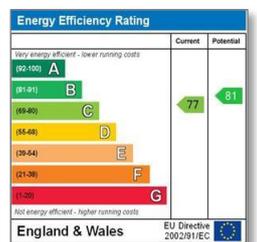




Housing Market Areas and Functional Economic Market Areas in Somerset

Report of Findings

September 2015





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Executive Summary

Summary of key findings and conclusions

1. Opinion Research Services (ORS) was commissioned by the five District Councils in Somerset (Mendip, Sedgemoor, South Somerset, Taunton Deane and West Somerset) to identify Housing Market Areas (HMAs) and Functional Economic Market Areas (FEMAs) for the county.
2. The National Planning Policy Framework (NPPF)¹ sets out government's planning policies for England and how these are expected to be applied. The framework acts as guidance for local planning authorities (LPAs) and decision-makers, both in drawing up plans and making decisions about planning applications.
3. The NPPF refers to Local Plans meeting the *“full objectively assessed needs for market and affordable housing in the housing market area”* (paragraph 47, emphasis added). Similarly, the Framework requires local planning authorities to have a *“clear understanding of business needs within the economic markets operating in and across their area”* and *“work together with county and neighbouring authorities and with Local Enterprise Partnerships”* (paragraph 160).
4. Given the NPPF context, the aim of the study was to derive a consensus from planning authorities and other relevant stakeholders about the most appropriate HMAs and FEMAs for Somerset. These functional geographies will then provide the Somerset councils with a basis for joint working arrangements in order to develop the evidence base required for assessing the future housing and economic development needs. This analysis of functional HMAs and FEMAs, together with the separate assessments of need, will help inform decisions about housing and employment land.
5. Recognising the importance of the functional geographies to neighbouring LPAs, this study involved extensive stakeholder engagement to consider and agree the methodology used and the outputs derived.
 - » A Method Statement was circulated to stakeholders from the five councils and neighbouring planning authorities highlighting the approach proposed and inviting comments;
 - » A Stakeholder Workshop was convened with the opportunity to provide feedback on any specific concerns or comments;
 - » Stakeholder feedback was taken into consideration as the study progressed; and
 - » A Consultation Draft of the study report was published and circulated to stakeholders for feedback to be provided before the report was finalised.
6. Feedback received from all stakeholders was proactively reviewed and discussed with officers from the Somerset councils, and the study methodology was revised whenever necessary in order to respond to suggestions and address any concerns raised.
7. Given this rigorous process, the functional geographies identified by this study would provide the Somerset councils with a basis to undertake further work and develop the evidence base required for the objective assessment of housing and economic need.

¹ <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

Housing Market Areas

8. The definition of a functional housing market area is well-established as being “...*the geographical area in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay*” (Maclennan et al, 1998)².
9. Consistent with previous CLG advice³, Planning Practice Guidance (PPG)⁴ on the assessment of housing and economic development needs (March 2014) suggests that house prices, migration patterns and commuting flows should all be considered when defining housing markets; and by using a range of available data, judgements on appropriate geography can be made. CLG research⁵ and the Planning Advisory Service (PAS) technical advice note about Objectively Assessed Need (OAN) and Housing Targets⁶ have both suggested that commuting flows and migration patterns are the most relevant information sources when seeking to establish upper-tier housing market areas; so this study initially focused on commuting and migration.

Commuting Flows

10. Analysis of commuting flow data from the 2011 Census identified five separate commuting zones in Somerset:
 - » **Bridgwater**, which includes Burnham-on-Sea;
 - » **Minehead**, which includes Dulverton, Portlock and part of the Exmoor National Park;
 - » **Taunton**, which includes Wellington;
 - » **Wells**, which includes Glastonbury, Shepton Mallet and Street; and
 - » **Yeovil**, which includes Chard, Ilminster and Wincanton.
11. All of the identified zones exceed the ONS thresholds for workplace population living in the area and resident population working in the area. The commuting zones identified by the study also reflect the latest ONS Travel to Work Areas that were subsequently published in August 2015.
12. In general, these five areas broadly corresponded to the individual local authority areas, and on the basis of this evidence it would be reasonable to consider the local authority areas as “best fit” housing market areas based on their respective commuting zones, which represent the “*key functional linkages between places where people live and work*” (PPD, ID 2a-010).

