

STROUD DISTRICT COUNCIL
EXAMINATION OF THE STROUD DISTRICT LOCAL PLAN
INSPECTOR'S INITIAL CONCLUSIONS ON STAGE 1 OF THE EXAMINATION

1. Following his initial review of the submitted Stroud District Local Plan (SDLP) and the associated evidence and representations, the Inspector has decided to conduct the Examination of the Plan in two stages. Stage 1 of the Examination focused on:
 - whether the Council has met the legal requirements related to the Duty to Co-operate (S33A of the Planning & Compulsory Purchase Act 2004 (as amended));
 - the soundness of the approach to establishing the objective assessment of housing and employment requirements, and whether the Plan meets the full objectively assessed needs for market and affordable housing in the relevant housing market area, as required by the National Planning Policy Framework;
2. The hearing sessions for Stage 1 of the Examination were held on 1-3 April 2014. At the close of these hearing sessions, the Inspector confirmed that he would publish his initial conclusions on Stage 1 of the Examination before proceeding to Stage 2.

Matter 1 – Duty to Co-operate

3. Section 33A of the Planning & Compulsory Purchase Act 2004 (as amended) requires the Council to co-operate in maximising the effectiveness of plan-making, and to engage constructively, actively and on an on-going basis with neighbouring planning authorities and prescribed bodies when preparing development plan documents with regard to a strategic matter. This is defined as sustainable development or use of land which has or would have a significant impact on at least two planning areas, including sustainable development or use of land for strategic infrastructure.
4. The Duty to Co-operate (DTC) is an ongoing requirement throughout the preparation of the Plan. It does not necessarily have to result in agreement between the relevant authorities and prescribed bodies, but local authorities should make every effort to secure the necessary co-operation on strategic cross-boundary matters before they submit their local plan for examination. Effective co-operation is likely to require sustained joint working with concrete actions and outcomes. The DTC is closely related to the requirements in the National Planning Policy Framework¹ (NPPF), which indicate that planning should take place strategically across local boundaries and confirm that strategic priorities can include the homes and jobs needed in an area, along with infrastructure and other facilities; it also sets out the soundness tests which require plans to be positively prepared and effective. Further guidance on meeting the DTC is given in the Planning Practice Guidance² (PPG).
5. Stroud District Council (SDC) has submitted evidence outlining how it has engaged constructively, actively and on an ongoing basis with neighbouring authorities and prescribed bodies during the course of preparing the Plan³. The main elements include: co-operating and engaging with established groups and partnerships involving SDC and neighbouring authorities to discuss and agree actions on strategic and cross-boundary matters; specific meetings between SDC and neighbouring authorities to discuss such matters, including housing provision; working groups involving SDC and neighbouring authorities to progress specific projects and evidence; and the outputs of co-operation as reflected in the submitted Plan.
6. Established systems of co-operation exist between local planning authorities in Gloucestershire. Some of these meetings have involved officers, others have been with elected members, and have helped to co-ordinate strategic planning across the county, including local visions, production of evidence, policy and development options. This culminated in a Statement of Co-operation (SOC) between SDC, Gloucester City Council (GCC), Cheltenham Borough Council (CBC) and Tewkesbury Borough Council (TBC) (the "JCS" authorities, who are preparing their own Joint Core Strategy (JCS) for their area). There has been specific engagement and co-operation with the JCS authorities as a whole, as part of the preparation of the SDLP and the JCS, and separately with GCC. Joint working on evidence has included Strategic Housing Market Assessments (SHMA), Gypsy & Traveller Accommodation

¹ National Planning Policy Framework (¶ 156; 178-182) [DCLG; March 2012]

² Planning Practice Guidance – Duty to Co-operate (PPG; Ref. ID: 9) [DCLG; March 2014]

³ Examination documents: CD/A6; PS/B1; PS/B10; PS/B11; PS/B23

Assessment, Strategic Flood Risk Assessment and Strategic Infrastructure Delivery Plans (SIDP). Some of these meetings seem to have been rather general in nature, but it is clear that strategic and cross-boundary matters have been actively debated, resulting in the latest agreed SOC. SDC has discussed several issues of mutual interest with Cotswold, Forest of Dean and South Gloucestershire Districts and will continue to engage with them, although the latter two authorities have Core Strategies either adopted or close to adoption. Regular meetings have also been held with the GFirst Local Enterprise Partnership (LEP) and other relevant bodies and agencies.

