



CHELTENHAM ALLIANCE



Protecting the Environment
of Prestbury and Southam

Prestbury Group

Don't Choke Cheltenham



Swindon Village Society



Leckhampton Green
Land Action Group



15th July 2016

**Joint Core Strategy Examination in Public (EiP) with Inspector Elizabeth Ord –
Cheltenham Alliance (CA) Affordable Housing and Economic Uplifts**

Dear Inspector Ord,

Firstly, we would like to say thank you from the residents of Cheltenham to you and the team for the huge amount of work on this local plan examination, your interim report is very well referenced and well argued, recognising the merits of LGS at Swindon Village and Leckhampton is extremely helpful longterm. The Cheltenham Council too have recognised the quality of your interim report, and the first time the JCS has received a unanimous vote at full council albeit with serious reservations on the OAN uplifts and additional greenbelt sites.

The CA consider that the economic and affordability housing uplifts to the OAN will both weaken the plan and undoubtedly force more greenbelt and less sustainable sites to be promoted ahead of town and city regeneration. You will be well aware of the CA's previous concerns over accepting a 0.2 reduction in Cheltenham's household size to 2031, and building new houses for these 'displaced' people, the one person per five houses. This is against the evidence of the ONS and national trend and stems from the use of forty years of data in the DCLG England Model. The UPC 'correction' also takes a bit of swallowing given the clear recommendation from the ONS Population Unit that there is no statistical justification for such corrections, errors one way or another in population projections cannot be used as future year corrections in this manner. That said, we do understand why Inspector Ord is constrained by national policy, the PPG and more importantly the precedent of other approved local plans.

Affordable Housing Uplift

The CA have looked at the merits of an OAN uplift to deliver affordable home and contrasted with best practice in England. We have contacted many councils, Worcestershire, Bristol, Bury and Cornwall with adopted plans to discuss the various strategies in affordable home delivery, its complex with no one silver bullet. We have also spoken to the CPRE on the delivery of affordable homes in rural areas.

Worcestershire set out to negotiate affordable homes on a site by site basis with well defined affordable housing targets, greater than 15 dwellings on greenfield at 40% affordable, brownfield at 30 – 40 % dependant on location, on sites of 10 – 14 dwellings 30% affordable, 5 – 9 at 20% and less than 5 dwellings the council seeks a 20% contribution. The latter two are subject to change with the court of appeal ruling (Berkshire and Reading vs DCLG) in favour of the government on smaller sites, less than 10 dwelling not subject to any provision for affordable homes; this supports SME house building and may increase JCS windfall. Worcestershire Councils give a reasoned justification for the delivery of affordable homes; the tenure preference is social rented. They also promote affordable home delivery through the Neighbourhood Plan process, this would in our case include the Cheltenham Local Plan. In discussion with Worcestershire Planning, it was interesting to note that prior to the plan being adopted the council was able to negotiate 40% on many of the speculative planning applications, no OAN uplift to aid affordable home delivery has been required by the inspector, this is a similar housing market to Gloucestershire.

Bristol City Council has a comprehensive plan on the delivery of affordable homes and certainly represents best practice. The Bristol City Council (BCC) *'More than a Roof'* housing strategy prioritises the delivery of affordable homes through the Affordable Housing Delivery Framework (AHDF) 2015 – 2020. The AHDF has six delivery models, section 106, HCA/BCC Grant, Council Homes, BCC Land, Bristol Retirement Living and Affordable Homes without grant. This BCC Strategy is starting to work, there are 28 positive outcomes listed in the framework, *'the introduction of the Affordable Housing Practice Note (AHPN) in March 2014, has simplified the Council's approach to validating Developers appraisals for Section 106 (s106) affordable housing contributions. This approach and new definition on 'affordability' has been well received by industry resulting in a gradually rising proportion of homes secured as affordable homes'*. The Corporate Priority is stated, *'Bristol will be a city of well connected neighbourhoods with a strong sense of identity and belonging, where a diverse mix of housing types and tenures ensure that homes are increasingly affordable by building at least 750 affordable homes by 2017 and 1000 affordable homes per annum by 2020'*. The BCC Affordable Housing Delivery Framework is delivering affordable homes without the need of an OAN uplift.