Migration Flows

13. Analysis of migration flow data from the 2011 Census showed that at least 70% of migrants moving up to 50 miles stayed within each of the local authority areas. We can therefore conclude that a “*relatively high proportion of household moves*” are contained within the individual local authority areas, so the local authority areas satisfy the PPG definitions for HMAs in regard to migration.

House Prices

14. House price data suggests that fewer housing market areas may be appropriate for Somerset: separate areas covering Mendip and South Somerset and a combined for Sedgemoor, Taunton Deane and West

² Local Housing Systems Analysis: Best Practice Guide. Edinburgh: Scottish Homes

³ Identifying sub-regional housing market areas (CLG, March 2007); paragraph 1.6

⁴ <http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

⁵ Geography of Housing Market Areas (CLG, November 2010); paragraph 1.6

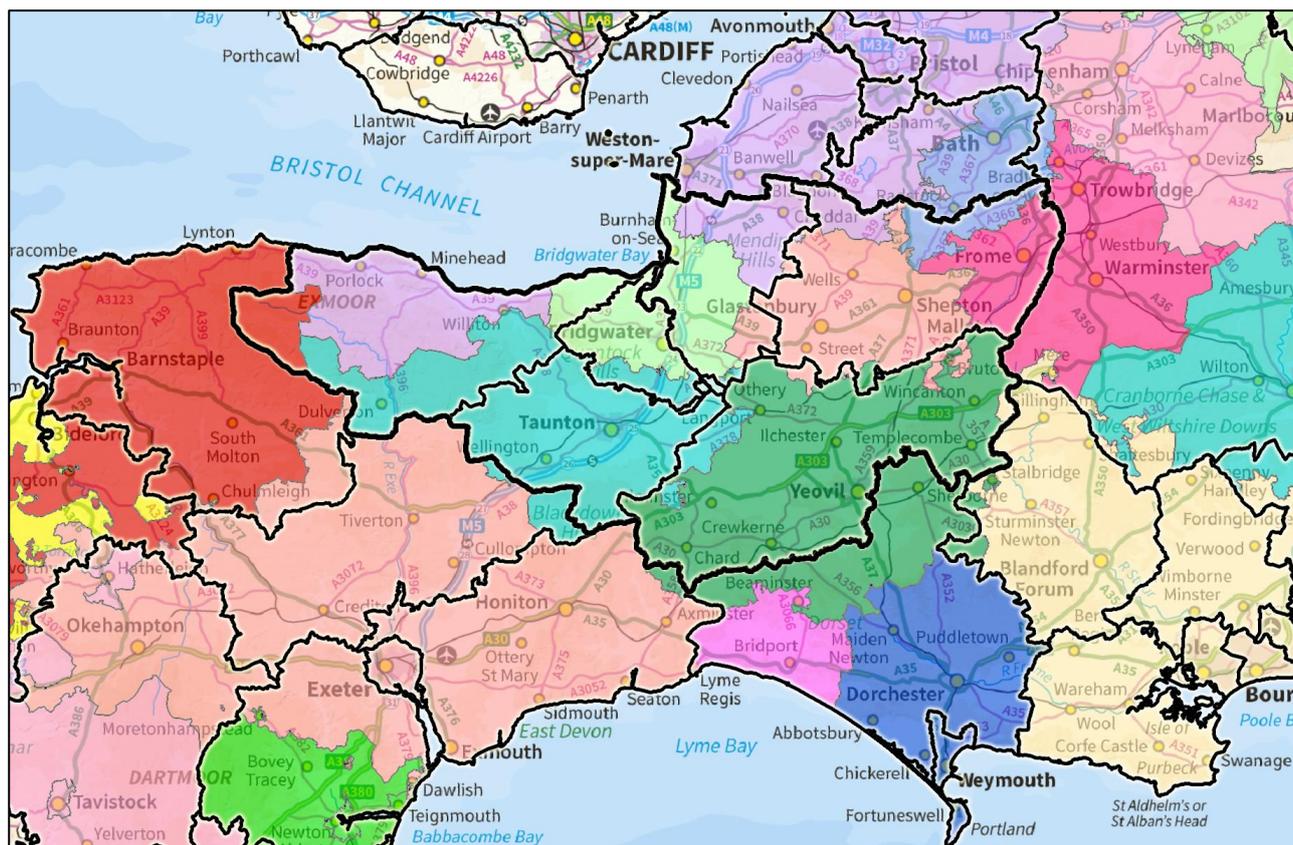
⁶ Objectively Assessed Need and Housing Targets (PAS, second edition, July 2015)

