

**Statement of Common Ground  
In response to the West Dorset Weymouth and Portland Local Plan Examination**

**Note from Peter Brett Associates (PBA)  
Outlining approach taken to Job Forecasts  
Arising in Matter 3**

**WDWP/Ex13**

**On behalf of the following consultants representing the following clients:**

**Turley on behalf of Sherborne Castle Estates,  
Turley on behalf of Betterment Properties (Weymouth) Limited,  
Pegasus Group on behalf of Persimmon Homes (South Coast) and Grainger Plc (North  
Dorchester consortium),  
RPS on behalf of Taylor Wimpey,  
Nexus Planning on behalf of Woodsford Farms**

January 2015

## **Introduction**

1.1 A number of objections to the Submission Local Plan have:

- (i) criticised the Council's approach to establish the Objectively Assessed Need (OAN) for housing in West Dorset Weymouth and Portland;
- (ii) concluded that the housing requirement is too low to balance the relationship between the need for housing and jobs; and
- (iii) presented alternative evidence on the OAN that appropriately balances housing and jobs.

1.2 This Statement of Common Ground (SoCG) sets out the level of agreement on the following specific aspects of the Peter Brett Associates (PBA) approach to modelling taken to job forecasts (which informs the OAN), from the signatories set out in the Declaration attached to this statement.

- Transparency of approach,
- Economic activity rates,
- Job growth, and
- Commuting rates

## **Context**

1.3 The National Planning Policy Framework (paragraph 159) sets out the requirement for a Strategic Housing Market Assessment (SHMA) to assess the full housing needs. This is supported by the Planning Practice Guidance (PPG) which provides further detail on how such assessments should be undertaken. The PPG strongly recommends that its recommended methodology is followed to ensure assessment findings are transparently prepared.

1.4 PBA have also produced the Objectively Assessed Need and Housing Targets Technical Advice Note (June 2014) on behalf of the Planning Advisory Service, which provides guidance on how the OAN should be determined.

1.5 There is a Strategic Economic Plan for Dorset, which sets out plans for local economic growth. This does not appear to have been considered in either the SHMA or WDWP/Ex13.

## **Transparency of approach**

1.6 It is disappointing that information material to the critically important issues of future housing and employment land provision for the districts has been issued at such a late stage in the process, when it should have been an integral part of the evidence base for the Submission of the Local Plan.

1.7 As the deadline for the submission of hearing statements approached it became clear that the Council was proposing an amended jobs figure, significantly different from that which had been included in the Further Proposed Changes consultation which had finished the previous month (i.e. from 2,300 jobs to 13,070 jobs but the housing requirement and indeed employment land allocations remained the same). (WDWP/EXT13 refers to 13,640 jobs) It should be noted that no further updates of the employment strategy have been prepared since 2012, nor has the revised jobs figure been subject to a sustainability appraisal process. This is considered to represent a significant gap in the evidence base and possible failure to comply with the legal framework.

1.8 Whilst it is acknowledged that detailed data from the new Experian Model (21st October 2014) and old Experian Model (22nd October 2014) was circulated in advance

of the deadline for submitting hearing statements (midday 7th November 2014), this only allowed limited time for parties to consider the information and respond in writing. Importantly, whilst reams of data was provided in CD/SUS11, the crucial point is that no analysis, indeed very little, if any, commentary or interpretation of the data was provided before the 7th November or before the Examination Hearing Sessions commenced on 25th November and therefore our ability to fully understand and consider the differences in data and implications for housing requirements was limited. This latest note is to some extent helpful, but we remain concerned about the methodology that has been used, and in particular the approach taken to the presentation of job forecasts and their use in informing the proposed housing number. There remain concerns that there is a lack of justification and indeed transparency in the information provided to date.

- 1.9 On a number of aspects there are concerns that the assumptions used in the housing evidence are contrary to the PAS best practice guidance (of which PBA are also the authors), and make unjustifiable assumptions with regard to how society will change without any mechanism to achieve these changes. This, it is understood has the result of depressing the housing need.
- 1.10 Without getting into the details of the models used there remain some fundamental points of clarification which are not adequately addressed in the evidence presented. These have an important bearing on the justification as to the alignment of housing and economic policy in the Draft Plan and the soundness of the Plan. The primary and consistent objection relates to the assumed adjustments made to economic activity rates, which appear inconsistent in the evidence presented within WDWP/Ex13 and the 2014 SHMA. Other matters of objection are discussed subsequently.

