assessment of housing needs in their respective areas. In summary, the Councils consider that the updated evidence base has resulted in a reduction in the objectively assessed housing needs for both areas. At the relevant hearing session, they stated that the overall needs totals are considered to be 6,390 dwellings for Bromsgrove and 6,090 dwellings for Redditch over the above-noted 19 year period (both figures are net). Both figures have been challenged by representors, and I will therefore consider each in more detail.
18. However, before doing so it is necessary to address three general concerns that have been raised about the methodology of both the SHMA and the NWHN report. The first of these relates to the way in which housing completions between 2006 and 2011 have been considered. Both studies present household growth data over the period 2006-2030, while both Plans cover the period 2011-2030. In deriving final housing needs figures for the Local Plan periods from the output of the relevant scenarios, both reports deduct the houses that were completed between 2006 and 2011. Given that building rates were comparatively low during those 5 years, this has resulted in somewhat higher annual averages for the period 2011-2030.
19. It is argued by representors seeking to reduce housing requirements in the two Plans that the period 2006-2011 should effectively be discounted on the basis that there was oversupply prior to 2006 in respect of the 2001-2011 Structure Plan period. The Councils have provided additional clarification in respect of this matter¹³. The base date from the 2012 SHMA was aligned to the plan period of the West Midlands Regional Strategy (RS) Phase 2 revision. Given the policy context applying at the time, this was understandable. In order to be consistent, it was necessary for the more recent NWHN report to adopt the same base date as the SHMA. In any event, it is clear that the SHMA sought to assess housing need over the period beginning from that base date. It is therefore both appropriate and consistent with national planning policy to ensure that under-supply during the period following the SHMA's base date is properly provided for.
20. The second general concern relates to the definition of the housing market area (HMA). It is argued by some representors that objectively assessed needs should be considered on the basis of an HMA that includes the West Midlands conurbation rather than the Worcestershire HMA. However, both Councils accept that their

¹³ Document ref. M01/1a.

respective areas fall within a wider market area that includes the West Midlands and that the Worcestershire HMA is not perfectly defined¹⁴. I agree with them that such definition is not an exact science and, moreover, that it is clear from both the SHMA and the NWHN report that relationships beyond the county boundary have been considered. As discussed below, a specific sensitivity scenario (SS4) was applied to address the potential for an increased level of in-migration from the conurbation taking into account expected high levels of economic growth and population increase. Furthermore, the principle of providing for additional housing to meet the conurbation's needs has also been accepted. Given the practical difficulties of extending the SHMA to cover the substantial number of local planning authority areas which relate to Bromsgrove and Redditch in terms of migration and travel to work data, I therefore agree with both Councils that the approach to HMA definition is both pragmatic and robust.

21. A third concern, raised by a representor, relates to the headship rates that have been adopted in the NWHN report. This adopts an 'option C' combination, which applies CLG 2011-based headship rates up to 2021, reverting to the 2008-based rate of change thereafter. This method was endorsed by the SWDP Inspector in his October 2013 Interim Conclusions paper. While it is argued that circumstances have since changed and that (in summary) this assumption is too conservative, it seems to me that the stance that he adopted, and that has been followed in the NWHN report, remains justified. Specifically, it is important to note that the 2011-based projections were interim and applied to only a 10 year period.

b. Bromsgrove District Plan

22. The 6,390 net dwellings figure that represents BDC's current assessment of housing needs for Bromsgrove is the output of a new core scenario (SNPP-2010) derived from 2010-based sub-national population projections. However, this is presented in the NWHN report as a scenario for 'benchmark' purposes¹⁵: the report goes on to examine various sensitivity scenario projections, stating that scenarios SS3 and SS4 'are considered to provide the most realistic reflection of likely labour market and demographic realities'¹⁶.
23. I return to SS3 below in respect of the discussion about economic evidence. Scenario SS4 involved altering internal in-migration flows for both Bromsgrove and Redditch in order to examine the impact of an increased inflow of internal (UK) migrants upon the annual dwelling requirement: specifically the net internal migration flow from the 'migration-led 10 year' core scenario was subject to a 20% uplift. It was clarified at the hearing that the 20% figure was arrived at following analysis of historic in-migration data, predominantly arising

¹⁴ See Councils' Matter O1 statement paragraph 46 – document ref. M01/1.

