

**STROUD DISTRICT COUNCIL**  
**EXAMINATION OF THE STROUD DISTRICT LOCAL PLAN**  
**INSPECTOR'S INITIAL VIEWS ON THE WORK UNDERTAKEN BY THE COUNCIL**  
**DURING THE SUSPENSION OF THE EXAMINATION**

1. Following the hearings for Stage 1 of the examination, held in April 2014, I issued my Initial Conclusions<sup>1</sup> and agreed to suspend the examination so that the Council could undertake some further work, including the assessment of housing and employment land requirements. In December 2014, the Council considered the further work undertaken and requested me to resume the examination<sup>2</sup>. I agreed to resume the examination<sup>3</sup>, in order to review and assess the work undertaken by the Council, before deciding whether to proceed to Stage 2 of the examination, at which the remaining policies and proposals of the submitted Local Plan would be considered. The resumed hearing sessions were scheduled to commence on 29 January 2015, but unfortunately, due to illness, were postponed. The purpose of these Initial Views, which the Council has requested, is to outline my initial views about the work undertaken on housing and employment land requirements, before resuming the Stage 1 hearings in May 2015. Most of my key concerns and requests for further information are highlighted in **yellow**.

**Housing requirements**

2. The NPPF<sup>4</sup> requires local authorities to ensure that their Local Plan is based on adequate, up-to-date and relevant evidence, and that it meets the full, objectively assessed needs for market and affordable housing (OAHN) in the relevant housing market area, so 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.
3. Further guidance is provided in the PPG<sup>5</sup>, including the methodology and factors to take into account. This confirms that the starting point for establishing the OAHN is the latest household projections, but adjustments may have to be made to take account of economic and housing factors, including market signals and affordability. Other useful advice can be found in the PAS Technical Advice Note<sup>6</sup>. In determining the OAHN, various assumptions and judgements have to be made, but it is not for me to substitute my judgement for that of the Council; nevertheless, I have to assess whether these assumptions and judgements are soundly based.
4. During the suspension period, the Council and its consultants undertook a considerable amount of work, most notably in the NMSS report examining the Objectively Assessed Housing Needs of Stroud, Forest of Dean & Cotswold<sup>7</sup>; this established the basic OAHN for Stroud of 10,400 dwellings, with an uplift for economic factors, giving a housing provision figure of 11,200 dwellings (2006-2031). In October 2014, the Council held a Technical Workshop to outline the results of this work, along with a summary of the views expressed<sup>8</sup>, and presented a report to full Council in December 2014<sup>9</sup> outlining the work undertaken. One of the key recommendations of this latter report was to adopt a housing provision figure of 11,200 dwellings (2006-2031), rather than the figure in the submitted plan (9,500).
5. I have considered all the work undertaken by the Council and its consultants on establishing an updated OAHN and housing and employment land requirements, along with the representations and statements by others to the resumed hearings. As a result, I have several concerns:

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<sup>1</sup> Examination Document: PS/D21

<sup>2</sup> Examination Document: PS/E26

<sup>3</sup> Examination Document: REX/A01

<sup>4</sup> National Planning Policy Framework (¶ 17, 47, 50, 158-159, 178-182)

<sup>5</sup> Planning Practice Guidance (ID: 2a) [DCLG; March 2014]

<sup>6</sup> Objectively Assessed Need and Housing Targets [PAS; June 2014]

