

Appendix 1 – Housing Provision Review – representations on economic projections

The majority of responses objecting to the economic growth projections in the Proposed Submission Local Plan duplicate the arguments made at Draft Core Strategy consultation stage. In most cases no new evidence has been submitted in support of the objections and therefore whilst they have been considered and discounted, they have not been reproduced in this report.

The responses below summarise the major objections raised, they can be divided into two groups (1) those who believe the economic growth and associated housing growth has been overestimated and should be lower, and (2) those who believe both have been underestimated and should be higher.

All issues have been thoroughly rebutted apart from one, which raises an issue over the projected level of self employed persons in the District in 2028, this is dealt with in the main body of the report.

Major Issues Raised

1. Overestimation of Economic Potential and Housing Need

a) Objection:

The figures have not been correctly adjusted to take into account the depth of the UK recession. The Baker report “Housing Requirement for South Somerset and Yeovil” (January 2011) does not recognise recent job losses in it’s economic projections, neither do the scenarios adequately take into account the reduction in Government spending in health, welfare and defence sectors which will negatively impact on jobs growth locally. Finally the projections overemphasize the strength of manufacturing.

a) Response:

Baker Associates estimated the total number employed in 2010, and this figure (76,000) was used in the resultant economic projections illustrated in their report “Housing requirement for South Somerset and Yeovil”.

Following the publication of actual, recorded data (which was not available at the time Baker Associates wrote their report) this estimation was identified as being too high, in reality the total employed in 2010 was 72,600 (source: BRES data released 28/09/2012).

The Scale of Growth Paper taken to the LDF PMB on the 26th October 2012 takes on board not only the 2010 recorded BRES figure for employees, but also the 2011 figure for employees (76,200), and hence the housing requirement to 2028 has been adjusted accordingly. It is therefore incorrect for objectors to state that the growth projections and resultant scale of growth do not take into account data post 2008, or that they do not consider the economic downturn - the adjustments take into account job losses and the economic climate.

The growth scenarios are very much based on a bottom up approach, looking specifically at the local economy and making predictions for growth based on local evidence. No evidence has been submitted which would question the validity of this approach and therefore the scenarios contained in the Baker report remain a robust view of the potential of the South Somerset and Yeovil economy.

b) Objection:

The current economic downturn is not part of an economic cycle and growth will not be resumed. South Somerset District Council's aspirations are over-optimistic and undeliverable, which is in direct conflict with the National Planning Policy.

b) Response:

Whilst this downturn is deeper than previously forecast, it is part of an economic cycle and history advises us that recovery and growth will follow.

The Proposed Submission Local Plan made allowances for recent job losses (between 2006 and 2010, total employment in the District fell by 2,400 jobs) and consequently reduced its jobs growth projections over the plan period. However, the most recent BRES evidence (published on 28th September 2012) demonstrates that growth is returning, between 2010 and 2011, the total employed grew by 3,600 jobs, the recommended revisions take this latest evidence into account. Consequently, the plan is one for growth, it is aspirational, but this is in line with national guidance (NPPF) and it is neither over-optimistic nor undeliverable as the evidence demonstrates.

c) Objection:

Objections have been made to the growth projections on the basis of the economic situation in the USA and Europe (Eurozone). These countries have debt and their growth projections have been revised downwards. The experience in these countries is used to relate to SSDC and its future growth potential on the basis that "a large proportion of UK exports go to the eurozone and with NO demand existing in this area and with demand being squeezed at home, there is very little hope for growth in the manufacturing sector". Also noted is the increased value of the British Pound against the Euro, which will lead to further difficulties for manufacturing.

d) Objection:

Objections have been made to the growth projections on basis that the UK economy is shrinking (by 0.2% January-March 2012, and 0.7% April-June). "Rather than growth since pre-2009 base figures, we have contracted by 8% and it will take 5-7 years to get back to pre 2009 figures".

c/d) Response:

No evidence has been submitted to substantiate the claims made regarding the impact of the Eurozone and USA crisis on South Somerset's economy, or to support the figures regarding the time it will take to recover from recession. The statements are based on assumptions that cannot be fully assessed as they lack detail and supporting evidence.

Last year's BRES data which illustrates growth of 3,600 jobs in total from 2010 to 2011 (1,600 employees and 2,000 self employed), flies in the face of the argument. There is also no account taken of international inward investment. Finally, there are substantial cash reserves in UK private companies and whilst they will not be investing the moment, they have the ability to.

e) Objection:

SSDC have always claimed that the economic growth in South Somerset has outperformed the rest of the country because it is predominantly a manufacturing base, disagree with this.

e) Response:

The Yeovil Economic Assessment (EkosGen, 2010) makes clear that South Somerset, with Yeovil as its primary employment centre, has a quite different employment structure to the rest of the country, with a more robust manufacturing sector.

