



**Purbeck District Council Local Plan Partial Review  
Full Note**

**Report by Intelligent Plans and Examinations (IPE) Ltd**

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## **1.0 The Commission**

1.1 Purbeck District Council has invited PAS to act as a critical friend following a decision to 'pause the process' of its Local Plan Review. This commission is being undertaken on behalf of PAS by Intelligent Plans and Examinations (IPE) Ltd.

The commission has involved three separate elements, as follows:

- 1) To review the Inspector's Report into the Purbeck Local Plan (Part 1) dated 31 October, 2012 to ensure that there is a common understanding of the recommendations in so far as they relate to the Local Plan Review.
- 2) To assess the work being undertaken by the District Council during the 'pause' in order to assist the Council in drawing up a realistic timetable to take the Review to completion. This involves an assessment of the proposed work to ensure that it will cover all relevant areas, as well as providing the Council with appropriate challenges so that the evidence can be critically assessed. This will ensure the Plan is informed by robust evidence.
- 3) To look in more detail at the Strategic Housing Market Assessment (SHMA) to determine the effectiveness of the methodology that has been used and assess this against commonly used methodologies. Consider how the Council has then used the SHMA to formulate the options into housing need and take account of the questions that have been asked by members of the public in the consultation, thus providing a critique based on actual concerns.

1.2 During the course of this commission, we held a preliminary meeting with Bridget Downton (General Manager - Planning and Community Services) and Anna Lee (Planning Policy Manager) on Thursday, 22 December, 2016 to discuss the project and an Initial Note. A telephone conference call was held with Anna Lee (Purbeck DC), Richard Wilson (Purbeck DC) and Anne Gray (Dorset County Council) on Tuesday, 10 January 2017 to discuss the economic forecasts within the SHMA.

1.3 On Thursday, 12 January, 2017, together with the PAS Member Peer, Councillor Martin Veal from Bath and North East Somerset Council, we held a meeting with Councillors Wharf and Miller to discuss our Initial Note and consider the more detailed work to enable this Full Note to be presented to Councillors and Officers on Wednesday, 15 February 2017. This note is accompanied by a PowerPoint presentation, which summarises the main findings, conclusions and recommendations that we have identified.

1.4 We have also met local community representatives at a meeting on Thursday, 12 January 2017, in order to understand and discuss their concerns with the Partial Review of the Local Plan. We have taken account of those discussions in preparing this Note and also the representations that were submitted during the Options consultation undertaken during 2016. This fulfils that part of the commission which requires us to consider the questions raised by members of the public and community groups during the consultation. We are grateful for the documents and the presentation that were prepared by the community groups to assist us in this commission.

## **2.0 Key Findings**

2.1 The key findings in this Note are as follows:

- The work being undertaken by the Council on the Partial Review is of a very high and comprehensive standard, and meets in full the key recommendations made by the Inspector in his report on the Purbeck Local Plan (Part 1) in October 2012;

- The Officers involved in this work deserve full credit for the extremely professional approach that they have adopted to the work on the Partial Review in the context of a challenging and changing national and local background to the preparation of Local Plans;
- The term “Partial Review” now appears to be a misnomer, as the extent of the work being undertaken, particularly Evidence Base studies, is at a level commensurate with a comprehensive Review of a Local Plan;
- The Council should use this current opportunity to consider whether it wishes to continue any further with the title “Partial Review”, as it will lead to the inevitable question of “When will the Full Review be undertaken?”;
- The methodology of the Eastern Dorset SHMA (October 2015) is robust and consistent with best practice on these studies;
- However, the SHMA is now out of date, as it does not take into account the Government’s latest 2014-based household projections and the document will, at least, need to be refreshed;
- There are valid questions and concerns over the use of “Local Knowledge Scenario” employment forecasts (produced by Dorset County Council) in the SHMA. These are at some variance to the outputs of the Cambridge Econometrics baseline forecasts and do lead to a significant uplift to housing need in Purbeck;
- Conversely, the element of additional housing need (6 dwellings p.a.) projected in the SHMA to improve affordability in Purbeck seems extremely low, bearing in mind the uplift being generated by the employment forecasts;
- The Government published a Housing White Paper, entitled “Fixing our broken housing market”, on 7 February, 2017 which contains, inter alia, the Government’s response to key recommendations contained in the Local Plans Expert Group (LPEG)<sup>1</sup> report regarding the SHMA-led process for the calculation of Objectively Assessed Housing Need (OAHN). The White Paper is accompanied by an Annex setting out a series of consultation questions on the various proposals within the White Paper, including the proposal that, from early 2018, local authorities use a standardised approach to assessing housing requirements as the baseline for five year housing supply calculations and monitoring housing delivery in the absence of an up-to-date plan. The consultation period extends until 2 May, 2017.
- Whilst there is an element of risk in delaying the progress of the Partial Review, that risk is probably no greater than would exist in any event, and the Council could in fact establish a stronger planning position if it takes timely decisions during the latter part of 2017 and early 2018 arising from the SHMA update and/or the Government’s planning proposals contained in the Housing White Paper.

### 3.0 Scope of this Note

3.1 This Note addresses the following matters. Firstly, it reviews the Inspector’s Report into Part 1 of the Purbeck Local Plan, and sets out the key recommendations that have a direct bearing upon the Partial Review of the Local Plan, which is now in progress. Secondly, it reviews the decision taken to ‘pause the process’ of the Partial Review, the reasons for that decision and the work that is necessary to ensure that the Council can take its Plan forward with confidence, including the likely timetable. This includes an overview of the SHMA process to date and the methodology that has

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<sup>1</sup> <https://www.gov.uk/government/publications/local-plans-expert-group-report-to-the-secretary-of-state>

been used. It also reviews how the Council has used the SHMA to formulate the options for meeting housing need in Purbeck.

3.2 The Note summarises the Key Findings from the work (which are presented at Section 2 above). We also make a series of Recommendations to the Council, based upon the outcomes of our work and our best advice on the appropriate actions that can be taken to progress the Local Plan Partial Review to completion. These Recommendations are set out in Section 11.

#### 4.0 Purbeck Local Plan (Part 1) - Inspector's Report

4.1 The Inspector's Report on the Examination of the Purbeck Local Plan (Part 1) (formerly the Purbeck Core Strategy) was issued on 31 October, 2012. The report contained a number of recommended Main Modifications (MM), many of which were required to ensure consistency with the National Planning Policy Framework (NPPF).

4.2 The report identified nine main issues upon which the soundness of the Plan depends. The three issues which have a central bearing upon the Partial Review are Issue 1 (The overall provision for housing), Issue 2 (Housing supply, type and density – including affordable housing and accommodation for gypsies and travellers) and Issue 3 (housing site selection and spatial distribution).