Somerset. However, CLG research and the PAS OAN technical advice note both confirm that migration patterns and commuting flows are more relevant for identifying housing market areas. Given the evidence on commuting and migration, we would propose that the five areas remain separate.

Proposed HMAs for Somerset

15. Having considered all of the relevant evidence, we would suggest that the proposed commuting zones provide the most appropriate basis for defining functional housing market areas for Somerset (Figure 1).

Figure 1: Functional Housing Market Areas for Somerset



16. Nevertheless, the PAS OAN technical advice note identifies that a “best fit” approximation to local authority areas is necessary “given that planning policy is mostly made at the local authority level, and many kinds of data are unavailable for smaller areas” (second edition, paragraph 5.9).
17. It is possible to establish a reasonable “best fit” between the identified commuting zones and the local authority areas and the analysis has also confirmed that in all five of the Somerset local authority areas, a substantial majority of migrants moved within the same local authority area. Therefore, the local authority areas satisfy the PPG definitions for HMAs in regard to migration.
18. **Based on a detailed analysis of the evidence, we would therefore recommend to the Somerset councils that the most appropriate “best fit” would be individual HMAs based on the administrative boundaries of Mendip, Sedgemoor, South Somerset, Taunton Deane and West Somerset.** These “best fit” groupings do not change the actual geography of the functional housing market areas that have been identified – they simply provide a pragmatic arrangement for the purposes of establishing the evidence required and developing local policies, as suggested by the CLG advice note and reaffirmed by the PAS technical advice note.

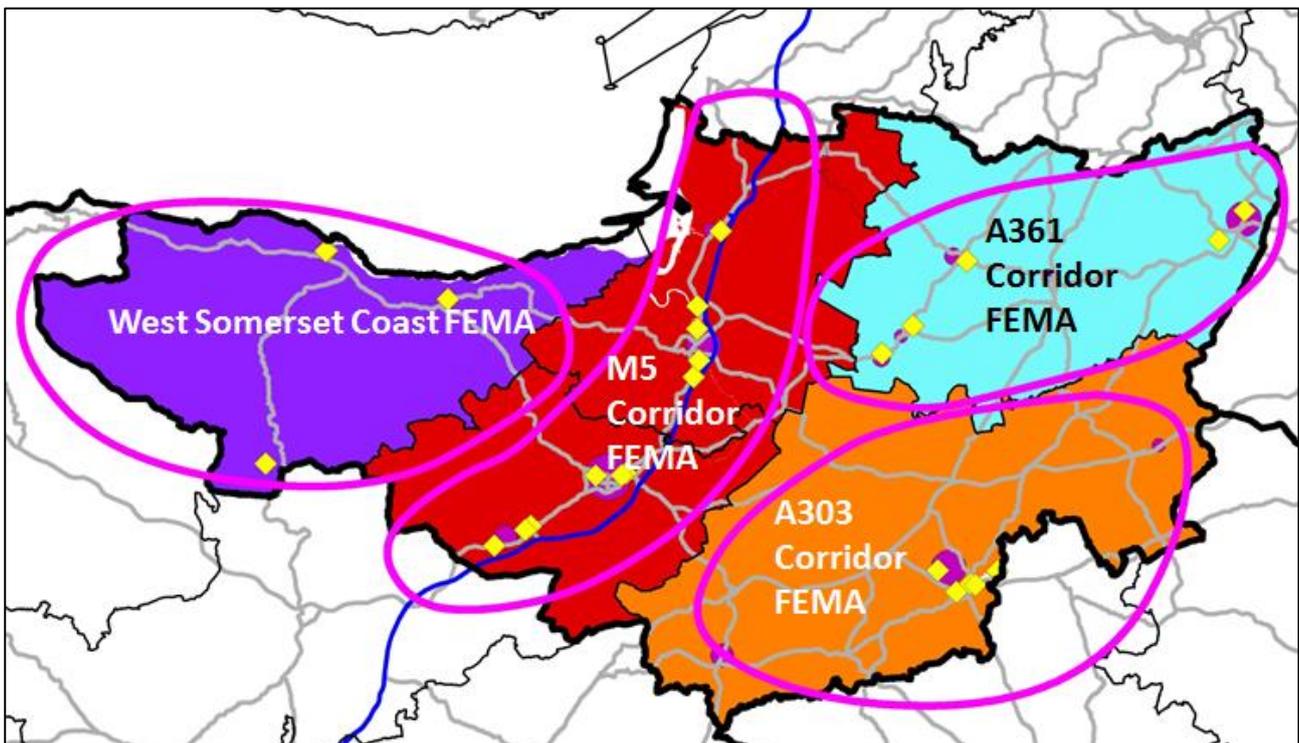
19. Whilst we believe that the proposed groupings for Somerset provide the overall “best fit” for establishing the evidence, they are not the only arrangements possible. Regardless of the final groupings, the more important issue will be the need for Sedgemoor and Mendip to maintain dialogue with the West of England local authorities (in particular Bath and North East Somerset and North Somerset); for Mendip to maintain dialogue with Wiltshire; for South Somerset to maintain dialogue with West Dorset; and for South Somerset, Taunton Deane and West Somerset to maintain dialogue with the Devon local authorities.