¹⁵ Paragraph 4.7 of the NWHN report.

¹⁶ Paragraph 4.7 of the NWHN report.

from the West Midlands conurbation. I have seen no substantive evidence to justify adopting a higher uplift figure. To my mind it represents a prudent adjustment to the base scenario.

24. Scenario SS4 suggests an overall need figure of 6,840 dwellings (net) for Bromsgrove District over the above-noted period. This scenario is not linked to any particular Local Plan policy or outcome. Bearing the above factors in mind, it seems to me that SS4 represents a more robust demographic-led assessment of likely housing needs within Bromsgrove District than the SNPP-2010 scenario. Its output is not dissimilar to the 6,980 net dwellings figure (derived from the 2012 SHMA) that forms the basis of the Plan's housing requirement.
25. Nevertheless, concerns have been expressed by the development sector that the SS4 figure is itself an inadequate representation of actual housing needs. These concerns fall into two broad areas, regarding lack of reference to, first, economic evidence and, second, market signals and affordability. I deal with each in turn.

Economic Evidence

26. Demographic evidence from household and population projections should form the starting point for assessing housing needs¹⁷. However, the Framework requires that the assessment of housing should take full account of relevant market and economic signals¹⁸. As the PPG makes clear¹⁹, employment trends should be taken into account. Specifically, 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. The PPG adds 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, the PPG states that plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.
27. In the case of Bromsgrove, all three employment growth forecasts contained in the NWHN report suggest a substantial growth in jobs numbers, ranging from some 10% to 13% for the period 2012-2030. This contrasts markedly with the outputs for Redditch, where more modest jobs growth is forecast. As already noted, the NWHN report sets out a sensitivity scenario (SS3) that uses this new labour market research to derive assumptions about the degree to which overall labour market conditions will impact upon future activity and employment rates and, therefore, the local supply of labour.

¹⁷ Paragraph 159 of the Framework and PPG paragraph 2a-019-20140306.

¹⁸ Paragraph 158 of the Framework.

¹⁹ PPG paragraph 2a-017-20140306.

28. Scenario SS3 (average case) suggests a net need of 9,760 dwellings within Bromsgrove over the above-noted period. BDC does not accept that this figure represents an objective assessment of Bromsgrove District's housing need. Its arguments are set out in the Councils' Matter O1 hearing statement²⁰. In summary these are: compliance with national guidance; recognition of Bromsgrove District's role in the region; support for urban renaissance; implications for the Green Belt; the need for a balanced plan; and the capacity for delivery of a 'jobs-led' plan.
29. I have set out the relevant national policy guidance position above. Employment trends should be taken account: however, no analysis of such trends is included within either the SNPP-2010 or SS4 scenarios. Sole reliance on either of these scenarios gives an inadequate picture of the implications of projected changes in the labour market.
30. There is some overlap between BDC's arguments in respect of Bromsgrove District's role in the region and support for urban renaissance within the West Midlands conurbation. BDC states that population growth in the District has continued almost entirely due to inward migration from the conurbation, particularly from Birmingham (figures are provided in appendices to the Matter O1 statement). BDC considers that there is no reason to suggest that this pattern will not continue over the Plan period, with people continuing to seek housing within Bromsgrove District whilst maintaining employment in the conurbation. It is argued that following an economic-led approach within Bromsgrove District could draw additional investment and population out of the conurbation, thereby hampering Birmingham's growth aspirations.
31. While the 'urban renaissance' terminology relates back to the now-revoked West Midlands RS, I agree with BDC that – in broad terms – it is necessary to acknowledge the role of Birmingham and its particular aspirations in respect of growth and urban renaissance. Such considerations will no doubt be addressed by the work that is currently underway to determine a strategic approach to housing provision within the wider GBSLEP area (see below). However, these are matters of policy that, while potentially affecting any decision on the Plan's final housing *requirement*, must be clearly distinguished from the present exercise, which is to undertake an objective assessment of housing *needs* in the District.
32. Similar arguments also apply to some of the other concerns raised by the Council. The importance that is attached to Green Belts is clearly set out in national policy, notably at paragraph 79 of the Framework. However, the existence of the Green Belt, or indeed of any other factor that might influence the determination of the Plan's housing requirement (such as the ability to balance the social, economic and environmental dimensions of sustainable development), does not

²⁰ Document ref. M01/1 – see paragraph 23 onwards.

affect the consideration of the District's housing needs in the terms required by national policy and guidance.

