

## **West of England Joint Spatial Plan: Publication Document**

### **Consultation Response by Business West**

**10<sup>th</sup> January 2018**

Business West Chambers of Commerce & Initiative is the main business representation and leadership organisation for the West of England. We have been working on behalf of businesses in the Bristol city region for nearly 200 years and now represent nearly 22,000 businesses, from new start companies through to the major private and public employers. We are also members of the board of the West of England's Local Enterprise Partnership.

As a Chamber of Commerce we are not representing any specific business interests or sector, but are submitting evidence based on our independent view of the long term economic interests of the region and the whole spectrum of businesses who operate here. We have a long term interest in the economic well-being of the West of England area and in 2011, published *2050: High In Hope*, looking at how the region might develop over the next 40 years.<sup>1</sup> This was founded upon the recognition that there needed to be a long-term plan for managing regional growth in order for the West of England to realise its potential as a leading European economic and cultural region in the 21st Century.

We have long encouraged the four West of England authorities to plan ambitiously for the long-term future in terms of housing, transport and employment and so very much welcomed both the Joint Spatial Plan and Joint Transport Study and the close working of the West of England authorities that underpins this. We believe this is vital in order to successfully plan our future housing supply and secure our future economic growth needs.

We fundamentally recognise the importance of long term planning and the direct connection between housing supply, employment land and sustainable economic growth and strong communities. Our concerns are based on enhancing the prosperity of our communities and businesses in order to improve the economic functioning of our region. This means a primary concern with economic prosperity and the factors that underpin this prosperity – including jobs, business growth and housing availability.

We have given detailed submissions to the previous two rounds of consultation in the Joint Spatial Plan process. Our points are considered, supported by independent evidence and grounded in the experience and concerns of the wider business community. We regret that the Authorities have not yet made significant changes as a result of concerns raised in our previous two submissions, even in areas where our technical evidence suggest considerable weaknesses in the JSP and the matter concerned is not politically sensitive, for example in the methodological weaknesses we have raised about the Economic Development Needs Assessment (EDNA).

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<sup>1</sup> '2050 – High in Hope', John Savage / Business West, Bristol 2011

We are also submitting separately authored evidence papers commissioned by Business West for these consultations:

***By Professor Glen Bramley on housing, employment and affordability issues***

- Housing Numbers for the West of England: Further Analysis and Commentary on the West of England Joint Spatial Plan, Professor Glen Bramley, December 2016 / January 2018
- 'Wider Bristol Housing Market Area Strategic Housing Assessment 2015: Commentary Prepared for Business West' by Professor Glen Bramley, November 2015
- 'Briefing Paper for the West of England Partnership: Planning for Housing in the West of England – the Scale of the Challenge', by Professor Glen Bramley, November 2015

***By Chris Cobbold of Wessex Economics on employment land issues***

- 'West of England Joint Spatial Plan to 2036: Future Requirements for Employment Floorspace and Sites in the West of England' by Chris Cobbold of Wessex Economics, October 2017.
- 'Employment Land Requirements in the West of England: A Review of the West of England Economic Development Needs Assessment' by Chris Cobbold of Wessex Economics, December 2016.

**Our Member Views**

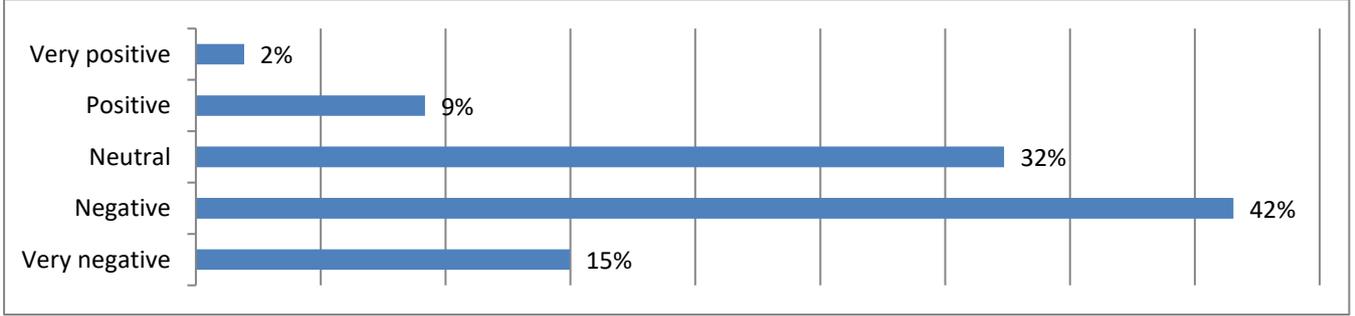
In Quarter 4 of 2015, as a contribution to earlier stages of consultation, we surveyed 244 businesses located across the four West of England local authorities on their views of housing and housing development. Those surveyed came from across all business sectors and all sizes of business including manufacturing, advanced technology and professional services.

Our survey work showed strong evidence that high housing costs in the West of England are already having a negative impact upon our region's economic health and the health of many individual businesses, particularly in the pressures it puts on our labour market and overall business productivity and competitiveness.

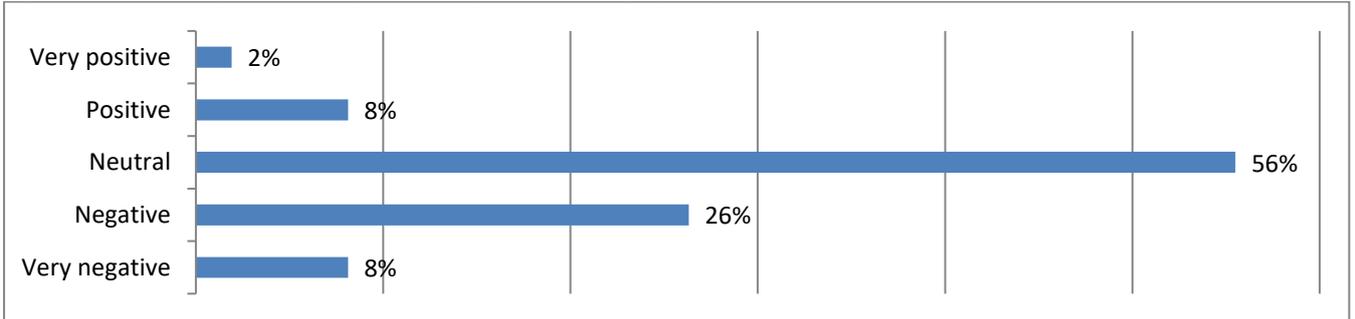
Our survey also suggests that this could lead to an erosion of our present and future business base, with more than a fifth of surveyed businesses saying that high housing costs would be a factor in relocation elsewhere in future business planning.

When asked about their views on what impact high housing costs were having on our regional economy, 57% of firms thought it was having a negative impact [Figure 1]. When asked what impact high housing costs were having on their own businesses, over a third (34%) thought it was having a direct negative impact [Figure 2].

**Figure 1: What impact are high housing costs having on our regional economy?**



**Figure 2: What impact are high housing costs having upon your business?**



Of those who said that their business was being negatively impacted by high housing costs, the main reasons given were related to negative effects in the labour market (with 29% of respondents saying it made it harder to recruit staff, 27% saying it increased labour costs to the business and 17% saying it made it harder to retain staff).

There was also concern about the impact on wider competitiveness and productivity issues, with 13% of respondents citing decreasing overall business productivity and 14% citing reducing overall business competitiveness as direct negative impacts that had been experienced (see Figure 3).

**Figure 3: Is your business being negatively impacted in any of the following ways as a result of high housing costs?**



**Box 2: Business Experiences of High Housing Costs**

Copywriting Company, Devon: “I have already moved out of the area because housing is too costly. I've moved from Bristol to Devon. If housing was cheaper, I would have stayed much nearer Bristol.”

Marketing Business, Clevedon: “Trying to recruit out of the area is virtually impossible as the house prices are so expensive.”

IT Services Business, Bristol: “Bristol as a client area is becoming progressively more unattractive as the price of accommodation has forced me out of the city”

Sales, Repairs and Maintenance Business, Bristol: “The cost of renting or purchasing is having a serious impact on both staff and sub-contractors used by my business. It is a constant source of complaint and worry for everyone.”

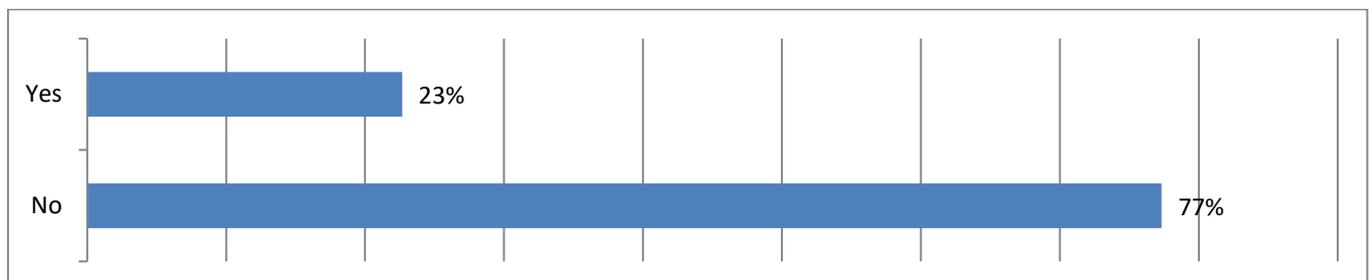
Printing Business, Bath: “The housing crisis in Bath is probably the number one issue in my view that must be dealt with (that and suitable office accommodation). With so many staff having to travel to work from outside of the area the impact is felt with travel and general applicants.”

Recruitment Agency, Bristol: “Due to increased prices/cost employees are continually chasing increased basic salaries in order to rent or purchase a property meaning significant increase in costs for businesses impacting growth as well as major retention issues again impacting growth.”

Communications Consultancy, Bristol: “We have lost two employees due to housing problems over the last year. For a small business it's a huge burden; we go through the recruitment process, train them, introduce them to clients only for them to leave as they can't find anywhere to live in Bristol. It's had a significant impact on our business growth this year”

Worryingly, over a fifth of West of England businesses cited the high local cost of housing making it more likely that they would relocate or expand their business outside of their current area (see Figure 4).

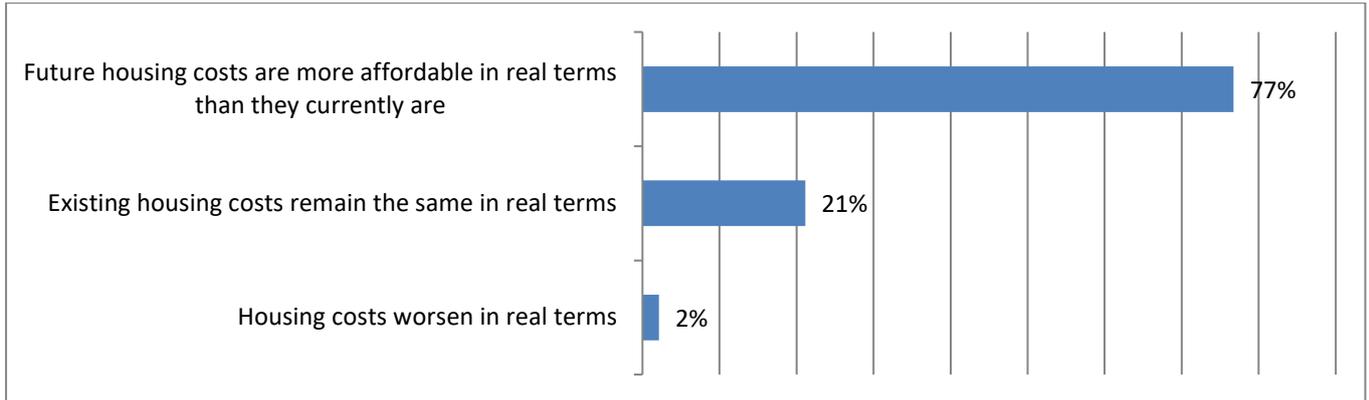
**Figure 4: In future decisions about the location, expansion or relocation of your business, would the high local cost of housing make it more likely that you would move or expand your business outside of your current area?**



We believe the overall objectives of the JSP should be to build sufficient housing both for sale and to rent to ensure that housing costs fall in real terms in the future.

This is something supported by the West of England businesses we surveyed. 77% of West of England businesses thought that the aim for local authorities should be to plan to make future housing costs “more affordable in real terms than they currently are”, 21% thought the aim should be to ensure “existing housing costs remain the same in real terms” whilst just 2% thought that it should be “housing costs worsen in real terms” (see Figure 5 below).

**Figure 5: In setting their housing ambitions over the next twenty years, what overall aim should local authorities have when deciding the level of homes to build?**



Yet, economic modelling commissioned by Business West suggests that the current housing numbers being planned for the West of England and set out in the JSP mean that housing costs are set to worsen significantly in real terms – both for rental and home-ownership affordability (see below).