Functional Economic Market Areas

20. The approach to defining FEMAs is also consistent with Planning Practice Guidance (PPG). This states that *“The geography of commercial property markets should be thought of in terms of the requirements of the market in terms of the location of premises, and the spatial factors used in analysing demand and supply”* (ID 2a-012). As with HMAs there is no standard approach to defining FEMAs. Our approach is based on the following key issues:
- » Evaluation of a number of recent studies seeking to identify FEMA’s in the West of England over the past decade;
 - » Administrative areas (e.g. Local authority, LEP and other bodies’ boundaries);
 - » Travel to work areas;
 - » Transport networks;
 - » Location of key business, retail and industrial activities; and
 - » Housing market areas.
21. This suggests that the starting point for the definition of FEMA’s in Somerset should be based upon the range of previous studies that have been undertaken in the study area and that additional local information should be used to focus on potential local FEMA’s for Somerset. These include:
- » South West Regional Economic Strategy (2006)
 - » State of Somerset Economy (2010)
 - » Functional Economic Market Areas in the South West (2010)
 - » Evidence Base to Support SW Economic Strategy (2013)
 - » Heart of South West LEP Strategic Economic Plan (2014)
22. All of these studies have concluded that there is a consistent broad economic/spatial geography across the wider West of England region and that the broad areas that overlap across Somerset are:
- » M5 Corridor;
 - » A303 Corridor;
 - » North Peninsular; and
 - » North East Triangle.
23. Given the consistency in the findings from numerous previous studies, the approach to identifying FEMAs for Somerset needs to build on these outcomes. As there is significant overlap between three of the four broad South West of England FEMAs that cover Somerset, this study has sought to identify local FEMAs based on transport infrastructure and the location of primary settlements and business/industrial locations.

24. This has identified a total of four local FEMAs for Somerset. Three of these are based on a refinement of the broad South West of England FEMAs, and the fourth has split one of the broad FEMAs based on local transport corridors. The local FEMAs that are proposed for consideration by the local authorities in Somerset are set out below:
- » West Somerset Coast FEMA;
 - » M5 Corridor FEMA;
 - » A361 Corridor FEMA; and
 - » A303 Corridor FEMA.
25. Figure 2 shows the boundaries of the proposed local FEMAs together with a best fit of Middle Layer Super Output Area (MSOA) boundaries that broadly follow the proposed local FEMA boundaries. These are consistent with individual local authority boundaries for Mendip, West Somerset and South Somerset; and consistent with combined local authority boundaries for Sedgemoor and Taunton Deane.