33. The scope and purpose of the three employment forecasts were discussed at the relevant hearing session. Summaries of their methodologies have been added to the examination library²¹. Clearly, there are differences in the methodologies and assumptions of the three studies and their outputs. Nevertheless, all three seek to give a projected figure of employment levels in the District concerned over the Plan period. Notwithstanding BDC's view that people will continue to seek housing within Bromsgrove District whilst maintaining employment in the conurbation, all three forecasts point to a growth in jobs *within the District*. As noted above, the resulting scenario (SS3) suggests a need for a substantially greater number of houses over the Plan period (approximately an additional 3,000 dwellings) than arises from the demographic-led scenario SS4.
34. The NWHN assesses the three forecasts in detail²². It concludes that all three projections provide up-to-date, representative and realistic forecast scenarios for planning purposes. BDC has provided no substantive technical challenges to the methodologies of the studies concerned. However, it does query the capacity to deliver a 'jobs-led' plan. Unlike the South Worcestershire Development Plan, the BDP does not seek to be an aspirational economic-led plan. Although a 5ha employment allocation is proposed as part of the BROM2 site, the bulk of the plan's 28ha employment land target relates to outstanding Local Plan sites with capacity remaining, commitments and windfalls²³.
35. I have sought to compare the outputs of these forecasts with the labour market projections contained in the Bromsgrove District Employment Land Review (ELR)²⁴. This has proved difficult, as it is not clear from the ELR which projection has formed the basis of the Plan's employment land requirements. In response to my further written questions, the Council has provided additional evidence²⁵. This includes data on levels of demand for employment and self-employment within the District that are not contained within the ELR itself, although the Council states that they are derived from the model used in the ELR. Other parties have not have the opportunity to comment on these figures, and it will be necessary to consider them in more detail at a future hearing session. However, in summary, the Council states that the overall level of employment at

²¹ Document refs. PIH/3-5.

²² NWHN report section 2.4.

²³ See BDP para 8.142 and table 4. This figure excludes land allocated in the Longbridge Area Action Plan and the proposed Ravensbank allocation (policy BDP5B) which is intended to provide future capacity for the needs of Redditch.

²⁴ Document ref. CDB8.1a.

²⁵ Document ref. PIH/2: Response from BDC (received 14 July 2014) to Inspector's further questions.

2030 generated by the ELR model sits comfortably within the range of the three forecasts relied upon within the NWHN report.

36. If this is indeed the case, then these data provide further support for adopting a scenario of future housing needs that aligns with expected jobs growth in the District. While the Council raises concern about the capacity for delivery of a 'jobs-led' plan, it appears from the above that its own assessment of employment land requirements (an assessment that it has sought to plan for) is based upon similar employment evidence to that which supports scenario SS3 in respect of housing needs.
37. As already noted, the PPG raises a concern that where labour force supply is less than the projected job growth, this could result in unsustainable commuting patterns and could reduce the resilience of local businesses. The above data suggest that the demographic-led scenario SS4 is inadequate to take into account future changes in the District's labour market: in short, they suggest that job growth within the District is likely to exceed labour supply.
38. However, the PPG's concern relates to circumstances where a mismatch between labour force supply and projected job growth could result in unsustainable commuting patterns and could reduce the resilience of local businesses. In the present case, Bromsgrove District is already characterised by significant net out-commuting. Given that the District is therefore, in effect, a net exporter of labour, it could be argued in principle that a local growth in jobs within the District might act to 'rebalance' existing commuting patterns rather than exacerbate unsustainable patterns as referred to in the PPG.
39. Unfortunately, it is not possible from the evidence before me to assess either the scale or likelihood of such an effect. The three economic models referred to in the NWHN report treat commuting patterns in different ways. In summary, the Cambridge model does not incorporate a specific commuting variable, although it takes account of past performance. The Oxford and Experian models draw upon standard economic and demographic data and therefore include an allowance for net commuting. However, the housing forecasts set out in the NWHN report hold the commuting ratio²⁶ constant over the forecast period 2012-2030. Given that this ratio fell in Bromsgrove between 2001 and 2011 (from 1.27 to 1.19) when job numbers in the District increased²⁷ – in contrast to Redditch where both the ratio and the number of jobs remained broadly constant – the rationale for this assumption is unclear. It seems to me at least possible that further changes to this ratio could be anticipated, given that further increases in local jobs are forecast.