<sup>7</sup> Examination Documents: PS/E09d; PS/E10a-e; REX/B06; REX/B12

<sup>8</sup> Examination Documents: PS/E06-PS/E08; PS/E11; REX/B01

<sup>9</sup> Examination Document: PS/E12

## **a. Population and household projections**

- i. In line with the guidance in the NPPF & PPG, the Council's consultants have used the latest available official population and household projections. However, two adjustments have been made to the official ONS population projections. Firstly, the projected population between 2006-2031 has been increased by 200 people (16,100-16,300) to compensate for the internal migration flows to and from the rest of the UK, to reflect the fact that the period 2007-2012 included a recession when flows were untypically low. The ONS base their projections on a recent 5-year period, which tends to pick up shorter-term trends more quickly, but can be distorted by short-term cyclical changes. Basing the projections over a longer period could be less affected by shorter-term economic or housing market cycles, and flows may return once more normal economic and housing market conditions recover.
- ii. However, since the situation in Stroud shows negligible change taken over a 10-year period, there seems to be little justification for making this adjustment to the basic population projections. It may be that the forthcoming 2012-based household projections may resolve the matter, but until then, the Council may wish to review the need to make this adjustment, particularly given the limited impact it has on the base population projection.
- iii. Secondly, the projected population between 2006-2031 has been increased by 400 people (16,300-16,700) to reflect "unattributable population change" (UPC), which had not been taken into account in the 2012 SNPP. The NMSS report admits that this is a debatable approach, and I understand that ONS has decided not to take UPC into account and the new DCLG household projections will similarly not take account of UPC. This matter may be resolved in the forthcoming 2012-based household projections, but in the meantime, the Council may wish to review the need to make this adjustment, particularly given the limited impact it makes on the total population figure for Stroud.
- iv. Some participants consider the population projections should be increased to reflect significantly higher migration into the UK than assumed in the 2012 SNPP. However, I understand that international migration in Stroud is relatively less significant than for other parts of the country (with a net outflow of just 11 people from Stroud between 2001-2011). Consequently, there should be no need to make any adjustments to reflect this factor.
- v. Other participants argue that the population projections should be increased to reflect likely future under-provision of housing in London and Birmingham. To some extent, this issue is related to the first of the Council's adjustments to the base population. However, I understand that in 2011, 430 people came to Stroud from London and 50 came from Birmingham; others may move to Stroud from elsewhere. As the Council says, additional migrants from outside Stroud could be part of the extra population needed to support economic growth, and could be accommodated by the overall level of housing provision. Consequently, no adjustment should be needed to reflect this factor.
- vi. It therefore seems to me that the revised projections for births, deaths and international migration seem plausible, realistic and reasonable, but the Council may wish to reconsider the need to make adjustments to the base population to take account of internal migration flows and UPC.

## **b. Household formation rates**

- i. DCLG's 2011-based household projections are based on household formation rates which are significantly below long-term trends, partly due to the recession, deteriorating affordability of housing and the difficulties of obtaining mortgage/housing finance. Furthermore, the 2011-based projections are only valid for the period up to 2021, and DCLG advises against extrapolating them beyond this date; both the 2008-based and 2011-based household projections also have some acknowledged weaknesses. Having modelled various scenarios, the NMSS report suggests that household formation rates for the 25-34 age group should move back to the mid-way point between the DCLG 2008-based projections and the 2011-based projections.

- ii. Various alternative scenarios have been suggested by other parties, including a full or partial return to previous household formation rate trends for all or some age groups based on the 2008 household projections. There are arguments for and against these alternative scenarios, but to put the situation in context, I understand that a partial return to previous trends for the 25-34 age group, as proposed by the Council, would add 226 homes to a "no return to trend" scenario<sup>10</sup>. The Council also tells me that a partial or full return to previous trends for all age groups under 65 would result in no new homes being added to the "no return to trend" scenario; in fact, fewer homes would be needed than in the Council's proposed scenario based on a partial return to trend for the 25-34 age group. Looking at the figures and tables in the NMSS report, I find this difficult to believe.
- iii. Assumptions about future changes in household formation rates are critical to the projections of the number of future households in Stroud. The main issues are whether there should be a full or partial return to previous trends in the 2008-based household projections; whether this should be at the mid-point between the 2008-based and 2011-based household projections or closer to the 2008-based projections; when this return to trend is likely to occur; and whether the return to previous trends should be for all age groups, or just for selected age groups like the 25-34 age groups.
- iv. During the recent recession, household formation may have been constrained, and in the remaining period of this plan, some of this "pent-up" household formation may increase as the economy and housing market recover. Given that the 2011-based household projections are valid until 2021, it would seem appropriate to use these household formation rates until 2021. But after then, household formation rates could begin to return to the previous pre-recession trends used in the 2008-based projections.
- v. The Council has selected a mid-point between the 2008-based and 2011-based household projections for this return to previous trends. But it may be that a more positive and optimistic approach might suggest a full return to previous trends, rather than the mid-point selected by the Council, in order to ensure a return to previous trends within the plan period. Whether or not a full or partial return to previous trends will occur is a matter of judgement, but I take the view that household formation rates should not be unduly constrained, in order to plan out of the recent recession and ensure that the provision of new housing to meet the needs of new households is not constrained. Accordingly, the Council may wish to consider the implications of a full return to previous household formation rates in the 2008-based household projections.
- vi. As regards the age groups who are most likely to form new households and enter the housing market during the period of this plan, the Council says that only the 25-34 and 60-74 age groups show any significant differences in household formation rates in the 2008-based and 2011-based household projections. There may be several factors which distinguish the over-65 age group from younger age groups in terms of household formation and activity in the housing market; in any event, the figures for this age group show a declining rate of household formation in the future. As for the younger age groups, clearly "babies don't buy homes", but this is a plan running to 2031, and during this period, younger age groups (now in the 15-24 age group) may be in a position to buy or rent homes; those in the 35-44 and 45-54 age groups may also form households and require homes. It would therefore be helpful if the Council's consultants could review the implications of a full return to previous household formation rate trends beyond 2021 for these other age groups.
- vii. The situation may become clearer when the new 2012-based household projections are released, but in the meantime, I would urge caution in assuming an unduly pessimistic approach to household formation rates; more optimistic assumptions would provide a more positive approach to housing need and support the Government's objective to significantly boost the supply of housing

<sup>10</sup> Examination Document: REX/B13 (¶ 1.1)

and enable the necessary numbers of new houses to be planned for. If the market or demand for such housing is not evident, then private house-builders may not actually build them; conversely, if there is a strong market or demand for such housing, it should not be constrained by lack of housing supply.