#### **Economic activity rates**

##### PBA approach

- 1.11 PBA have adopted the Kent County Council (KCC) approach to estimating the change to economic activity rates in the future, as identified in paragraphs 3.3 and 3.4 of WDWP/Ex13 as part of the justification of the OAN within the 2014 SHMA. Some signatories have responded on this basis.
- 1.12 However, these paragraphs are not definitive on the approach taken. Further examination of the figures, suggests that it is not the KCC approach which has been used to determine the relationship between the housing and job figures now presented within the Draft Plan. Indeed, the PBA modelling requires that by 2031, 93.77% and 93.60% of the working age populations of West Dorset and Weymouth and Portland will be economically active to support 13,070 jobs<sup>1</sup> (or between 85.14% and 87.78% to support 13,640 jobs<sup>2</sup>). However, the KCC approach (as articulated in the Kent Technical Paper, October 2011) identifies that in 2031, economic activity rates vary between 1.64% and 91.04% for particular cohorts. The 2014 SHMA also confirms that both authorities are projected to see a considerable ageing of the population. This would strongly suggest that the economic activity rate adjustments employed in the Experian modelling, in particular for older cohorts, are significantly in excess of those identified by even the KCC approach. This has the effect of significantly depressing the scale of population growth suggested as being required to support employment growth and therefore the OAN.
- 1.13 The evidence presented within CD/SUS11 and the additional explanatory text provided within WDWP/Ex13 does not provide an adequately clear or justified explanation as to

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<sup>1</sup> This is based upon the Experian modelling outputs presented under the 'Baseline' on pages 111 -120 of CD/SUS11.

<sup>2</sup> This is based upon the Experian modelling outputs presented under the 'Scenario' on pages 111 -120 of CD/SUS11.

the scale of difference between current rates, the KCC approach or the implied rates in the Experian modelling (particularly in relation to older working age groups).

#### Support for PBA approach

- 1.14 Whilst the majority of signatories agree that the economic activity rates of the older population are likely to increase across the plan period the absence of transparency in the adjustment to rates underpinning the evidence presented in WDWP/Ex13 means that none of them can agree with the approach taken on the basis of information currently presented. Indeed, it would appear that the approach adopted is contrary to the PAS guidance prepared by PBA (para 6.7) which states:

*"A common mistake in this context is to make unrealistic assumptions on the relationship between housing, population and jobs. A number of housing assessments have been criticised by Inspectors for their assumptions about economic activity rates. The issue relates especially in relation to older people, where some studies expect the increases in state pension age to produce much increased activity rates over the next 15-20 years. This reduces the population growth, and hence the household growth, that is required to support a given number of new jobs. But unrealistic figures put the emerging plan at risk. Not only could the housing assessment be unsound in itself, but also it could be inconsistent with proposals for employment land, which are also based on expected future employment."*

- 1.15 It is also contrary to PBAs conclusion in the July 2014 SHMA which states at para 4.35 and para 4.36:

*"To overcome this, Kent County Council updated the former set of economic activity rate assumptions to make allowances for older age people to contribute to the labour force for longer. At a number of examinations (e.g. South Worcestershire and Cheshire West), Councils have argued that Kent have underestimated the role older people will contribute to the workforce in future years. The arguments for this are detailed but in summary suggest that in addition to state retirement ages increasing older people (in the future) will be poorer and houses more expensive. This will result in older people working for longer."*

*There is some potential merit in this argument. But for future planning we find such an argument difficult to promote. Firstly it is a key objective of Government Policy to 'boost the supply' of new homes to help offset house price inflationary pressures. Secondly there is no (or very limited) evidence on which to base any assumptions. With these caveats in mind, we suggest a precautionary approach when estimating the role older people may play in the future workforce."*

- 1.16 These statements suggest the need to adopt a precautionary approach to considering future changes to economic activity rates, explicitly with regard to older working age cohorts (see paragraph 1.16).

#### Signatories approach

- 1.17 A number of signatories consider that the current economic activity rates should be maintained across the plan period, with some possible adjustment to take account of the changes to state pension ages taking account of local information.

#### Effect of assumption

- 1.18 The application of the economic activity rates in the Experian modelling presented by PBA, it appears, assumes that the economic participation of older persons are increased which significantly depresses the OAN for housing. However, it is questionable the extent to which older people will participate in the employment market. In particular,

older people will have a particular set of skills and are more likely to work part-time (or even less) which may not support the economic growth of the HMA.

1.19 As a result of the concerns regarding the transparency of the adjustments used with regards to economic activity rates, there continues to be a misalignment of the housing requirement and the number of jobs and the economic strategy within the Draft Plan. Taking a more realistic or 'precautionary' assessment of economic activity rates would demonstrate that the proposed housing growth would not support the proposed employment growth.

1.20 As such the proposed housing requirement of 775 dwellings per annum should be afforded limited, if any weight, without a clear justification as to the underpinning modelling assumptions used.

### **Job growth**

#### **PBA approach**

1.21 PBA rely on the employment growth forecasts of Experian, which predict a capacity for 13,640 jobs over the plan period (following paragraph 1.1 of WDWP/Ex13).

#### **Support for PBA approach**

1.22 The Experian economic projections form one of a series of economic projections (similar to Oxford Econometrics (OE) and Cambridge Econometrics (CE)) which are capable of being afforded weight, and so there is support for PBAs approach on this matter.