²⁶ Defined as the balance between the number of workers living in a district and the number of jobs available in a district - NWHN report Appendix A para 6.71.

²⁷ See table 26 of the Appendix to the NWHN report.

40. Drawing the above together, I consider that sole reliance on either of the demographic-led scenarios (SNPP-2010 or SS4) gives an inadequate picture of the implications of projected changes in the labour market. In line with the PPG, it is necessary to take account of economic evidence. While the 'jobs-led' scenario SS3 suggests a much higher level of housing need in District than either of the demographic-led scenarios, it does not take into account the potential for jobs growth to affect local commuting patterns. I do not therefore share the view of some representors that this scenario represents a robust assessment of housing needs in the District.
41. In view of the above, **I feel that further work is needed to ensure that an objective assessment of housing needs in Bromsgrove District is undertaken in line with national policy and guidance. This should take account of economic evidence as required by the PPG, but should also present realistic data on the impact of the forecast jobs increase in Bromsgrove District on local commuting patterns.** Adoption of a scenario that would involve the provision of more homes within the District to accommodate out-commuters should be avoided. Given that the PPG²⁸ states that wherever possible, local needs information should be informed by the latest available information, there may be potential to take into account data from the most recent 2012-based Sub-National Population Projections. While these have been the subject of a new demographic scenario (SNPP-2012)²⁹, this has not been subject to the sensitivity testing that was applied to the base SNPP-2010 scenario as already discussed.
42. I am unable to predict the outcome of such work. However, if the resulting assessment demonstrates a housing need in excess of the 7,000 dwelling requirement that is presently provided for in the BDP, then, in line with paragraph 47 of the Framework, it will be necessary for BDC to demonstrate how the full objectively assessed need could be accommodated as far as is consistent with the policies of the Framework.

Market Signals and Affordability

43. As noted above, the Framework requires that full account should be taken of relevant market and economic signals. The PPG states³⁰ that the housing need number suggested by household projections (the starting point) should be adjusted to reflect appropriate market signals, as well as other market indicators of the balance between the demand for and supply of dwellings. Prices or rents rising faster than the national/local average may well indicate particular market undersupply relative to demand. It adds that relevant signals may

²⁸ PPG paragraph 2a-016-20140306.

²⁹ Document ref. PHD/8.

³⁰ PPG paragraph 2a-019-20140306.

include the following: land prices; house prices; rents; affordability; rate of development; and overcrowding.

