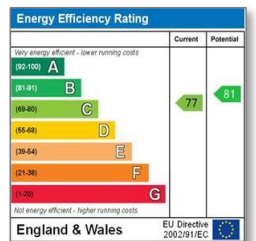




## Bath and North East Somerset Core Strategy Housing Target

The basis of the Housing Requirement  
for the Core Strategy Review

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# Bath and North East Somerset Core Strategy Housing Target

## The basis of the Housing Requirement for the Core Strategy Review

1. Opinion Research Services (ORS) was commissioned by Bath and North East Somerset (B&NES) Council to review the evidence informing the overall housing requirement for the local authority area for the remaining period of the Core Strategy that was adopted in April 2014, and confirm an appropriate basis for establishing the housing target for the Core Strategy review through the Local Plan Partial Update.
2. The evidence includes assessments of housing need prepared for the original Core Strategy examination, more recent assessments produced for the Joint Spatial Plan (that was subsequently withdrawn) and the current standard method for assessing local housing need set out in national planning guidance. The following sections summarise the relevant information that has informed our conclusions, which are set out at the end of this summary report.

## Evidence from the Core Strategy

3. ORS prepared the Bath and North East Somerset Strategic Housing Market Assessment Update 2013 and associated Addenda (the “2013 SHMA”) to inform the Core Strategy Examination. The 2013 SHMA was compliant with the requirements of the original National Planning Policy Framework published in March 2012 (the “2012 NPPF”).
4. The 2013 SHMA concluded a need to provide 8,955 dwellings over the period 2011-2029 based on a growth of 8,640 households, equivalent to an average of 480 per year. The Inspector examining the Core Strategy concluded that this was based on “a reasonable demographic projection” (IR 43). It is important to recognise that this figure did not include the need for any additional bedspaces in student accommodation, which was separately assessed based on advice provided to the Council by the City’s two universities about their plans.
5. However, in setting the overall housing target, the Core Strategy included a number of factors in addition to the demographic need identified by the 2013 SHMA. These included an allowance of 1,167 dwellings in respect of a backlog from the previous Local Plan and an increase to the supply of market housing to enable the delivery of the full assessed need for affordable housing. On this basis, the Core Strategy sought to deliver about 13,000 dwellings over the 18-year period 2011-2029 as set out in Table 1A of the Plan:

	<b>A Local Plan Backlog 1996-2011</b>	<b>B Demographic Need 2011-2029</b>	<b>Sub – Total A + B</b>	<b>Total assessed needs</b>
Market housing	757	6,075	6,832	9,646
Affordable housing	410	2,880	3,290	3,290
Total housing	1,167	8,955	10,122	12,956

6. Given this context, it is evident that the Core Strategy objective to deliver about 13,000 dwellings (722 dpa) represented an uplift of about 50% on the growth of 8,640 households (480 pa) concluded by the 2013 SHMA. This would help respond to housing market pressures which may have suppressed past rates of household formation and enable more people to move to the area than identified by past trends

## Evidence from the West of England Joint Spatial Plan

7. ORS was subsequently commissioned by the four local authorities in the West of England to prepare a SHMA for the Wider Bristol HMA and update the SHMA for Bath HMA (based on the administrative area covered by Bath and North East Somerset) to help inform the emerging West of England Joint Spatial Plan (JSP). The assessment for Bath HMA was published in two volumes: Volume 1 Establishing Objectively Assessed Need (March 2018; the “2018 SHMA”) and Volume 2 Establishing the need for all types of housing (March 2019).
8. The 2018 SHMA was also compliant with the requirements of the original 2012 NPPF; though it benefitted from the evolving Planning Practice Guidance (PPG) and outcomes from Examinations and Legal Judgments, as well as the Planning Advisory Service (PAS) Technical Advice Note about Objectively Assessed Need and Housing Targets.
9. The 2018 SHMA established a baseline projection with a growth 9,446 households in the general population over the 20-year period 2016-2036 equivalent to an average of 472 per year. That figure is directly comparable with (and also broadly consistent with) the growth of 480 households per year identified by the 2013 SHMA. The 2018 SHMA also identified growth of 2,506 student households and, after taking account of suppressed household formation, market signals, alignment between jobs and workers, and dwellings without a usually resident household, concluded a Full Objectively Assessed Need of 14,273 dwellings for the Bath HMA. Figure 55 of the 2018 SHMA provided further detail with a breakdown of the calculation.