## **Areas of Soundness – meeting the long term needs of the region**

The vision for the West of England as stated in the JSP is that “by 2036, the West of England will be one of Europe’s fastest growing and most prosperous city regions with the gap between disadvantage and other communities closed and a rising quality of life for all”. Our over-riding concern expressed in this submission is that the Plan as currently set out will fail to deliver on these aspirations and ambitions for the region.<sup>2</sup>

We believe that the economic and employment prospects for the wider Bristol region are strong but that realising this potential requires a plan that is more ambitious than the draft JSP – in terms of both housing and employment land.

### **The long term economic strength of the West of England**

Taking a longer term perspective, appropriate for planning, economic and employment growth prospects are likely to be strongly conditioned by the overall competitive strength of the economy.

Some of the best indicators of economic growth potential and competitiveness are regularly compiled by the Centre for Cities in their Cities Outlook series.<sup>3</sup> In 2016, the Bristol Urban Area sits within the top two quintiles of the rankings on key relevant indicators of economic growth potential.

Bristol is in the top group (quintile) for

- absolute size of economy, GVA (5th out of 63)
- total jobs (6th)
- total private sector jobs (6th)
- private knowledge-intensive business services (5th)
- private sector jobs growth (5th)
- employment rate growth (4th)
- higher qualified workforce (NVQ4+) (10th)
- patents granted (10th)
- employment rate level (11th)
- business start-ups (10th)
- business stock per 10,000 pop (12th)
- business turnover or churn (12th)

Bristol is in the second to top group for

- GVA per worker (18th)
- population aged 30-44 (14th)
- ratio private: public sector employment (19th)
- average workplace earnings (17th)
- private rented housing share (16th)
- working from home (17th)

This highlights the West of England’s economic strengths and its potential for growth based on innovation, enterprise and skills remain high. The cluster of high rankings for private knowledge-intensive business services, patents granted, business start-ups and higher qualified workforce all testify to this.

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<sup>2</sup> West of England Joint Spatial Plan, Publication Document, November 2017, page 13

<sup>3</sup> Their analysis focuses on 63 cities across the UK, each defined on best fit basis to ‘Principal Urban Area’ which defines the Bristol Urban Areas as including Bristol City and South Gloucestershire.

Bristol's strong position in many of these rankings is underlined by the fact that it is in some cases the highest-ranked 'big city' in the list, for example on employment rate growth, private sector job growth or patents granted. To quote Professor Glen Bramley:

*"The employment growth potential of WoE is relatively high, among the highest of the comparable set of city-regions. Taking a longer term perspective, Bristol has one of the highest growth trajectories of key city regions in England. This reflects both a relatively straight forward projection of growth in GVA and productivity, blending past local performance and assumed national trends, and a more qualitative assessment of the factors underpinning growth and competitiveness."*

### **Areas of Soundness – providing the right amount of homes**

There is strong evidence that the level of planned future housing provision across the West of England provided for in the draft Joint Spatial Plan falls short of what is required in order to support future economic growth and to address issues of housing need and affordability. The Strategy proposes that we should plan for an additional 105 thousand homes over the period 2016-36. We believe that, on the basis of up-to-date evidence, detailed expert analysis and consideration of a range of alternative scenarios, this figure should be at least 132 thousand.

Housing, and the lack of a sufficient supply of well-located and affordable homes, remains a major weakness for the West of England – its people, communities and the prospects for future growth and opportunity.

Our housing is increasingly unaffordable, particularly when measured against local wages. This clearly impacts on individuals and households. Crucially as well, from a business perspective, high housing costs make it harder to recruit and retain talented people and to compete nationally and internationally. They also put upwards pressure on the costs of labour, increasing overall costs of doing business in the region. According to the Resolution Foundation, Bristol now has the highest private sector rents outside of London<sup>4</sup>. A series of national reports have concluded that high housing costs are the biggest issue facing the Bristol city region.<sup>5</sup> This is backed up by the surveyed views of our members and impacts across all sectors of the economy (see above).

We have had the rising costs of housing cited as a concern by many of our local sectors. This includes lower wage sectors who are struggling to recruit (such as in care, hospitality, the NHS and in retail), but it also is impacting upon our sectors which have the highest growth potential and which are seen as key growth sectors by our local authorities, our combined authority and our LEP.

In Bristol's growing tech sector, for example, Oracle is one of the key companies recruiting developers and supporting the development of the region's start-up and developer ecosystem. Phil Bates, leader of Oracle's globally strategic cloud development centre in Bristol has stated that:

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<sup>4</sup> The Resolution Foundation 'A western union: living standards and devolution in the West of England' January 2017

<sup>5</sup> See Centre for Cities, PWC UK 'Good Growth for Cities 2017', which states that the "the 'price of success' has also become increasingly evident recently. Declining scores since last year's index in work-life balance, transport, health and particularly housing affordability highlight some of the ongoing challenges faced by UK cities". The Resolution Foundation 'A western union: living standards and devolution in the West of England' January 2017. Shelter / IPPR 'Growing Cities: How can England's successful cities build the homes we need?' 2015

*“The growth of any tech ecosystem is fundamentally conditional on the ability of companies to attract and develop talent - and when it comes to creative digital innovation, there is always fierce competition for talent. Cost and standard of living are key factors that differentiate tech clusters for applicants - high housing and transport costs, for example, can make a given city less attractive - especially for a younger generation of digital developers. A commonly reported risk to the growth of the Bristol ecosystem is the spiralling cost of housing (particularly rented accommodation) compared with other European tech clusters (e.g. Berlin) and fragmented/expensive transport infrastructure (e.g. poor transport links to airports, across town etc.).”<sup>6</sup>*

We are concerned that there is a strong risk that our continued failure to deliver housing will act as a significant drag on our future performance and harm our businesses performance and growth. This will threaten the central element of the proposed vision of the West of England JSP that “by 2036 the WoE will be one of Europe’s fastest growing and most prosperous city regions with the gap between disadvantaged and other communities closed and a rising quality of life for all”.<sup>7</sup>

As Professor Bramley noted on the risks facing the West of England around housing affordability:

*“There is also a significant risk that economic growth may itself be choked off – employers may experience labour recruitment or retention problems, particularly more difficulty attracting skilled applicants, while potential investors may regard this area less favourably than competing areas which appear better able to accommodate an expanding workforce.”<sup>8</sup>*

There remains a significant shortfall in underlying housing numbers proposed in the plan – with a gap between the numbers proposed by the West of England authorities (105,000) and by independent alternative assessments, notably from Professor Glen Bramley (“at least 132,000”). There is also a significant gap between the numbers proposed in the Plan and those generated under the standard approach recommended by the government’s recent draft guidelines for assessing Objectively Assessed Housing Need (116,000).<sup>9</sup>

### **Evidence base – on housing numbers**

In 2015 Business West commissioned the independent and highly respected housing market economist Professor Glen Bramley to assess the robustness of the West of England’s draft Strategic Housing Market Assessment (SHMA) and its likely impact on the economic and social health of the region.

In late 2016, we asked Professor Bramley to look again at the figures presented by the West of England in the current draft JSP. He then revisited this assessment in January 2018.

This assessment of the revised SHMA and the current JSP conducted by Professor Bramley concluded with the finding that the West of England Housing Market Area needs to increase significantly its headline figure of planned housing numbers and its delivery of housing if it is to achieve desired

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<sup>6</sup> Email from Phil Bates to Business West, 20<sup>th</sup> December 2017

<sup>7</sup> West of England Joint Spatial Plan, Publication Document, November 2017, page 13

<sup>8</sup> Planning for housing in the West of England – the scale of the challenge, Professor Glen Bramley, November 2015

<sup>9</sup> Planning for the right homes in the right places: consultation proposals, HM Government 14<sup>th</sup> September 2017

outcomes in terms of the criteria for housing and economic performance set out in National Planning Guidance (2014). If it does not do so:

- In a scenario of higher growth, the size of the labour force (population of working age) will fail to keep pace with the potential number of jobs created leading to upward pressure on labour costs, along with skills and labour shortages - and slower economic growth.
- House prices will rise relative to incomes and the affordability of home-ownership will get worse both in absolute terms and compared to the national picture.
- The affordability of rented housing will also deteriorate significantly over the next twenty years.
- The supply of 'affordable' housing provided specifically for those on low incomes will fall well below levels of need.
- Overall housing need will increase relative to supply.
- The backlog of unmet housing need will get worse.

These scenarios are likely to constrain future jobs, business and overall economic growth for the region as well as worsening affordability.

Professor Bramley finds a particular negative impact on the gap between jobs growth and housing availability and on housing affordability and the ability of households to buy and rent housing.

- On jobs growth, Professor Bramley finds that the current planned housing numbers in the JSP would lead to a worrying gap opening up between jobs growth and population – with a gap of around 11,000 (10%) of the working population relative to projected job growth.

On housing affordability, Professor Bramley finds a deterioration of market home ownership and rental affordability. Rental affordability in the West of England would be 16.9% worse than it currently is by 2036, whilst affordability to buy would be 9.5% worse than it currently is by 2036. This deterioration of affordability would be greater in the West of England than in England as a whole, with the region being on average 6.3% worse in terms of affordability to buy than England over the plan period.

- Professor Bramley also finds a considerable deterioration in the ability of younger households to buy a home over the plan period. To quote:

“It is a considerable concern that home ownership has plummeted, particularly for the under-40s but also to some extent for the older working age group, and especially that continued decline is forecast, particularly in areas like Wider Bristol and Bath. Our baseline projection shows home ownership among under-40s dropping from nearly 70% in 2002 to about 27% in 2031, and virtually flat-lining after that, in these two HMAs. Although the drop up to 2011 was nationwide, from that time onwards it moderates in the rest of the country while continuing downhill in WoE. For the 40-59 group, ownership rates are also forecast to fall, in Wider Bristol from 87% in 2001 to 55% in 2041.”<sup>10</sup>

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<sup>10</sup> Further Analysis and Commentary on the West of England Joint Spatial Plan, Professor Glen Bramley, December 2016 / January 2018

To spell this out more starkly, based on the revised housing numbers in the current draft JSP, little more than a quarter of our under-40 year olds will, on average, be able to afford to buy a home in the local housing market area over the plan period.

As the city region Chamber of Commerce, we are therefore concerned that the JSP is based on conservative growth ambitions, which will constrain jobs growth, hurt business health and looks likely to act as a constraint on future growth. We are also concerned that this deterioration of housing affordability in the West of England relative to the rest of the UK will hurt our competitiveness and undermine the growth ambitions of the region.

In an economy that is based on growth in high knowledge sectors these findings are an important economic issue – as the West of England will need to attract workers who are seeking rented accommodation or who aspire to home ownership. In failing to plan for higher levels of homes, the West of England is risking a plan in which the dynamism of the economy is undermined by a lack of dynamism in housing supply. There is a real danger we are planning to underperform.

Specifically, Professor Bramley finds that there are a series of weaknesses in the assumptions and evidence on which the draft JSP and its revised SHMA relies and that these weaknesses undermine the soundness of the current draft plan.

These are set out in detail in the documents we attach as part of Business West's submission to previous consultations, but in summary:

- The economic forecasts on which the SHMA is based are conservative in terms of likely economic and employment growth, particularly given the past trajectory and future potential of the West of England based on indices of competitiveness.
- New 2017 figures from Oxford Economics on jobs growth forecasts are significantly higher (at 26,922 more jobs, or a 33% increase) than the 2015 Oxford Economics forecasts that the West of England JSP and SHMA is based. The previous Oxford Economics 2015 forecast under a 'medium-high growth scenario' were 81,607 new jobs. The 2017 forecasts are for 108,529 new jobs under the same 'medium high growth scenario'.
- Levels of household growth and the JSP figure of 105,000 planned new homes do not meet the need for employment (based on the size of the population of working age) or meet the likely rate of future job growth – with a significant shortfall of 11,000 (10%) of the working population relative to jobs growth.  
The SHMA is over-reliant on the 2012 projections of future household numbers produced by the Department of Communities and Local Government. These projections are widely believed to significantly understate likely future household growth. This is because they are based to a large extent on the period since the recession from 2008 onwards, a period when most experts agree that levels of household growth were lower than in more normal times.
- During the recession, young people and couples in particular were forced to postpone forming their own new households – there was higher unemployment, economic uncertainty, there were fewer houses available on the market and mortgage finance was less readily available. In particular, low levels of housing supply as a 'one-off' effect of the biggest post-war recession and global financial crisis suppressed levels of household growth.
- Levels of migration into the area of those taking up employment opportunities were also lower given that fewer jobs were available during the recession, and also that levels of housing output were relatively low in Wider Bristol over the whole period 2001-11. At sub-regional level, migration is strongly influenced by housing supply. Basing expected future household numbers purely on these latest estimates is therefore likely to underestimate

future levels of housing need and demand in the housing market. Levels of new household formation and of in-migration will increase as the economy picks up.