7. SDC has identified the main strategic priorities in terms of strategic and cross-boundary matters, including housing, environment, infrastructure and employment⁴. As regards housing, there has been some co-operation and discussion about the overall level of housing required for each of the authorities, and there is general agreement with the JCS and other neighbouring authorities about the overall level of housing provision proposed for Stroud. However, there is no commonly agreed approach to identifying the objective assessment of housing needs for the Gloucestershire strategic housing market as a whole. In preparing their JCS, the JCS authorities have used consultants to undertake an objective assessment of housing needs for their part of the strategic housing market area, whilst SDC has employed a different consultant to review housing needs for Stroud. This has resulted in differing approaches with different methodologies and assumptions; the latest SHMA accepts that this is "not perfect", with an "awkward" inconsistency, and recommends that the approaches should be rationalised when further work is undertaken in the future⁵.
8. In terms of the DTC, neither the NPPF nor the PPG specifically requires local authorities to agree on the methodology or approach to assessments of housing needs; but the PPG recommends using the standard methodology set out in the guidance and confirms that assessments should be thorough and proportionate, building on existing available sources of information. These differing approaches do not indicate an unwillingness to co-operate; they are essentially issues about the soundness of the approach adopted. Similarly, other criticisms about the adequacy of the SHMAs and SDC's own assessment of housing needs are more related to the soundness of the SDLP than with the DTC.
9. The results of co-operation have influenced the content and strategy of the SDLP to some degree. Neighbouring authorities generally endorse the overall level of housing and employment development proposed in the SDLP. Development on the southern fringe of Gloucester has been limited to consolidating existing development at Hunts Grove and East Quedgeley (although GCC still objects to further expansion at Hunts Grove). A Local Plan review mechanism is to be included in the SDLP to enable any future unmet needs to be met, with the detailed wording now agreed with GCC, CBC & TBC. A joint approach to the Aston Down employment site and complementary policy wording on canal restoration has been agreed with Cotswold District; and a joint county-wide approach to Allowable Solutions has been agreed.
10. A key outcome of the DTC process has been the preparation of a Statement of Co-operation (SOC)⁶. SDC explains that drafts of the SOC documents were tabled to discuss with JCS officers during 2013⁷; by the time the SDLP was submitted for examination, the SOC had been agreed by SDC, GCC & CBC, and was agreed by TBC shortly afterwards, following a specific meeting on the matter. The SOC confirms that, currently, there is no specific requirement for SDC to meet the unmet housing or other needs of any other area and nor does SDC require any other area to meet any of its needs. However, in August 2013, the JCS authorities alerted other authorities to the possibility that they may need to come to them with a formal request for assistance under the DTC if more housing is required to meet the needs of the JCS area. At present, the scale of any possible future unmet needs has not been identified, but SDC proposes to include a mechanism to review the SDLP should any unmet needs arise in the future, as the SOC confirms.

⁴ Examination document: CD/A6

⁵ Examination document: PS/B18b; (¶ 8.12-8.13)

⁶ Examination document: CD/A6 (Appx 3); PS/B11 (Appx 1)

⁷ Examination document: PS/D16b

11. In the current circumstances, this is about as far as SDC can go in the absence of any specific identified potential unmet requirement; it is a pragmatic and reasonable approach. A Memorandum of Understanding, covering all the Gloucestershire authorities is currently being prepared, to ensure constructive, ongoing and active engagement in spatial planning matters and identifying key strategic planning issues; this covers wider matters than the SOC, including future processes and outcomes for co-operation between all the Gloucestershire and neighbouring authorities. With the SOC now agreed by SDC and the JCS authorities, it is not essential for this wider document to be finalised in terms of meeting the DTC or progressing the SDLP.
12. There is some criticism that the SOC is forward looking, relating to decisions and actions in the future. This is almost inevitable, since it has only been finalised after key decisions on the SDLP & JCS have been made; it does not comprise effective strategic planning policies, but addresses the possibility of meeting unmet needs arising from the JCS area in the future. The commitment in the SOC to undertake a review of the SDLP should unmet needs from the JCS area be identified in the future is given greater significance, since the emerging JCS is planning to accommodate housing figures towards the lower end of the range necessary to meet housing and employment needs. However, this is a matter for the JCS, and any criticisms about deferring any decision on the potential future unmet housing needs arising from the JCS area is more related to the soundness of the strategy than to the DTC.
13. In terms of the JCS authorities, GCC agrees that SDC has met the DTC. However, during plan preparation and at pre-submission publication stage, both CBC & TBC consistently expressed their view that SDC had not fully met the requirements of the DTC, particularly during the earlier stages of preparing the Plan when key elements of policy and the spatial distribution of development over the wider JCS/Stroud area, including land south of Gloucester, could have been considered. The historical position is long-standing and complex⁸, but the former draft RSS (Proposed Changes; 2008) included 3,500 dwellings within Stroud to meet some of the housing needs of Gloucester and Cheltenham, to be identified through areas of search; however, the former RSS review process was never completed, following its revocation. Early drafts of the SDLP used the former draft RSS overall housing provision figure, but did not specifically carry forward any provision for Gloucester or Cheltenham; options for the emerging SDLP did not consider any provision to meet some of the housing needs from outside its area. When preparing the JCS, broad options were considered for meeting some of its housing needs in the Stroud area, but these were not pursued since the land was outside the JCS area. I understand that the JCS authorities assessed potential locations within Stroud district, but these did not perform well against sustainability objectives and highway infrastructure.
14. It is also relevant to note that, although CBC & TBC have consistently argued that land to the south of Gloucester (in Stroud) should be considered to help meet some of the housing needs of the JCS area, GCC maintains that this would conflict with the JCS strategy which seeks to focus growth elsewhere around Gloucester. There are clearly some differences of opinion on this matter, which reflect strategic pressures and raise issues about the relative merits of releasing Green Belt land around Gloucester or non-Green Belt land south of Gloucester in Stroud district; but it is essentially for the authorities concerned to determine the most appropriate strategy for their area. In essence, SDC did not seek to help meet the needs of Gloucester City within its area, since it was seeking to co-operate with GCC who wished to see those needs met elsewhere around Gloucester. SDC confirms that it was never formally requested to assist in meeting any unmet housing needs from the JCS area during these earlier periods of plan preparation; it was not until August 2013 that the possibility of needing such assistance in the future was formally requested from the JCS authorities.
15. Nevertheless, the formal position of both CBC & TBC, confirmed in recent correspondence⁹, is that whilst there are reservations about SDC's engagement with them during the earlier stages of preparing the SDLP, during 2013 and since the start of 2014 CBC & TBC are satisfied that the nature and extent of co-operation with SDC