**Figure 55: Full Objectively Assessed Need for Housing across Bath HMA 2016-36**

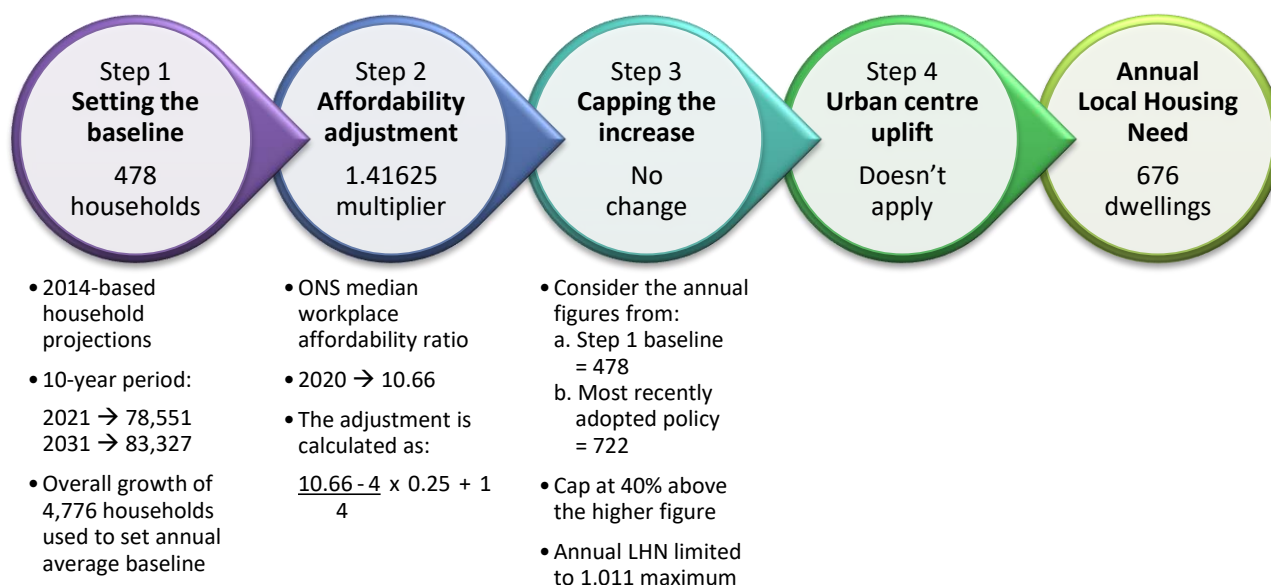
Stage		Overall Population	General Population	Student Population
<b>HOUSEHOLDS</b>				
<b>Demographic starting point</b> CLG household projections 2016-36		9,284	-	-
<b>Adjustment for long-term trends in migration</b> 10-year trend 2006-16 (excluding growth in student population)		+2,671	-	-
<b>Baseline household projections taking account of local circumstances</b>		11,955	9,446	2,509
<b>DWELLINGS</b>				
<b>Allowance for transactional vacancies and second homes</b> Based on dwellings without a usually resident household		370	293	77
<b>Housing need based on household projections taking account of local circumstances</b>		12,325	9,739	2,586
<b>Adjustment for suppressed household formation rates</b> Concealed families and homeless households		120 + 4 = 124	120 + 4 = 124	-
<b>Baseline housing need based on demographic projections</b>		12,449	9,863	2,586
<b>Further adjustments needed...</b>	<b>In response to balancing jobs and workers</b> Forecast jobs growth yields shortfall of workers based on current commuting rates; uplift needed to the baseline housing need	+284	+284	-
	<b>In response to market signals</b> Dwellings needed (in addition to the adjustment for concealed families and homeless households) to deliver the overall percentage uplift proposed	20% x 9,739 = 1,948 1,948 - 124 = 1,824	20% x 9,739 = 1,948 1,948 - 124 = 1,824	-
<b>Combined impact of the identified adjustments</b>		<b>+1,824</b>	<b>+1,824</b>	-
<b>Full Objectively Assessed Need for Housing 2016-36</b>		<b>14,273</b>	<b>11,687</b>	<b>2,586</b>