- Levels of affordable housing provision for those on lower incomes proposed by the SHMA are in themselves reasonable. The evidence suggests, however, that in order for such levels to be delivered in practice a higher level of overall housing numbers will be required.
- The level of uplift in overall housing numbers suggested as necessary in response to the overall level of house prices and housing affordability (as required by National Guidance) is a serious underestimate. Affordability in the West of England is 13% worse than the national average. The revised SHMA, in response, includes an uplift of overall housing numbers by 10% for Wider Bristol and 15% for Wider Bath. Analysis continues to suggest that this underestimates by several orders of magnitude, the level of uplift needed to impact on overall levels of affordability and that the uplift should be at least 35%.

In his latest research, Professor Bramley has also looked at the more recent evidence across a series of key indicators; including house prices, housing affordability, population growth and recent employment growth. This includes the findings that:

- On **employment growth**, as cited above, new 2017 figures from Oxford Economics on jobs growth forecasts are now significantly higher (a 33% increase) than the 2015 Oxford Economics forecasts that the current draft SHMA is based on. The previous Oxford Economics 2015 forecast under a 'medium-high growth scenario' were 81,607 new jobs. The 2017 forecasts are for 108,529 new jobs under the same 'medium high growth scenario'.
- On **house prices**, 2013 is the base data year for the ORS assessment of market signals and relative affordability, yet data is now available up till 2017.

Since 2013, Wider Bristol has seen the highest increase in house prices within the South West, increasing by a third in three years. Wider Bath had the second highest increase in median house prices and the fourth in mix adjusted house prices.

- On **affordability**, the house price increases in Wider Bristol and Wider Bath HMAs are in the range of 25-34% over three years between 2013 and 2016, well above the increase in earnings over this period. If we assume Bristol had similar levels of earnings increases to the UK national average then the ratio of median house prices to earnings would have worsened by 22% over this period.
- On **population growth**, recent data from both the ONS and Bristol City Council highlights Bristol's high recent rate of population growth.

This data shows that recent population growth trends are significantly higher than the rates of growth assumed in the population and household projections used by ORS and the West of England in assessing housing need.

Between 2011 and 2016, the actual population of the four West of England authorities grew by 12,337 persons per year – a number 37% higher than the average growth rate embodied in the population projections underpinning the household projections (9,017). The

discrepancy was particularly high for BANES (150%, or 1,4107 pa) but also quite substantial for Bristol (30% or 1,191 pa) as well as South Gloucestershire (27%).

These findings reinforce our concerns that the SHMA commissioned by the West of England is reliant on data that is out of date and projections that are unduly pessimistic. To quote Professor Bramley:

“From recent evidence it is clear that key measures of housing demand in the West of England show significant upward movement, whether measured in terms of house prices, affordability ratios, population growth relative to official projections, and employment growth. These upward movements in indicators of housing demand pressure continue to be apparent from the most recent (2016 or 2017) data.

ORS and the local authorities continue, however, to rely on employment forecasts which are conservative relative to the growth potential of the region which is clearly manifested in the published comparative indicators of city region competitiveness. This judgement is strongly confirmed by the revised employment forecasts.”<sup>11</sup>

Based on this overall evidence and expert analysis, we believe that the Joint Spatial Plan and strategy for the city-region as a whole must adopt a higher overall housing number and adjust its spatial and transport strategies accordingly.

Business West strongly agree with Professor Bramley that it is the better course of action, and the duty of the responsible planning authorities, to raise the overall level of planned provision if they are to reasonably plan for future economic growth and the needs of the region. To quote Professor Bramley:

“The Joint Spatial Plan has more control over the level of housing supply than it has over the level of growth. It can and should facilitate growth in many ways but there are major determinants which are beyond its control and, currently, subject to heightened uncertainty. That suggests the need to adopt a strategy which is robust to different possibilities.”

“... if we look at this from the point of view of planning for uncertainty, where the uncontrollable uncertainty is growth and the plan-able instrument is supply, then it is clear that the outcomes are better if you choose high supply”

“... having tested higher and lower growth scenarios it is clear that better outcomes would result from adopting a higher planned growth level, whichever of these scenarios turned out to materialise.”<sup>12</sup>

Professor Bramley concludes that the objectively assessed level of future housing need based on sound evidence and reasonable assumptions including demographic factors and market signals is:

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<sup>11</sup> Further Analysis and Commentary on the West of England Joint Spatial Plan, Professor Glen Bramley, December 2016 / January 2018

<sup>12</sup> Further Analysis and Commentary on the West of England Joint Spatial Plan, Professor Glen Bramley, December 2016 / January 2018

“In the light of these findings, I would recommend a target level of housing provision for the JSP Area (Wider Bristol + BANES) of at least 132,000”<sup>13</sup>

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<sup>13</sup> Further Analysis and Commentary on the West of England Joint Spatial Plan, Professor Glen Bramley, December 2016 / January 2018

## **Area of Soundness: the level of affordable homes in the West of England**

The West of England has high levels of housing costs, with worse levels of lower quartile house price affordability when compared to median house price affordability<sup>14</sup>, meaning higher housing pressures on those with lower incomes.

An increase in the overall level of housing completions across the whole plan period is needed if affordability and the gap between incomes and housing costs is to be addressed – hence our view on the overall target supported by Professor Bramley’s analysis.

We recognise that there are issues of housing delivery. Higher planned numbers are not automatically realised in practice. Crucially, however, higher planned numbers do typically result in higher levels of delivery even though the impact on delivery is not proportional. There is also a range of measures which could be supported in policy terms to increase the rate of delivery relative to planned allocations. Devolution offers an opportunity to put in place new delivery mechanisms or a West of England delivery board to focus more attention on this issue. This should not however distract attention from the prior importance of the overall level of planned allocations.

Addressing the overall level of housing supply and housing affordability is clearly of importance. This requires both more market housing and more affordable housing.

### **Affordable housing**

The West of England has worse levels of lower quartile house price affordability compared to median house price affordability<sup>15</sup>, meaning higher housing pressures on those with lower incomes. As the JSP itself notes, affordable housing “need is acute”.<sup>16</sup>

As well as negative social consequences, this puts pressure on our economy and on the ability to hire and retain key workers within the labour market. The importance of addressing the needs of the lower end of the employment market is also reinforced by our business members (see our above business survey).

We believe that the West of England authorities need to do more to articulate a credible plan for delivering the affordable housing need identified by the SHMA.

At present the four West of England authorities are proposing to ignore nearly a quarter of identified affordable housing need.

This, combined with the overall lack of housing ambition in the JSP, will lead to a continued escalation in housing costs (rents and house prices relative to incomes), reduced supply of housing at a cost that low income households can afford, higher pressures on social housing waiting lists and greater pressures on vulnerable households, probably leading to more households in temporary and

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<sup>14</sup> See ONS 2016, ratio of house price to workplace earnings by local authority, lower quartile and median

<sup>15</sup> See ONS 2016, ratio of house price to workplace earnings by local authority, lower quartile and median

<sup>16</sup> West of England Joint Spatial Plan, Publication Document, November 2017, page 11

emergency accommodation, as well as making it harder to recruit and retain key workers for the region.

The likely increase in housing need and worsening access to social housing is borne out in Professor Bramley's projections. Based on the current proposed West of England JSP and its proposed level of affordable housing delivery, he estimates that the backlog need of those in housing need will increase by over 24,000 households over the planned period. He also estimates that a household in need in Wider Bristol will, in 2031, have only a 2.9% chance of being re-housed in social housing, with the chance being even lower in Wider Bath (at 2.5%).<sup>17</sup>

This lower level of ambition on affordable housing within the JSP has been considered by the authorities.

The most realistic way of delivering more affordable housing is via increasing levels of overall market housing. There could be important supplementary ways in which to deliver more affordable homes, but these are not fully articulated by the West of England authorities and difficult under current national government policy.

Given that independent experts like Professor Bramley present evidence that the West of England already needs to raise its planned housing numbers, the West of England should set out what increased levels of planned housing numbers mean for their ability to deliver affordable housing and identified affordable housing need.

In the 2016 JSP document, the authorities stated that "the option of further increasing the overall market housing ... to bring forward more sites which in turn may deliver more affordable homes has been explored".<sup>18</sup> In the most recent plan document, they go on to say "Increasing the overall housing requirement by applying an additional uplift above that already included in the assessment was considered in the 2016 consultation. While there may be some effect on increasing affordable housing, this is not in itself the solution."<sup>19</sup>

Yet the authorities have not detailed why it is not a solution or presented detailed evidence of the findings around increasing overall housing and what it means for higher affordable housing delivery. Nor have they considered it as one part of a broader solution to deliver the full level of affordable housing need.

Professor Bramley has examined this issue. He found that, with the higher level of total housing he proposes, it is possible to significantly raise the level of affordable housing provided within the plan period. This would raise the level of affordable housing to very close to the level of affordable housing need that the West of England authorities have identified. To quote:

"In the light of these findings, I would recommend a target level of housing provision for the JSP Area (Wider Bristol. + BANES) of 132,000... With an overall affordable housing target of

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<sup>17</sup> Further Analysis and Commentary on the West of England Joint Spatial Plan, Professor Glen Bramley, December 2016 / January 2018

<sup>18</sup> West of England Joint Spatial Plan, Towards an emerging spatial strategy document, November 2016, para 26

<sup>19</sup> West of England Joint Spatial Plan Topic Paper 1, Formulation of the Housing Requirement, November 2016, page 14

25% this would deliver close to 30,000 units of affordable housing over the 20 year plan period (i.e. close to the number which ORS argue are needed), of which half could be low cost home ownership and half social/affordable rent. The former should require no cash subsidy given appropriate s.106 agreements while the latter should be viable with relatively low unit subsidy, particularly once allowance is made of Bristol City's contribution of significant land assets to the programme."<sup>20</sup>

Professor Bramley also demonstrates that such a course of action would lead to measurable improvements in outcomes for those in affordable housing need, for the wider population and for the wider economy:

"The relative affordability of home ownership in the sub-region would then come within 1.5% points of the national average, a gap which would be more than bridged by the c.3.0% of extra affordability given by the additional LCHO provision. Households in need would have a 50% better chance of re-housing in social renting by 2031. On our reasoned middle growth assumption this would yield a good balance between job growth and working population growth, while ensuring that indigenous households are not obliged to leave the sub-region to find housing."<sup>21</sup>

The authorities rule out delivering higher levels of affordable housing through raising the overall level of housing provision. Instead they suggest "A more radical change was needed than a simple additional uplift. It was agreed through more recent consultation processes that a suite of options will be needed as a pragmatic response to boost the supply of affordable housing alongside the prioritisation of affordable housing provision through the JSP, which involves changes to current policies to maximise supply."<sup>22</sup>

The authorities' plans on affordable housing delivery are therefore reliant on policies that do not appear to currently exist – but they do not set out what these would be, either at local or national level. They state that it would be "a more radical change", without specifying what this change would be and why it is preferable to, or exclusive from, the existing available option of raising overall housing delivery.

Doubts about the West of England authorities approach to affordable housing are added too by their choices of strategic development locations, particularly the emphasis on strategic development locations outside the green belt, rather than closer to urban areas. These locations will tend to be in lower value areas, with less market demand, and as a result there will be less land value to contribute to affordable housing and developers and landowners' land uplift contributions will probably go to fund infrastructure costs first, meaning a loss of funds for affordable housing (see further comments around infrastructure below).

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<sup>20</sup> Further Analysis and Commentary on the West of England Joint Spatial Plan, Professor Glen Bramley, December 2016 / January 2018

<sup>21</sup> Further Analysis and Commentary on the West of England Joint Spatial Plan, Professor Glen Bramley, December 2016 / January 2018

<sup>22</sup> West of England Joint Spatial Plan Topic Paper 1, Formulation of the Housing Requirement, November 2016, page 14

Given this evidence that the West of England could meet its affordable housing need within the proposed uplift of numbers set out by Professor Bramley, and the social and economic benefits this would bring, we do not believe the West of England authorities have sufficient justification not to do so.

## **Area of Soundness: making adequate provision to address the economic and employment needs of the West of England**

Having the right sort of employment sites in the right locations within the West of England is vital for the future prosperity of the city-region and the employment opportunities available to local populations. Without appropriate availability of sites and premises we will be unable to attract inwards investment internationally or from the rest of the UK. Businesses currently in the city-region and seeking to relocate or expand will be unable to do so locally and are likely to move away.

Rising commercial property prices in the West of England risk reducing our competitiveness in relation to other key regional markets from London and the M4 and M5 corridors, as well as weakening our position with the 'Northern Powerhouse' cities and Cardiff and South Wales – all of whom have aggressive strategies to drive growth and attract both national and international inward investments and relocations. The West of England also faces growing international competition, given the global reach and supply chain structure of many of our region's key economic sectors.

Our city region is currently facing a shortfall in suitable employment space for growing companies in central Bristol and Bath – something that is being frequently highlighted to us by our tech, creative and SME members and partners. There are a growing number of examples of companies that are unable to find suitable space to grow within the most connected and economically important parts of our region.