- viii. Some parties consider the projections make no allowance for existing homes released by those moving into care or retirement accommodation. However, I understand that the ONS population projections separate those people living in private dwellings from those who are in institutional accommodation. Others point out that the Council has not assessed the need for older persons' accommodation (including Class C2 uses), as recommended in the PPG<sup>11</sup>. However, the Council has assessed the need for older persons' accommodation, including care homes<sup>12</sup>, and proposes amendments to ¶ 2.26-2.28 of the submitted plan<sup>13</sup>; these clarify the position on the future need for an additional 940 care home bedspaces (2013-2031), in addition to the 11,200 new dwellings proposed. On this basis, this seems to satisfactorily address this matter.

**c. Market signals, including land and house prices, rents, affordability, rate of development and overcrowding:**

- i. The PPG<sup>14</sup> confirms that the initial housing need figure 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. Earlier SHMAs<sup>15</sup> examine some of these factors. The NMSS report<sup>16</sup> confirms that house prices in Stroud have moved in line with the rest of the county (2001-2012), suggesting there is no need for any adjustment to the OAHN. Average rents in Stroud are slightly higher than for the county as a whole, but the data is only available for a limited period (2011-2014). Similarly, affordability ratios in Stroud are little different from the rest of Gloucestershire over the 2001-2012 period. This suggests that there is no need to make any adjustments to the OAHN to reflect these market signals.
- ii. The PAS Technical Note<sup>17</sup> suggests that past completions should be compared with the trends for England as a whole. The past rate of housebuilding in Stroud (1990/91-2013/14) shows highs and lows, varying between just under 200 to almost 500 dwellings/year. This variance may partly depend on the demand for and supply of housing, but given the "bank" of planning permissions for housing over much of this period, this does not suggest that housing supply was subject to any particular constraints over the last few decades. Stroud also has much lower levels of overcrowding compared with both Gloucestershire and England. It may therefore be unnecessary to make any adjustments to deal with these market signals.
- iii. Some participants suggest that comparisons of market signals should be made over a longer period. However, most of the data used covers a period of over 10 years; looking back over a 20-year period reveals that affordability ratios are high and have deteriorated markedly, but in this regard, Stroud is little different from neighbouring authorities, or Gloucestershire or England as a whole. In any event, the uplift between the OAHN for Stroud and the proposed housing provision level provides the flexibility to respond to these longer-term market signals, as well as boosting economic growth.
- iv. On this basis, it would seem unnecessary to make any specific uplift of the OAHN to reflect these market signals.

<sup>11</sup> Planning Practice Guidance – ID: 2a-021-20140306 [DCLG; March 2014]

<sup>12</sup> Examination Documents: PS/E13; PS/E09c: (SHMA update and Note on Care Homes)

<sup>13</sup> Examination Document: PS/ E12

<sup>14</sup> Planning Practice Guidance – ID: 2a-019/020-20140306 [DCLG; March 2014]

<sup>15</sup> Examination Document: PS/B18b (Strategic Housing Market Assessment Update; March 2014)

<sup>16</sup> Examination document: PS/E09d; ¶ 72-89

<sup>17</sup> Objectively Assessed Need and Housing Targets: Technical Advice Note [Planning Advisory Service; June 2014]

#### **d. Affordable housing:**

- i. The NPPG confirms that local authorities should prepare a SHMA which addresses the need for all types of housing, including affordable housing; whilst the PPG explains how affordable housing need should be calculated<sup>18</sup>. The updated SHMA<sup>19</sup> shows a need for 2,391 affordable homes in Stroud between 2013-2031 (133/year); this is a significant reduction compared with earlier assessments which suggested a need for 492 affordable units/year. The Council explains that these earlier assessments of affordable housing need were based on the now cancelled guidance on preparing SHMAs; more realistic estimates based on the guidance in the PPG would result in an annual need for 408, 103 or 19 units, depending on the assumptions used. Taking account of an amended affordability threshold and the use of the private rented sector (390 dwellings), this could reduce the total net affordable housing need to just 19 units/year. However, the private rented sector does not fall within the strict definition of affordable housing in the NPPF, and **this approach may not reflect the guidance in the PPG<sup>20</sup>.**
- ii. The Council's own new-build social housing programme is expected to deliver 150 units during the next 5 years, along with affordable housing from market housing sites (374 units between 2014/15-2015/16); this will boost the supply of affordable housing in the short term. There may also be other 100% affordable housing schemes provided by other organisations. Indeed, the Council explains that the annual need for 103 affordable units/year will be exceeded by anticipated supply, almost double for the years 2014/15-2015/16. The PAS Technical Note<sup>21</sup> refers to the need to make a judgement on how much affordable housing could realistically be delivered in practice. Nevertheless, in view of the disparity between the earlier and later estimates of affordable housing need and the fact that these more recent estimates are not included in the NMSS report, **it would be helpful to have some further evidence on the assessment of the need for affordable housing using the approach outlined in the PPG to demonstrate that no uplift of the OAHN is needed to reflect the scale of affordable housing need identified. I would also welcome evidence on other means of providing affordable housing, apart from through market housing sites and the Council's social housing programme.**