44. Chapter 5 of the SHMA assesses the housing market, including trends in house prices, property sales and affordability. The views of local estate agents have been canvassed and data are presented in respect of affordability, rental levels and other indicators. For Bromsgrove, the key findings are that house prices were above the Worcestershire average (but below both Malvern Hills and Wychavon Districts), that such prices remained fairly constant between 2006 and 2010, that property sales reduced markedly over that period, that average private rental levels varied in respect of the county average depending upon property size and that there remains a sustained pressure on affordable housing.
45. Further evidence on market signals and affordability has been presented by representors³¹, who point particularly to the ratio between lower quartile house prices and lower quartile incomes. In 2011 Bromsgrove had the highest such ratio in Worcestershire and (with Stratford-upon-Avon) the highest in the West Midlands. However, other evidence in these papers points to a continued trend of relatively constant house prices within Bromsgrove District to 2014, echoing a similar trend in the county as a whole. While there is some evidence of an increase in house sales during 2013, only limited data are available for 2014. To my mind, this presents a mixed picture: while I agree with representors that there is some evidence for a strong housing market in the District, I do not feel that the evidence presents a compelling case to adjust the housing need number. However, as already noted, I have asked the Council to carry out more work in order to ensure that its assessment of needs takes appropriate account of economic evidence.
46. It has also been argued that overall housing numbers should be increased in order to ensure the provision of sufficient levels of affordable housing. Affordable housing needs for Bromsgrove District have been assessed in the SHMA³²: these are included within the Council's overall assessment of housing needs. At the hearing, BDC accepted that it was unrealistic to assume that this figure (over 4,000 dwellings for the Plan period) could be achieved in practice. Policy BDP8.1 seeks to apply thresholds of up to 30% or 40%, which would not deliver this figure based upon the Plan's proposed 7,000 dwelling target. Indeed, policy BDP8.2 allows for negotiation in exceptional circumstances where the applicant cannot meet the required target. While delivery of some rural exception sites is also expected, this is unlikely to be sufficient to remedy the deficiency.

³¹ Matter O1 statements by Barton Willmore on behalf of the Church Commissioners for England and Pegasus Group on behalf of Gallagher Estates and St Francis Group – document refs. M01/12 and M01/13 respectively.

³² Assessed at 219 dwellings/year: see Output 5 of the Bromsgrove SHMA Overview Report – document ref. CDB7.2b.

47. At the hearing, BDC stated that it is unwilling to seek a substantial increase in the Plan's overall housing requirement in order to ensure that identified affordable housing needs are met. I do not intend to comment on this matter now, as affordable housing is scheduled for discussion at a later point in the examination. However, it is clear that any such increase would be clearly distinct from the objective assessment of housing needs that is presently being considered. I am satisfied that an objective assessment of affordable housing needs has been undertaken in the SHMA, and indeed, have heard no substantive evidence to the contrary.

c. Borough of Redditch Local Plan No. 4

48. The 6,090 net dwellings figure that represents RBC's assessment of housing needs for Redditch also derives from the core scenario based on the 2010-based sub-national population projections (SNPP-2010). However, for the reasons set out above, I consider that scenario SS4 represents a more robust demographic-led assessment of housing needs within the Borough. The figure of 6,090 dwellings net therefore represents an underestimate. Nevertheless, the output of scenario SS4 for Redditch (6,290 dwellings net) remains lower than the figure of some 6,400 dwellings net (derived from the 2012 SHMA, as updated by the May 2012 Annex) that forms the basis of the BORLP4's housing requirement.
49. A number of concerns have been raised about the methodology of scenario SS4 as it applies to Redditch. As already noted, this incorporates a 20% uplift in order to examine the impact of an increased inflow of internal (UK) migrants upon the annual dwelling requirement. Concern was raised about how such an uplift could be applied where there is a pattern of net out-migration, as is the case in Redditch. Although this is not made clear in the Appendix to the NWHN report³³, it was clarified at the hearing that the uplift has been applied to in-migration flows rather than the net migration total. This appears an appropriate methodology. It has also been suggested that an adjustment should be made in respect of out-migration, assuming in effect that this will reduce in future years. However, I see no substantive evidence to support this suggestion, which appears to be an aspirational view rather than an objective evidence-based assessment. No change is needed in respect of these matters.
50. As explained in the Appendix to the NWHN report, the availability of information from the 2011 Census has resulted in a 'recalibration' of previous mid-year population estimates. Specifically, this suggests that previous mid-year figures under-estimated the scale of growth in Redditch. The report takes the view that this was mostly due to the difficulties in estimating the effects of international migration at the local level. While this view has been disputed, I see no reason to disagree with report's assessment that relevant data sets in respect of birth, deaths and internal migration (the latter taking into account

³³ See paragraph 3.33.

input from the GP registration process) can be considered to be robust. Although concerns about potential inaccuracies in the 2001 Census are noted, these do not apply to the 2011 Census, which has informed the NWHN paper. On balance, I have no reason to suppose that its conclusions in that regard are unrealistic.