⁸ Examination document: PS/D16ab

⁹ Examination document: PS/D19bc

has been sufficient and satisfactory, particularly now that the SOC has been agreed; as far as they are concerned SDC has now broadly met the requirements of the DTC. This does not suggest any lack of willingness on SDC's part to co-operate or consider the issue of meeting some of Gloucester's need within the Stroud area, simply that GCC and the JCS authorities as a whole did not consider this was a sustainable or appropriate option. To some extent, this background highlights the difficulties when some authorities have differences of opinion, but it is not necessarily a failure of the DTC process as far as SDC is concerned.

16. The timescales of plan preparation are not ideal, with the SDLP coming ahead of the JCS, but the latest guidance on the DTC¹⁰ clearly envisages this eventuality and suggests appropriate actions, which largely reflect the processes undertaken by SDC and the JCS authorities. The position in Stroud is somewhat different to other authorities referred to who have not included any contingency policy or have failed to address known requirements to meet some of other authorities' housing needs¹¹. Having considered all the evidence and discussions at the hearing sessions, SDC seems to have made positive efforts to secure the necessary co-operation by seeking agreements with the JCS authorities, albeit perhaps a little late in the day, which have been largely resolved by the time the SDLP was submitted for examination.
17. As regards the other strategic priorities on environment, infrastructure and employment, SDC has engaged with the prescribed bodies during the preparation of the Plan. SDC has worked closely with the Environment Agency (EA) when preparing the SDLP, producing a Stage 1 SFRA and Strategic Infrastructure Delivery Plan (SIDP) and considering detailed wording of the SDLP's policies; but in their representations on the pre-submission Plan, the EA raised a legal compliance objection related to waste water infrastructure and soundness objections related to flood risk and waste water infrastructure. Detailed discussions on these outstanding issues did not take place until after consultation on the pre-submission Plan; at submission stage, much technical work remained outstanding, including completing a Flood Risk Sequential Test document for the proposed allocations, commissioning reviews of the Stage 2 SFRA on three sites, and work related to waste water infrastructure. Some of this work has been completed or is in progress, but waste water infrastructure requirements have not yet been addressed or resolved. EA considers that SDC has met the DTC requirements, although some of the outstanding work came a little late in the process.
18. Both Natural England and the Local Nature Partnership have been involved during the preparation of the Plan, including the supporting evidence and Habitat Regulations Assessment. However, there were some outstanding issues at submission stage and agreement to detailed amendments to policy wording is only now being progressed. English Heritage has been consulted on the wording of several policies, and meetings to discuss the necessary amendments took place around the time that the Plan was being submitted, but agreements are only now emerging. On employment, the LEP had some concerns about whether the SDLP would enable the emerging Strategic Economic Plan (SEP) to be delivered, although some of these concerns now seem to have been allayed with the publication of the final SEP. Nevertheless, an assessment of the consistency of the SDLP with the latest SEP has not yet been undertaken and there remain some concerns about the relationship with the proposed level of housing and the employment strategy of the Plan.
19. On submission, I remarked about the lack of specific highways and transport evidence, as highlighted in the Highways Agency's original representation, where they raised issues of DTC/legal compliance and soundness during consultation on the pre-submission Plan. During the preparation of the SDLP, I understand that there was extensive engagement with the Highways Authority (Gloucestershire County Council), including regular meetings to discuss transport planning and projects (including the Central Severn Vale Transport Study, Local Transport Plan and SIDP¹²). However, only recently have there been any specific discussions about the more detailed transport assessments needed to support the proposed allocations,

¹⁰ Planning Practice Guidance (ID: 9-017) [DCLG; March 2014]

¹¹ Examination documents: PS/D10ab

¹² Examination documents: CD/C5-C6; PS/D9a-c

particularly in terms of their potential impact on the Strategic Road Network, including motorway junctions. The SIDP goes some way towards providing the basis and framework for the necessary evidence, but the necessary scoping work, review of evidence and methodology to be followed in more detailed transport assessments have only emerged after submission, requiring the SIDP to be updated.