Cornwall make delivery of affordable homes one of their highest priorities, it is a key objective of the planning policy framework. They have produced a comprehensive Affordable Housing Supplementary Planning Document (SPD) which sits underneath the Local Plan and provides detailed guidance on the how its affordable housing policies will be implemented. The Affordable Housing SPD will provides the detail for how these targets and requirements will be implemented, for example delivering the type, size, tenure, quality and distribution of affordable homes which can best meet local need ^{Cornwall Affordable Housing}

Supplementary Planning Document (SPD) March 2015

- *Part A of the SPD defines local housing need and explains how different types of affordable housing products help meet the needs of different types of household.*
- *Part B provides comprehensive guidance on how the Council will approach negotiations for specific development proposals and how it will address economic viability.*
- *Part C provides guidance on the delivery of affordable homes on site, for example the size, type, layout and phasing.*

This framework document provides an affordable home delivery model and covers all the issues, again this represents the very best practice, and will deliver affordable homes without the need for OAN uplift.

The CPRE's Housing Foresight Report on Responding to the challenges of providing affordable rural housing discusses the issues of providing affordable homes in rural areas, this advisory document is very relevant to Tewkesbury Borough Council. *'Allowing an element of market housing on rural exception sites to cross subsidise affordable housing is also likely to be impacting upon the number of affordable houses coming forward in rural communities. While cross-subsidy is important in a climate of Government spending cuts, this policy may be having perverse impacts, raising the amount of money landowners expect for their land, and actually reducing the number of sites coming forward for rural exceptions'.*

Affordable home delivery was fully supported by Cheltenham Borough Council at the JCS Council on the 30th June, many councillors spoke in support of promoting affordable homes in the plan. However, no councillors were in favour of increasing the OAN and further loss of greenbelt under the JCS, please give CBC and TBC Officers the opportunity to develop a robust alternative to the delivery of affordable homes. We have full confidence in officers of the council to pull together a working strategy to deliver affordable homes without the need for an additional OAN uplift.

Economic Uplift

The CA are disappointed that the G-First/LEP have not made a single appearance at the EiP, neither the JCS Councils nor other parties have been able to cross examine the evidence on their aspirational economic growth and job projections. We again request the Inspector to downgrade their evidence in their absence given the NPPF^[154] guidance for plans to be *'aspirational but realistic'*.

The CA agree with the JCS council position outlined by Messer's Jamison and McDonald that no uplift to the OAN is required based on the aspirational LEP jobs growth evidence, this was also supported by Peter Brett Associates at the OAN session. There is contingency in the plan, this coupled with a planned review and generous provision of employment land puts the JCS councils in a good position to react quickly to business growth opportunities. This position is also consistent with the advice provided by Cristina Howick (Peter Brett Associates) at the first OAN session on the caution to be exercised when using the econometric models being employed by NPL in their latest economic projections.

The recent County Devolution Report in the EXAM library, with signatories of all six councils, the LEP, Gloucestershire NHS Trust and Gloucestershire Constabulary, pitches for an aspirational GVA uplift of 4.7% year on year throughout the duration of the JCS plan to 2031. **Looking at the detail, this level of growth is not predicated on job growth, this is projected at 1% annual growth in working age population, this is important when considering any OAN uplift against economic growth.** This job growth projection agrees with the SW Observatory Module final report^[EXAM], Prof Shane Vallance and Nigel Jump, extract below. We can conclude that the growth in GVA is primarily driven by increases in productivity and not to job growth, there is no linear relationship between economic growth and jobs, it's more to do with profit and productivity, of maintaining a healthy order book with investment in training and product development.