For example, an October 2017 blog by the West of England's main business and tech incubator space, Engine Shed, noted:

*"As Scale-up Enabler for the West of England, I have been surprised by the depth and breadth of concern raised about the availability of suitable office space which is accessible to fast-growing businesses in the region. ... Individual business owners describe a great deal of frustration in identifying, negotiating and securing suitable spaces. ... due to the highly competitive nature of office space in the region, agents and landlords can command high rates which can be out of the reach of scale-up businesses. ... regionally, Grade B space is declining in volume and there is a lack of new buildings (particularly those built speculatively) – this drives up rental prices and encourages longer leases."*<sup>23</sup>

In Bristol City Centre in particular, there is concern at the current shortage of available office space. Currently only 4.5% of the office stock is available, which represents just one year's normal take up. In particular, there is a dearth of planned provision and sites for relatively modest office requirements of 930 sqm to 2,790 sqm (10,000 to 30,000 sq ft), which form a significant part of private sector occupier requirements.<sup>24</sup>

According to recent commercial market commentary:

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<sup>23</sup> <http://www.engine-shed.co.uk/scale-up-challenges-room-for-growth/>

<sup>24</sup> Future Requirements for Employment Floorspace and Sites in the West of England, Wessex Economics, October 2017

“Vacancies are at record lows, rents [are] rising quickly. Indeed Bristol recorded the strongest average rent growth of the Big Six [UK Cities] in the 12 months to Q3 2017. Robust occupier demand coupled with a loss of stock to conversions, means Bristol recorded more net absorption (as a percentage of existing stock) than any other major UK city in 2013–16. This helped pull vacancies down sharply to a 20-year low in Q2 2017”.<sup>25</sup>

## **Overall findings**

There are several major flaws in the evidence base on future employment needs and future employment land allocations that has been conducted by the West of England as part of the JSP: the Economic Development Needs Assessment (EDNA).

Whilst the EDNA document is first and foremost a technical evidence base document for the JSP, it is currently the sole evidence base document on employment land issues within the JSP and thus needs to have a robust and credible methodology and a duty to fully outline all of the relevant issues. Without this, we cannot be confident of the JSP’s overall employment land conclusions.

We commissioned an independent practitioner with long experience of employment land work, Chris Cobbald from Wessex Economics, to write two studies addressing the West of England EDNA and assessing whether it needed strengthening:

- “Employment Land Requirements in the West of England: A Review of the West of England Economic Development Needs Assessment” (Wessex Economics, December 2016)
- “West of England Joint Spatial Plan to 2036: Future Requirements for Employment Floorspace and Sites in the West of England” (Wessex Economics, October 2017)

These pieces of work found several major flaws within the West of England’s EDNA, which we outline below and which we have already highlighted to the West of England authorities.

We believe the cumulative effect of these flaws make both the EDNA and the employment land elements of the JSP unsound and mean that the West of England is in danger of proceeding with a plan that is based on defective assumptions, data and findings.

In particular, we are concerned that the result of these flaws is that the JSP will seriously under-allocate employment land in the areas where there is most demand and in the sectors where there is highest economic growth potential. Because of the emphasis within the JSP on Urban Living, this will also have implications for the housing elements of the JSP relating to brownfield land allocations and capacity.

We hoped that these concerns would have led to further work from the West of England authorities to address the serious problems found in the EDNA’s methodology. Wessex Economics noted in 2016 that:

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<sup>25</sup> <http://www.costar.co.uk/en/assets/news/2017/November/CoStar-Analysis-Bristol-sound-keeps-investors-humming/>

“It is the responsibility of the local authorities in the West of England to prepare robust, evidence-based plans that will ensure the future prosperity of the West of England. [Wessex] sets out a clear agenda for the local authorities regarding the further research and analysis required on employment land issues to ensure that the emerging strategy is robust and fully future-proofed.”<sup>26</sup>

Despite this, to the best of our knowledge, no further work has been done by the West of England authorities to address these flaws. The JSP publication document continues to state the finding that:

*“The employment land requirement to support the delivery of employment growth has been assessed, and the Economic Development Needs Assessment (EDNA) has identified that existing employment land is sufficient to deliver strategic employment needs, and the anticipated jobs growth over the period to 2036. Whilst the EDNA identified some localised mismatches between supply and demand for example in some parts of the WoE such as the Avonmouth / Severnside area, within the single functional economic market of the West of England, the opportunities to satisfy economic and employment land needs exceed the requirements of the highest employment job forecasts.”* (WoE JSP Publication Document, November 2017, page 24)

We believe the original WoE EDNA failed in 2015 to sufficiently consult with the business community and therefore understand the requirements of occupiers, developers or have a full enough understanding of market demand and supply issues.

The Bristol Property Agents Association (BPAA) approached a series of named contacts provided by the EDNA report authors, Atkins, as cited business consultees for the EDNA report process. BPAA asked the named contact whether they had been, or could remember being, formally consulted or engaged with by Atkins as part of the process of the EDNA report. We got the following responses:

Person	Organisation	Could this person remember being formally consulted or interviewed as part of the EDNA review process?
Named contact	Pro Cons	No
Named contact	HTC	No
Named contact	Savills	No
Named contact	Colliers	No
Named contact	CBRE	Had attended a high level seminar including employment land issues organised by JLL

**At present we believe that the JSP’s evidence base in relation to employment land is flawed and needs to be strengthened before the West of England can reasonably make robust conclusions about supply and demand or settle its final levels of spatial employment land allocations.<sup>27</sup>**

<sup>26</sup> Employment Land Requirements in the West of England: A Review of the West of England Economic Development Needs Assessment, Wessex Economics, December 2016

<sup>27</sup> West of England Joint Spatial Plan: Towards an Emerging Spatial Strategy, para 50

Paragraphs 160 and 161 of the NPPF are clear over the issues which need to be tackled in terms of business needs/requirements and Business West considers that the EDNA study falls short of this national policy requirement and this needs to be strengthened before the JSP can be taken forward.

### **Weaknesses in the Employment Land Evidence Base**

- **Findings of top level surplus**

We remain concerned that the WoE EDNA study relies on the over optimistic assumption that there will be a surplus of employment land.

We believe that using the West of England FEMA as the primary tool for measuring surplus and demand is too general and disguises possible under supply within the stronger sub markets of the region.

The area where the West of England has the most designated employment land (Avonmouth, Severnside and Weston Super Mare), and which is identified by the EDNA as the major location of future employment land, will only be suitable for certain very narrow business types and sectors – primarily warehousing and manufacturing, particularly large format B8 Distribution– and not for the full range of business and employment needs of the West of England.

We remain concerned that relying too heavily on Avonmouth and Severnside as a source of future employment land gives an unrepresentative picture of the likely needs in the other key West of England employment sites.

We have concerns that only 3% in Bristol and 5% in Bath is listed within the total amount of developable land available in Table 5-10 of the EDNA. This seems lopsided, considering the core value of these areas and their existing connectivity and network strengths (see below).

- **Net vs gross supply**

Wessex Economics highlight the important issue of whether the assessment of employment land for the West of England is made on a gross or net basis. The West of England's EDNA presents its conclusions of total supply on a net basis in its calculations of total need.

This assumes that different types of employment land use are broadly interchangeable between different types of employment use (B1, B2 and B8 use categories). This approach assumes that, for example, if there is an increased requirement for office floorspace, but a reduced requirement for industrial floorspace, the overall requirement can be calculated as the additional requirement for offices, less the reduction in the need for industrial floorspace. This approach assumes, in this example that land released from industrial use can, and will be, automatically re-used for office development.

As Wessex Economics state:

*“This assumption is unsafe. It cannot be assumed that B1c/B2 and B8 land will necessarily be suitable to redevelopment for B1a/b uses. For example, the sites becoming redundant may*

*not be in a location where office development would be attractive to potential occupiers because it has poor public transport accessibility. It may be that the redundant sites that are no longer needed for B1c/B2/B8 uses are a patchwork of sites still partly in use; in which case the only way redundant sites might be made suitable for B1a/b uses is through a complex process of CPO and redevelopment.*

*This issue of whether the requirement existing employment land can be recycled for other employment use is absolutely critical in determining whether there is an adequate supply of employment land to meet future employment requirements. This work has not been undertaken in the EDNA – and is therefore a key issue that needs to be addressed in the more detailed studies that will need to be undertaken by the unitary authorities.”<sup>28</sup>*

The supply and demand calculations within the EDNA for B1a/b office and R&D uses therefore need to be reassessed so that they are not made on a simple net basis, but on a realistic assessment of whether industrial sites and the areas in which those sites are located will be suitable for office use. Where this leads to an undersupply of B1a/B employment land, the West of England should increase allocations, particularly in high demand locations.

- **Assumptions of rebalancing within sub markets**

As well as the assumption of a rebalancing of use classes *within* particular geographically defined sub markets (see above), the JSP assumes that there will also be a rebalancing *between* geographically defined sub markets.

This finding that it is possible to ‘rebalance’ undersupply in one part of the market within the West of England area with oversupply in another we believe to have potentially serious shortcomings.

Findings on future employment land allocations do not address the difficulties behind the EDNA assumption that market participants can ‘rebalance’ between locations and that this can rebalance shortages in one sub market. Our experience is that one sub market in the region does not represent a ready substitute for another and such movement is in practice highly limited for the businesses located in the different sub markets in the region.

Evidence from our members is clear, one sub-market does not represent a ready substitute for another. The alternative for a business seeking to relocate to a particular submarket within the overall FEMA may not be an alternative within the FEMA but an alternative urban area elsewhere in the UK or internationally.

This points both to the need for a range of suitable opportunities within all sub markets of the FEMA but also to more detailed analysis of whether these assumptions are plausible with market participants.

- **Lack of inclusion of Non ‘B’ uses**

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<sup>28</sup> Employment Land Requirements in the West of England: A Review of the West of England Economic Development Needs Assessment, Wessex Economics, December 2016

The EDNA study concentrates solely on 'B' uses, despite the wider range of employment land use that present a real impact on employment land availability and within employment land markets.

Pressure on employment land comes from both residential and the broad range of Non 'B' Class employment uses not covered by the assessment which make up an unquantified but significant percentage of total non-residential demand.

Examples of these Non B class employment uses include student accommodation and education (both of which are significant consumers of employment land within our two city centre markets of Bristol and Bath) as well as other uses such as health, care, community use, parking, retail and leisure. West of England property agents report that around 92,900 sq m (1 million sq ft) of student residential accommodation has been built on land allocated for employment uses in Bristol City, with a significant proportion of this provided in the City Centre.<sup>29</sup>

The ability of these classes to be an important part of employment land use will clearly have an "on the ground" bearing on total demand for employment land, and therefore the JSP needs to consider these properly in making its total calculations of future employment land allocations.

- **The pressure on brownfield use by residential and Permitted Development Rights**

Given the emphasis within the JSP on brownfield development to meet the West of England's future housing needs it is particularly important to get the balance of employment and residential land right, and to ensure the evidence base underpinning future employment land supply is robust and forward looking.

The JSP's focus on concentrating residential development within existing urban areas will put additional pressure not just on the total land available for employment, but also the cost of this employment land.

The national policy context also increases the importance of examining this issue. The loosening of Use Class regulation has increased the pressures on the commercial property market, and Permitted Development Rights (PDR) have now been made permanent. This is likely to introduce significant additional pressures on the employment land market that need to be accounted for in future plans.<sup>30</sup>

The start of paragraph 50 of the 2016 'Towards the Emerging Spatial Strategy' JSP document notes, correctly, that employment land is under continuing pressure from other land uses. However, this issue is not properly taken into account in the evidence base study for the JSP (Economic Development Needs Assessment ('EDNA')) which ultimately leads to a significant concern over the robustness of the supply-demand balance calculations in the EDNA document.

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<sup>29</sup> Future Requirements for Employment Floorspace and Sites in the West of England, Wessex Economics, October 2017, page 12

<sup>30</sup> Bristol one of only three locations outside of London in the top twenty local authorities with the highest level of office to residential conversions during 2015: Planning Resource magazine, analysis using DCLG statistics September 2015

The EDNA document correctly acknowledges that the office to residential PDR has the potential to affect the supply of employment land in the West of England area. However, this is as far as the EDNA document goes in terms of this key issue and the sole reason given is “due to a lack of data”.

Yet available data does show that loss of employment land to residential from PDR has been a noticeable factor in the West of England’s main employment land market.

Between the end May 2013 and end March 2016, some 92 applications in Bristol City have been approved for conversion of offices to residential units under Permitted Development Rights (PDRs). If all these schemes are taken to completion some 93,400 sq m of B1 office floorspace will be lost.