20. Ideally, all this work should have been undertaken before submission, particularly since it relates to the justification of the proposed allocations. By undertaking such work after decisions have been made about the spatial strategy and specific sites, the evidence can do little to influence the Plan and ensure that it is the most effective and appropriate strategy. Although this indicates that some of the detailed assessments needed to support the strategy of the Plan and the strategic site allocations were not in place before the Plan was published and submitted, given the nature and extent of engagement with these prescribed bodies during the plan preparation period, and the fact that these issues are now being resolved, this does not suggest fundamental shortcomings in the DTC process.
21. In considering the DTC issue, there are two main concerns. Firstly, the effectiveness, nature and extent of co-operation during the earlier stages of plan preparation, particularly in considering the possibilities of meeting some of the housing needs arising from Gloucester City within Stroud district, which at that time was envisaged in the former RSS. However, it is apparent that SBC has actively engaged and co-operated with the JCS and other authorities when considering key strategic issues, resulting in the completed Statement of Co-operation which has now been agreed by SDC and the JCS authorities.
22. Secondly, at the time when the SDLP was formally submitted for examination, key evidence (relating to flood risk and transport) had not been completed, and significant amendments to the wording of policies (including the natural environment and heritage) had not been finalised or agreed. Although some progress has been made in addressing and resolving these issues since submission, key elements of evidence remain outstanding. This suggests that the Plan was submitted for examination too soon, without all the necessary evidence in place, but it does not represent a fundamental shortcoming in terms of the legal requirements of the Duty to Co-operate.
23. SDC recognises that the DTC is a continuing process and accepts that much remains to be done to ensure effective consideration of strategic planning matters into the future. However, I consider that the Council has engaged constructively, actively and on an ongoing basis sufficiently to ensure that most of the necessary agreements were in place when the Plan was submitted for examination, and that this has assisted the effectiveness of plan preparation. I therefore conclude that that the Council has complied with the legal requirements of the Duty to Co-operate.

Matter 2 – Housing and employment requirements

24. Dealing firstly with housing, in order to boost significantly the supply of housing, the NPPF¹³ requires authorities to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in the NPPF. They should also prepare a Strategic Housing Market Assessment (SHMA) to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The scale and mix of housing should meet household and population projections, taking account of migration and demographic change, addressing the need for all types of housing, including affordable housing, and catering for housing demand. Further guidance is given in the latest PPG¹⁴.
25. The PPG¹⁵ confirms that DCLG household projections should provide the starting point when estimating future housing need, but these projections may require adjustment to reflect factors affecting local demography and household formation rates which may not be captured in past trends; it recognises that household formation rates may have been suppressed historically by under-supply and worsening affordability

¹³ National Planning Policy Framework (¶ 47, 50, 159, 178-182)

¹⁴ Planning Practice Guidance (ID: 2a; 3) [DCLG; March 2014]

¹⁵ Planning Practice Guidance (ID 2a: 015-017) [DCLG: March 2014]

of housing and will therefore need to reflect the consequences of past under-delivery of housing. As household projections do not reflect unmet housing need, local planning authorities are advised to take a view based on available evidence about the extent to which household formation rates are or have been constrained by supply. The general advice is to plan on the basis of household formation patterns assumed in the official projections unless there is strong local evidence to the contrary about the likely long-term trend.

26. SDC has submitted evidence to justify the proposed level of housing provision in the SDLP¹⁶, which makes provision for a minimum of 9,500 new dwellings (2006-2031) at an annual rate of 380 dwellings/year. This figure has its roots in the former draft RSS (Proposed Changes; 2008), which proposed some 9,100 dwellings (2006-2026), including 3,500 dwellings to help meet the needs of Gloucester and Cheltenham. However, since the revocation of the RSS, SDC has reassessed its housing needs, taking account of four main factors: demographic change, including natural growth and migration; supporting the local economy, including the relationship between jobs and homes; market demand, including past and future rates of housing development; and the wider housing market, including consistency with other plans.
27. The proposed level of housing provision evolved through the plan-making process. Early options and alternative strategies for the SDLP used the former draft RSS housing figures; the Preferred Strategy (2012) proposed 9,350 dwellings (2006-2026) as the mid-point between 2008-based projections (9,100) and later GCC housing trends analysis (9,730). By the time the pre-submission Plan was published, this figure had increased to at least 9,500 over an extended plan period (2006-2031). From 2012 onwards, Dr Woodhead was commissioned to review the evidence and comment on representations received¹⁷. He confirmed that SDC had looked at several alternative methodologies for projecting population growth and housing requirements, he examined demographic, economic and demand factors and potential supply, and concluded that a range of housing provision between 9,260-11,500 (2006-2031) would be realistic. Later reports suggested a minimum figure of 9,500 dwellings (2006-2031), taking account of the 2011-based interim household projections and other information; using more recent population and household figures and economic data, he also confirmed that 9,500 dwellings (2006-2031) is robust in terms of meeting the employment needs of the district (+6,200 new jobs).
28. On the face of it, these reports seem to support and justify the proposed level of housing provision, but there are several important shortcomings. Firstly, Dr Woodhead was commissioned to undertake a robust and independent review of the derivation of the housing and population numbers in the SDLP, and review recent evidence about changing requirements for housing numbers, as well as examining alternative approaches and responses to consultation on population and housing growth, with a recommendation of an appropriate and robust methodology that SDC should use as the basis for future Plan development¹⁸. Although he recommended a level of housing based on population/household projections, his evidence seems to be largely tailored to reviewing the evidence and relevant factors in assessing housing needs and justifying the housing provision level already determined by SDC.
29. Secondly, there is no single objective assessment of housing needs; the material is found in several documents, produced at different times and covering differing time frames. Thirdly, although Dr Woodhead uses DCLG projections and other official ONS/Census material and refers to recognised housing and employment forecasting models, his own methodology is not as transparent as it could be and the range of assumptions used are strongly disputed by other parties. He considers several population/household figures and projections, headship rates, economic and social factors, with a wide range of assumptions. However, he does not use established models such as "POPGROUP" or "HEaDROOM", which he feels might over-estimate housing and employment needs; but such models provide a consistent approach, provided the assumptions are realistic and the implications are acknowledged. His figures are based on 2008/2010 household/population data, but his recommendation