4.3 The Inspector's conclusion on Issue 1 is set out at paragraphs 25-34, which is reproduced in full below, with the key passages highlighted in **bold**:

*“Conclusion on Issue 1*

*25. Paragraph 14 of the Framework specifically states that objectively assessed needs should be met unless any adverse impacts would significantly and demonstrably outweigh the benefits, or policies in the Framework indicate that development should be restricted. Paragraph 152 advises that significant adverse impact on the environmental dimension of sustainable development (i.e. biodiversity) should be avoided and options which reduce or eliminate such impacts should be pursued. It is also reasonable to apply the principle in paragraph 118 (first bullet point) which advises that if significant harm cannot be adequately mitigated planning permission should be refused.*

*26. Against this background the Council's precautionary approach to the allocation of housing sites is currently justified because of the uncertainty regarding the effect of development on European Nature Conservation sites. **However, it has not been conclusively demonstrated that the most appropriate strategy is being promoted by the Council, particularly for the medium to longer term in the plan period.** It is clear that there may now be reasonable opportunities available for the provision of heathland mitigation measures, particularly in the medium term, and the Council acknowledge this to be the case.*

*27. I have given very careful consideration to the situation. **On the one hand LP1 does not allocate sufficient land for housing but on the other hand further detailed work is required to confirm the suitability of a number of potential heathland mitigation sites. I must also take into account the fact that the proposed settlement extensions would make a significant contribution to housing supply in the short term (including affordable housing).** Circumstances are similar to those surrounding the Purbeck Local Plan Final Edition (2004) which was never statutorily adopted because the implementation of a strategic housing allocation at Holton Heath and the provision of the Sandford by-pass could not be satisfactorily achieved without significant harm to nature conservation interests, thus creating what has been described as a policy vacuum.*

28. *The Council currently has no adopted policies in place and if LP1 is not adopted there is the risk of 'planning by appeal' and the loss of public confidence in, and support for, the process. This cannot be in the best interests of the local community especially bearing in mind that the Framework promotes the need to strengthen local decision making and reinforces the importance of up-to date plans. I am also mindful that there is the potential for a significant level of development to be allocated at Crossways (on the boundary with Purbeck) by West Dorset District Council, in the West Dorset, Weymouth and Portland Local Plan. Also, Poole Borough Council is proposing to review its Core Strategy in 2013. The duty to co-operate, together with the timing of these various documents will ensure that cross boundary issues can be more thoroughly addressed.*

**29. A majority of the policies in LP1 would endure throughout the remaining 15 years of the plan period and in the short term LP1 would provide an appropriate framework for housing development in the District (see paragraph 35). It is particularly in the medium to long term that the Council should be seeking to allocate further land to meet more fully its housing needs.**

30. *It has been suggested that rather than progressing with the adoption of the submitted Local Plan, the Council should divert its resources to an immediate review of the document, thus ensuring that the review would be adopted prior to the currently anticipated date of 2017. There are arguments both ways but I consider that the objectives of the Framework are best achieved in the short term by the adoption of the current document (as proposed to be modified), which is programmed for later this year. If the plan was withdrawn for further work to be undertaken by the Council the policy vacuum in the District would remain which would be contrary to the objective of achieving local plan coverage across the country as soon as possible and it is not clear that much time would be saved by taking this approach, bearing in mind work on the review will start in earnest next year. **In these exceptional circumstances, I consider that the adoption of LP1 as a short term measure is the most appropriate way forward and that the Council's approach is justified.***

31. *It is recommended that a section is included in LP1 entitled 'Future Partial Review' [MM2]. This commits the Council to a partial review of the plan to commence in 2013 (with adoption in 2017) and refers to achieving a target of 170 dwellings per annum. Among the issues to be addressed in the review will be additional settlement extensions to contribute to meeting housing needs and a review of the green belt including the potential for safeguarded land. This will enable the Council to consider in detail and resolve heathland mitigation measures and also to co-operate with West Dorset District Council with respect to potential development at Crossways. It is also recommended that a new paragraph be inserted in the supporting text in order to add detail to the Council's approach [MM8].*

32. *The Council will not be able to rely on these reasons for delay in three years time. This is a short term expedient approach and because the District will continue to be under pressure for additional housing (a need that is likely to increase) it is imperative that the early review is undertaken. If there was any evidence that this could not be achieved then LP1 would not be sound. On the basis that the review of LP1 will commence in 2013, the plan can currently be considered to be sound. This approach should not be seen as a template for others to follow, it is only justified because of the exceptional circumstances which currently exist in this District.*

33. *With the Modifications proposed LP1 makes sound provision for housing in the short term and includes the mechanism by which housing supply, particularly in the medium to longer term, can be boosted.*

34. *It is against the background of an imminent review of the local plan that the remainder of this report should be read."*

4.4 The Inspector recommended the following Main Modifications (MM2 and MM8) in order to address these matters. These are also reproduced in full below:

**“MM2 - New section**

**1.2 Purbeck Local Plan – Future Partial Review**

*1.2.1 Purbeck District is exceptionally constrained. Around one-fifth of the District is internationally important for nature conservation (SAC, SPA or Ramsar); the coast is a natural World Heritage site; a large proportion of the District is designated AONB or Green Belt; and the whole district is a Nature Improvement Area. The only designation missing is National Park status. In addition, the roads are congested, particularly during the holidays, and there is no possibility of building new roads to alleviate the congestion.*

*1.2.2 Achieving housing growth to meet local needs is therefore challenging. The previous Purbeck Local Plan (2004) was never statutorily adopted due to its failure to implement a strategic housing allocation at Holton Heath and Sandford bypass.*

*1.2.3 The Local Plan makes provision for 2,520 dwellings for the period 2006-2027. The aggregated sum of housing proposed through the adopted or emerging plans of local authorities, is expected to more than meet the government's ONS forecast household growth for South East Dorset Housing Market Area (2010) for the period 2006-2026. In preparing this part of the Local Plan, the Council was unable to provide certainty that strategic housing development over 2,520 dwellings could be successfully mitigated and not have an adverse effect upon the integrity of European protected nature conservation sites. However, a considerable affordable housing need will not be resolved. The Strategic Housing Market Assessment (2012) for the Bournemouth and Poole Housing Market Area provides a projection of household change of 170 dwellings per year in Purbeck District, for the period 2011-2031 although it recognises that this level of development has yet to be tested against the Habitats Regulations. Therefore, following adoption of Part 1 of the Local Plan, the Council will, in the context of any strategic assessment of development requirements prepared under the Duty to Co-operate, undertake a partial review to further investigate ways of meeting housing needs. The partial review will plan for growth in the medium to longer term and will be started during 2013. The partial review will need to consider the following:*

- A district housing target that seeks to address local housing needs as identified in the latest Strategic Housing Market Assessment, with associated mitigation measures, tested against the Habitats Regulations and transport constraints;*
- The contribution Purbeck makes to meeting the housing and employment needs of the Dorset, Bournemouth and Poole;*
- The role of Purbeck in facilitating strategic growth at Crossways as proposed in the emerging West Dorset, Weymouth and Portland Local Plan;*
- Additional settlement extensions to help satisfy Purbeck's housing needs;*
- A longer term strategic view to Green Belt including the potential to identify land for future growth;*
- Identifying opportunities to work with large landowners to ensure that the cumulative impact of new housing in the countryside provides opportunities to improve the sustainability of rural settlements, enhance landscape character and biodiversity and provide mitigation measures for European protected sites;*
- The enhancement of biodiversity and habitats.”*

*“MM8 - New para 6.1.5*

*6.1.5 In view of the potential shortfall in housing supply over the plan period, it is intended that, in addition to annual monitoring, a cycle of more comprehensive monitoring and review of the Purbeck District Local Plan housing provision is established with review dates of 2016 and 2021. Review processes would start in advance of the review dates to enable any new policies to be adopted in a timely manner. The Council’s partial review of Part 1 of the Local Plan is scheduled to commence during 2013. All available evidence sources, including demographic forecasts and actual provision in the intervening years, as well as the outcome of any strategic assessment of development requirements agreed under the duty to co-operate, will be examined. If the evidence suggests that additional housing is required, the Partial Review will assess the potential adverse effect of this housing upon European protected sites to ensure that a revised housing target can be successfully mitigated.”*