The NPPF and the PPG provides clear guidance that past trends should be a major input on employment growth projections, be 'aspirational but realistic'. Table 4.1 of EXAM138 provides a JCS Employment Projection based on three economic projections, the actual past trend on jobs is not being used to anchor the estimates to bring a realism to these projections, this is a requirement of the NPPF. The Job growth trends are given in section 3.6 but not used to balance the more aspirational employment projections

across the JCS area, the employment projections should also importantly be broken into the three districts to aid transparency.

The housing need is primarily based on the ONS Population Projection and the DCLG Household Projection, Cheltenham is 9,206^[1], both pulled together by professional statisticians, the latter from Bob Garland's group at the DCLG using the new model for England with improved accuracy on household formation/sizes and the former from the ONS Population Projection Unit (Titchfield) Suzanne Dunsmith and Pete Large. These projections are peer reviewed and subject to consultation, the PPG requires these projections to be the 'starting point' for housing needs. Economic growth is built into the DCLG housing need projections based on past trends, to avoid undue influence from short term recessions or fluctuations in the economy the projections use data over three decades within the England Model. The Employment growth set out in EXAM138 and EXAM139 are not peer reviewed nor are they transparent in how these various computer economic models are being used and the assumptions being input into these models, if we are to use these models please can we have more information on operation, inputs and the performance of these models.

[1] Household projections for England and local authority districts, Release 2012-based, 27th February 2015, [Table 406: Household projections by district, England, 1991- 2037](#)

This analysis is against the NPPF and PPG Guidance:

- NPPF [154] requires local plans to be 'aspirational but realistic'
- PPG 2a-004 assessment of development need should be objective, based on fact and unbiased evidence
- Economic projections should not be restricted to one approach, requires the approach to be transparent and through but proportionate
- PPG2a-018 likely change in numbers to be based on past trends and/or economic forecasts as appropriate
- PPG 2a-031 important to consider projections based on past trends and forecasts
- plan makers should liaise closely with business community

The CA are very opposed to the loss of additional greenbelt in Prestbury and the renewed targeting of Leckhampton with the economic and affordable home OAN uplifts, given the constraints on Cheltenham evidenced at the EiP we request alternatives to be sought over the summer.

Please consider OAN uplifts in the plan only where there is council support and not force them onto Cheltenham or Tewkesbury where there is a will and determination to deliver affordable homes by other methods.

Yours Sincerely

Cllr Ian Bickerton CEng

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EXTRACT SWO Economy Module Prospects for Private Sector Job Growth SW - FINAL VERSION Forecasting & forecasts

In “The Economics Story”, we explain the approach to forecasting in terms of a performance framework, growth scenarios and influencing trends. That is the analytical approach adopted here.

First, then, we take as given the performance framework revealed by the long and deep understanding, gained over many years of our analysis, of the historical trends and structures in the different parts of the SW economy.

Second, we consider the four aspects of setting growth scenarios:

- the current capacity of an economy to develop;
- historical performance and projection of that performance forward;
- forecasts based on some idea of the theoretical or econometrically established relationships between key variables through time; and
- target deviations, from both history, projection and forecast, on the basis of foreseeable change, investment plans and aspiration.

Third, we consider other “less economic” influences that may affect private sector job creation going forward: demographics, environment, technological change and the process of rebalancing itself.

We reproduce the latest projections and forecasts for the region and its parts in the following tables and charts.