51. It is also suggested that the components of population change for Redditch set out in the recently issued 2012-based SNPP outputs do not support the NWHN report's conclusions. Clearly, the report predates the publication of these figures. In any event, the concerns raised by the representor³⁴ relate to only specific elements of the 2012-based SNPP outputs. As noted above, revised SNPP-2012 scenarios have been calculated on behalf of the Councils which suggest levels of population and household growth for Redditch that are significantly lower than those indicated by the respective SNPP-2010 scenarios. However, the 2012-based SNPP outputs have not been subject to the sensitivity analysis that has been applied to the earlier data. While limited weight can therefore be attached to them, the SNPP-2012 figures do not in any event suggest that the SS4 scenario under-estimates the Borough's future housing needs.
52. As will be apparent from the discussion in respect of Bromsgrove, national policy and guidance make it clear that employment trends should be taken account when assessing housing needs. These are not factored into either the SNPP-2010 or SS4 scenarios. However, unlike the position in Bromsgrove District where there is a significant disparity between the outcomes of 'jobs-led' and 'demographic-led' scenarios, the output from the jobs-led scenario SS3 for Redditch – a total of 6,320 dwellings net – is broadly similar to that from scenario SS4 (6,290 dwellings net). Taking these factors together, it seems to me that a robust objective assessment of the Borough's overall housing needs amounts to a figure of some **6,300 dwellings net** over the plan period. This is slightly lower than the 6,400 figure that is planned for in the BORLP4.

Future Housing Needs from the West Midlands Conurbation

a. Background

53. It is common ground that the West Midlands conurbation, and specifically the City of Birmingham, is expected to experience unprecedented levels of economic growth and population change over the period of the BDP and BORLP4³⁵. As already mentioned, both Councils, along with other GBSLEP members (and additional local planning authorities), are participating in a Joint Strategic Housing Needs Study which will inform the approach towards meeting future needs arising from the West Midlands conurbation.

³⁴ Paper by RPS on behalf of Persimmon Homes (South Midlands), Southern & Regional Developments and Miller Strategic Land – document ref. M01/7.

³⁵ See for example para 2.7 of the Councils' letter to the Inspector dated 4.4.14 – document ref. ED/2.

This is a three stage study: it was stated at the hearing that phases 1 and 2, which are respectively a stock-take of the existing evidence base (phase 1) and an assessment of housing requirements, housing capacity and the identification of any shortfall or surplus (phase 2), have now been completed. However the outcome of this work has yet to be made public. The third phase, which is dependent upon the outcome of the first and second stages, will identify spatial options for accommodating any shortfall. Ten potential outcomes are suggested in the GBSLEP Spatial Plan for Recovery and Growth Consultation Draft³⁶.

54. The present position is therefore that both the scale of any housing shortfall and its distribution within the wider sub-region are yet to be determined.

b. Bromsgrove District Plan

55. Notwithstanding this uncertainty, the BDP recognises³⁷ that there may be a need to assist the City of Birmingham in achieving its housing target. Policy BDP4.2 commits BDC to undertake a Local Plan review including a full review of the Green Belt in advance of 2023. In addition to identifying land to help deliver the objectively assessed housing needs of the West Midlands conurbation within the current plan period (to 2030), the policy also requires the identification of land to deliver approximately 2,400 dwellings as part of the housing needs of Bromsgrove District. This represents the shortfall between the Council's stated housing supply and the BDP's intended 7,000 dwelling target³⁸.
56. This approach has attracted a significant level of objection from the development sector. Some representors consider that it renders the plan unsound to an extent that the examination should progress no further until the Green Belt Boundary Review (GBBR) is carried out. Others seek amendments to ensure that such a review is undertaken immediately following adoption. However, as already noted, the scale of housing development arising from the needs of the West Midlands conurbation has yet to be determined. Although a representor has tabled an alternative sub-regional housing study³⁹, I attach this limited weight – in part because the Birmingham City's Development Plan (which is the focus of the study) has yet to be examined. As such, the scale of any unmet need remains unclear. Furthermore, I am not aware that the methodology that the study assigns to the calculation and distribution of any housing shortfall has been accepted by any of the local planning authorities concerned.