4.5 The Inspector’s conclusion on Issue 2 is set out at paragraph 44, as follows:

*“Conclusion on Issue 2*

*44. LP1 places too much reliance on Character Area potential for the latter part of the plan period and the approach being adopted by the Council would result in a significant under-provision of affordable housing. These are deficiencies in the plan but they can be addressed in the forthcoming partial review, which as explained in the conclusions to Issue 1, is the most pragmatic way forward.”*

4.6 The Inspector’s conclusion on Issue 3 does not, of itself, have a direct bearing upon the Partial Review, but some of his reasoning on that issue is of relevance to the current position and this is also reproduced below, again with key passages highlighted in **bold**:

*“The Council’s Overall Approach to Site Selection*

*45. The Council assessed a number of potential housing sites through a process of sustainability appraisal and undertook a number of public consultation exercises on the options available. Policy LD identifies Swanage, Upton and Wareham as the most sustainable settlements and allocations are proposed in these towns. **However, public consultation results also suggest that there is some support for development at Bere Regis, Lytchett Matravers and Wool and residential development is proposed in the first two villages but not in Wool.***

*46. **The former Government Office for the South West advised in 2009 that the Dorset Green Technology Park (DGTP), near Wool, and Holton Heath / Admiralty Park could be considered as ‘fix points’ around which housing distribution should be explored. Such exploration has not been undertaken by the Council in sufficient depth to enable a definitive conclusion to be drawn with regard to the potential, particularly in respect of DGTP, for development in or near to these locations.***

*47. **The Council did not undertake a thorough analysis of previously developed land (pdl) in the District because it was the view that such potential is very limited. It could be argued that the Council formed its conclusion without any robust analytical evidence and that there are areas of pdl, for example on the DGTP, where in principle there may be the opportunity for development that would contribute to reducing the shortfall in housing provision. Bearing in mind the need to seek all appropriate opportunities to accommodate new residential development, the Council should reconsider the potential contribution that could be made by pdl.***

*“Conclusion on Issue 3*

71. *Within the current context the Council’s approach to site selection and spatial distribution (as modified) is sound.”*

4.7 Finally, it is relevant to note the Inspector’s overall conclusions to the main issues that he identified in his Examination, which serve to reinforce a number of the preceding matters:

*“Overall Conclusions on the Issues*

*127. LP1 has been positively prepared. It seeks to meet assessed development requirements where it is reasonable to do so and consistent with achieving sustainable development. It would not be reasonable to allocate land for development where there would be a significant risk to the protection of European sites. In these circumstances, it is the most appropriate strategy for the short term based on the available evidence at the time; it can be delivered and it is in general accordance with the policies in the Framework.*

*128. However, the identified housing needs would not be met, primarily because of the uncertainty regarding the ability to provide satisfactory heathland mitigation measures in some locations. Evidence presented to the Examination demonstrates that there are a number of potential opportunities for such provision, which subject to a more rigorous assessment, could enable a higher number of houses to be provided. On this basis and bearing in mind that there is a significant reliance in later stages of the plan period on non-allocated residential sites, it is essential that an early review of the plan is undertaken and the Council is committed to such a review. In terms of employment provision LP1 provides an appropriate strategic framework for growth.*

*129. It could be argued that this approach to housing provision lets the Council ‘off the hook’ in the short term but taking all factors into consideration, it is better for the Council to have an adopted local plan (despite its shortcoming in relation to meeting the District’s housing needs over the longer term) than for there to be no planning framework to give direction and a level of certainty with regard to development in the District. It is on this basis and on the premise that the early review will be undertaken expeditiously, that LP1 can be considered sound.”*

## **5.0 Assessment of the Inspector’s Report and the Key Recommendations**

5.1 The Inspector clearly saw the Purbeck Local Plan (Part 1) as a Plan primarily to address the short-term development requirements of Purbeck District. This is encapsulated in his remark that “..it is better for the Council to have an adopted local plan (despite its shortcoming in relation to the meeting the District’s housing needs over the longer term)..”.

5.2 Subject to the recommended Main Modifications, his conclusion that the Plan was sound was fundamentally based on the understanding that a future Partial Review, addressing the overall provision of housing up to 2031, would commence in 2013 with adoption envisaged to be in 2017. Main Modification MM2, as set out in full above, contains the parameters for such a review and indeed the context for the Council’s ongoing work.

5.3 Those parameters are reinforced by further comments in his report, notably that the Plan “...places too much reliance on Character Area potential for the latter part of the plan period”, and his reasoning for that comment is set out at paragraph 36. Furthermore, he also comments, with regard to housing site selection, that further work needs to be undertaken on the opportunities provided by the Dorset Green Technology Park (DGTP) and Holton Heath/Admiralty Park as potential ‘fix points’ for housing distribution and that the Council should reconsider the potential contribution that could be made by previously developed land.



5.4 It is evident that the context established by MM2, together with the Inspector’s supplementary remarks on the potential identification of locations and sites for housing in the medium and longer terms, necessarily involves a substantial amount of new work for the Council, updating the evidence base, ongoing engagement with stakeholders and public consultation. This was envisaged to commence almost immediately upon the adoption of the Local Plan (Part 1).

5.5 It is clear that a significant part of the Local Plan evidence base has needed to be refreshed and updated, in accordance with current best practice and that some elements of the Plan’s existing adopted policies and strategies will need to be revisited. In some respects, the term “Partial Review” is now rather a misnomer, as the implications arising from the extensive work that is necessary are wide-ranging and impact upon major elements of the Council’s current planning strategies. It is, to all intents and purposes, a Full Review of the Local Plan and requires, in addition to the matters already mentioned, significant further Sustainability Appraisal/Strategic Environmental Assessment/Habitats Regulations Assessment (SA/SEA/HRA) work. The term “Partial Review” was appropriate in 2012 and it is clear that this is what was intended at that time. However, the extent of change to the national planning system and to the Plan’s evidence base since that time, does now mean that the Council should consider the project as a comprehensive Review of the Local Plan.

## 6.0 The Decision to Pause the Review Process

6.1 The Council has already made substantial progress in updating its Evidence Base, and the following list of evidence documents accompanied the publication of the Partial Review Options Consultation document in June 2016.

DOCUMENT	DESCRIPTION
<a href="#"><u>EASTERN DORSET STRATEGIC HOUSING MARKET ASSESSMENT FINAL REPORT (OCT. 2015)</u></a>	Summary of Purbeck's objectively assessed housing needs.
<a href="#"><u>STRATEGIC HOUSING MARKET ASSESSMENT PURBECK SUMMARY (OCT 2015)</u></a>	Summarises findings and recommendations with regard to Purbeck.
<a href="#"><u>STRATEGIC HOUSING LAND AVAILABILITY ASSESSMENT (JUNE 2016)</u></a>	Shows which sites landowners have submitted to the Council as available for housing development.
<a href="#"><u>PREVIOUSLY DEVELOPED LAND STUDY (JUNE 2016)</u></a>	Looks at previously developed land available for development.
<a href="#"><u>GREEN BELT REVIEW UPDATE (JUNE 2016)</u></a>	Reviews the Green Belt and recommends land that could be released.
<a href="#"><u>EXPLORING HEATHLAND MITIGATION IN PURBECK (FEB 2016)</u></a>	Sets out the Council's current approach to mitigating harm to heathlands.
<a href="#"><u>PURBECK HEATHLANDS MAPS A1-B2</u></a>	
<a href="#"><u>PURBECK HEATHLAND REPORT MAPS B3-C4</u></a>	