Table 1: SW real growth forecasts

| Annual Average % change | Projection | Forecast | Target |
|--------------------------------|-------------------|-----------------|---------------|
| 2010-2015 | +2.0% | +2.2% | +2.3% |
| 2015-2020 | +2.3% | +2.6% | +2.7% |
| 2020-2030 | +2.4% | +2.4% | +2.9% |

Source: SW RDA Economics – Economy Module

Table 2: SW sub-regional employment projections (Full-time equivalent FTEs)

| Annual Average % change | 2011-2016 | 2016-2030 | 1995-2005 |
|--------------------------------|------------------|------------------|------------------|
| Cornwall & Scillies | 1.6% | 1.4% | 2.6% |
| Dorset | 1.5% | 0.4% | 2.0% |
| Gloucestershire | 1.8% | 0.8% | 1.1% |
| Heart of SW | 1.7% | 1.1% | 1.9% |
| Swindon & Wiltshire | 1.9% | 1.2% | 0.9% |
| West of England | 1.9% | 1.4% | 1.9% |

Source: SW Economic Projections for SWRDA, autumn 2011

APPENDIX 1 PREVIOUS CHELTENHAM ALLIANCE SUBMISSION – FEBRUARY 2016 (for reference)

Joint Core Strategy Examination in Public (EiP) with Inspector Elizabeth Ord – Cheltenham Alliance (CA) Objectively Assessed Need (OAN) and Analysis

Dear Inspector Ord,

The Cheltenham Alliance would like to thank the Bristol Inspectorate for allowing us to take a full part in this EiP of the Gloucester, Cheltenham and Tewkesbury Joint Core Strategy, it been a steep learning curve and the support provided by the Council Officers and Inspectorate has been much appreciated.

This letter is to formally put on the record the CA final submission on the OAN and Jobs EiP sessions in January 2016, and we have made every effort to keep this brief (please note Appendix 1 and 2 are previous submissions and included for reference only). We had a final email from the DCLG (Mr Bob Garland, the Responsible Statistician for the DCLG Housing Projections - Bob.Garland@communities.gsi.gov.uk tel. 030344 42273) who has been very helpful in answering technical questions on the latest 2012 DCLG housing projections now being used to inform the JCS, please see below.

The CA were disappointed not to be able to cross examine the G-First/LEP on their aspirational economic growth and job projections over the JCS plan period, they were unable to attend any of the EiP sessions leaving many questions unanswered, we fall back on reporting unresolved issues and make inferences from other sources of data, we also request the Inspector to downgrade their evidence in their absence.

The CA agree with the JCS council position outlined by Messer's Jamison and McDonald that no uplift to the OAN is required based on the aspirational LEP jobs growth evidence, this was also supported by Peter Brett Associates at the OAN session. There is contingency in the plan coupled with regular reviews and generous provision of employment land puts the JCS councils in a good position to react quickly to business growth opportunities. This position is also consistent with the advice provided by Cristina Howick (Peter Brett Associates) at the first OAN session on the caution to be exercised when using the econometric models being employed by NPL in their latest economic projections.

DISCUSSION and COMMENTS AT THE EiP OAN SESSION – January 2016

- 1. Mr McDonald again made a compelling case for exercising caution on applying economic models and the high degree of variability of the outputs reported in EXAM 138 (NLP Report). What is clear is that these econometric models are not on par with the ONS and DCLG projections used in the main demographic/housing growth projections, nor are they peer reviewed or reviewed for long term accuracy.*
- 2. The recent County Devolution Report ^[ref attached], signatories are all six councils, the LEP, Gloucestershire NHS Trust and Gloucestershire Constabulary, this report pitches for an aspirational GVA uplift of 4.7% year on year throughout the duration of the JCS plan to 2031, however looking at the detail this level of growth is not predicated on job growth, this is projected at 1% annual growth in working age population, this is important when considering any OAN uplift against economic growth.*
- 3. This job growth projection agrees with the SW Observatory Module final report ^[ref attached], Prof Shane Vallance and Nigel Jump, extract below. We can conclude that the growth in GVA is driven by increases in productivity not jobs, there is no linear relationship between economic growth and jobs, it's more to do with profit and productivity, of keeping a healthy order book and investment in training and product development.*