1.23 PBA have frequently changed the number of jobs arising from the proposed levels of homes over the past year. This suggests that the economic strategy of the Local Plan (which has flexed to accord with these various projections) is unclear and is not based upon a PPG compliant assessment of 'likely job growth'. Indeed within WDWP/Ex13, PBA clearly assert in paragraph 2.9 that the outputs of the economic forecasting models should not be 'confused with the concept of a job target'. The failure to provide an up-to-date assessment of likely job growth which is aligned to the employment policies in the Plan continues to be considered as a failing of the Local Plan.

#### **Signatories approach**

1.24 The table following paragraph 1.1 of WDWP/Ex13 identifies a range of economic projections ranging from 8,300 to 13,640 jobs.

1.25 All of these potential job growth figures are more conservative than the job growth figure achieved over the previous decade<sup>3</sup> and that which was used to inform the Employment Land Allocation policies in the Draft Plan. Nevertheless, given the general consistency of these projections and the lack of an alternative they must be afforded weight.

#### **Effect of assumption**

1.26 Allowing for a mid-range of 10,800 jobs across the plan period, the modelling of a number of signatories (Pegasus Group and Nexus Planning) suggests a greater OAN to that identified by PBA. It is considered that a significant contributing factor to this inconsistency arises from the un-evidenced economic activity rate adjustments adopted by PBA as considered above.

### **Commuting rates**

#### **PBA approach**

1.27 Paragraph 5.10 of the July 2014 SHMA identifies that the assessment relied on an increase to in-commuting into the HMA in the future. This would align with what has

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<sup>3</sup> This can be calculated from pages 111 to 120 of CD/SUS11

happened since 2001. However, it now appears that the opposite assumption is used in the calculation of the OAN as set out in footnote 7 of Appendix D of WDWP/Ex13.

#### Support for PBA approach

1.28 In either case, PBA in the PAS guidance advise against making such assumptions with regard to commuting flows and state:

*“Another risky approach is to plan for recalling commuters, so the ratio of workplace jobs to resident workers – and hence to population and number of dwellings – is assumed to rise over the plan period. Like increasing activity rates, this assumption means that more jobs can be accommodated for a given number of dwellings, or a given number of jobs needs fewer dwellings. But for the shift in commuting ratio to be believable there would have to be supporting evidence, to show what economic factors or policy action will bring it about. In general such evidence is not provided and the assumption of reduced commuting relies on pure aspiration.”* Para 6.8 of the PAS Guidance prepared by PBA June 2014

*“In any case strategies of recalling commuters should not be adopted unilaterally. For any area that does succeed in recalling its commuters, increasing its ratio of jobs to workers, there will be areas where the ratio falls, so for any given number of jobs more dwellings are needed. Such shifts in commuting patterns can be positive, as described in the last section in relation to Districts E and F. Alternatively they can be counter-productive, causing labour shortages in the recipient areas from which commuters are withdrawn. In line with the Duty to Co-operate authorities should seek positive outcomes for their neighbours, not just themselves. This needs joint working across labour market areas, as discussed earlier.”* Para 6.9 of the PAS Guidance prepared by PBA June 2014

1.29 Once again, PBA appear to have adopted an assumption which is potentially contrary to their own guidance without adequately presenting evidence as to the implications for other authority areas with which there are strong functional economic linkages. Any change to the commuting rates will place a requirement on neighbouring areas to meet the corresponding levels of jobs or homes to provide for this commuting. Such an approach would therefore have implications on the Duty to Co-operate.

#### Signatories approach

1.30 The approach of the signatories would be to assume a broadly consistent commuting rate with that identified in the 2011 Census. This approach would not place an additional requirement on neighbouring authorities to cater for commuters and is not reliant on any mechanism to achieve it.

#### Effect of assumption

1.31 The effect of maintaining the commuting rates from the 2011 Census could make a minimal positive or negative impact on the OAN, depending on the current assumption of PBA as to whether in-commuting rates will increase or decrease.

#### **Conclusion**

1.32 In light of the absence of a sufficiently evidenced based position from which to clearly justify the approach taken to align housing and economic policies we do not consider that the Plan can be found sound. The failure to fully provide for local housing need runs the risk of further exacerbating existing affordability challenges and stifling the economic recovery of the authorities. This sits in contradiction to the stated objectives of the NPPF.

**Declaration**

The content of this document is agreed for the purposes of responding to WDWP/EX13  
Signed on behalf of:



Position: Sarah Hamilton-Foyn, Director

Company: Pegasus Group

Date: 15/01/15

And

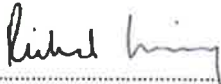


Position: NICHOLAS PERRINS, SENIOR PLANNER

Company: TURLEY ON BEHALF OF SHERBORNE CASTLE ESTATE

Date: 15/01/15

And



Position: Richard Laming, Director, Head of Economics

Company: on behalf of Betterment Properties (Weymouth) Limited

Date: 15/01/15

And



Position: Dominick Veasey, Associate

Company: Nexus Planning Ltd on behalf of Woodsford Farms

Date: 15/01/15

And



Position: TIM WATTON, ASSOCIATE

Company: RPS PLANNING & DEVELOPMENT

Date: 16/01/15