<a href="#"><u>COASTAL CHANGE MANAGEMENT AREAS BACKGROUND PAPER (JUNE 2016)</u></a>	Identifies coastal change management areas in Purbeck.
<a href="#"><u>DUTY TO CO-OPERATE BACKGROUND PAPER (JUNE 2016)</u></a>	Provides an overview of our approach and how it has complied with the Duty to Co-operate.
<a href="#"><u>HOUSING-BACKGROUND-PAPER (JUNE 2016)</u></a>	Sets out how we intend to deliver wide choice of homes.
<a href="#"><u>INFRASTRUCTURE-PLAN (JUNE 2016)</u></a>	Brings together plans and strategies of various Infrastructure providers.
<a href="#"><u>PROPOSED NEW POLICIES BACKGROUND PAPER (JUNE 2016)</u></a>	Looks at proposed new policies that we believe we should introduce.
<a href="#"><u>REVISED POLICIES BACKGROUND PAPER (JUNE 2016)</u></a>	Sets out our proposed alterations to policies.
<a href="#"><u>STRATEGIC ECONOMIC LAND AVAILABILITY ASSESSMENT (JUNE 2016)</u></a>	Details the supply of land which could offer economic growth.
<a href="#"><u>STRATEGIC FLOOD RISK ASSESSMENT (JUNE 2016)</u></a>	Further detail regarding the risk of flooding at Wool and Lytchett Minster has been produced since the publication of this document.  An updated and revised SFRA will be produced in 2017 to include and take into account this further information.
<a href="#"><u>SITE SELECTION BACKGROUND PAPER (JUNE 2016)</u></a>	Explores options for the spatial distribution of housing.
<a href="#"><u>TRANSPORT MODELLING – FINAL (APRIL 2016)</u></a>	Assessment of the impact of two proposed development options.
<a href="#"><u>VIABILITY ASSESSMENT (APRIL 2016)</u></a>	Sets out development viability evidence that has informed our work.
<a href="#"><u>POOLE AND PURBECK TOWN CENTRES, RETAIL AND LEISURE STUDY - FINAL REPORT (JAN 2015)</u></a>	A study of Poole and Purbeck's retail and leisure floorspace needs.
<a href="#"><u>PURBECK AND POOLE TOWN CENTRES, RETAIL AND LEISURE STUDY VOLUME 2 - TOWN CENTRE HEALTH CHECKS</u></a>	Poole and Purbeck town centre health check.
<a href="#"><u>POOLE AND PURBECK RETAIL STUDY</u></a>	Poole and Purbeck Retail Study: Appendix B.

6.2 With the exception of the Eastern Dorset 2015 Strategic Housing Market Assessment (see below), we have not reviewed these documents in detail, but the extent of the work undertaken since work commenced on the Partial Review 2013 is both impressive and comprehensive and appears to cover all the key issues affecting Purbeck. Again, the level of work that has been

undertaken is more commensurate with a Full Review of the Local Plan, demonstrating how the need to provide additional housing influences the majority of other planning issues across the district.

6.3 The Council published the Issues and Options version of the Partial Review for consultation in January 2015. Importantly, at that stage, the Partial Review was considering a Plan period extending to 2031. However, the results of that consultation and the decision by the neighbouring Borough of Poole to extend its Plan period to 2033, has indicated that the Partial Review should now be addressing the period 2017-2033. Whilst this has implications of meeting greater housing need post-2031, it does fully accord with the Local Plan Inspector's modification that the "... partial review will plan for growth in the medium to longer term...".

6.4 The Officers involved in undertaking the Partial Review process, notably the extent of the work necessary to refresh the Evidence Base, deserve considerable credit for the work undertaken thus far, bearing in mind that the national and local planning context has been challenging and changing and likely to change still further. The Evidence Base work and accompanying reports that we have seen reflects the very professional approach that has clearly been taken by Officers involved in this work. Furthermore, the decision by the Council to establish a Partial Review Advisory Group (PRAG) has also been a major factor in enabling Councillors and Officers to maintain the momentum with this work, and has given the necessary leadership within the Council to this important corporate project. At a time when the Government is encouraging local authorities to put in place adopted Local Plans as soon as possible, the Council is very well placed to be able to meet this requirement.

6.5 The decision by the Council to "pause" the Partial Review process is not without its risks and these are considered in Section 8 of this Note. However, it can be seen as a sensible and realistic decision bearing in mind that there are a number of matters that still remain to be addressed, the most important of which is the necessity to update the SHMA, as discussed below. It can also be seen as an "opportunity" in the light of the Government's forthcoming Housing White Paper to enable the Council to take stock of any changes in national policy and put its Local Plan onto a firm footing as it moves forward to Submission and Examination. We comment in more detail on the opportunity that is now before the Council in Section 9 below.

## **7.0 The Eastern Dorset Strategic Housing Market Assessment**

7.1 At the time of the Issues and Options consultation (January-March 2015), the projected housing need was based upon a Draft Strategic Housing Market Assessment prepared for the Eastern Dorset authorities (Bournemouth, Christchurch, East Dorset, North Dorset, Poole and Purbeck) in 2014. The Issues and Options document consulted on a draft figure 218 dwellings per annum. This represented an increase of 98 dwellings per annum above the planned provision in the Purbeck Local Plan (Part 1).

7.2 The final version of the SHMA was published in October 2015. This now addresses the period to 2033, and increases the housing requirement for Purbeck between 2013-2033, to 238 homes per annum. This represents an increase of 118 dwellings per annum above current planned provision (which only extends to 2027).

7.3 We have reviewed the SHMA document and its methodology, and we make the following comments.

7.4 Firstly, as a general overview, it is perhaps surprising that there is no definitive national guidance on the preparation of SHMAs, and the production of these documents has evolved in recent years according to best practice that responds to the requirements of the NPPF (notably paragraphs

158/159) and National Planning Practice Guidance (NPPG). Crucially, of course, SHMAs assess the need for housing, and they do not establish or set housing targets. However, they are the central evidence requirement in determining the OAHN, which then leads to a local authority establishing the appropriate housing target for its district.

7.5 The issues and implications arising from OAHN have dogged the Local Plan system since 2012, and have become a major factor in the delays that have occurred in many authorities in preparing their Plans. It was a major topic for consideration by the LPEG, which was established by the Communities Secretary and the Minister of Housing and Planning in September 2015, of which the author of this Note was a member.

7.6 The LPEG report (April 2016) contained the following comments in its summary (paragraphs 9-11). The full text on this issue is set out in the Annex to this Note:

*“Objectively Assessed Housing Needs*

*S9. Our examination identified two particular problems for authorities in undertaking Strategic Housing Market Assessments (SHMAs):*

- there is no pre-set determination of the boundaries of Housing Market Areas; and*
- there is no definitive guidance on the way in which to prepare a SHMA, leading to significant disagreement and uncertainty over housing numbers, which then affects every stage of the plan making process.*

*S10. Our recommendations include the need for the Government to commission a statistical assessment of HMA boundaries based on the last Census and to strengthen guidance in the NPPG that the outcome should be applied in future local plans, with boundaries adjusted to local authority boundaries for simplicity. In the longer term, Government should also work towards harmonising economic and housing planning boundaries to aid coordination.*

*S11. Serious problems are generated by the lack of an agreed approach to SHMAs, which have become one of the most burdensome, complex and controversial components of plan making. We set out detailed recommendations for a shorter, simplified, standard methodology for SHMAs and, in particular for assessing housing need, with the aim of saving very significant time, money and, most importantly, with the intention of removing unnecessary debate from this aspect of plan making.”*

7.7 The LPEG recommendation that a shorter, simplified, standard methodology for SHMAs be set out in NPPG has itself generated significant controversy, notably amongst consultants working in this field.