#### **e. Past under-supply, unmet housing needs and the 5/20% buffer:**

- i. The PPG<sup>22</sup> gives guidance on how past under-supply of housing should be addressed, including the judgement to be made in terms of identifying a record of persistent under-delivery of housing. The PAS Technical Note<sup>23</sup> advises that past completions should be compared with the trend in completions for England as a whole; it also suggests that guidance on past supply is often misinterpreted as housebuilding below policy targets, rather than housebuilding being less than demand or need. I have already found that the past rate of housebuilding in Stroud (1990/91-2013/14) shows highs and lows, varying from just under 200 to almost 500 dwellings/year, but this does not suggest that housing supply has been subject to any particular constraints over the last decade or so.
- ii. The Council provides information on past delivery of housing completions between 2006/07-2013/14, but in its latest evidence<sup>24</sup>, assesses this delivery against the revised housing target for the submitted Local Plan (488 dw/year). This approach concerns me, since I take the view that past delivery of housing should reflect the housing targets then applying, not some new unapproved target for the remaining period of the Local Plan. Although the Regional Strategy has now been revoked, it provided the housing target for the early

<sup>18</sup> National Planning Policy Framework (¶ 159); Planning Practice Guidance (ID: 2a-022-029-20140306)

<sup>19</sup> Examination Document: PS/E13 (¶ 6.9)

<sup>20</sup> Planning Practice Guidance (ID: 2A-022-029-20140306)

<sup>21</sup> Objectively Assessed Need and Housing Targets: Technical Advice Note [Planning Advisory Service; June 2014]

<sup>22</sup> Planning Practice Guidance (ID: 3-035-20140306)

<sup>23</sup> Objectively Assessed Need and Housing Targets: Technical Advice Note (¶ 5.34, 5.40 5.53, 8.5) [Planning Advisory Service; June 2014]

<sup>24</sup> Examination Document: REX/B13 (¶ 1.5.1)

years of the plan; during the first seven years of the plan to 2013, delivery averaged almost 400 dw/year, giving a shortfall of only 6 dwellings against a 5-year requirement of 399 dw/year (including a 5% buffer). As I said in my earlier Initial Conclusions<sup>25</sup>, the evidence at that time<sup>26</sup> did not suggest that there had been a persistent record of under-delivery which might justify a 20% buffer in the 5-year supply, and that a 5% buffer is appropriate. It is also important to note that the additional buffer to housing supply does not increase the overall housing provision level, but simply brings forward sites from later in the plan period.

**f. Supporting economic growth:**

- i. Both the NPPF and PPG emphasise the need to ensure that housing and economic strategies are well related; the PPG<sup>27</sup> confirms that plan-makers should take employment trends into account, including assessing the likely change in job numbers based on past trends and/or economic forecasts, having regard to the working-age population in the housing market area. In undertaking this exercise, it is important to distinguish between the employment trends that will occur in the absence of the proposals in the Local Plan, and those which are expected to occur as a direct result of the strategy and proposals in the Plan. In other words, when assessing the OAHN, account should be taken of future employment trends in the area generally, whilst when establishing the housing provision level, account needs to be taken of the policy objectives and proposals in the Plan in terms of its specific economic and employment strategy.
- ii. The Council's consultants have used a wide variety of econometric figures and projections, including those from Oxford Economics (OE) and Cambridge Econometrics (CE). They have considered a range of economic factors, including commuting flows, likely jobs growth, characteristics of the working-age population, economic activity rates, economic forecasts and projections, along with improvements in productivity and comparison with past trends and other areas. Some of this evidence is conflicting and difficult to interpret, since both the CE & OE econometric forecasts differ substantially and the Local Enterprise Partnership's (LEP) plans do not provide data, such as jobs growth, for use in estimating housing requirements. The NMSS report suggests that the demographically-based OAHN provides 1,200 more homes than are needed to support the OE forecast and 1,800 fewer homes for the CE forecast. Balancing the two projections, the NMSS report concludes that Stroud should provide an additional 800 homes to reflect future economic trends. For the period 2006-2031, this uplifts the OAHN to 11,200 additional homes in order to support economic growth, and this figure effectively becomes the revised housing provision level.
- iii. Although the NMSS report sets out the pros and cons of the various forecasts and covers the relevant economic factors, it seems that the assumptions about the required uplift to the OAHN are somewhat arbitrary; apparently, they are based on an allowance for Stroud, Cotswold and Forest of Dean to provide between them half the additional homes which the CE analysis suggests might be needed across Gloucestershire as a whole. However, this may not be a robust, realistic or fully justified basis to uplift the basic OAHN figure, and it would be helpful to have some further clarification and justification to demonstrate that this is a soundly based housing provision figure for Stroud.
- iv. Furthermore, the PAS Technical Note<sup>28</sup> advises that the proposed housing provision figure may not necessarily equate to the OAHN, since this may depend on the area's deliverable and sustainable capacity, including the constraints outlined in the NPPF and any cross-boundary unmet need; it may also depend on any specific economic or housing growth proposals in the Plan itself. The NMSS report does not effectively tackle this issue, preferring to merely uplift