¹⁶ Examination docs: CD/B1-B12; PS/B4; PS/B10; PS/B13; PS/B18ab; PS/B22-24; PS/D7a-h; PS/D10ab; PS/D11ab;

¹⁷ Examination documents: CD/B7; CD/B8; CD/B10

¹⁸ Examination document: CD/B7 (¶ 1.2)

is also supported by the latest 2011-based interim household projections, which have acknowledged shortcomings, including caution about using them for projections beyond 2021. His methodology and approach also use rather pessimistic forecasts, with confusing references to differing sets of data, timescales and assumptions.

30. When assessing future housing needs, there may be a temptation to modify the household numbers suggested by the projections to reflect the 2011 Census and interim household projections, but this should only be done where there is clear evidence that the changes are not the result of short-term fluctuations which are likely to come back to trend in the medium term. Given that the 2011 figures are a snap-shot taken after a period of economic recession and housing market volatility, it might be reasonable to expect that the numbers of households that formed in the years running up to the Census were significantly below the long term trend.
31. As for the overall level of future housing provision, the *What Homes Where* toolkit can be a useful starting point and baseline figure. This toolkit advises caution when using alternative assumptions and suggests reading CCHPR research reports¹⁹ before doing so; it also advises caution if the trends experienced in the past 5 years reflect a period of economic decline or buoyancy, and the need to avoid projecting forward recessionary trends. For Stroud, it estimates an increase of 446 households/year (2006-2031) using the 2008-based household projections, equivalent to 464 dw/yr using standard NHPAU methodology (or over 11,500 dwellings between 2006-2031); the equivalent figure based on the 2011-based interim household projections is 406 new households/year (2001-2021). The level of housing provision proposed in the SDLP is significantly less than these projections indicate, and other factors need to be considered, including economic and social factors.
32. Furthermore, neither the overall level (9,500) nor the annual rate of housing provision (380 dw/yr) represents a significant boost in housing supply compared with previous rates of completion, as required by the NPPF (¶ 47). Although the market delivered less than 300 dw/yr during the economic recession (2009-2011), in the longer periods between 1991-2013 & 2006-2013, an average of 382-400 dw/year was delivered; the proposed rate of provision is slightly less than these average rates of provision and is also less than that envisaged in the former draft RSS (455 dw/yr). This is in the context of relatively high levels of existing planning permissions and over 70% of proposed provision being already committed; for the period to 2031, there is a residual provision of new sites for little more than 2,400 dwellings.
33. Moreover, the submitted SDLP proposes a provision level towards the lower end of the various projections, with little room for flexibility; earlier options for the SDLP considered a range of provision, including an option of up to 10,500 dwellings. The modest increase in housing provision as a result of extending the plan period to 2031 (less than 200 dwellings) is surprising in itself, but apparently this is largely justified by more recent population/household projections. This suggests that SDC is proposing the minimum level of housing provision and continuing past trends, without significantly boosting housing supply, as required by the NPPF.
34. As regards supporting the local economy, Dr Woodhead examines the relationship between jobs and homes, using various assumptions and "stress" tests. However, his assumptions about future growth of the economy seem rather pessimistic and may not take full account of the implications of an ageing population and the economic needs of the district; this could constrain future economic growth, as shown in the uncertain relationship between the SDLP and the LEP's latest Strategic Economic Plan²⁰. He seems to assume that Stroud district will be looking at a prolonged period of relatively low growth rates, where economic growth will probably remain at pre-recession average rates, whereas national predictions and the LEP are far more optimistic. I realise that Stroud may not be the "engine house" of economic growth in the county, but unduly pessimistic assumptions about potential economic and employment growth in Stroud district could put at risk the overall growth strategy, particularly given Stroud's location close to key transport routes.

¹⁹ Cambridge Centre for Housing and Planning Research report: 'Choice of Assumptions in Forecasting Housing Requirements' [CCHPR; March 2013]