7.8 The Government’s response to the LPEG report is contained in an accompanying document to the Housing White Paper, and confirms that the Government proposes to introduce a standardised approach to the assessment of housing need across England, taking effect from April 2018. Unfortunately, no details of that approach have yet been published, and it cannot be assumed that the LPEG approach will be fully endorsed.

7.9 The methodology of the Eastern Dorset 2015 SHMA is fully in line with the acknowledged best practice that does exist for the preparation of these documents, and includes an assessment of all the key demographic, housing and economic factors that exist in the Housing Market Area. The document has been prepared by GL Hearn Limited, who are one of the leading consultancies in this area and they have extensive experience of working on SHMAs.

7.10 The basic methodology of their report is shown in Figure 1 (page 17) and this is entirely consistent with best practice. The report addresses, of course, the Eastern Dorset Housing Market

Area. As noted above, under the summary of the LPEG report, there is no pre-set determination of the boundaries of HMAs and the basic characteristics of defining Housing Market Areas are set out in paragraph 2.16 of the GL Hearn report. In some parts of the country, this does lead to significant debate over the correct definition of a HMA. We have looked at the parameters being used to define the Eastern Dorset HMA and the conclusions on this matter are set out at paragraphs 2.51-2.59 of the report. It does note that the western part of Purbeck district, around Wool, does relate better to the Western Dorset HMA (based on Weymouth and Portland and Dorchester), but “for pragmatic reasons we would recommend that HMAs are drawn on the basis of local authorities.” We support this approach.

7.11 A key issue which can lead to “distortions” in housing need is the extent of any uplift to account for economic and job growth. This is addressed in Chapter 5 of the GL Hearn report and the forecasts of economic growth have been provided to GL Hearn by Cambridge Econometrics and Dorset County Council. Cambridge Econometrics are well regarded in this field and there are no doubts that their forecasting model is amongst the most robust currently being used in England. The issue is that long-term employment forecasts can be somewhat unreliable due to externally-driven factors that are not apparent at the time forecasts are produced, for example, national and global macro-economic changes, shifts in employment patterns such as more people working from home and changing demographic factors such as older people remaining in employment.

7.12 The employment growth forecasts in the SHMA are based upon a “Local Knowledge Scenario” developed by Dorset County Council. This projects employment growth of 18% in Purbeck between 2013 and 2033 (Table 17, page 75), which is significantly higher than household growth (10.8%) (Table 10, page 61). Indeed, Purbeck is one of only two districts within the HMA where employment growth is out-pacing household growth. A comparison between the two employment forecasts used in the SHMA can best be seen in the data shown in Tables 19 and 20 (pages 75 and 79).

7.13 The impact of this projected employment growth in Purbeck under the “Local Knowledge Scenario”, compared to the Cambridge Econometrics Baseline Scenario, may be seen most clearly in Table 81 (page 193) which raises housing need from 199 dwellings per annum to 232 per annum. This in turn leads to the comment at paragraph 10.31 that “in Purbeck .... the level of employment growth indicates that migration in the future .... could be stronger than has been the case in the past.”

7.14 It is this component of the SHMA that has required further detailed analysis as, more than any other factor, it has clearly had such a significant impact upon the Purbeck assessment of housing need. We have researched the “Local Knowledge Scenario”, and the factors which underpin it, particularly in view of the difference between the Cambridge Econometrics Baseline forecast and the uplift suggested by the Dorset County Council work. That uplift is proportionately greatest for Purbeck within the HMA area, and Figure 90 (page 193) illustrates the key difference between the core demographic and economic-led projections for Purbeck District.

7.15 The Local Knowledge Scenario forecasts of employment growth contained within the SHMA date from early-2015 and were prepared by Dorset County Council in co-operation with the Dorset district councils, including Purbeck. The final published forecasts reflect certain local adjustments that were made following consultation with the district councils in January 2015.

7.16 Although this work was only undertaken two years ago, it is already clear that the national and local economic context has changed significantly during the intervening period. Whilst this may not affect the short-term forecasts (1-5 years) to a large extent, the ongoing reliability of the forecasts into the longer-term (10+ years) must be viewed with some caution. The accompanying text in the SHMA (paragraphs 5.22-5.36) on the Local Knowledge Scenario does not provide sufficient material

upon which to judge its reliability. However, we note that the commentary on the Cambridge Econometrics baseline forecast (at paragraph 5.33) states “...individual local authority findings should be treated with caution”. We would suggest that the same comment must apply with equal force to the Local Knowledge Scenario outputs, although that ‘health warning’ does not appear in the SHMA.

7.17 The Local Knowledge Scenario forecasts are certainly based on high levels of optimism, and can be viewed alongside the Local Enterprise Partnership’s ambitions for economic growth in Dorset. At the time (in early-2015), there was clear evidence of an economic recovery taking place following the preceding recessionary period (2008-12), and it was not unreasonable to prepare a trajectory for continuing sustained economic growth.

7.18 However, it is unusual in our experience for a “high end” locally-generated employment forecast to be adopted as the preferred approach for a SHMA, bearing in mind that employment forecasts are fraught with uncertainties about external factors. One current example of such an external factor is the recent “Brexit” referendum result, which may well lead to changing economic relationships between the United Kingdom and the Rest of the World. The long-term impacts of these national and international factors are almost impossible to assess at a local level with any degree of certainty. We have also been made aware of a number of local employment projects which have been deferred or cancelled during the past two years as a result of external factors, such as rising oil prices. Such decisions serve to illustrate how local economic investment decisions are vulnerable to factors completely outside the control of local authorities, despite the planning and economic development strategies being in place to facilitate such investment.

7.19 A more common approach in our experience is for a SHMA to take a more conservative approach to its employment forecasts, with a growth trajectory between a baseline forecast and a high level forecast. This “middle course” reflects the need to boost employment opportunities, but allows some headroom for a further upward revision at a later date, should that be required as a result of employment monitoring and the regular updates to the SHMA. It is very often the approach of developers, in their submissions to Local Plan Examinations supported by alternative SHMA-type documents, that local authorities should adopt high level employment forecasts in their SHMA’s, because (as shown in this SHMA) there is a direct causal relationship between employment growth and housing need and therefore housing supply.

7.20 The local community representatives to whom we spoke have also recognised that the employment forecasts constitute the element of the SHMA which is leading to their greatest concerns over the assessment of housing need in Purbeck. They too have undertaken extensive research on the Local Knowledge Scenario, and argue that some of its outputs are flawed. We do not confirm that point, but certainly strongly endorse the view that, with the need for the SHMA to be revised to take account of 2014-based Household Projections, the employment forecasting element should be carefully re-assessed by the County Council and the Dorset district councils. On this point, we note that the District Council has already indicated that it intends to commission an update to the SHMA, to consider both updated household projections and updated economic projections.

7.21 The SHMA update should take a baseline position as the starting point, with any sector growth based upon the trends that have been evident across Dorset, and within each district, in recent years (post-2014). Clearly, it should factor in planned economic growth projects, but there should be a critical appraisal, or “reality check”, of the progress (i.e. timeline) for such projects. This will need a careful alignment with the work of the Dorset Local Enterprise Partnership, which is bidding for substantial Growth Deal funding from the Government to support economic growth and infrastructure development.