10. In establishing a Housing Target for the JSP, the 2,586 dwellings associated with the identified growth of the student population were excluded (to ensure consistency with the adopted Core Strategy); but an additional 637 dwellings were counted to allow for the additional bedspaces in residential care that the 2018 SHMA had identified would be needed in the Bath HMA over the 20-year period 2016-2036.
11. After taking account of these adjustments, the Housing Target proposed for the JSP was 12,324 dwellings over the period 2016-2036 (616 dpa) to meet the needs of the general population (excluding students). This was lower than the existing Core Strategy requirement (722 dpa), largely due to the fact that the High Court has now established that there isn't any justification for counting the backlog from any previous Local Plan,<sup>1</sup> although an appropriate allowance still needs to be included in response to market signals. The proposed Housing Target of 12,324 dwellings (616 dpa) represented an uplift of 30% on the identified household growth of 9,446 households (472 pa) and this was consistent with the upper end of the range of the response to market signals typically being endorsed by Inspectors examining Local Plans at that time.
12. Whilst the JSP was withdrawn, both the Wider Bristol SHMA and Bath SHMA were produced using a methodology that had been accepted by Inspectors examining numerous Local Plans under the 2012 NPPF,<sup>2</sup> and the evidence provided a robust assessment of housing need for the West of England at that time.

## The Current Standard Method for Assessing Housing Need

13. The National Planning Policy Framework was most recently revised in July 2021 (the "2021 NPPF") and this confirms that planning authorities should normally now use the standard method that is set out in national planning guidance to establish a minimum Local Housing Need (LHN) figure.
14. Using the process set out in Planning Practice Guidance for Housing Need Assessment [ID 2a-004-20201216] the minimum annual Local Housing Need figure for the period 2021-2031 can be established as follows:

Figure A: Annual Local Housing Need for B&NES based on the Government's standard method calculation



<sup>1</sup> Zurich Assurance Limited v Winchester City Council [2014] EWHC 758 (Admin) (RT/38) – see paragraphs 92-93 in particular

<sup>2</sup> Including Aylesbury Vale, Bedford, Breckland, Central Bedfordshire, Cheshire East, East Hertfordshire, Harlow, Luton, Milton Keynes, Stevenage, Stockton-on-Tees, Wycombe

15. Based on these calculations, the minimum Local Housing Need figure for Bath and North East Somerset is 676 dwellings per year for the period 2021-2031. The LHN figure will normally be higher than the household projection-based estimate of housing need as it incorporates an affordability adjustment to help respond to housing market pressures which may have suppressed past rates of household formation and enable more people to move to the area than identified by past trends.
16. The LHN calculation is informed by trend-based projections; however, the Government's standard method uses the legacy 2014-based household projections whereas the Office for National Statistics (ONS) has issued more up-to-date official projections (most recently the 2018-based household projections). The latest official projections published by the ONS include a principal projection together with a number of variant scenarios that use different assumptions.
17. For the remaining eight years of the Core Strategy period 2021-2029, the principal projection for Bath and North East Somerset identifies growth of 5,285 households (equivalent to an average of 661 per year); however, due to methodological changes, the principal projection is based on very short-term internal migration trends taken from the 2-year period 2016-2018. The 10-year migration variant scenario uses trends from the 10-year period 2008-2018, and that projection identifies growth of 3,585 households (an average 484 per year) over the remaining years of the Core Strategy (2021-2029); broadly consistent with the growth of 480 and 472 households per year identified by the 2013 SHMA and 2018 SHMA respectively, and also the growth of 478 identified by the CLG 2014-based household projections for the period 2021-2031 that is currently used by the standard method.
18. Earlier this year, the Office for Statistical Regulation (OSR) conducted and published a "Review of population estimates and projections produced by the Office for National Statistics".<sup>3</sup> In their feedback to the OSR, the ONS said that *"those involved in local planning decisions lack the confidence to use the variant projections as they are not seen as carrying the same weight as the principal projection"* (para 2.32) and other users said that *"there is a lack of analytical resource within most Local Authorities to question the figures and therefore the principal estimates and projections are interpreted as precise and not open to challenge"* (para 2.47). However, it is important to recognise that there are times that the variant scenarios will be more appropriate.
19. The issue of migration trends was debated at length at the Core Strategy examination, where ORS provided support to the Council on these technical issues. In his report of the examination, the Inspector concluded that *"a 10 year period is a reasonable approach"* (IR 42) in the context of providing a starting point for establishing housing need. Whilst the Council recognises that the Government's standard method continues to rely on inputs from the CLG 2014-based projections, when considering the most up-to-date projections the Council believes that the ONS 2018-based 10-year migration scenario provides the most appropriate basis for considering housing need for many of the same reasons as discussed at the Core Strategy hearings.
20. The LHN is 42% higher than the 2014-based projections and 40% higher than the latest official projections (based on the 10-year migration variant scenario). Therefore, the uplift is more than the 30% proposed for the JSP Housing Target but less than the overall uplift of 50% incorporated within the existing Core Strategy. As a consequence, the annual LHN is lower than the existing Core Strategy requirement (722 dpa). Furthermore, whilst the Core Strategy figure excludes student housing the provision of student bedspaces in the housing supply would count towards the annual LHN figure.<sup>4</sup>