²⁰ Examination documents: PS/D6ab; PS/D18a-d

35. Finally, and most significantly, Dr Woodhead reviews the overall need for new housing in Stroud district on a very different basis from the methodology and assumptions used by the JCS authorities in the preparation of their JCS²¹, and does not consider in detail the implications of the different assessments on the wider strategic housing market; rather he provides a critique of the JCS assessment and its methodology, but does not relate this to the Stroud assessment²². The latest SHMA²³ highlights the inconsistent approach between Stroud and the JCS area, confirming the discrepancies between the calculations in the data used, the differing methodologies applied and the resulting assessments, considering this lack of consistency is “awkward”. Whilst it considers the outputs are compatible as long as these differences are acknowledged, it recommends that these approaches are rationalised when further work is undertaken; these inconsistencies have not yet been addressed and I am not aware of any timescale to undertake such work.
36. I recognise that neither the NPPF nor the PPG²⁴ specify a particular methodological approach, data or single source of information, but they do recommend using a standard methodology to ensure that the assessment findings are transparently prepared; they also confirm that housing needs should be assessed in relation to the relevant housing market area, especially where there are strong functional links between places where people live and work, as is the case with Stroud and Gloucester City. There may be a case for taking account of specific features of smaller housing markets, but Stroud district has a relatively strong geographical and functional relationship with Gloucester City; it may have some different characteristics, but it forms part of the same strategic housing market area, the sub-housing market area of Gloucester City covers much of the northern part of Stroud district, and the projections assume migration into Stroud from outside areas.
37. In these circumstances, where the Stroud housing market is part of the wider Gloucestershire strategic housing market area, it is important that any separate assessments of housing need are consistent or compatible with each other in order to gain the best understanding of the wider housing market and its overall housing needs. If there are specific features or characteristics of the Stroud local housing market area, they should be clearly justified by established sources of information with robust and reliable evidence, including addressing the implications of this assessment for the wider strategic market area.
38. There are also some criticisms about the adequacy of the submitted SHMAs²⁵. The purpose of a SHMA²⁶ is to assess the full need for market and affordable housing for the relevant housing market area to provide the necessary supporting evidence for individual local plans. Although the submitted SHMAs assess the need for affordable housing, taking account of all the relevant factors, the 2009 SHMA merely imports the former draft RSS figures for the overall housing requirement for each district within Gloucestershire, and the latest 2014 SHMA uses the overall housing provision figures determined by each authority in their adopted/emerging plans; neither SHMA undertakes its own objective assessment of overall housing needs for the entire strategic housing market area or for individual authorities within that area, but relies on earlier figures from the former draft RSS or the local authorities’ own assessments. However, this shortcoming is partly allayed by the fact that both SDC and the JCS authorities have commissioned consultants to undertake or review their objective assessment of housing needs. I realise that Forest of Dean DC has an adopted Core Strategy which seeks to meet the needs identified at the time it was produced, and that Cotswold DC is currently preparing its draft Local Plan. Nevertheless, I consider there is a need for SDC to undertake some further work in order for its objective assessment of housing needs to be consistent and compatible with that undertaken for the JCS authorities; if a different approach is being taken, the reasons should be fully justified, including assessing the implications of any different approaches for the wider housing market area.

²¹ Examination documents: PS/D7a-g

²² Examination document: PS/D7h

²³ Examination document: PS/B18b (¶ 8.12-8.13)

²⁴ Planning Practice Guidance (ID: 2a) [DCLG; March 2014]

²⁵ Examination documents: CD/B1; CD/B12; PS/B18ab; PS/B22

²⁶ National Planning Policy Framework (NPPF; ¶ 159)

39. There is some concern, both from CBC & TBC and developers that SDC has not fully considered the possibility of meeting some of Gloucester City's housing needs within its area. As mentioned earlier, this issue has a rather complex and contentious history, where there are clearly some differences of opinion. However, the evidence shows that broad options to consider land south of Gloucester within Stroud district were considered in 2011-2014, but apart from limited development at Hunts Grove and East Quedgeley, were ruled out for various reasons²⁷. The JCS authorities (as a whole) seem to have concluded that the most appropriate strategy for their area does not require Stroud to accommodate any of their housing needs, and apparently, there were no formal requests to SDC from the JCS authorities as a whole to consider this option during the latter part of the plan preparation period. Both SDC and the JCS authorities (both separately and as one) were fully aware of this issue and undoubtedly discussed it at the many meetings that took place during the plan-preparation period. Since both SDC and the JCS authorities are now seeking to fully meet their housing needs from within their own areas and have finalised their development plans, the time seems to have passed for this issue to be reconsidered.
40. Some parties are concerned that SDC is delaying decisions about making any provision to meet some of the housing needs of other areas to the future. However, it is important to recognise that, at present and based on the latest assessments, no unmet housing needs from any area outside Stroud, including the JCS area, have been identified and SDC is seeking to fully meet its housing needs from within its own area. The agreed SOC also commits SDC to reviewing the SDLP within 5 years should any unmet needs from outside its area be identified in the future. There is some criticism of this approach but, in my view, it represents a positive and pragmatic response to the possibility that Stroud may have to address these needs in the future. However, should further work on establishing an objective assessment of housing needs for Stroud reveal higher figures, the situation could be different.
41. As regards the provision of affordable housing, the SDLP assumes that a good proportion of this will be delivered as a result of the 30% requirement from market housing schemes. In addition, SDC has its own council house building programme (150 units over the next 5 years), and other providers will deliver 100% provision and other schemes through their own programmes, helping to meet the overall need for affordable housing. It is also important to distinguish between the backlog of need and affordable housing needed by future households, and take full account of market signals and affordability issues. However, the current level of affordable housing need (now estimated at 492 dw/year), is significantly more than the total annual level of housing provision, making this figure difficult to achieve. Although there may be issues about deliverability, funding and viability, measures to address meeting the need for affordable housing, and the consequences of not fully meeting this need, should be more thoroughly addressed.
42. As regards housing supply, the latest Strategic Housing Land Availability Assessment²⁸ shows a healthy supply of potential housing sites, and it is worth noting that, notwithstanding AONB and other environmental constraints, none of Stroud district is covered by Green Belt policies. I also understand that growth levels of between 9,500-11,500 dwellings have been tested in earlier options and sustainability appraisals, although these higher levels had some negative effects in terms of loss of greenfield land and impact on economic objectives. There is some dispute about whether a 5-year supply can currently be demonstrated, but when the SDLP is adopted, sufficient sites will undoubtedly be identified to rectify any shortfall.
43. Other issues relate to previous housing provision and need for a 5% or 20% buffer, as advised in the NPPF (¶ 47). This issue has been the subject of considerable debate, both at the examination hearings and in previous appeals. Previous delivery of housing based on the rates expected in the former RSS is now less relevant, now that it has been revoked. Delivery during the first seven years of the SDLP to 2013 has averaged 398 dw/yr, which gives a shortfall of only 6 dwellings against the SDLP 5-year requirement of 399 dw/yr (including a 5% buffer). Much depends on the period assessed and the rate against which delivery is compared, but the latest