7.22 This will not be straightforward, as it affects the HMA as a whole and Purbeck will need to consider the wider pan-HMA considerations, not least through the Duty to Co-operate requirements. The LPEG view is that the use of job forecasts in SHMAs is reasonable in theory, but not in practice. The LPEG report advocated that, for the purposes of calculating housing need, employment forecasts would be treated as “policy off” in its recommended simpler methodology, with strong local economic growth being evident through the Market Signals uplift (between 0% and 25%) that would be applied. If local authorities seek to provide more housing to support job growth targets, this should form part of the plan-making process, through a “policy on” upward adjustment. It is not yet certain that the Government will adopt such an approach, but the ability for individual local authorities to make a “policy on” adjustment within their Local Plans would represent a more refined approach than the current, largely arithmetic linkage between employment forecasting and housing need across a HMA. (For explanation, the term “policy on” refers to a situation where the impact of relevant planning policies are taken into account at the outset, whilst “policy off” takes no account, at least initially, of such policies). The Housing White Paper and the proposed revisions to the NPPF and NPPG set out the Government’s policy response to such points and our advice to the Council is, on the basis of the White Paper’s proposals, to seek to use the standardised approach to assessing housing requirements when this becomes available. However, we recognise that this has important implications for the Local Plan timetable which would extend into 2018.

7.23 Another element of the SHMA that also needs further analysis is the element of additional housing within the full OAN figure that is needed to improve affordability across the district. This amounts to just 6 dwellings (see Table 83, page 198) and is at odds with several statements and trends elsewhere within the document, for example the statement at paragraph 10.40 that “Across Eastern Dorset house prices are highest in East Dorset, Christchurch and Purbeck”. Again, there may be reliable underlying evidence to support this specific output, but at face value it does not relate well to a high growth employment forecast. Nevertheless, the two factors are usually more closely aligned and this was also recognised within the LPEG report. In recommending the removal of employment forecasts from the OAHN methodology, it applies a market signals adjustment to the demographic-led indicator of need based on indicators of housing and rental affordability. If the affordable housing need in an area is still higher than the figure derived after taking into account market signals, a further upward adjustment (up to 10%) can be applied. Our initial assessment of the existing SHMA outputs would suggest that, if this simplified methodology were applied to Purbeck, the element of housing need to improve affordability in the district would increase. As with employment forecasts, we also advise the Council to await the Government’s final announcements on the potential policy implications for the delivery of more affordable housing, following the publication of various new proposals in the Housing White Paper

7.24 Notwithstanding the above discussion, the principal problem with the SHMA (October 2015) is that it is now out of date. It uses as its starting point the CLG 2012-based Household Projections (published in February 2015). These were updated in July 2016 by the publication of the 2014-based Household Projections.

7.25 The need to update the SHMA in the light of the 2014-based Household Projections has been recognised in the report to the Council’s Partial Review Advisory Group (PRAG) on 2 November, 2016. This is an essential piece of work, as an Inspector at a forthcoming Examination will undoubtedly be seeking to ensure that housing need is being assessed on the latest available data. The implications for Purbeck arising from the 2014 projections are not yet known, and it is an interesting point that in some parts of the country they are resulting in a reduction in housing need, although in other areas there is an increase. In the case of Purbeck, in view of our comments above, it will also be very important to test the relationship of the latest household projections against the latest employment growth forecasts, which are now being generated by Dorset County Council.

7.26 The update to the SHMA is amongst a number of actions for additional evidence base work agreed by the PRAG on 2 November, 2016. The full list of actions arising from the Options Consultation (June-August 2016) is set out in Appendix 1 to the report considered by the Council (at Agenda Item No. 9) on 13 December, 2016. The proposed additional work is extensive and it must be recognised that this will have an impact upon the progress of the Partial Review during 2017. Nevertheless, the Council is to be commended for the extent of ongoing work that is being undertaken to ensure that its Partial Review evidence base is as up to date and robust as possible.

## **8.0 Options for Meeting Housing Need in Purbeck**

8.1 As a further part of this commission, we have been asked to review how the Council has used the SHMA to formulate the Options for meeting housing need in Purbeck. In this context, we have considered the Options Consultation document (June 2016), as it was this document that presented the various Options to the public and upon which residents and community groups were asked to formulate their responses. It should be borne in mind that although a Consultation document is published alongside many other supporting documents, including evidence base studies and a Sustainability Appraisal, as was the case in Purbeck, only a small percentage of respondents study the supporting documents.

8.2 Therefore, a Consultation document needs to present Options in a way which the public can readily understand how the Options have been derived and more importantly, from their individual perspectives, how those Options affect the areas in which they live and work. The over-riding constraints facing the Council in generating sustainable options for accommodating growth are environmental and the map on Page 12 of the Options Consultation document readily shows the extent of the areas in Purbeck covered by national and international nature conservation and environmental designations. There are few districts in England covered by such extensive designations.

8.3 It is not our role to comment on specific options or prospective allocations, but we are able to comment on the general principles. In that respect, we are satisfied that the Council has endeavoured to pursue the principles of sustainable development, informed by the Sustainability Appraisal work, in the development of options. The options follow the Settlement Hierarchy and is described as a “new infrastructure-led approach, with a focus on sustainable locations, wherever possible”. However, we note that the preferred development strategy is leading to some potential environmental impacts at certain locations (e.g. West Wareham) and this has no doubt raised public concerns. Overall, the strategy is to spread planned growth across the district, as far as is possible within the context of the environmental constraints.

8.4 One area which may warrant further consideration is that of Garden Villages. There is presently significant Government impetus behind this initiative, following the prospectus issued in March 2016. The Government was seeking expressions of interest for sites with a capacity of over 1,500 homes. Whilst this may not be possible in Purbeck, we note that there is mention of a possible new village being considered by a landowner at one location. We consider that in the months ahead, the Council should not completely rule out the option of a Garden Village if there is significant impetus locally. It is important to bear in mind that any such proposal must be supported by the local authority, if it is to attract Government support funding.

8.5 The Council will also need to be mindful of the need to maintain a five year supply of housing land. This factor normally leads to the need to make a range of site allocations across a district, to support the local housing market. The over-concentration on a few strategic sites can prove problematic, if delivery problems occur, for example, relating to key infrastructure.



8.6 We also comment on whether the housing strategy options are sufficiently closely aligned to the economic development options, in order to promote sustainable live-work patterns. In most cases the housing options described in the Options Consultation document do not include specific references to employment opportunities and this may be an area to which the Council could give further consideration, for example by promoting more mixed-use developments.

## **9.0 Risk Appraisal**

9.1 We have seen the paper presented to the Council on 13 December, 2016 on the risks associated with delaying the Partial Review. That paper focuses, quite properly, on the risks to the Council's position regarding speculative planning applications for residential development during the next year or so.

9.2 It is fair to say that there is inevitably an element of risk arising from the decision to "pause" the Partial Review process. In the eyes of the development industry, this could be seen as a signal that the Council is now prevaricating over crucial decisions that were first highlighted in the Inspector's report dating from October 2012, i.e. over four years ago. However, in the context of Local Plans across the country, this length of time is not exceptional and indeed the Council demonstrably can point to almost continuous work on its Partial Review since 2013. This work is in the public domain and if a speculative planning application were to be submitted, the Council would be able to cite any relevant evidence in assessing the acceptability or otherwise of such an application.

9.3 That element of risk cannot be avoided, and exists regardless of the current position. However, there is another perspective which, understandably, is not mentioned in the paper considered by the Council on 13 December, 2016. That perspective is that the current "pause" can be used to the Council's advantage, if it is managed appropriately. Firstly, it is already apparent that the SHMA is now out of date and that work is about to be commissioned to update the document. Secondly, as we have indicated elsewhere in this Note, the Government has now published its Housing White Paper and has signalled its intention to put in place (through revisions to the NPPF) a standardised approach to assessing housing need. This may well reduce, or possibly even remove, the weight of employment forecasts within such calculations.