<sup>3</sup> <https://osr.statisticsauthority.gov.uk/publication/review-of-population-estimates-and-projections-produced-by-the-office-for-national-statistics/>

<sup>4</sup> Equalised using the method set out in the Housing Delivery Test measurement rule book

## Conclusions

21. Planning Practice Guidance [ID 2a-008-20190220] states that *“Strategic policy-making authorities will need to calculate their local housing need figure at the start of the plan-making process. This number should be kept under review and revised where appropriate.”*
22. A significant amount of evidence was prepared to establish the housing need for the existing Core Strategy period 2011-2029 and this was tested extensively through the Examination process. The examining Inspector heard views from all interested parties at hearings that lasted from January 2012 to April 2014 and concluded that the Core Strategy provided an appropriate basis for the planning of the district, subject to a number of recommended modifications that were introduced. One of the most significant changes was an increase in the overall housing provision to around 13,000 dwellings over the 18-year plan period.
23. Given that context, it is clear that significant weight should be placed on the existing Core Strategy target. However, as part of the Core Strategy review through the Local Plan Partial Update, it is appropriate for the Council to consider whether or not there is justification for the number to be revised.
24. Whilst the Core Strategy Inspector acknowledged in his report that *“In the last few years, the official projections for B&NES have produced widely varying figures”* (IR 39) it is notable that the evidence presented above demonstrates a relatively stable level of household growth. The 2013 SHMA identified a growth of 480 household per year, the 2018 SHMA identified growth of 472 per year; the CLG 2014-based projections (that inform the Government’s standard method calculation) yield a growth of 478 per year and the latest official projections average 484 per year (based on the 10-year migration variant scenario). Whilst these annual averages each relate to different periods, the data does not suggest any significant change in the projected household growth.
25. The adjustment to household growth to take account of affordability currently represents an uplift of 42% based on the standard method calculation set out in Planning Practice Guidance [ID 2a-004-20201216]. This is higher than the 30% that was proposed by the 2018 SHMA. However, the Core Strategy objective to deliver about 13,000 dwellings over the 18-year period 2011-2029 (722 dpa) represented an uplift of 50% on the identified household growth.
26. Taking everything into account, there does not appear to be any justification for any change to the adopted housing requirement. The standard method LHN figure of 676 dpa is only 6% lower than the Core Strategy target of 722 dpa when averaged over the full 18-year period 2011-2029, which is unlikely to represent a sufficiently meaningful change to justify any revision at this time.
27. It would therefore seem appropriate for the Core Strategy review to retain the originally adopted target of around 13,000 dwellings over the full 18-year period 2011-2029.
28. Finally, although Planning Practice Guidance [ID 2a-010-20201216] states that it may be appropriate *“to consider whether actual housing need is higher than the standard method indicates”* where there is agreement *“to take on unmet need from neighbouring authorities”* this issue is currently being considered in the context of Bristol’s unmet need as part of the emerging Spatial Development Strategy for the Combined Authority area. It would therefore be inappropriate for the Core Strategy review to circumvent that process which will properly involve interested parties from all of the areas surrounding Bristol that could be affected.