The EDNA indicated that in 2015 Bristol City Council (BCC) had a stock of 1,883,500 sq m of B1a/B1b office and R&D floorspace. The amount of office space subject to conversion to residential (93,400 sq m) through exercise of PDRs therefore represents 5% of the total office floorspace in Bristol.<sup>31</sup>

This loss of 5% of total Bristol office floorspace in the short time period of under three years is significant. The continuation of PDR as a national policy means that the medium to long term impact of PDR upon the Bristol City office market is highly likely to remain a considerable factor in the market. It therefore needs to be taken into account in calculations of the supply of future employment land. Business West considers that without a more robust analysis of PDR the EDNA is unsound.

The JSP places significant emphasis on what brownfield land availability means for future residential development – for example “Urban Living is a central plank of the Spatial Strategy”<sup>32</sup> - without giving due weight to its employment market impact. The JSP also notes that “there is a risk that employment uses will be pushed out by the need for new homes and the values generated by residential development Introduction”<sup>33</sup>

The current work by the local authorities highlights potential sources of land currently in employment land use for residential, but we have not seen analysis of what this transfer would be for total employment land availability and its potential impact on individual sub markets.<sup>34</sup>

- **Replacement Demand**

Wessex Economics believe that there is a need for attention to be given to ‘replacement demand’ in the EDNA’s underpinning analysis.

The WoE EDNA assesses the demand for employment floorspace/land primarily by examining employment forecasts; the approach taken is to identify the additional employment that will arise over the period 2016-2036 in sectors that generate demand for employment floorspace. This approach does not appear to take into account any requirement for ‘replacement demand’; that is, the demand for employment floorspace associated with existing jobs, arising from redevelopment of employment floorspace for other uses.

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<sup>31</sup> Future Requirements for Employment Floorspace and Sites in the West of England, Wessex Economics, October 2017, page 11

<sup>32</sup> West of England Joint Spatial Plan: Publication Document, November 2017, page 15

<sup>33</sup> Ibid, page 26

<sup>34</sup> For example Bristol City Council has identified employment land with the potential to provide 3,600 new homes

As Wessex Economics states:

*“The approach taken in the EDNA does not appear to take into account any requirement for ‘replacement demand’; that is, the demand for employment floorspace associated with existing jobs, arising from redevelopment of employment floorspace for other uses. In the past this may not have been a significant issue, but with pressure to increase housing provision, and the value premium of residential land compared to land in industrial use, significant amounts of employment land are being lost to residential development.”<sup>35</sup>*

We would recommend that this analysis is conducted before the EDNA is finalised and the JSP is concluded.

- **Findings on sub market capacity and delivery**

The JSP relies on a strategy of delivering future employment growth almost entirely within the framework of Enterprise Zones and Enterprise Areas. The current JSP draft proposes that more than two thirds of the identified employment growth will happen within Enterprise Zones and Areas.<sup>36</sup>

Such a focus on EAs and EZs raises two concerns.

- The first is whether the selected EZs and EAs are able to realistically provide the supply to meet the identified need.
- The second is what happens to employment areas that fall outside of this EA and EZ framework, particularly given the national context of pressures on employment land provision from other uses.

- **The allocations put forward in the WoE city centre Enterprise Zone (Bristol) and Enterprise Area (Bath) under-allocate when compared to assessed need**

We are concerned that the allocations put forward in the draft JSP under allocate supply in relation to need in our key city centre markets – meaning there will be a shortfall for example in office provision in Bristol and Bath city centres.

These shortfalls are borne out within the data set out in the EDNA. In the case of both Bath and Bristol this shortfall is considerable in the higher growth scenario - a shortfall of 21,652 square metres compared to the current Bath Riverside supply of 33,348 sqm and with Bristol (excluding South Bristol) a shortfall of 108,238 sqm compared to the current projected Bristol city total of 186,762sqm.

These shortfalls are considerably greater if we look at gross and not net supply and assume that the projected declines B1c/B2 and B8 class use are not transferred into B1a/b use (see above).

The West of England’s city centre sites and those on the mature urban fringes, for example North Bristol, remain critical for our overall economic health. Only these locations can benefit from sufficient

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<sup>35</sup> Employment Land Requirements in the West of England: A Review of the West of England Economic Development Needs Assessment, Wessex Economics, December 2016

<sup>36</sup> West of England Joint Spatial Plan: Towards an Emerging Spatial Strategy, para 54

agglomeration effects combined with proximity to the key transport nodes of Bristol Temple Meads, Bristol Parkway and Bath Spa to retain the connectivity that underpins our growth potential. This is particularly the case for the knowledge intensive industries which will be the likely source of the higher levels of GVA that will underpin future economic growth.

- **The projections for employment delivery in some other Enterprise Areas lack market credibility** – for example the plan to deliver 14,000 jobs in the Avonmouth Enterprise Area or 9,000 jobs at the J21 Enterprise Area on the M5.

Even with improved access afforded by the new M49 junction, Avonmouth and Severnside faces particular difficulties in bringing to market and is likely to continue to have attributes that make it unsuitable for many of the West of England’s growth sectors and industries. Its effective use will also require major levels of infrastructure and is likely to take decades, whilst continuing to suffer from weaknesses in demand relative to other centres.

## Conclusion

We believe that the above current shortcomings mean that the West of England’s EDNA cannot be considered a robust assessment of future employment land needs. Without a robust EDNA, we do not believe the elements of the JSP relating to employment land, or their related elements on the use of brownfield land within the draft plan, can be considered sound.

The West of England needs to conduct significant further work in order to help strengthen the current weaknesses in the JSP for addressing its future economic and employment needs. This includes:

- **Revisit and assess the top level assumptions on need and supply removing the current flaws identified in the EDNA’s methodology and assumptions;** including looking at gross supply, ‘replacement demand’ and incorporating a wider range of Non B Class uses into the analysis.
- **Quantify and assess the implications of PDR on employment land pressures** within Bristol and other sub markets – including incorporation of the need for ‘replacement demand’ analysis in existing markets.
- **Revisit and assess the spatial implications of a revised EDNA;** including looking at whether there is undersupply of employment land in high demand city centre locations and test assumptions on rebalancing within different sub markets – particularly when Avonmouth / Severnside is excluded.
- **Looking at possible undersupply in the key EZs and EAs** (notably Bristol TQ and the Bath Riverside), and what this implies for the ability to provide for the likely growth in demand for key use classes in these core city centre markets.
- **Assess the likely market delivery rates in the full suite of announced EZ and EAs** to see if these are able to deliver the level of employment growth that the JSP hopes. This should factor in infrastructure needs, costs and delivery times.

- **A focus on the qualitative aspects of employment land supply and demand**, looking at the likely sectoral and company drivers of demand, the qualitative types of spaces needed and their likely locational implications. This should seek to identify the range of uses/sizes/tenure/procurement options that would be needed by the market and influence final employment land allocations.
- **Assess the availability of larger employment sites for future key strategic employers**, given agent feedback we have that previous enquiries for larger sites have been difficult to fulfil – and whether the JSP needs to better consider this. More attention is needed to strengthen locations for future growth such as the Airport and the Port.

## **Area of Soundness –Spatial location, infrastructure and sustainability**

Business West Chambers of Commerce and Initiative and the wider business community strongly support the need for a strategic plan across the West of England and the vision and strategic priorities that underpin the current JSP.

Joint strategic planning across the functional economic area of the West of England means the opportunity to get right the vital factors needed to support the future prosperity and wellbeing of the whole of the city-region.

The final plan should be a blueprint setting out the ambition and trajectory for sustainable growth and it is vital that it lives up to the stated aims to support growth and to meet the challenges of the region.

We consider this current draft of the JSP to be falling significantly short of what is required for sustainable development in the West of England's plans, particularly the sustainability issues raised by the spatial elements of these plans.

As noted above, the West of England has strong economic growth potential, with jobs growth and significant future housing need. This is driven by the urban core of the region – due to the size of the populations and employment markets here, and particularly due to the strong agglomeration effects with economic 'clustering' and demand created by inter-firm collaboration.

We consider existing barriers to growth to be caused by a combination of high housing costs and lack of housing supply, skills shortages and transport congestion in the city region caused by a significant lack of investment in transport and infrastructure over several decades. This is particularly the case in a lack of investment in transport provision for both key radial and circular routes into and around the main employment centres of the city region. We welcome the way in which the JTS seeks to address existing shortcomings. However, we have serious concerns over the approach in the JSP towards Strategic Development Locations in respect of movement and transport infrastructure, both for the Plan period and the implications for continuing growth beyond the Plan period.

We consider that the economic prosperity of the region needs to have a spatial plan that:

- Delivers housing growth as close as possible to the main economic and jobs centres in the region.
- Does so in a way that maximises the opportunity for sustainable travel.
- Allows as close an alignment as possible between new development and existing sustainable transport infrastructure.
- Aligns future transport and infrastructure investment with existing areas of underinvestment in transport spending within the city region.
- Creates a plan with Strategic Development Locations that have the strongest viability, to allow greatest capture of land value from future development and reduce the risk of either economic shocks or lack of provision of future infrastructure jeopardising delivery.

We therefore agree with the JSP's stated *strategic priorities* that the plan should be one that: "ensures that new development is properly aligned with infrastructure and maximises opportunities for sustainable and active travel."<sup>37</sup>

We agree with the stated *outcome* of the JSP that there should be a "sustainable growth of homes and jobs, supported by necessary infrastructure." [Page 12] and a "reduction in car dependency and improved public transport access to opportunity, jobs and services."<sup>38</sup>

We also agree with the aspiration stated in the JSP to putting together a balanced portfolio of development locations: "The preferred approach is to achieve a balanced portfolio, which in combination focusses development at locations: well related to existing urban areas; which are served by existing sustainable transport routes; or those with the potential to be sustainable, as a result of the type and form of development proposed. This reduces the need for travel to facilities and employment and where travel is needed, to do it more sustainably."<sup>39</sup>

However, **we do not believe the final spatial locations chosen by the JSP achieve these stated aims or objectives.**

We are particularly concerned that the current spatial elements of the plan put development too far away from employment centres and are not well aligned with transport infrastructure and that this cuts against core principles of sustainable development.

We believe the current proposals have not been the result of a credible process of assessing the sustainability of spatial locations. We do not believe they have fairly assessed the sustainability impact, nor put forward objectively assessed locations chosen because of their relation to the West of England's current or future employment markets or its current or future transport infrastructure.

We believe many of the current proposal Strategic Development Locations cannot be made sufficiently sustainable, when compared to others which could have been reasonably included. This view is supported by the West of England's own transport assessments.<sup>40</sup>

We believe the current JSP and the concentration of Strategic Development Locations 'beyond the green belt' will lead to a significant diversion of financial resources, which the West of England estimates at £2 billion, including £1.8 billion of public subsidy,<sup>41</sup> towards transport investment that would be better spent elsewhere and which would be better able to support economic growth in the region.

We also believe the current JSP will lead to less resources being available from land value capture, thus making it harder to pay for infrastructure requirements or support the West of England's ability to deliver the affordable housing it needs.

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<sup>37</sup> West of England Joint Spatial Plan: Publication Document November 2017, page 12

<sup>38</sup> West of England Joint Spatial Plan: Publication Document November 2017, page 12

<sup>39</sup> West of England Joint Spatial Plan: Publication Document November 2017, para 10, page 20

<sup>40</sup> West of England Joint Spatial Plan, Emerging Spatial Strategy: Transport Topic Paper, November 2016

<sup>41</sup> West of England Joint Spatial Plan, Emerging Spatial Strategy: Transport Topic Paper, November 2016

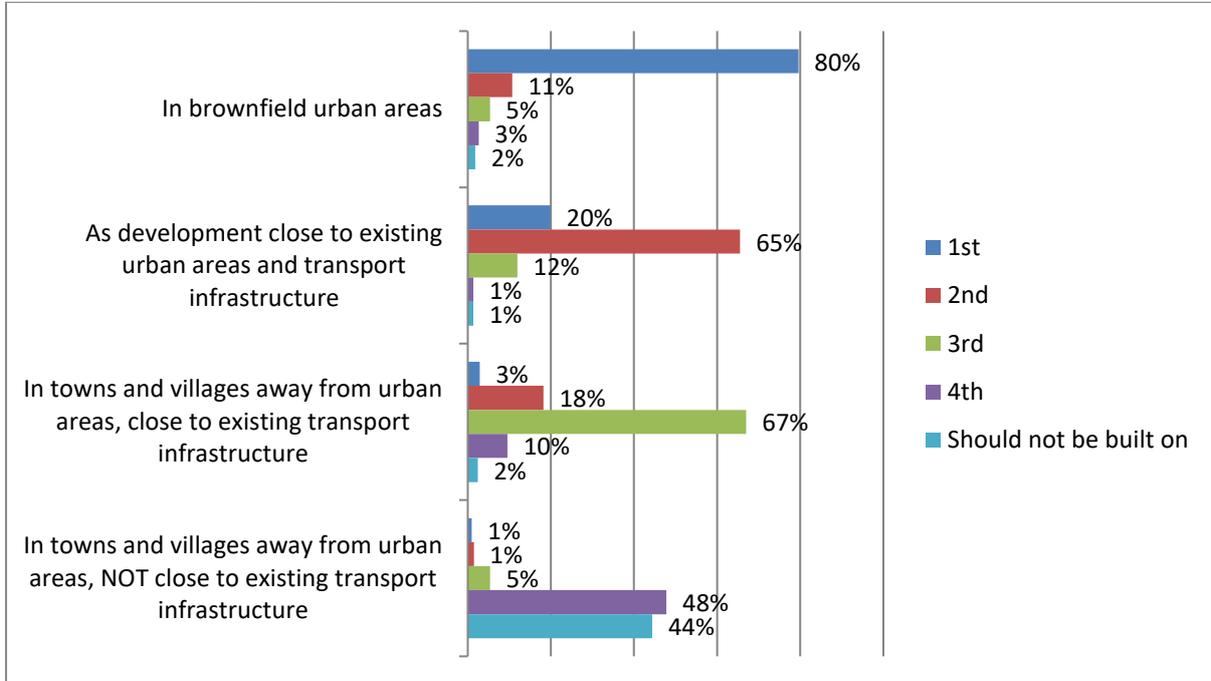
In the current circumstances of fiscal pressure and constraint that the UK faces, we do not believe that the choices set out by the JSP are a desirable, fair or sustainable use of public money or of the values released by proposed future development.