9.4 By Summer/Autumn 2017, the Council could be in a position to prepare or adjust its emerging Local Plan on the basis of new Government guidance and be one of the first authorities to do so. This could be a much stronger position for the Council than would have been the case if it had not taken the decision to "pause" the process. It will be important that the Council takes advantage of any transitional procedures introduced through the Housing White Paper and takes timely decisions accordingly. This could reduce the areas of risk that have been identified by Officers and put the Council in a stronger position in defending its decisions at any planning appeals, at least during 2017.

## **10.0 Conclusion**

10.1 This Note is intended to provide the basis for the next stage of work in assisting the Council on its work on the Partial Review of the Purbeck Local Plan (Part 1).

10.2 We have assessed the Inspector's Report (October 2012) and have highlighted the key recommendations and modifications that the Inspector made regarding the need for a Partial Review of the Plan. From all that we have seen and read thus far, we are satisfied that the Council is making good progress towards completing its Partial Review. However, as we have commented, the scale of the work and particularly the extent of new evidence base work, that has proved necessary

in undertaking this Partial Review is to all intents and purposes a comprehensive Review of the Local Plan.

10.3 An assessment should be undertaken by the Council during early-2017 about whether it is right to now continue to describe the project as a Partial Review, as this will inevitably lead to questions about when a Full Review will be undertaken.

10.4 We have reviewed the decision to “pause” the process of preparing the Pre-Submission version of the Partial Review. At this stage, this seems to be a very sensible and pragmatic decision, bearing in mind the continuing need to undertake a significant further amount of work on updating the evidence base. Furthermore, the recent publication by the Government of the Housing White Paper with proposed further reforms to the Local Plan process, means that the current pause does enable the full implications for Purbeck arising from that White Paper to be properly addressed, with the added benefit that any policy responses affecting the Local Plan can be considered in a timely way.

10.5 We have reviewed the Eastern Dorset SHMA (October 2015). We are satisfied that the methodology of that report is robust and consistent with current best practice on the preparation of SHMAs. However, the report is now out of date and does need to be updated to take account of the 2014-based Household Projections, published by the Government in July 2016. The Council has already recognised that, and it is one of the key actions agreed by the PRAG.

10.6 However, we do consider that the use of the “Local Knowledge Scenario” employment forecasts, or revised employment forecasts, in the SHMA will require particular scrutiny. As already shown, the employment forecasts component of OAHN is resulting in a significant uplift to housing need in Purbeck. This is not to say that the Dorset County Council forecasts are incorrect, but the local parameters underpinning them were not fully explained in the SHMA. In the case of Purbeck, such parameters are of crucial importance, for example, the commuting ratio (people leaving or entering Purbeck to work) is one factor where there is a direct bearing upon the growth of the resident workforce. The current commuting ratio (1.06) for Purbeck (see Table 19 in the SHMA) is derived from 2011 Census data, and was obviously based on travel to work patterns at that time. Future travel to work patterns may change depending upon the spatial distribution of new employment areas. The community representatives make the point that the largest planned new employment areas in Purbeck (Dorset Green and Holton Heath) will be at the edge of the district, and may well be more attractive to residents from adjoining districts, thereby affecting the in-commuting rate. In other words, new jobs in Purbeck may not necessarily be filled by Purbeck residents. The planning system has to deal with these situations, and there is no simple solution. Furthermore, Purbeck cannot be considered in isolation, but it does suggest that a more fine grained assessment of the employment forecasts for Purbeck and the wider HMA will be required, if such forecasts continue to be an element of the OAHN calculation (but see paragraph 9.3 above).

10.7 The current “pause” also enables the Council to consider how it will “re-engage” with residents and community groups, once the Plan is in a position to move forward. The Options consultation in Summer 2016 demonstrated the high level of community interest in the Plan. From what we have seen and heard, although many people were opposed to elements of the emerging Plan, there is an underlying acknowledgement that the Local Plan is necessary and important. The Council now has the opportunity to take a constructive lead in considering future options, notably for housing and employment growth. One suggestion, which we support, is that local forums be established across the district during 2017, with proactive involvement by District Councillors, to consider the more local implications of the Plan. This would fit well with the preparation of Neighbourhood Plans and would reinforce the Council’s existing programme of consultation and community engagement.

10.8 This Note seeks to set out a series of potential actions for the Council, which should ensure that the Local Plan can progress during 2017 and 2018 with a good level of confidence. As noted above, the Government published its Housing White Paper on 7 February, 2017. It contains a raft of proposed changes to the Local Plan and Neighbourhood Plan system, but unfortunately none of those proposals have yet been fully endorsed by the Government. They are presently set out as consultation proposals, with consultation extending to 2 May, 2017. Our considered advice, based on the limited time that we have had to assess its implications for Purbeck, is that the Council would be well advised to extend its current “pause” in the Local Plan process until there is much greater clarity on a number of the key proposals, notably the standardised approach to assessing housing need and the opportunity to prepare a “Strategic Local Plan document” (see Question 1 of the Annex to the White Paper). A key factor in our suggesting that approach to the Council is the fact that the Government intends to incentivise Councils to use the standardised approach, by gaining access to the Housing Infrastructure Fund. Such funding may well be a major factor in boosting housing delivery on strategic sites in Purbeck.

10.9 We fully acknowledge that the issues arising from the Housing White Paper will prolong the duration of the current pause in the preparation of the Purbeck Local Plan, probably until Autumn 2017. This is less than desirable, in that it serves to extend the delay in the Council being able to publish a Pre-Submission Plan. However, this is not a situation that is confined to Purbeck. It is a situation facing all local authorities in England who do not presently have a recently adopted Local Plan, and the Council will no doubt also seek the views of neighbouring authorities in Dorset before finalising its timetable.

### **11.0 Recommendations**

11.1 As a result of the work that we have undertaken through this commission, which has involved meetings with Officers and Councillors of the Council, a meeting with local community representatives and research by ourselves, we make the following recommendations to Purbeck District Council:

1. In view of the extensive work that has already been undertaken on the Partial Review, the current pause in the project should be used by the Council to now take the Local Plan forward as a Full Review and Revision of the Council’s Local Plan. We recognise that this may necessitate some additional work, such as the formulation of detailed policies and proposals, beyond that originally programmed, but this should be commenced as soon as possible; and
2. The Council should prepare a revised timeline for the ongoing preparation of its Local Plan, which we acknowledge will now extend into 2018. However, it affords the opportunity for the Council to ensure that its Evidence Base work is fully up to date, and that the previous work on the Partial Review can become the foundation for a Full Review of the Local Plan; and
3. The commissioning of an updated SHMA is undoubtedly crucial to the further progress of the Local Plan. However, following the publication of the Housing White Paper, our advice to the Council is to await greater clarity on the Government’s proposed “standardised approach” to assessing housing need before finally commissioning the updated SHMA. As we have discussed in this Note, if employment forecasts do form part of such a standardised approach (see also paragraphs 7.20/7.21) then they will require detailed scrutiny and a more finely grained assessment than hitherto, as it is this element which has the greatest potential uplift to the OAHN for Purbeck; and
4. We expect the Government to confirm its planning reforms at some point in the Summer or early-Autumn of 2017, bearing in mind that the current consultation extends until 2 May.

On that basis, we recommend that the Council should aim to publish a Pre-Submission Local Plan as early as possible in 2018; and

5. The Housing White Paper contains a wide range of planning and housing policy initiatives, including specific measures to boost the delivery of housing and in particular affordable housing. The Council should assess the full implications of the White Paper for the Local Plan and take advantage of any measures aimed at speeding up the preparation of Plans. This might include consideration of a shorter, more strategic Local Plan document, as proposed by the Government; and
6. The Council should now use the current opportunity afforded by the “pause” to consider a new programme of community engagement on the Local Plan later in 2017, when it is in a position to present updated evidence and potential options to residents and community groups, possibly through Local Forums across the district. This should involve District Councillors for the areas concerned.