³⁶ See para 47 of document ref. M02/1.

³⁷ For example at BDP para 8.25.

³⁸ In addition, policy BDP4.2 requires the identification of safeguarded land for the period 2030-40 to meet the needs of Bromsgrove District and adjacent authorities based on the latest evidence.

³⁹ Barton Willmore for the Church Commissioners: Birmingham Sub-Regional Housing Study Part 2 – document ref. M02/13a.

57. As such, it seems to me that it would be clearly premature to initiate a Green Belt Boundary Review until there is greater certainty about full scale of housing provision that will be required. It therefore appears prudent to delay the process until the GBSLEP Joint Strategic Housing Needs Study is concluded. I note that broadly similar conclusions have been reached by Inspectors examining some of the other Local Plans that are potentially affected, including those at North Warwickshire, Lichfield and Cannock Chase Districts.
58. Clearly, the GBBR will also include a 'known' element, namely the outstanding shortfall in respect of Bromsgrove District's own housing needs. I am unable to comment in detail on this figure at the present stage of the examination, as – first – uncertainty remains about the scale of Bromsgrove's objectively assessed housing needs (see above) and – second – the Council's housing land supply evidence remains to be examined. However, housing allocations are proposed in the Plan and the shortfall therefore only relates to a proportion of the 7,000 dwelling housing target. Subject to the Council's ability to demonstrate an adequate supply of housing land during the intervening period (with particular reference to paragraph 49 of the Framework), I see no reason in principle why it is necessary to allocate land to meet all of the Plan's requirements at the outset. As already noted, the Plan period runs to 2030: to allocate specific sites for all of this period at the present time would be in excess of the Framework's requirements (notably at paragraph 47).
59. In addition, there are advantages in incorporating such an exercise into a single GBBR that can also consider housing needs arising from the conurbation as well as identifying land to be safeguarded for the period 2030-40. Multiple reviews of the Green Belt would be avoided, thereby addressing the Framework's requirement (paragraph 83) that Green Belt boundaries should be considered having regard to their intended permanence in the long term, so that they should be capable of enduring beyond the plan period.
60. Nevertheless, I agree with some representors that there is scope for greater clarity to be given about both the timing and scope of the GBBR. These comments have, in part, been anticipated by wording changes suggested by BDC in its pre-submission proposed modifications⁴⁰. However, these could go further. In respect of timing, policy BDP4 could appropriately give greater certainty about the triggers for the GBBR – specifically in respect of, first, the outcome of the GBSLEP Strategic Housing Needs Study and, second, the need to ensure that a five year housing land supply is maintained during the intervening period.
61. In respect of the scope of the GBBR, the BDP includes a potential contradiction. While policy BDP4.3 requires the review to follow the approach in the policy BDP2's settlement hierarchy, this hierarchy

⁴⁰ Document ref. CDB1.3.

(shown in Table 2 of the BDP) does not include the urban areas that adjoin the District's northern boundary. The wording of policy BDP2 is yet to be considered in this examination and further comments on it at this stage would be inappropriate. However, with regard to the GBBR, paragraph 8.31 of the BDP states that land along the northern boundary of the District that adjoins the West Midlands conurbation will be considered. For reasons of consistency, policy BDP4.3 should be amended to accord with this aim.

62. Subject to (1) the above-noted changes, which would be set out in detail in my final report, (2) the resolution of outstanding matters in respect of Bromsgrove District's objectively assessed housing needs and (3) demonstration of a robust housing land supply for the period prior to the GBBR, I am satisfied that the BDP's approach to the timing and scope of the GBBR, including its approach to meeting future housing needs from the West Midlands conurbation, is in principle effective, justified and consistent with national policy.