'An Economic Perspective on Employment Growth' (21st March 2012) details numerous ways in which the economy has out performed similar UK sectors. In fact between 1991 and 2010, 17,718 new jobs were created in South Somerset, at an average of 933 jobs per annum, illustrating that the Local Plan growth projections are both realistic and modest.

f) Objection:

The increased trend for home-working has not been considered.

f) Response:

The 2001 Census revealed that 12% of residents in South Somerset worked from home as opposed to 11% regionally and 9% nationally, 2011 Census data in relation to this area has yet to be released. This point is however a misleading one, as regardless of the number of people working from home, they will still require a home to live in, if anything, it would impact on the amount of employment land required in the District.

g) Objection:

Concerns raised over the in-commuting for work from West Dorset and Sherborne.

g) Response:

The Baker report (2011) gives various options for addressing levels of in-commuting to Yeovil. In order to tackle the issue, the proportion of housing that would be required in Yeovil compared to the rest of the District would need to be increased beyond 50%. However, an economic led approach to the growth of Yeovil has been taken which distributes 50% of the overall District housing requirement to the town, which is in line with its economic potential to deliver 50% of the new jobs to 2028.

2. Underestimation of Economic Potential and Housing Need

a) Objection:

The objections to the reassessment of the Baker report's growth projections are made on the basis that data movements are volatile. Forecasting struggles to accommodate this, and without clear evidence it is not credible to project large swings in sectoral performance from one year to the next. The plan should retain Baker's figures, as they assume a smoother projection. Reacting to the recent job losses identified in the BRES data results is an approach to plan making that is not positive. The plan's approach is now at odds with the Government's 'Planning for Growth Agenda' because it now takes its base from the recession and fails to utilise trend based data, which would take into account peaks and troughs over the plan period. The revised figure could prevent the local economy and housing market from reaching its potential.

a) Response:

The Council decision to review the projections was made in light of the latest available data, which is in line with paragraph 158 of the NPPF, and was undertaken as a result of objections raised regarding the impact of the economic downturn which has been deeper than previous recessions.

The Proposed Submission Local Plan made allowances for recent job losses (between 2006 and 2010, total employment in the District fell by 2,400 jobs) and consequently reduced its jobs growth projections over the plan period. However, the

most recent BRES evidence (published on 28th September 2012) demonstrates that growth is returning, between 2010 and 2011, the total employed grew by 3,600 jobs, the recommended revisions take this latest evidence into account. Consequently, the plan is one for growth, it is aspirational, but this is in line with national guidance (NPPF) and it is neither over-optimistic nor undeliverable as the evidence demonstrates.

It is logical and sensible to take into account the job losses, this still allows for growth. The plan will be monitored and if there are changes, it can be revised.

b) Objection:

The methodology used to revise the employment and hence housing figures is incorrect, and the change from ABI to BRES data creates some challenges of continuity of data. Not clear where the 1,000 agricultural employees come from.

b) Response:

The District Council is required to use the latest available data, which is BRES. There are differences between Annual Business Inquiry (ABI) and Business Register Employment Survey (BRES) data, but the Council identified these differences and sought to make allowances for them in the calculations. ABI data totally excludes self employed people, whereas BRES data excludes agricultural employees. The LDF PMB Paper "Review of Housing Growth Projections for South Somerset and consideration of implications for Housing Requirement and Supply to 2028" explains the calculations in detail.

In order to make comparisons between ABI and BRES, an allowance for agricultural employees is required. The 1,000 agricultural employees comes from DEFRA data, see figures 4 and 5 in the Appendices.

c) Objection:

The Baker report underestimates the level of self-employment at 2028 as it is based on 2010 data projected forward at the same rate. 2010 self-employed rate was low compared to average rate.

c) Response:

The Baker report uses the 2010 BRES figure for self employed persons and makes the assumption that this proportion (11.4%) will be the same in 2028. Analysis of self employed data (see figures 2 and 3 in the Appendices) however illustrates that the objector is correct, and this figure is low, the average over the last 5 years being nearer 15.4%. This requires a change to the Proposed Submission Local Plan – see section 3.

d) Objection:

The Baker report assumes a static economic activity rate over the plan period, but this is incorrect as the economic activity rate is likely to rise due to changes in statutory pension age, benefits system and the cost of living meaning that people need to work longer. It also underestimates the unemployment level at 2028, it assumes it will be the same at the end of the plan period as at the start, but in reality this is low, the average is 4% between 2004-2011, and 5.4% in 2011.

d) Response:

The issue of economic activity rates is considered within the demographically derived housing requirement as the issue relates also to the economically inactive population and their housing needs. For example, to maintain a static economic activity rate

when the level of inactive persons in an area is increasing, there would be a requirement for more housing.

Increasingly the dwelling provision to accommodate more economically inactive and unemployed persons is not desirable, the Council's approach is to deliver jobs and in accordance with this aim it will seek to maintain economic activity rates and an unemployment rate of 3% over the plan period.