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<sup>25</sup> Examination Document: PS/D21

<sup>26</sup> Examination Document: CD/B6

<sup>27</sup> Planning Practice Guidance (ID: 2a-018-20140306)

<sup>28</sup> Objectively Assessed Need and Housing Targets: Technical Advice Note [Planning Advisory Service; June 2014]

the OAHN to support economic growth. It is not clear whether the final housing provision figure is merely an uplifted OAHN to reflect likely economic trends, or whether it takes specific account of the employment and economic growth proposals in the Plan itself. It would therefore be helpful to have some further information on this stage of the process, including the relationship between the housing and employment strategies of the Plan.

- v. Other participants point out that a straight extrapolation of past jobs growth would suggest an increase of 25,000 extra jobs over the plan period. The Council says that this fails to reflect the fact that future jobs growth will be affected by a falling population in the 16-64 age group, but this fails to recognise that some in-migration of new workers may offset this loss. Others point out that jobs growth in the early part of the plan period has been virtually ignored, since jobs growth and the housing requirement has been estimated from 2014-2031 rather than over the full plan period; a significant number of new jobs were provided in the period up to 2014 in Stroud.
- vi. The key issue here is whether the demographically projected population in 2031 will be large enough to support the number of jobs that the economic forecasts suggest will be in the area at that time. This depends on a variety of factors, including the number of jobs, unemployment and economic activity rates, and the size and nature of the local population. There is considerable uncertainty, but the original NMSS report does not seem to fully address these issues, and some further work is needed to demonstrate that the assumptions and projections of jobs growth are fully justified and soundly based.
- vii. Some participants consider that the OAHN does not take into account improvements to the economy and changes to the pension age; other models (such as the Chelmer model) suggest a housing provision figure of between 11,218-12,393 (2011-2031). CE & OE forecasts may also be less optimistic than other models, such as Experian. Much depends on the assumptions made, including economic activity rates, but I do not believe it is necessary to choose these higher figures, simply based on a precautionary approach favouring these higher projections. In my view, a balanced view should be taken, with an element of realism, practicality and pragmatism, looking at the pros and cons of the various approaches and forecasts.

#### **g. Proposed review of the Local Plan**

- i. A key issue is whether the revised housing assessment takes full account of the relationship of Stroud with the wider housing market area, including Gloucestershire, Gloucester/Cheltenham/Tewkesbury and other neighbouring areas; whether the approach taken is consistent with that undertaken in other parts of the Gloucestershire housing market area; and whether the plan effectively addresses cross-boundary issues, including any unmet needs from neighbouring areas.
- ii. The Council tells me that the approach of the NMSS report is comparable and consistent with the analysis carried out for other Gloucestershire authorities, including for the JCS authorities of Gloucester/Cheltenham/Tewkesbury. This enables a county-wide view to be taken across the wider housing market area on the demographically-based OAHN and the level of housing needed to support economic growth, having considered cross-boundary issues such as commuting and the inter-relationship of the housing markets. The main point is that, at present, Stroud has no unmet housing needs that have to be met elsewhere and no neighbouring authorities have any unmet housing needs that have to be met in Stroud.
- iii. Stroud DC is committed to undertaking a review of the Local Plan within 5 years of adoption, including considering any unmet needs arising from another authority in the housing market area. This is confirmed in Policy CP2 of the plan and was reaffirmed at the Council meeting in December 2014; the Council also proposes to amend Policy CP2 to confirm the purpose of the review. At present, all of the Gloucestershire authorities, including Stroud and Gloucester/Cheltenham/Tewkesbury (JCS authorities), are planning to meet all of their identified housing needs within their own boundaries. However, it is worth noting that, in August 2014, the Chair of the JCS Programme Board wrote to

neighbouring authorities in Gloucestershire to alert them to the possibility that the JCS may need to come to them with a formal request for assistance under the duty to co-operate in the event that either more than 33,200 homes are needed for the JCS area to meet a more buoyant economy or the identified sites do not come forward in a timely manner.