4. *Point 15 from below on the NLP Employers Consultation.*
5. *Refer back to the Peter Brett evidence from the first OAN session, Cristina Howick, Peter Brett consultant this time was talking about the job creation being aspirational and therefore should not be directly linked to the OAN Employment need.*
6. *G first/LEP not providing sufficient clear evidence to explain where the new jobs are being generated, again reference to the NLP Employers Consultation, point 15 below is relevant.*
7. *Transport the ridiculous delay in the info being made available and the fact that its coming in last*

These are the Cheltenham Alliance Notes pre-prepared for the JCS OAN open sessions
Our concerns and initial questions relate to:

8. The starting point for the OAN, following PPG guidance, is the DCLG Household Projections. The DCLG 2012 housing projection for Cheltenham is 9,206^[1], this is the PAS recommended household projection baseline for Cheltenham which includes provision for economic growth^[ref. Garland email], the DCLG use a longer period for household projections to avoid short term economic downturns unduly affecting the projections. Since this is the stated PPG baseline we would expect the DCLG projection to be provided in this JCS OAN document, could we request the DCLG figures be provided for all JCS districts so the starting point for OAN is correctly established. ^{[1] Household projections for England and local authority districts, Release 2012-based, 27th February 2015, [Table 406: Household projections by district, England, 1991- 2037](#)}
9. The continued use of Unattributable Population Change (UPC) against the recommendation of the ONS Population Projection Unit, there is no evidence that these adjustments are statically valid. The ONS population projections are peer reviewed, to make adjustments would require a great deal more statistical work to demonstrate a systemic or method error in the way the ONS projections are calculated, to our knowledge no professional statistician has been employed by the JCS Councils to substantiate this UPC juggling with the district OAN's. This is a basic misunderstanding of the statistical methods employed by the ONS, there is no evidence of systemic error in the projections, small positive or negative errors will always be present in population projections, it does not mean these can be relied upon to 'adjust' future projections. The DCLG in making their Household Projections do not use UPC^[ref. Garland email], it is not mathematically sound, there are few other councils who uses UPC in this way to adjust the OAN, it would be disappointing to impact on the soundness of the plan for small UPC OAN uplifts, it may have been justified in the past but not with the latest ONS population Unit Methodologies and Models . We have provided the official guidance from the ONS Population Projection Unit in previous JCS submissions and the DCLG view is provided below^[ref. Garland email].
10. The handling of Empty and Second Homes in EXAM119 is confusing, the source of this data seems to be the DCLG live table 615. However, the report states the use of Council Data, the CA have previously provided a spreadsheet of empty homes in Cheltenham, there is a large discrepancy with EXAM 119 Table 8 which needs explanation, for Cheltenham table 8 gives figures of 1,665 and 790 for vacant and second homes respectively. If the detail on empty and second homes is available for any of the three JCS districts then this should be used in preference to national tables; this data is available.
11. There is a great deal of discussion on the important job projections, we would like the job and JCS economic projections to be correlated with the SW Observation Module reports which have been referenced in our evidence. These reports are comprehensive, making full use of all available data across the South West and provide an insight into the job growth and economic outlook based on real data, these should be referenced in the JCS as do many other councils in the preparation of local plans.

With reference to the two NLP documents, EXAM138 and EXAM139, we have raised the following anomalies in the evidence provided, can these please be put on the record and considered in the final OAN review.