²⁷ Examination documents: PS/D16ab

²⁸ Examination document: CD/B4

evidence²⁹ does not suggest that there has been a *persistent* record of under-delivery which might justify a 20% boost in housing supply. Consequently, based on the currently proposed housing provision level, there is a case for accepting a 5% uplift in the first 5-years supply rather than the 20% figure that some parties seek.

44. As regards windfalls, SDC has been cautious in making an allowance for such sites coming forward, including a small sites allowance of 58 dw/year; this seems reasonable and reflects previous delivery of such sites within settlement boundaries. Concerns about the deliverability, viability and acceptability of specific strategic housing allocations have yet to be examined, but no doubt SDC's evidence will address these matters during Stage 2 of the examination.
45. Overall, this points to the need to undertake further work on establishing an objective assessment of the overall need for housing in the district, having regard to the latest guidance in the NPPF & PPG. SDC needs to take account of the relationship with the wider strategic housing market area, particularly within the JCS area, to ensure that the overall assessment is consistent and compatible with the assessment of housing needs in adjoining parts of the strategic housing market area. I recognise that other parties have submitted their own assessments of housing need for Stroud district; some from the development industry suggest levels of around 15,000 or more dwellings, whilst others from local community groups suggest levels nearer 8,500 dwellings. SDC has responded to these other approaches, but in coming to my conclusions, I have focused on the shortcomings of SDC's approach, although these other assessments may suggest other assumptions and methods of taking relevant factors into account.
46. As regards the assessment of employment requirements, the level of employment land provision is supported by the Employment Land Study³⁰, largely based on past take-up of land, after considering employment and labour supply forecasts, which gave lower levels of employment land requirement; it also considered current employment trends, including commuting imbalances and jobs needed in particular employment sectors. SDC submits evidence to explain and justify the approach in the SDLP³¹, confirming that the proposed provision of 6,200 new jobs is based on local forecasts of the Stroud economy, rather than using county-wide or national figures. However, there are some serious criticisms about the estimates of new jobs required, including the assumptions and methodology used, the relatively low future growth rates, the implications of an ageing population, reducing out-commuting, and the relationship with the proposed level of housing. There is also some uncertainty about the relationship between the LEP's latest Strategic Economic Plan (SEP)³² and the SDLP. Further work is needed on this matter, to ensure that the SDLP does not unnecessarily constrain economic growth in the district and reflects the latest SEP.
47. In drawing my conclusions, I recognise that assessments of housing and employment requirements should be based on the latest available information and on proportionate evidence. But in this instance, after considering all the evidence, representations, statements and discussions at the hearings, I consider that SDC has not properly undertaken an objective assessment of housing needs for its district, having regard to the close relationship between Stroud and Gloucester City and the wider strategic housing market area, the relationship with the economic strategy for Stroud and the wider area, and the guidance in the NPPF and PPG. There are also some deficiencies in the justification for the economic and employment strategy of the Plan, and its relationship with the proposed level of housing provision and the wider economic strategy for Gloucestershire, including the latest SEP. In my view, these represent fundamental shortcomings in the soundness of the submitted Plan which cannot be rectified without undertaking a further objective assessment of housing needs for the district, taking account all relevant housing, economic, social and other factors, to overcome the shortcomings I have identified. This could result in a similar figure to the submitted Plan, or a higher or lower figure, which could have implications for the overall strategy and the proposed allocations.