- iv. A Statement of Common Ground<sup>29</sup> has been signed by Stroud DC and the JCS authorities agreeing to consider meeting any unmet requirements from another local authority in the housing market area where it is reasonable to do so and is consistent with achieving sustainable development; this includes agreeing a site assessment methodology to assess development potential for housing and employment to meet unmet needs arising from within their areas. The review of the Local Plan within 5 years of adoption under Policy CP2 would include considering any future unmet needs arising from another authority in the housing market area. I have already indicated (in my earlier Initial Conclusions<sup>30</sup>) that this is about as far as the Council can go in the absence of any specific identified potential unmet requirements, and that this approach is pragmatic and reasonable.
- v. Contrary to the views of some participants, this is not delaying decisions about the provision of housing or making an unsound plan sound. All authorities in Gloucestershire currently intend to fully meet the OAHN for their area within their boundaries; no current unmet needs from any authority which have to be met elsewhere have been demonstrated. The proposed review is simply to ensure that should any unmet needs be identified in the future, there is a clear and established mechanism for dealing with the issue. The review will be able to consider the nature and scale of any unmet needs and determine how and where those unmet needs should be met, working together with the relevant authorities. No alternative approaches have been suggested by others, other than to find the current plan unsound, and no material changes have occurred since this matter was last discussed at the examination hearings. Consequently, given that neighbouring plans are at different stages of the plan preparation process, I reiterate that this represents a positive and pragmatic response to the possibility of unmet needs emerging in the future.

#### **h. Other matters**

- i. The revised assessment of OAHN proposes a housing provision figure of 11,200 new homes (2006-2031). The Council also considered a higher figure of 12,200, based on supporting economic growth in the CE forecast for Stroud. The Council developed a series of 7 alternative growth scenarios to assess and test alternative levels of growth between 10,550-13,200 new homes, using site options that were in line with the plan's overall development strategy and which had previously been considered during the course of preparing the plan. Having assessed these alternative growth options, including sustainability appraisal and HRA criteria, the Council decided that a growth option involving "Alternative M5 Catchment: Stonehouse Focus" (including existing sites and a new site at West of Stonehouse) performed well, and would deliver 11,200 new dwellings. At this stage, this seems to be a reasonable approach
- ii. Other participants suggest both higher and lower levels of overall housing provision, ranging from 9,900-12,200 new houses (2006-2031). These alternative figures use a range of assumptions, including uplifts to address specific factors, such as the need for affordable housing, or reductions to reflect local circumstances. However, the examination is primarily to consider the soundness of the Council's approach, rather than to undertake a detailed examination of these alternative figures.
- iii. Some participants query the latest 5-year housing land supply figures<sup>31</sup>, but the Council makes it clear that this is not a full and comprehensive re-assessment of housing land supply, but only an indication of how the housing land supply

<sup>29</sup> Examination Document: REX/B09

<sup>30</sup> Examination Document: PS/D21 (¶ 11)

<sup>31</sup> Examination Document: PS/E14

position may be changing. The last full assessment was undertaken in July 2014<sup>32</sup>, which demonstrates that a 5-year supply can be provided against an OAHN of between 10,550-11,600.

- iv. Some participants are concerned about the role and status of Hunts Grove, a proposed urban extension on the edge of Gloucester, but within Stroud. This is a site-specific matter which will be discussed later in the examination. Similarly, issues about the deliverability of specific sites and allocating land at other places are largely site-specific, to be dealt with later in the examination.
- v. Other participants are concerned about the nature and level of engagement with other parties, including neighbouring planning authorities, community organisations, developers, landowners and other stakeholders when preparing the revised assessment of housing need and considering alternative levels of housing provision and strategic growth options. The Council convened a meeting of all Gloucestershire authorities in July 2014 to discuss the Inspector's Initial Conclusions, and agreed to work together to produce an OAHN that was consistent and compatible with the work prepared for the JCS authorities. Several progress meetings were held between August-October 2014, including presentations to Council meetings. In October 2014, a Technical Workshop was held with participants who had raised issues about the Council's original OAHN, following which a summary of views was prepared<sup>33</sup>. The NMSS final report was sent to participants in November 2014, and further technical data was circulated in January 2015. Although, in some cases, limited time was available to assimilate and comment on some of this material, it seems that the process of involvement and engagement with other parties was fair and reasonable.
- vi. One final concern, raised by several participants, relates to the plan period. As submitted and amended, the Local Plan has a plan period of 2006-2031, yet many of its assessments and proposals only relate to the period 2011/2014-2031, and others involve backdating to 2006. By having a base date of 2006, the plan is already 8 years into its plan period, but there is little that can be done to influence these earlier years of the plan. Although it may be too late to consider amending the plan period, this may be a matter to which the Council may wish to give further thought, since planning ought to be more about the future than the past.
- vii. In summary, as regards the assessment of housing requirements, it would be helpful to have some further information, clarification and evidence to demonstrate that the revised OAHN and housing provision figure is appropriate, effective, positively prepared and soundly based. Furthermore, with the new 2012-based household projections being imminent, it would be helpful if the Council could assess the implications of these new household projections on the previous assessments undertaken and decide whether an updated assessment of housing need should be undertaken.