We therefore believe that the JSP fails the test of soundness in relation to sustainability.

### Better Spatial Objectives for Development

When we surveyed 244 West of England businesses over their preferred spatial choices for future growth, we found the following results shown in figure 6:

**Figure 6: In order of priority where do you think new homes should be built:**



These answers show strong support for priority to be given to ‘brownfield urban areas’ (the ‘brownfield first’ approach to development), with 91% of businesses selecting this option citing it as the first or second choice.

‘Development close to existing urban areas and transport infrastructure (the ‘urban extensions’ option) was a strong second preference, with 85% of businesses choosing this option as their first or second choice.

The least popular option was for towns and villages away from urban areas, not close to existing transport infrastructure, with just 2% of businesses choosing this as either a first or second choice. 44% of businesses believe that this option should not be built on at all. There was almost no support for a strategy which relies on making sites currently unsustainable sustainable through major transport infrastructure.

### The importance of urban extensions

A sensible sequential approach to planning should meaningfully assess development locations against a thorough and objective sustainability assessment and against an objective assessment of transport investment and strategy. A Green Belt review should be based on the findings of these two processes, not, as is the case with the draft JSP, be the predetermining factor.

Successive studies show that urban extensions offer the best way to successfully deliver managed city growth. Urban extensions plug into existing infrastructure and transport and so limit the need for high

cost pre-development infrastructure, they benefit from economic agglomeration effects and, because of this, they can happen at smaller scales. Being located closer to existing urban economic and employment centres also increases the opportunities for green transport infrastructure and reduces the associated carbon footprint. As the Wolfson Prize winner for 2014 put it: that it “is better to graft [growth]... onto the strong root-stock of an existing city”.<sup>42</sup>

This overlaps with being closer to high levels of housing need – hence benefiting from more buoyant market demand, as well as more directly targeting housing where it is most needed.

Elsewhere in the JSP documentation the authorities recognise that the need to place development close to employment centres is a highly valuable objective and the West of England authorities cited the fear of an “imbalance between jobs and homes” as the justification for not delivering more affordable housing.<sup>43</sup>

After urban infill, urban extensions also offer the most viable method of delivering growth and opportunity for capturing sufficient value to deliver the social and economic infrastructure investment that good growth requires. This is partly due to land values next to cities being higher, but also because of the lower infrastructural costs that urban extensions have over free standing settlements or villages or towns.

The West of England is dominated by its green belt – and, as the consultation notes, this has been a very successful tool for constraining urban growth. The map on page 15 of the Issues and Options paper shows just how dominant green belt land is as a planning designation within the West of England – with 48% of the sub region designated as Green Belt. Both Bristol and Bath are tightly bounded by the Green Belt with little spare adjacent land.

This means that the option of sensible urban extensions will require some limited green belt flexibility if meeting identified housing need is to be feasible.

The failure to conduct Green Belt release in a way that takes on board these wider sustainability objectives means that the West of England is placing development far from existing transport links and economic centres, rather than in better locations close to our growing cities and towns.

Other city regions have also shown that it is possible to deliver urban extensions, with high quality infrastructure and development, whilst making minor adjustments to existing green belt boundaries and still retain broad public and political support.<sup>44</sup> In 2015 eleven English councils adopted local plans de-designating 2,000 hectares of green belt with robust evidence demonstrating that such sites are more sustainable than the alternatives.<sup>45</sup>

### **The need for a transport-led approach to other spatial allocations**

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<sup>42</sup> ‘Uxchester Garden City’, Second Stage Submission to the Wolfson Economics Prize, URBED 2014

<sup>43</sup> JSP draft strategy for consultation – paper presented to the West of England PHCB, 7 October 2016, para 26

<sup>44</sup> Not all city regions in England are as similarly constrained by Green Belt as the West of England. ‘Greater Oxford’ has only 3 percent of its land designated as Green belt, ‘Greater Southampton’ and ‘Greater Swindon’ only have just over 1 percent of their land designated as green belt, whilst ‘Greater Cheltenham and Gloucester’, ‘Greater Exeter’ and ‘Greater Peterborough’ have no green belt land. These typologies and data calculations come from Bramley 2015

<sup>45</sup> Planningresource.co.uk 6 November 2015

As noted later, the spatial option suggested at the JSP Issues and Options stage with the largest number of respondents in the 2015 Issues and Options consultation was ‘transport focused’, which was chosen by 58% of respondents. This was the only option that commanded the support of a majority of consultation respondents.

The West of England had spent a substantial amount of time working on its Joint Transport Study. As we note below, this transport work and its findings do not appear to have played a central role in determining the range of strategic growth allocations set out in the JSP. Indeed, many of the chosen growth locations score badly on both the West of England’s own sustainability appraisal and its transport objectives.

We believe that the West of England needs to reassess its planned Strategic Development Locations, on a sequential basis, prioritising urban intensification first, but then predominantly influenced by the findings of its Joint Transport Study combined with a new and thorough Sustainability Assessment. The Sustainability Assessment must prioritise sustainable transport, the availability of transport nodes and public transport and the reduction of car use, long distance commuting and carbon emissions. These criteria should be prioritised as key objectives when a new Green Belt review is conducted.

## **Area of Soundness – Failure to follow principles of sustainable development set out in the NPPF**

The current JSP does not take satisfactory or consistent account of the core planning principle of achieving sustainable development as required by the NPPF.

We believe the process undertaken by the West of England authorities in producing this plan has failed to take into account the overriding principle of achieving sustainable development for development outside existing urban areas. The implications of sustainable development have failed to guide key decisions on spatial location, transport investment decisions or the role of green belt in the plan area.

In particular:

- The West of England has not conducted a satisfactory or meaningful sustainability appraisal and a sustainability appraisal has not guided the key strategic decisions about spatial locations and allocations.
- The clear sustainability implications of the Joint Transport Study have failed to properly influence and inform the decisions made by the West of England on proposed spatial locations.
- There is a lack of proper consideration given to the connection between areas of housing need and jobs growth identified in the SHMA and the spatial locations proposed in the JSP
- The West of England has taken key strategic decisions on spatial location in a way that was pre-determined by a decision to protect the green belt and that took little to no account of the need for green belt use to be set in the wider context of achieving sustainable development.

### **Overview**

The NPPF states unequivocally that the purpose of planning is to achieve sustainable development (e.g. paragraph 6), and that this has three dimensions which are mutually dependent, namely an economic role, a social role and an environmental role. There is to be no over-riding factor which should pre-determine a plan's outcome.

Within this context, a sustainability appraisal must look at all reasonable alternatives and options for meeting identified need. This must include identifying the best spatial locations for achieving sustainable development. This must include the green belt, as the green belt is not excluded anywhere in the NPPF or in wider policy.

This approach is accepted in the statements made in the JSP. The draft JSP document from 2016 stated that the purpose of the JSP is focused on “setting out the most appropriate spatial strategy and strategic locations for where this growth should be to meet the needs identified”.<sup>46</sup>

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<sup>46</sup> Towards an emerging spatial strategy document, Nov 2016, pg 4

The JSP also states that the strategic priorities should “address unsustainable commuting patterns by aligning jobs and homes”.<sup>47</sup> The JSP documentation also notes “sustainability is closely related to proximity and accessibility to services and facilities, particularly in Bristol, Bath and Weston Super Mare”.<sup>48</sup>

### **Area of Soundness: A lack of a robust sustainability assessment**

The sustainability assessments should form part of the process of evolving a spatial strategy. We believe that the Sustainability Appraisal process applied for the JSP and the robustness of this are deficient.

An initial sustainability appraisal was undertaken by the West of England at the start of the plan process, in November 2015. This assessed locations for a host of sustainability criteria.<sup>49</sup>

This 2015 appraisal found that many locations where urban extensions could be considered scored positively on sustainability grounds – in access to public transport, in existing cycling and walking infrastructure and in closeness to public services, leisure facilities and employment centres and employment land.<sup>50</sup>

In contrast many of the locations currently put forward by the draft JSP, particularly those beyond the green belt, were found to score negatively within this sustainability assessment – in their distance from public transport, in being disconnected from existing employment centres and public services for example. Other locations scored poorly because they were on high quality agricultural land.

For example one location being put forward as a Strategic Development Site in the JSP was scored by the 2015 sustainability appraisal as having “limited local employment opportunities”, “no major employment area”, was “a local centre only” when considering access to services, had “no hospital, no opticians”, was “in a band of potentially high grade agricultural land”, whilst “large parts of the area lie within Flood Zone 1”, with “wide areas of surface water flood risk”. It was also found “It is unlikely that development in this area will help to regenerate the areas identified as the most deprived 20% of areas in North Somerset.” The sustainability assessment did not assess this location for ‘reasonable access to sustainable transportation’. Whilst another Strategic Development Site also put forward in the JSP also had “limited local employment opportunities”, “no major employment area”, “no secondary school”, was “a local centre only” when considering access to services, had “no hospital, no opticians” and “no rail station”.<sup>51</sup>

Since this initial report, the West of England have written a further Sustainability Appraisal dated 2017. But this has not addressed the weaknesses of the preceding work. In particular it has continued to fail to objectively assess the question of where sustainable development could be best located within the

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<sup>47</sup> JSP draft strategy for consultation – paper presented to the West of England PHCB, 7 October 2016, para 19

<sup>48</sup> West of England Joint Spatial Plan: Publication Document, November 2017, page 16

<sup>49</sup> Joint Spatial Plan – Sustainability Appraisal: Initial SA report, November 2015

<sup>50</sup> Joint Spatial Plan – Sustainability Appraisal: Initial SA report, November 2015

<sup>51</sup> Joint Spatial Plan – Sustainability Appraisal: Initial SA report, November 2015

region to maximise sustainability objectives. Instead it merely looks at the sustainability scores of pre chosen locations.

Sustainability criteria have not meaningfully influenced the choice of the current proposed Strategic Development Locations. For example the 2017 assessment finds that three of the Strategic Development Locations ('Banwell Garden Village', 'Churchill Garden Village' and Nailsea) are "not currently well-located in relation to employment, retail or public transport".<sup>52</sup>

### **Area of Soundness: the failure of sustainable development principles to inform decisions regarding the Green Belt**

The consultation has based its position on green belt on a very narrow basis and has not followed a justifiable process when setting out its position on the role of green belt in the spatial strategy when considered against the wider objective of sustainable development. The planning process makes provision for reviewing Green Belt boundaries in plan making, and this process has not been followed satisfactorily.

#### **Firstly, the JSP places unjustified emphasis on green belt protection in relation to consultation responses.**

The spatial option with the largest number of respondents in the JSP Issues and Options consultation November 2015 to January 2016 was 'transport focused', which was chosen by 58% of respondents.<sup>53</sup>

It is important to note that a majority of respondents, 54%, *did not* choose the spatial option of 'protection of the green belt'.

Only 46% of the 531 respondents chose 'protection of the green belt'. This was just 244 people. Out of a population of 1.1 million this means that just 0.02% of the West of England population has endorsed this spatial option.

Whilst public consultation is an important and vital part of the process in plan preparation, a balanced and rational assessment of consultation responses should be undertaken with legal requirements for an approach based on sustainability as set out in the NPPF.

The West of England authorities have taken a minority response on green belt protection from a very small number of residents and given it undue weight as a predetermining factor in setting its spatial objectives. This can't be said to be rational or balanced.