²⁹ Examination document: CD/B6

³⁰ Examination documents: CD/C2; CD/C4

³¹ Examination documents: CD/B10; PS/B14; PS/D18a-d

³² Examination document: PS/D6ab

Matter 3 – Other matters

48. At the hearings, I discussed some outstanding matters and key elements of evidence with the Council's representatives and other parties. In response to the Environment Agency's concerns about soundness and legal compliance relating to flood risk and waste water infrastructure, some work has already been completed, but the Statement of Common Ground (SOCG), covering textual amendments to the Plan, was only being finalised during the hearing sessions. Issues relating to flood risk seem capable of resolution, but an outstanding matter of legal compliance and soundness remains in terms of waste water infrastructure. I understand that meetings are shortly to take place with the relevant authorities and bodies to address this matter, but some key elements of evidence and agreed amendments to the wording of some policies and accompanying text in the submitted Plan have yet to be agreed.
49. In response to concerns about the adequacy of the Habitat Regulations Assessment (HRA) and the impact of some development sites proposed in the SDLP on internationally protected sites, SDC has had some discussions with Natural England and other bodies, and amendments to the HRA have been agreed. However, a SOCG, covering the amendments to policies and accompanying text in the submitted SDLP, only emerged during the hearing sessions. A similar position relates to the representations of English Heritage, where a SOCG is still awaited, with further amendments being sought to the wording of some policies and associated text in the submitted SDLP.
50. In its original representations, the Highways Agency raised serious concerns about the soundness of the submitted SDLP, particularly as regards the lack of any highways and transport assessments and the impact of proposed developments on the strategic road network, including key junctions along the M5 motorway. SDC has met with the Highways Agency and Highways Authority, and has commissioned consultants to scope the necessary transport assessments. However, there is much work to undertake and until that work is completed, the Highways Agency cannot confirm the soundness of the Plan in terms of its impact on the strategic road network; a SOCG has yet to be submitted and the SIDP will need updating.
51. SDC also intends to prepare an updated schedule of amendments to the submitted SDLP, some of which will undoubtedly constitute Main Modifications to address soundness issues already identified. The current state of play on this outstanding evidence, agreements and amendments to the Plan merely confirms my view that the SDLP was submitted too soon for examination, before all the necessary evidence was available to justify and support the spatial strategy and the proposed allocations. Furthermore, much of this evidence should have been prepared and agreed much earlier in the plan-making process, in order to influence, rather than justify, the proposals in the submitted Plan. In my view, this represents a serious shortcoming in the plan preparation process.

Future progress of the Local Plan

52. My principal conclusions are that although the Council has met the legal requirements relating to the Duty to Co-operate, significant further work is necessary to ensure that a soundly based objective assessment of housing and employment requirements has been undertaken, having regard to the assessments already undertaken for the JCS area of the wider strategic housing market area and the relationship with the economic strategy for Stroud and the wider area. Further work is also needed to complete all the outstanding technical evidence to ensure that the strategy, including specific site allocations, is fully justified and soundly based, particularly relating to flood risk, waste water, highways and traffic; this will also involve amendments to the Strategic Infrastructure Delivery Plan. Finally, the detailed amendments to the wording of some of the policies and associated text sought by other prescribed bodies (such as English Heritage, Natural England, Environment Agency and Highways Agency) need to be agreed and finalised.
53. As far as the future progress of the examination is concerned, there are several options available to the Council:
 - a. Suspend the examination so that the necessary additional work can be completed before proceeding to Stage 2 of the examination;

- b. Continue the examination on the basis of the current evidence;
 - c. Withdraw the Plan and resubmit it for examination when all the necessary consultation and supporting justification and evidence has been completed;
54. If Option (a) is chosen, any suspension of the examination should normally be for no longer than 6 months. I would need to know how long the Council consider it would take them to undertake the additional work required, in the form of a timetable setting out the main areas of work and the time estimates for each stage. Once the additional work is completed and published, I would probably convene another hearing session, involving the participants from the recent hearing sessions, to consider the outcome of this work, including any necessary revisions to the policies and content of the Plan. The Programme Officer would make the necessary arrangements for the resumed hearing sessions once the Council's timetable for the additional work is submitted. Following the resumed hearing sessions, I would expect to reach conclusions on the adequacy and soundness of the objective assessment of housing needs and employment requirements and other outstanding and associated matters before proceeding to Stage 2 of the examination.
55. It may be that, once the housing and employment requirements have been re-assessed and the outstanding evidence has been completed, the Council might need to consider alternative or additional strategic site allocations. However, it is important that any amendments to the Plan and its underlying strategy do not result in a fundamentally different spatial approach or strategy or result in substantial modifications which result in a significantly different plan. If the amendments necessary to ensure that the Plan is sound are so significant that it results in a fundamentally different plan, withdrawal may be the most appropriate course of action. In these circumstances, I would need to consider the implications and review the position at the end of Stage 1 of the examination.
56. If Option (b) is chosen, it is likely that I would conclude that the submitted Plan is unsound due to the shortcomings in the current evidence base, including the assessment of housing needs and evidence to justify and support the strategy of the Plan and its strategic allocations. In these circumstances, proceeding to Stage 2 of the examination would be unlikely to overcome these fundamental shortcomings. If Option (c) is chosen, the examination would be closed and I would take no further action in the examination of the submitted Plan.
57. The purpose of these interim conclusions is to establish whether the Council has met the legal requirements of the Duty to Co-operate and whether the approach to establishing the objective assessment of housing and employment requirements is soundly based. These interim conclusions also identify those matters of soundness on which further assessment and evidence is needed before the examination can continue. These interim conclusions are not open to debate, but I would ask the Council to let me know, as soon as possible, which option they wish to choose and whether there are any matters of clarification that may be needed, particularly about the assessment of housing needs, along with the timetable outlining the timescale of the additional work required.
58. These interim conclusions are being sent to the Council for them to take the necessary action, and are being made available to other parties for information only; no responses should be submitted. In seeking a positive way forward, I am willing to do all I can to assist the Council, although I have a restricted role in this regard; any advice given is entirely without prejudice to my final conclusions on the soundness of this Plan.

Stephen J Pratt - Development Plan Inspector
02.06.14