### **Employment land requirements**

6. Following the suspension of the examination, the Council commissioned a review of employment land needs. This concluded that the original study was consistent with the NPPF, the approach to future employment land needs was consistent with that undertaken for the JCS authorities, and the Local Plan supports the LEP's Strategic Economic Plan through allocations in the M5 corridor. It also reviewed economic forecasts, and analysed three alternative methods of forecasting employment land needs, which, using the historic land take-up method, identified an employment land requirement of 58ha for the plan period; on the basis of the various economic forecasts, this could give a surplus of employment land by 2031 of between 13.84ha-39.36ha, or a shortfall of between 6ha-17.6ha. Amendments are proposed to the submitted plan to reflect this revised land requirement, which is little different from that in the submitted plan, other than covering the entire plan period (2006-2031), rather than just part of it (2012-2031). I have the following comments:

<sup>32</sup> Examination Document: REX/B11

<sup>33</sup> Examination Document: REX/B01

- i. The Employment Assessment Review<sup>34</sup> (EAR) has updated employment land requirements, drawing on economic forecasts produced in August 2014, including both the OE & CE data, to ensure consistency with the work carried out to determine the OAHN. The assessment of employment land needs uses a base date of 2006, and projects needs forward from 2014 from a post-recession period. The EAR, along with an updated assessment of Employment Land Availability<sup>35</sup>, has re-assessed both the current supply of employment land and future needs, demonstrating that the current level of employment land provision is sufficient to meet needs up to 2031. The current supply of employment land (55.86ha) is considered to be deliverable and developable by 2031, with a small surplus against future employment land needs (39.44ha-51.04ha). The review not only assessed quantitative employment land needs, but also considered business needs and spatial and sectoral needs; this ensures that there is a spread of employment land across the district to meet market needs, consistent with the overall development strategy of the plan and the LEP's focus on the M5 corridor and Stroud valleys. This seems to be a soundly based approach, consistent with national guidance in the NPPF & PPG<sup>36</sup>.
- ii. Amendments to the submitted plan (¶ 2.42) propose a growth of between 6,800-12,500 jobs over the plan period and provision of 58ha of employment land (2006-2031), (as compared with around 6,200 jobs and 37ha of employment land (2012-2031) in the submitted plan). Some parties are concerned about the justification for the proposed jobs growth, given the various OE & CE forecasts. The Council explains that this is a factual update, reflecting the range of latest economic forecasts, but emphasises that the plan's target is to provide 58ha of employment land, rather than providing a specific number of jobs, believing that employment land forecasts are more appropriate than jobs forecasts. The Council also confirms that its revised assessment of employment land need is consistent with the latest guidance in the PPG<sup>37</sup>. However, bearing in mind the scale of the potential increase in jobs compared with the submitted plan, it would be helpful to have further information on this issue, including the relationship with the revised housing provision figure.
- iii. Some parties say that the revised assessment does not consider the wider economic area of Gloucestershire. However, the Functional Economic Area is considered to be the LEP area, and the EAR confirms that the Local Plan is aligned to the LEP's objectives and proposals as set out in its Strategic Economic Plan. Other evidence demonstrates that factors such as commuting and the inter-relationship between jobs within and outside Stroud have been considered. Other parties refer to specific sites (such as Aston Down, Cam/Dursley, Stonehouse and Sharpness Docks), but these will be considered in Stage 2 of the examination.
- iv. On this basis, the revised Local Plan seems both aspirational and realistic in making provision for 58ha of employment land over the plan period, based on historic take-up and future trends, which could accommodate up to 12,500 jobs, consistent with the overall housing and economic strategies. With some further clarification about the relationship of the number of proposed jobs with the proposed employment land provision and housing strategy, the overall approach seems to reflect the latest economic forecasts and may be effective, justified, positively prepared and soundly based.