For example, a presentation by the West of England authorities during the 'Towards an Emerging Spatial Strategy' consultation period stated that "you said we should protect the green belt as much as possible".<sup>54</sup> The JSP documentation also states that: "broad support was indicated for one or a combination of both of the following options:

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<sup>52</sup> West of England Joint Spatial Plan Sustainability Appraisal, November 2017

<sup>53</sup> West of England Joint Spatial Plan Summary Responses, 2016:

<https://www.jointplanningwofe.org.uk/consult.ti/JSPIO2015/questionnaireResults?qid=3936131>

<sup>54</sup> West of England authority powerpoint presentation to a business roundtable, November 2016

- Protection of the Green Belt
- Transport focused”<sup>55</sup>

The JSP documentation goes on to say that:

*“Following the outcome of the consultation, further technical work has been undertaken to look at the range of locations across the West of England and test the merit of alternative approaches and scenarios. We have sought to draw out components of each of the options that people valued and have distilled these into a single draft emerging spatial strategy.”<sup>56</sup>*

In other words, protection of the green belt has been the pre determining factor for spatial location, coming before sustainability or transport assessments. This was confirmed to us in discussions with West of England officers at a business consultation event.<sup>57</sup>

Using one set of consultation responses as a predetermining factor in choosing spatial locations is against planning policy guidance and fails to meet the requirement for balance and the overriding need for sustainable development.

**Secondly, the plan is based on an incorrect interpretation of the respective roles of the statutory duty on plan makers to seek more sustainable development and Green Belt policy.**

The policy position on housing need and Green Belt is as follows – that housing need is to be established through objective evidence; that local planning authorities are to seek to meet their housing need; that capacity constraints can be taken into account when determining the level of provision to be made; where there is Green Belt, the Green Belt has to be comprehensively and systematically assessed in terms of its performance in fulfilling the five purposes of including land in the Green Belt and weighted against the overall NPPF objective of meeting sustainable development.

Paragraphs 83 and 84 of the NPPF state:

"83. Local planning authorities with Green Belts in their area should establish Green Belt boundaries in their Local Plans which set the framework for Green Belt and settlement policy. Once established, Green Belt boundaries should only be altered in exceptional circumstances, through the preparation or review of the Local Plan. At that time, authorities should consider the Green Belt boundaries having regard to their intended permanence in the long term, so that they should be capable of enduring beyond the plan period

84. When drawing up or reviewing Green Belt boundaries local planning authorities should take account of the need to promote sustainable patterns of development. They should consider the consequences for sustainable development of channelling development towards urban areas inside the Green Belt boundary, towards towns and villages inset within the Green Belt or towards locations beyond the outer Green Belt boundary"

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<sup>55</sup> JSP draft strategy for consultation – paper presented to the West of England PHCB, 7 October 2016, para 11. Note that

<sup>56</sup> JSP draft strategy for consultation – paper presented to the West of England PHCB, 7 October 2016, para 12

<sup>57</sup> West of England presentation and discussion held at the Business West Planning and Transport Group, JLL, 10<sup>th</sup> November 2016

Green Belt can be changed through the Local Plan should ‘exceptional circumstances’ be present; and the requirement to address the housing need can be construed as creating ‘exceptional circumstances’ in some circumstances. The West of England authorities have recognised that exception circumstances are present in current circumstances.<sup>58</sup>

There is nothing in policy or practice which says that non-Green Belt land has always to be used before Green Belt land. We would argue that both the critical shortage of housing and the need to identify sustainable locations provides the basis for a robust review of the Green Belt.

As the WoE JSP notes, “technical work and transport modelling show that it is not possible to sustainably accommodate the identified growth needs entirely outside the Green Belt”.<sup>59</sup>

Taking on board recent guidance we would have expected that the authorities would have undertaken a fundamental review of the Green Belt and, in light of the identification of the most sustainable development locations by the Joint Transport Study (JTS), consider the prospects for urban extensions in light of these principles. This has not happened.

### **Concerns about the way in which the West of England has conducted its Green Belt assessment**

There is no set guidance in the NPPF for conducting a Green Belt review. Green Belt use must however be considered against the overarching NPPF objective of delivering sustainable development.

The way in which the West of England has conducted its two Green Belt assessments is highly dissatisfactory when compared against this wider responsibility to deliver sustainable development.

The Green Belt assessment conducted by the West of England uses a cell approach, based on 79 cells across the green belt area. These cells are often over quite large geographical areas, making it difficult for the West of England to conduct an objective fine grain assessment of green belt purpose and how these related to sustainable locations for development.

Unlike other local authorities<sup>60</sup>, none of the criteria used within the West of England’s two Green Belt Assessments have an explicit assessment of the sustainability of the area of green belt and its suitability for an area for sustainable green belt release (see Annex B).

The West of England’s second Green Belt assessment then gives heavy emphasis to protecting those indicators that are centred on proximity to existing urban areas. These chosen criteria have no element of judging whether these locations are sustainable development locations. Indeed, some of the main criteria chosen by the West of England in its Green Belt Assessments, in giving negative weighting to proximity to urban areas or being close to a transport link from an urban area, are the direct opposite of a reasonable assessment of sustainable location.

The result is that the design of the assessment and chosen criteria adopted by the West of England for assessing green belt will overwhelmingly give the greatest ‘importance’ to protecting green belt

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<sup>58</sup> West of England Joint Spatial Plan, Publication Document, November 2017, page 20

<sup>59</sup> JSP draft strategy for consultation – paper presented to the West of England PHCB, 7 October 2016, para 42

<sup>60</sup> See for example Cambridge’s green belt assessments and assessment process

closest to urban areas and give the least importance to those locations on the outer edge of the green belt:

“This assessment has shown that most of the Green Belt cells close to settlements make either a contribution or major contribution to Green Belt purposes. ... Most cells adjacent to both the Bristol and Bath urban areas make a major contribution to Green Belt”<sup>61</sup>

The method by which the West of England have conducted a Green Belt review is therefore, in several central respects of methodology and interpretation, very likely to produce conclusions that find locations that are not in the most sustainable locations and go against NPPF sustainability guidance.

This means that the Green Belt assessment fails to provide any meaningful weighing against the wider sustainability objectives set out in the NPPF.

*(See Annex 1 for a more detailed critique of the West of England’s Green Belt Assessment)*

### **Areas of Soundness: Transport, spatial location and sustainability**

The draft JSP notes the requirement to maximise the potential to reduce the need to travel and promote travel by sustainable non-car modes, stating:

“Strategic development should be in locations which maximise the potential to reduce the need to travel or, where travel is necessary, maximise opportunities to travel by sustainable, non-car modes, especially walking and cycling or be in places accessible to existing or new high quality public transport links.” [page 29]

As such, locations should also be assessed on the basis of an appropriate spatial strategy that ties in with the Joint Transport Study and an appropriate risk assessment undertaken of funding for transport schemes that are proposed to support locations.

The emphasis on urban living is welcomed, subject to satisfactory transport measures to mitigate the effect being realised. The main concerns are over the effect of the decision to promote substantial levels of development beyond the Green Belt.

In the West of England, a key balance is that between maintaining the purposes of the Green Belt and promoting sustainable transport, as is recognised in the section on Spatial Strategy in the JSP Summary report. NPPF makes clear that the Local Plan stage is when Green Belt boundaries are to be reviewed against the five core purposes of Green Belt. The results of this review are to be considered against other factors including sustainability when determining future boundaries.

A core principle of NPPF is to actively manage patterns of growth to make the fullest possible use of public transport, walking and cycling, and focus development in locations which are or can be made sustainable (para 17). Significant development should be focussed in locations where the need to travel will be minimised and the use of sustainable modes can be maximised.

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<sup>61</sup> Towards the emerging spatial strategy, Green Belt assessment stage 2, para 3.42

The transport testing of strategic options set out in the appendices to the JSP Transport Topic Paper (November 2016) concluded with two key principles (p40), namely that:

- “Firstly, sites closer to the urban area are, in general, easier to serve with good quality transport options”
- “Secondly, many of the sites located beyond Green Belt have relatively poor travel choices and therefore pose challenges in improving travel choices and mitigation of their impacts”.<sup>62</sup>

The West of England also tested three options for spatial development, to assess sustainable transport impacts and mitigation costs. One of the options, ‘Test 1’, examined the impact of concentrating spatial development locations ‘beyond the green belt’.

These findings by the West of England’s transport consultants, and contained in the West of England’s own transport topic paper, are highly critical of the ‘beyond the green belt option’. The WoE JSP Transport Topic paper concludes that:

*“Test 1 [building beyond the green belt] has fundamental challenges. Locating development beyond the Green Belt results in large volumes of travel on sub-regional corridors, with poor travel choices in many cases. The road network has a number of capacity constraints, causing serious congestion problems at a number of locations. Particular problems are forecast at Yatton, Nailsea, Bristol Airport and routes from the Somer Valley to Bristol. In particular, the testing has forecast high volumes of traffic using M5, which will be difficult to mitigate. It is possible to implement measures to promote good travel choices and mitigate impacts, but the fundamental challenges of longer-distance travel remain. The mitigation package for Test 1 is estimated to cost ~£2.0 billion: this is the most expensive of the three tests, and even then the mitigation package cannot fully address the journey time impact of the developments in this test.” (Page 40)<sup>63</sup>*

Additional findings in the West of England’s JSP transport topic paper<sup>64</sup> found that:

- “The costs [for building beyond the green belt] ... are higher because significant infrastructure is needed to improve travel choices and mitigate the impacts of longer distance traffic”. (Page 38)
- “This ... generates significant long distance travel, including traffic on the M5, which will be difficult to mitigate.” (Page 30)
- “There are significant numbers of trips on key routes, for example A370, A371, A38, A37, A39, A362, A367, B3116, A4 (East), A432 and B4058. The M5 is used by traffic from Yatton/Congresbury and Clevedon via Junctions 20 and 21. ... These routes would experience increased traffic delays, particularly at junctions.” (Page 30)

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<sup>62</sup> West of England Joint Spatial Plan: Emerging Spatial Strategy: Transport Topic Paper, November 2016

<sup>63</sup> West of England Joint Spatial Plan, Emerging Spatial Strategy: Transport Topic Paper, November 2016

<sup>64</sup> West of England Joint Spatial Plan, Emerging Spatial Strategy: Transport Topic Paper, November 2016

- “Overall, the traffic impacts of this [for building beyond the green belt] ... will be difficult to fully mitigate due to the long travel distances to key destinations.” (Page 31)
- “The proposed mitigation packages are substantial ... This is particularly the case for Test 1”. (Page 39)
- “Test 1 showed the largest increase in journey times across the network before mitigation is applied. This is due to the relatively long distances between new housing and key destinations, together with significant congestion impacts on the network. Tests 2 and 3 showed much lower increases in journey times before mitigation is applied. This is due to shorter distances between new housing and key destinations and more concentrated congestion impacts.” (Page 39)
- “However, in the case of Test 1, it was not possible to fully mitigate the impacts and overall journey times would be slightly higher” (Page 40)

The conclusions of the Joint Transport Study to date therefore make clear that a strategy based mainly on the presumption of minimising changes to Green Belt around the urban core of the West of England does not accord with sustainable transport and hence sustainable development principles.

By locating strategic allocations beyond the Green Belt, the need for travel is not minimised, by definition. The descriptions of strategic allocations outside existing urban areas identify comprehensive transport challenges and mitigation requirements. The locations clearly need to be made sustainable, rather than being so already.

As explained elsewhere in this response, the assessment of Green Belt boundaries for the draft JSP is unsatisfactory and does not allow a proper balance to be drawn. In addition, no systematic and objective assessment has been made of the appropriate balance between Green Belt and sustainable transport objectives.

Sustainable transport objectives have not been clearly weighted in making spatial choices about development locations – indeed some proposed Strategic Development Locations are clearly not suitable in achieving sustainable transport objectives when compared to other locations.

The costs of mitigating a strategy based largely on sites beyond the Green Belt are the highest of the strategic options – at £2 billion.<sup>65</sup> While transport impacts might be mitigated to varying degrees, the funding required to achieve this is greater and substantial. There is no indication of an analysis which shows that the additional costs justify a lack of proper consideration of a revision to Green Belt boundaries.

As noted above, we believe the economic and business impact of this will be negative for the West of England. We believe these locations are too far from employment markets, will generate too much traffic and the costs of mitigation for these locations is unjustifiably large compared to other available locations.

In conclusion, the draft JSP does not give satisfactory weight to sustainable transport and hence sustainable development principles and so needs to be reconsidered.

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<sup>65</sup> West of England Joint Spatial Plan, Emerging Spatial Strategy: Transport Topic Paper, November 2016

### **Area of Soundness - Ability to deliver identified locations**

The delivery of the draft JSP is linked closely to the delivery of the recommendations of the Joint Transport Study (JTS). Comments on the JTS, including on delivery, were set out in a previous and separate Business West consultation response. This JSP response in respect of transport identifies three main concerns, namely:

- the implications for strategic allocations of the scale of investment required to address future transport needs;
- viability; and
- the effects of phasing of transport infrastructure.