12. The NPPF and the PPG gives clear guidance that past trends should be a major input on employment growth projections, be 'aspirational but realistic'. Table 4.1 of EXAM138 provides a JCS Employment Projection based on three economic projections, the actual past trend on jobs is not being used to anchor the estimates to bring a realism to these projections, this is a requirement of the NPPF. The Job growth trends are given in section 3.6 but not used to balance the more aspirational employment projections across the JCS area, the employment projections should also importantly be broken into the three districts to aid transparency.
13. The housing need is primarily based on the ONS Population Projection and the DCLG Household Projection, both pulled together by professional statisticians, the latter from Bob Garland's group at the DCLG using the new model for England with improved accuracy on household formation/sizes and the former from the ONS Population Projection Unit (Titchfield) Suzanne Dunsmith and Pete Large. These projections are peer reviewed and subject to consultation, the PPG requires these projections to be the 'starting point' for housing needs. Economic growth is built into the DCLG housing need projections based on past trends, to avoid undue influence from short term recessions or fluctuations in the economy the projections use data over three decades within the England Model. The Employment growth set out in EXAM138 and EXAM139 are not peer reviewed nor are they transparent in how these various computer economic models are being used and the assumptions being input into these models, if we are to use these models please can we have more information on operation, inputs and the performance of these models.
14. The source of the employment growth graphs (2000 - 2013) in section EXAM138 figure 3.1 are given as the ONS Job Density, these do not agree with the Housing Trend Analysis & Population and Household Projections, Gloucestershire County and Districts Planning Authorities, Gloucestershire Housing Evidence Review, Final Report, May 2011, The Research Team, these graphs and the report are attached as evidence.
15. The consultation with employers was restricted to interview and meetings, no surveys are mentioned, this is not the transparency expected of these important economic and job projections. There is no opportunity to access the responses from local employers, section 2.6 on Expansion Needs briefly states that nearly all of the respondents indicated that their current premises met their business needs, however one identified a flood risk and two others stated new premises would be required. This is at odds with the general conclusions being driven by the economic projections of table 4.1 projecting very large economic growth over the plan period.
16. Another source of evidenced based economic projection for the South West is the SWO Economy Module Prospects for Private Sector Job Growth SW - Shane Vallance & Nigel Jump, October 2011, used by many councils to inform local plans, see attached, please can this document be submitted to the JCS evidence base, an extract is below for ease of reference.

This analysis is against the NPPF and PPG Guidance:

- NPPF [154] requires local plans to be 'aspirational but realistic'
- PPG 2a-004 assessment of development need should be objective, based on fact and unbiased evidence

- Economic projections should not be restricted to one approach, requires the approach to be transparent and through but proportionate
- PPG2a-018 likely change in numbers to be based on past trends and/or economic forecasts as appropriate
- PPG 2a-031 important to consider projections based on past trends and forecasts
- plan makers should liaise closely with business community

Finally the CA would like to share insight provided by Mr Bob Garland (Responsible Statistician for the DCLG Housing Projections - Bob.Garland@communities.gsi.gov.uk tel. 030344 42273) on the DCLG Housing Projections, dated 15th Feb 2016:

Dear Ian,

Thanks for this and also for sending me the Turley Economics Report. I apologise for the delay in replying.

I've answered your questions as noted below.

Best regards,

Bob

030344 42273

- Is stage 1 of the DCLG household projection is any interim census data still being used, is the 2011 census data requested by the DCLG all now in the England Model ?
As much as possible of the 2011 Census was incorporated – see the Stage 1 and Stage 2 methodology documents
- The projections use a two point methodology, 2001 and 2011 census data, am I right in thinking the level of economic growth is built into the DCLG projection in that there is no way to separate the projection from the economic conditions that prevailed at the time ?
The Stage 1 projection is based on 5 points back to the 1971 Census. So the long term household growth is picked up, but you're correct that the effect of the housing market recession in 2008 will be reflected to an extent in the projections.
- Did you reach any conclusions on the use of Unattributed Population Change (UPC), we are still getting hounded on this, what is the DCLG policy, I know this is not used in your sub-national projections following the clear ONS recommendation and that Peter Brett Associates have changed their advice, in that UPC *'should not be needed in future, because ONS has now improved its processes to better distribute international immigrants to their first true area of settlement'* and the fact that the ONS population unit do correct the MYE's, anchored to the census, before doing their own population projections ?

We agree with the ONS approach of not including the UPC in projections.