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<sup>34</sup> Examination Document: PS/E15

<sup>35</sup> Examination Document: PS/E16

<sup>36</sup> Planning Practice Guidance; [ID:2a-031-034-20140306]

<sup>37</sup> Examination Document: REX/B07 (¶ 2.5); Planning Practice Guidance; [ID:2a-031-034-20140306]

## Other work undertaken by the Council

7. During the suspension of the examination, the Council and its consultants undertook other work related to the Local Plan, including establishing a preferred Strategic Growth Option D (Alternative M5 Catchment: Stonehouse Focus), confirming that the Local Plan would be reviewed within 5 years and setting out suggested changes to the submitted Local Plan. These were endorsed by the Council on 9 December 2014<sup>38</sup>. Issues relating to this work will be considered later in the examination, but I have a few comments, which the Council may wish to consider:
- i. In assessing alternative Strategic Growth Options, I understand that these were assessed by an Interim Sustainability Appraisal and were subject to Habitats Regulations Assessment<sup>39</sup>, including a Statement of Common Ground (SOCG) with Natural England<sup>40</sup>. These assessments refer not only to the alternative Strategic Growth Options, but also to earlier work which considered reasonable alternatives to the preferred strategy and gave clear reasons for selecting the preferred strategy and rejecting other alternatives. They also referred to a range of alternative sites, including those promoted by other parties, as well as the alternatives considered by the Council.
  - ii. I understand that formal public consultation on the suggested changes to the plan is to take place between February-March 2015. Such consultation should include the suggested changes to the policies and text of the submitted Local Plan, and also any changes to proposed allocated sites (including "new" sites and amendments to other sites). However, since the housing and employment land needs (including the OAHN) have not yet been determined to be sound, this consultation should exclude suggested amendments to the plan relating to the revised housing and employment land requirements.
  - iii. Further work has been undertaken on highways and transport assessment, with a final Transport Capacity Assessment published in December 2014, along with a SOCG with the Highways Agency<sup>41</sup> and meetings with other highways authorities; further meetings will progress this work. Further work has also been undertaken on the Infrastructure Delivery Plan, refreshed in October 2014<sup>42</sup>. The final version, published in January 2015, needs to be added to the Examination Library.
  - iv. Further work has also been undertaken on Strategic Flood Risk Assessment and an updated Flood Risk Sequential Test<sup>43</sup>, resulting in a SOCG with the Environment Agency<sup>44</sup>. These documents cover not only general flood risk matters, including updating the latest flood risk data, but also more detailed flood risk assessments for places like Sharpness.
  - v. The Council has held meetings with several agencies, including the Environment Agency, Highways Agency, Natural England, National Trust and English Heritage. These meetings have generally resulted in a positive outcome, with SOCGs and agreements on amendments to the detailed wording of policies and associated text in the Local Plan. Other meetings have been held to discuss the Severn Estuary SPA; although the HRA concluded that no specific control measures are needed to address recreation pressures on the SPA/Ramsar site, as a precautionary measure, monitoring should be carried out on the on-going use of the coast and footpath network. The Council intends to undertake further work and hold meetings to establish the core recreational catchment for the Severn Estuary SPA/SAC/Ramsar site. However, a SOCG with Natural England<sup>45</sup> confirms resolution of the remaining outstanding matters. Similarly, a SOCG with English Heritage<sup>46</sup> confirms resolution of outstanding matters.

<sup>38</sup> Examination Document: PS /E12

<sup>39</sup> Examination Documents: PS/E18, PS/E19 & PS/E20a/b

<sup>40</sup> Examination Document: REX/B04

<sup>41</sup> Examination Documents: PS/E22 & REX/B05

<sup>42</sup> Examination Document: PS/E23

<sup>43</sup> Examination Documents: PS/E24, PS/D14d & PS/E25

<sup>44</sup> Examination Document: REX/B02

<sup>45</sup> Examination Document: REX/B04

<sup>46</sup> Examination Document: REX/B03

- vi. During the suspension of the examination, the Council has also published reports on Settlement Role and Function and a Draft Housing Strategy<sup>47</sup>. The content of these reports will be considered later in the examination.
- vii. Stroud has a close relationship with the JCS authorities of Gloucester/Cheltenham/Tewkesbury, but their local plans are running to a slightly different timescale. However, following publication and consultation on a Pre-Submission Joint Core Strategy in June-August 2014, the JCS authorities formally submitted the plan to the Secretary of State (Planning Inspectorate) for examination on 20 November 2014. Examination hearings are anticipated later in 2015.

### **Future progress of the Local Plan**

8. The purpose of these Initial Views is to review and assess the work undertaken by the Council during the suspension of the examination, particularly the assessment of housing and employment land requirements. I have outlined above the additional information, clarification and evidence needed to demonstrate that the revised assessment of housing need is appropriate, effective, positively prepared and soundly based. As part of that response, it would be helpful if the Council could consider the implications of the forthcoming 2012-based household projections, and whether an updated assessment of housing need is required.
9. These Initial Views are not open to debate or comment, but I would ask the Council to respond to my particular requests for further information, along with a timetable outlining the timescale of the additional work required. This additional work can then be considered at the resumed Stage 1 examination hearings in May 2015. These Initial Views are intended to assist the Council in making progress with the examination, but are without prejudice to any conclusions I may reach after considering the further additional work undertaken and any statements, evidence and discussions at the resumed hearings.
10. These Initial Views 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 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  
12.02.15

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<sup>47</sup> Examination Documents: PS/E21 & PS/E27