The West of England has long suffered from a lack of transport investment, and the recognition of this in the JTS is most welcome. The draft JSP is heavily dependent on the provision of the infrastructure recommended by the JTS, as is recognised in the JSP Transport Topic Paper. In the event that this is not provided to the extent envisaged, the suggested allocations beyond the Green Belt in particular will either be prejudiced or need to proceed without necessary infrastructure. The JSP should be more resilient to uncertainties over future levels of infrastructure funding.

The JTS Transport Vision makes clear the level of funding needed for the recommended infrastructure to be provided and that the bulk of this will need to come from public sector sources. Experience elsewhere suggests that the amounts which can be raised locally will not be sufficient and that a substantial amount will need to be from central government sources.

The Treasury requires central government transport infrastructure funding to satisfy viability tests. Just because infrastructure meets local perceived needs does not mean that this will be accepted for funding by the Treasury. In addition to demonstrating viability, bids for funding will be compared with bids from elsewhere and accorded a priority.

There is no evidence in the available transport material that the infrastructure required to allow the suggested strategic allocations to proceed, particularly those beyond the Green Belt, will meet the required viability tests. Reliance should not be placed on strategic allocations unless there is a reasonable prospect that necessary infrastructure will meet viability tests.

For the more remote strategic allocations in particular, the required transport infrastructure must be substantially in place before most of each allocation is implemented. This means not only that funding for the transport interventions must be committed, but that sufficient is available when required. For this reason there is likely to be a reliance on higher levels of funding in early years than the average over the Plan period.

The JSP material takes no account of the likely effect of phasing on the deliverability of strategic allocations. This is of fundamental importance, not detail.

These concerns are exacerbated by the extent of reliance on strategic locations beyond the Green Belt. They would be of less concern if more emphasis were placed on sustainable urban extensions, where development can benefit from existing infrastructure and there is more potential for incremental improvement.

As noted elsewhere in this submission, areas beyond the green belt are likely to have lower market demand than those closer to existing urban areas. They are also more likely to have much higher infrastructure costs and additional service provisions needed to make them sustainable. This means, firstly, that there will be less land value to contribute to social goods, and secondly, developers and landowners' land uplift contributions will probably go to fund infrastructure costs first, meaning a loss of funds for affordable housing and public service contributions.

The West of England's own transport topic paper clearly cites this concern about limited resources available in spatial locations beyond the green belt, stating that: "this level of expected developer contribution per dwelling may itself be challenging to negotiate in many circumstances, given other requirements for affordable housing, starter homes, social and community infrastructure, open space, and onsite and local transport improvements."<sup>66</sup> (Page 38)

The costs of mitigating a strategy based largely on sites beyond the Green Belt are the highest of the strategic options.<sup>67</sup> While transport impacts might be mitigated to varying degrees, the funding required to achieve this is greater and substantial. There is no indication of an analysis which shows that the additional costs justify a lack of proper consideration of a revision to Green Belt boundaries.

It is also likely that the timescale of delivery will mean that the West of England will struggle to put in place the sufficient public transport infrastructure into sites 'beyond the green belt' before these sites are developed – making it harder to achieve a 'model shift' in new resident's transport patterns and putting significant additional strain on existing transport infrastructure.

In contrast, as already noted, after urban infill, urban extensions offer the most viable method of delivering growth and opportunity for capturing sufficient value to deliver the social and economic infrastructure investment that good growth requires. This is partly due to land values next to cities being higher, but also because of the lower infrastructural costs that urban extensions have over free standing settlements or villages or towns.

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<sup>66</sup> West of England Joint Spatial Plan, Emerging Spatial Strategy: Transport Topic Paper, November 2016

<sup>67</sup> West of England Joint Spatial Plan, Emerging Spatial Strategy: Transport Topic Paper, November 2016

## **Conclusion**

We have long encouraged the four West of England authorities to plan ambitiously for the long-term future in terms of housing, transport and employment and so very much welcomed both the Joint Spatial Plan and Joint Transport Study and the close working of the West of England authorities that underpins this. We believe this is vital in order to successfully plan our future housing supply and secure our future economic growth needs.

We fundamentally recognise the importance of long term planning and the direct connection between housing supply, employment land and sustainable economic growth and strong communities. Our concerns are based on enhancing the prosperity of our communities and businesses in order to improve the economic functioning of our region. This means a primary concern with economic prosperity and the factors that underpin this prosperity – including jobs, business growth and housing availability.

As detailed above, we believe that the JSP needs to make the following changes in order to address the following concerns in relation to soundness set out in our submission:

- The West of England authorities to review the OAN to identify shortcomings and update evidence for the West of England’s housing requirements, before moving to consider the most appropriate spatial strategy to meet this need. Our evidence suggests that this would mean the adoption of a higher overall housing target of at least 132,000 in order to meet the criteria for housing affordability and economic performance set out in National Planning Guidance.
- The JSP should aim to meet all of the identified affordable housing need via raising its overall housing target and putting in place additional policy measures to raise affordable housing delivery.
- The West of England authorities must conduct further work to address the current shortcomings of the 2015 Economic Development Needs Assessment before making conclusions on the future required supply and demand of employment land, in order to plan robustly for the West of England’s future economic and employment needs.
- The West of England authorities must adjust the proposed spatial strategy and its proposed Strategic Development Locations to meet the requirements for sustainable development as set out in the NPPF – informed by a robust sustainability appraisal and sustainable transport objectives.

We have in places asked for further studies, evidence and adjustments from the West of England authorities in addressing some of the weaknesses identified above. We believe there is time for this work to be done and feed into the examination and plan making process.

We believe it is important that there is an avoidance of delay or a reliance on a five year review, given that the policies in the JSP are to inform the local plans for each Local Authority who have existing timetables for their preparation. Getting an agreed and correct plan in place, alongside supporting investments and infrastructure, means it is important that these decisions are not deferred or delayed further.

## **ANNEX 1 – The West of England’s Green Belt Assessments**

### **Concerns about the way in which the West of England has conducted its Green Belt review**

The Green Belt assessment conducted by the West of England uses a cell approach, based on 79 cells across the green belt area. These cells are often over quite large geographical areas, making it difficult for the West of England to conduct an objective fine grain assessment of green belt purpose and how these related to sustainable locations for development.

Assessment of the cells is based on the following criteria:

- 1) ‘whether [the] cell performs the purpose of checking the unrestricted sprawl of the Bristol and Bath built-up areas’;
- 2) ‘whether it prevents neighbouring towns merging into one another’;
- 3) ‘whether it performs the role of assisting in safeguarding the countryside from encroachment’;
- 4) ‘whether it performs the role of preserving the setting and special character of historic towns’ and
- 5) ‘whether it performs the role of assisting urban regeneration’.<sup>68</sup>

Some of these broad criteria are further broadened within the WoE assessment criteria of the cells – for example ‘the role of assisting in safeguarding the countryside from encroachment’ in the detailed assessment grid includes ‘safeguards agricultural land from encroachment’ and “safeguards mainly open land from encroachment” and “safeguards open countryside which includes... a golf course”. Other rationale which justifies meeting these criteria includes “proximity to Bath”.<sup>69</sup>

It is important to note that none of these criteria is an explicit assessment of the sustainability of the area of green belt and its suitability as an area for sustainable green belt release.

The combination of these five broad criteria can, in practice, mean that the West of England green belt review means that any green belt development can be ruled out.

So, for example:

- “No areas of significant urban development have been identified in those cells” close to the Bristol and Bath urban area.
- Cells in corridors between any significant existing settlement within the West of England were ruled out.

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<sup>68</sup> Joint Spatial Plan Green Belt Assessment November 2015

<sup>69</sup> Joint Spatial Plan Green Belt Assessment November 2015

- “The description of each cell notes the dominance of countryside and the rural character of the areas. Most cells were identified as serving the purpose of safeguarding the countryside from further encroachment”
- Whilst “All the cells surrounding the City of Bath (World Heritage Site) serve the purpose of preserving the setting and special character of historic towns”<sup>70</sup>

Unsurprisingly, the resulting assessment finds “very few areas of significant change to the Green Belt”.<sup>71</sup>

Of the 79 cells assessed, 100% of them are found to meet two or more of the five assessment criteria set out by the West of England. 73% of cells are found to meet four or more of the criteria, whilst 44% of cells (35) are found to meet all five of the assessed criteria.

Both the geographical scale of the cells used and the broad nature of the criteria used raises serious questions about whether the assessment is a meaningful way of assessing green belt in the context of identifying future sustainable development.

The West of England Green Belt assessment from November 2015 then states that:

*“Subsequent stages of this assessment will consider the impact on the Green Belt of any proposals which would result in changes to the Green Belt boundaries in the event that exceptional circumstances are demonstrated. The subsequent stages will, therefore, consider the impact of removing any locations from the Green Belt, as well as considering the effect on the integrity of the remaining Green Belt area. In doing so, it will have regard to Government policy in NPPF paragraph 83.”<sup>72</sup>*

Stage 2 of the West of England’s Green Belt assessment takes forward the work involving cell assessment, stating “the Stage 2 assessment is focussed on specific areas of the Green Belt where the consequences of change may need to be examined in more detail.”<sup>73</sup> It goes on to say that “the stage 2 assessment has been focussed on locations subject to assessment as part of the work to examine potential strategic development locations for consideration in the preparation of the Joint Spatial Plan.” And that “The Joint Spatial Plan Issues and Options document identified a number of potential strategic development locations including locations within the Green Belt. These have provided the basis for the consideration of strategic development locations and are the areas on which the Stage 2 Green Belt assessment is focussed.”<sup>74</sup>

The West of England then gives its own prioritisation of the relative importance of each of the 5 purposes of the green belt – prioritising purposes 1 (containment of urban areas), 2 (containment

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<sup>70</sup> Joint Spatial Plan Green Belt Assessment November 2015

<sup>71</sup> Joint Spatial Plan Green Belt Assessment November 2015

<sup>72</sup> Joint Spatial Plan Green Belt Assessment November 2015

<sup>73</sup> Towards the emerging spatial strategy, Green Belt assessment stage 2, para 2.4

<sup>74</sup> Towards the emerging spatial strategy, Green Belt assessment stage 2, para 2.5

between settlements) and 4 (preserving the setting and character of historic towns) over purposes 3 and 5.

The West of England then makes up another method of measuring green belt criteria – and whether they fulfil a ‘major contribution’, ‘contribution’ or ‘limited contribution’.

The criteria for what is considered a major, medium or limited contribution are judged on West of England originated ‘questions’ and ‘indicators’.

The assessment of indicators that are ‘major contributors’ to green belt are heavily focused on proximity to existing urban areas.

For example the questions that are ‘major contributors’ include: “Does Stage 2 cell comprise a substantial open area adjacent to large built up area?”, “Does Stage 2 cell contain roads which could act as a significant conduit for sprawl from the urban area?” or “Does Stage 2 cell contribute to prevention of sprawl in combination with a neighbouring cell making a major contribution?”

In a similar way, the chosen indicators for ‘major contributors’ include: “Scale of the stage 2 cell and its proximity to the large built up area” or “Cell contains roads which may act as a conduit for ribbon or non-contiguous development.”

Again, these chosen criteria have no element of judging whether these locations are sustainable development locations. Indeed, some of the main criteria chosen by the West of England, in proximity to urban areas or not being close to a transport link from an urban area, are the direct opposite of a reasonable assessment of sustainable location.

The result is that the design of the assessment and chosen criteria adopted by the West of England for assessing green belt will overwhelmingly give the greatest ‘importance’ to green belt closest to urban areas and give the least importance to those locations on the outer edge of the green belt:

“This assessment has shown that most of the Green Belt cells close to settlements make either a contribution or major contribution to Green Belt purposes. ... Most cells adjacent to both the Bristol and Bath urban areas make a major contribution to Green Belt.”<sup>75</sup>

The method by which the West of England have conducted a Green Belt review is therefore, in several central respects of methodology and interpretation, very likely to produce conclusions that find locations that are not in the most sustainable locations.

This goes against the PAS guidance on green belt that:

‘where necessitated by the development requirement, plans should identify for development in the most sustainable locations, unless outweighed by the effect on the overall integrity of the Green Belt according to an assessment of the whole of the Green Belt according to the five purposes.’

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<sup>75</sup> Towards the emerging spatial strategy, Green Belt assessment stage 2, para 3.42

The JSP acknowledges that “there is an exceptional circumstances case for amendment to Green Belt”<sup>76</sup>.

The West of England Green Belt review therefore gives no weight to an assessment of sustainable location – including that identified by its own Joint Transport Strategy and other sustainability assessments conducted.

We believe that very limited release of green belt in the most sustainable locations next to existing urban areas would be the best method for sustainable growth, and would in no meaningful way threaten the overall integrity of the green belt.

Over and above what can be satisfactorily delivered within the urban area, development on the edge of Bristol would be as near as it was possible to be to where the needs are arising, allow the greatest overall accessibility to be achieved because of the location of facilities and services, and enable the length of trips to be minimised and the use of more appropriate travel modes to be maximised.

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<sup>76</sup> JSP draft strategy for consultation – paper presented to the West of England PHCB, 7 October 2016, para 38