c. Borough of Redditch Local Plan No. 4

63. The BORLP4 as submitted is less clear about the Borough's approach to meeting any future housing needs arising from the West Midlands conurbation than the BDP. It refers (under the Duty to Co-operate heading) to the issue being dealt with during the next plan period 'or when a review of the development plan may be needed to consider these cross-boundary matters'. This seems to me to be insufficiently specific: bearing in mind the anticipated timescale for the GBSLEP Strategic Housing Needs Study (and depending upon the study's outcome), it is likely that such matters will need to be considered before the end of the present Plan period.
64. Pre-submission modifications proposed by RBC⁴¹ refer to a review of BORLP4 if required: in principle this seems to me to be a more appropriate response. However, as with the BDP, greater certainty could be provided about the likely trigger for any such review – specifically in respect of the outcome of the GBSLEP Strategic Housing Needs Study. Subject to this change, which would be set out in detail in my final report, and also to the resolution of any outstanding matters in respect of the Borough's housing land supply position (which is yet to be considered), I am satisfied that the BORLP4's approach to the timing and scope of the GBBR, including its approach to meeting future housing needs from the West Midlands conurbation, is in principle effective, justified and consistent with national policy.

⁴¹ Document ref. CDR1.2.

Next Steps

65. In respect of the **Bromsgrove District Plan**, it is apparent from the above that further work is required in order to demonstrate a robust and objective assessment of housing needs. Unfortunately, it would be inappropriate to proceed with the examination until this work has been carried out. Such work should include the appropriate involvement of relevant stakeholders and public consultation in respect of any material changes that may be proposed to the BDP as a result. My suggestion is that BDC considers the contents of these interim conclusions and prepares a timetable that sets out how it intends to progress matters in the light of the above-noted concerns. This should be submitted to me (via the PO) by **1 September 2014**. In the circumstances, I have no option but to postpone the remaining hearings that have been scheduled in respect of the Bromsgrove District Plan. I comment below on the cross-boundary sessions. I remain however anxious to ensure that the examination progresses as quickly as possible.
66. In respect of the **Borough of Redditch Local Plan No. 4**, I am satisfied for the above reasons that there is no need to delay the examination as a result of the consideration of Matters O1 and O2. Hearing dates have already been arranged in September 2014. However, given that the proposed cross-boundary allocations lie within the Bromsgrove District Plan, their detailed consideration cannot take place until the examination of that Plan progresses. Similarly, it would not be appropriate to consider suggested alternatives to those allocations within Bromsgrove District outside the BDP examination. These matters must therefore await the resumption of that process. In view of the concerns that I have set out above, it will be necessary to postpone the cross-boundary hearing sessions scheduled for 18 and 19 September 2014.
67. However, I see no reason to delay consideration of the non-site specific element of matter XB1, which relates to the justification for the apportionment of housing from Redditch Borough to Bromsgrove District (question XB1.1 of the Matters, Issues and Questions paper). This can appropriately be scheduled alongside matters R1 and R2 (relating to the BORLP4's Development Strategy and Housing) on Tuesday 23 September 2014. The amended programme for the BORLP4 hearings will therefore be as set out overleaf:

Borough of Redditch Local Plan No. 4 (Other Matters and Issues) Sessions
Venue: Redditch Town Hall

Tuesday 23 September 2014:

Matter XB1 (part) Justification for the apportionment of Housing Need from Redditch
to Bromsgrove

Matter R1 Development Strategy

Matter R2 Housing

Wednesday 24 September 2014:

Matter R3 Employment, Transport, Retail, Community and Infrastructure

Matter R4 Environment

Thursday 25 September 2014 & Friday 26 September 2014 (if needed):

Matter R5 Site Allocations

Allocated sites (excluding Cross-boundary sites)

Omission Sites (excluding Cross-boundary sites) (if required)

Requested boundary alterations (if required)

Any other matters

Next Steps

68. As previously advised in the Guidance Notes (as amended), any party wishing to take part in these hearings in respect of the Borough of Redditch Local Plan no. 4 should advise the Programme Officer by **5pm on 1 September 2014**. The same deadline applies to the submission of any further statements (if required). For the reasons set out above, these hearings will not be an opportunity to present evidence or make comments about the specific merits of the cross-border allocations within the Bromsgrove District Plan.

Michael J Hetherington

Inspector

17 July 2014