11.2 Finally, we hope that the Council finds this Note to be of value in progressing its Local Plan, and we thank the Officers, Councillors and Representatives of the Community Groups who have assisted us in this commission.

*Derek Stebbing*

Derek Stebbing

8<sup>th</sup> February, 2017

## **ANNEX**

### **Extract from the Local Plans Expert Group (LPEG) Report (April 2016) on Strategic Housing Market Assessments**

#### *“Strategic Housing Market Assessments*

*3.12 The absence of a definitive guide for the production of SHMAs – and the estimate of OAN within them – is undoubtedly a problem.*

*3.13 General guidance is provided on the necessary steps in the NPPG but this guidance is provided at a high level and many respondents told us that it leaves too many issues open to a range of interpretations.*

*3.14 The Planning Advisory Service (PAS) procured a guide to SHMAs from consultants Peter Brett Associates, the second iteration of which was published following consultation with interested parties in July 2015. The publication is undoubtedly a step towards coordination but, unfortunately, it does not provide definitive guidance on a number of areas and it does not benefit from cross-industry support. We heard representatives from the private sector disagreeing strongly with its suggested methodology.*

*3.15 The scale of the problem is ably demonstrated in the paper “How Many Houses Should We Plan For?” presented by Dame Kate Barker DBE to the Oxford Joint Planning Law Conference in 2015.*

*3.16 The lessons from this case study were repeated to us by many respondents, and readily apparent from our review of Inspectors’ reports on Local Plans. Four years on from the NPPF, many*

authorities still do not have an up to date SHMA (research from Savills identifies that only 67% of authorities have carried this out since the NPPF in March 2012). But even where SHMAs are in place, there are widespread problems.

3.17 In particular we are aware of the following:

- i. SHMAs can be expensive and time consuming to procure being one of the biggest costs to an authority preparing a plan;
- ii. with biennial official population and household projections having been produced alternately every year, the 'starting point' for estimates of need has had an effective shelf life of just twelve months, meaning SHMAs often need to be updated during plan preparation. This has obvious cost and timescale implications. The frequency of the changes also calls into question the robustness of local plans, even when they have only recently been adopted;
- iii. the adjustments to household formation rates sanctioned by the NPPG give rise to wide ranging debates about the approach to be taken;
- iv. the next step in the NPPG methodology is to align housing with economic forecasts – but there are no centrally accepted economic forecasts, again giving rise to uncertainty and debate;
- v. there is no clear guidance on how affordable housing needs are to be assessed or how they are to be taken into account in deriving the overall level of housing need;
- vi. local authorities report objectors preparing rival SHMAs using differences in assumptions and methodologies. Many objectors claim some councils' SHMAs take advantage of uncertainties in the guidance to "suppress" estimates of need. The result is that local plan examinations often struggle to conclude on whether the Local Plan is based on a sound estimate of OAN without considerable debate about rival assessments;
- vii. many SHMAs run to several hundred pages, containing a huge amount of demographic information, although sometimes not actually concluding on their principal purpose – the clear definition of objectively assessed need;
- viii. some SHMAs do not reach clear conclusions at the apparent request of commissioning authorities where politicians wish to influence the reported OAN to its lowest potentially credible level.

3.18 Both public and private sector stakeholders are clear that these problems need to be addressed.

3.19 The production of SHMA has become overly politicised and has also become an industry in itself for consultants, whilst being one of the largest costs for authorities and the source of greatest concern, risk and uncertainty. Whilst arriving at a precise definition of objectively assessed need is undoubtedly complex, as the NPPG identifies, it is in the nature of the exercise that it cannot be an "exact science".

3.20 Accordingly, we recommend adoption of a simplified, standard common methodology within the NPPG for the preparation of concise SHMAs with a clear stipulation that this is the approach government expects to be followed. We set out in Appendix 6 suggested detailed amended text for the relevant part of the NPPG which provides the necessary ingredients of revised SHMA guidance. In putting forward our suggested revisions to the NPPG, we have sought to work with the grain of the existing stepped approach set out in the NPPG, and change only what is necessary. However, given the objectives of the amendments, the changes proposed have necessarily been substantial.

3.21 Characteristics of the revised approach are the use of a single standard methodology to arrive at an estimate of Full Objectively Assessed Housing Need (FOAHN) which:

i. identifies a common set of data sources to be used;

ii. has clarity on the circumstances in which any adjustment should be made to CLG household projections (in terms of household formation rates and migration) and a standard methodology to apply where such adjustments are necessary to reflect local circumstances;

iii. in the interests of streamlining the process, removes the current requirement to consider alignment of housing need with employment forecasts (as described above, this is one of the single most difficult and disputed steps in the current methodology). We consider the purpose of this step of the current guidance can more easily be achieved by recognising that employment growth pressure is also likely to be reflected in local affordability issues, so that an appropriate adjustment for market signals would meet this purpose. If they wish, plan makers should continue to be able to plan for further growth beyond FOAHN by considering a “policy on” alignment with job growth in setting their housing requirement where this is greater than housing need, but that this should not be part of FOAHN;

iv. is based on clear guidance on the approach to be taken to the market signals adjustment, with this being distinct from any adjustment to household formation rates. The assessment would be based on two straightforward measures of absolute housing affordability in each local authority, with clear stepped increments of up lift to the demographic starting point to improve affordability. Using measures of absolute affordability will help to avoid the current situation where no/too little uplift is applied on the basis that an authority does not perform any worse than its neighbours/comparator areas even though it may be among the least affordable areas (if all Local Plans continue to be prepared on this basis, at the national level there will be no collective effect on improving affordability). Since the NPPG was first issued in 2013, a number of Inspectors have interpreted its existing guidance on market signals by endorsing the principle of broad percentage uplifts (of 10% and 20%), and the latest OAN evidence for Cambridge<sup>13</sup> puts forward a 30% uplift for the City in response to affordability. We have made some illustrative suggestions for how the adjustment might apply in our Appendix 6 with banding thresholds for uplifts of 0%, 10%, 20% and 25%<sup>14</sup>. We recognise that some local authorities may perceive a 25% uplift as significant, but uplifts of 25% (coupled with responses to address affordable housing need) will be the minimum necessary to achieve Government objectives; and

v. provides clarity on the adjustment necessary to address affordable housing needs.

3.22 To resolve the problem of Local Plans being destabilised by new sets of household projections and other data being published after submission to the Secretary of State, and in some cases then moving the OAN ‘goalposts’ during the process of examination, our proposed amendments to the NPPG include a ‘lock down’ of the OAN evidence for a period of two years from the point of submission of the Plan to the Secretary of State. The effect of this is to limit the prospect of a local plan being found unsound simply because a new set of data has been produced after plan submission. The intention is that this approach would dramatically reduce the length, cost and uncertainty associated with current SHMAs and, thereby would simplify and free up local plan examinations.

3.23 Our suggested approach in Appendix 6 makes clear that the calculation of OAN should be a clear, objective calculation. It does not, for instance, require public consultation or wider engagement.

*3.24 OAN, however, is simply the starting point of plan preparation. Arguably, too much importance is attached to the figure of OAN itself, whilst insufficient importance is attached to the process of determining to what extent OAN can be met within a particular local authority area. This takes us to the consideration of the treatment of policy and environmental constraints within local planning.”*