Figure 2: Proposed Local FEMAs and Local Authority Boundaries



1. Introducing the Study

Background to the project and wider policy context

- 1.1 Opinion Research Services (ORS) were jointly commissioned by the five Somerset local planning authorities (Mendip, Sedgemoor, South Somerset, Taunton Deane and West Somerset) to identify Housing Market Areas (HMAs) and Functional Economic Market Areas (FEMAs) for the county.
- 1.2 The National Planning Policy Framework (NPPF)⁷ sets out government's planning policies for England and how these are expected to be applied. The framework acts as guidance for local planning authorities and decision-takers, both in drawing up plans and making decisions about planning applications.
- 1.3 The NPPF refers to Local Plans meeting the *“full objectively assessed needs for market and affordable housing in the housing market area”* (paragraph 47, emphasis added). Similarly, the Framework requires local planning authorities to have a *“clear understanding of business needs within the economic markets operating in and across their area”* and *“work together with county and neighbouring authorities and with Local Enterprise Partnerships”* (paragraph 160).
- 1.4 Given the NPPF context, the aim of these studies was to derive a consensus from local planning authorities and other relevant stakeholders about the most appropriate HMAs and FEMAs for Somerset. These functional geographies would then provide the Somerset councils with a basis for joint working arrangements in order to develop the evidence base required for assessing the future housing and economic development needs.

Analysis of Housing Market Areas

- 1.5 The definition of a functional housing market area is well-established as being *“...the geographical area in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay”* (Maclennan et al, 1998)⁸. Planning Practice Guidance (PPG)⁹ reflects this existing concept, confirming that the underlying principles for defining housing markets are concerned with the functional areas in which people both live and work:

What is a housing market area?

A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. It might be the case that housing market areas overlap.

The extent of the housing market areas identified will vary, and many will in practice cut across various local planning authority administrative boundaries. Local planning authorities should work with all the other constituent authorities under the duty to cooperate.

Planning Practice Guidance (March 2014), ID 2a-010

⁷ <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

⁸ Local Housing Systems Analysis: Best Practice Guide. Edinburgh: Scottish Homes

⁹ <http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

- 1.6 Therefore, PPG requires an understanding of the housing market area and says this can be defined using three different sources of information:
- » House prices and rates of change in house prices
 - » Household migration and search patterns
 - » Contextual data (e.g. travel to work area boundaries, retail and school catchment areas)
- 1.7 These sources are consistent with those identified in the CLG advice note *“Identifying sub-regional housing market areas”* published in 2007¹⁰.

Geography of Housing Market Areas (NHPAU/CURDS)

- 1.8 CLG also published a report on the *“Geography of Housing Market Areas”* in 2010¹¹ which was commissioned by the former National Housing and Planning Advice Unit (NHPAU) and undertaken by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University. This study explored a range of potential methods for calculating housing market areas for England and applied these methods to the whole country to show the range of housing markets which would be generated. The report also proposed three overlapping tiers of geography for housing markets:
- » **Tier 1:** framework housing market areas defined by long distance commuting flows and the long-term spatial framework with which housing markets operate;
 - » **Tier 2:** local housing market areas defined by migration patterns that determine the limits of short term spatial house price arbitrage;
 - » **Tier 3:** sub-markets defined in terms of neighbourhoods or house type price premiums.
- 1.9 The report recognised that migration patterns and commuting flows were the most relevant information sources for identifying the upper tier housing market areas, with house prices only becoming relevant at a more local level and when establishing housing sub-markets. The report also outlined that no one single approach (nor one single data source) will provide a definitive solution to identifying local housing markets; but by using a range of available data, judgements on appropriate geography can be made.
- 1.10 Advice published in the Planning Advisory Service (PAS) technical advice note about Objectively Assessed Need (OAN) and Housing Targets (originally published in June 2014, with a second edition¹² in July 2015) also suggests that the main indicators will be migration and commuting (second edition, paragraph 5.4).

“The PPG provides a long list of possible indicators, comprising house prices, migration and search patterns and contextual data including travel-to-work areas, retail and school catchments. In practice, the main indicators used are migration and commuting.”

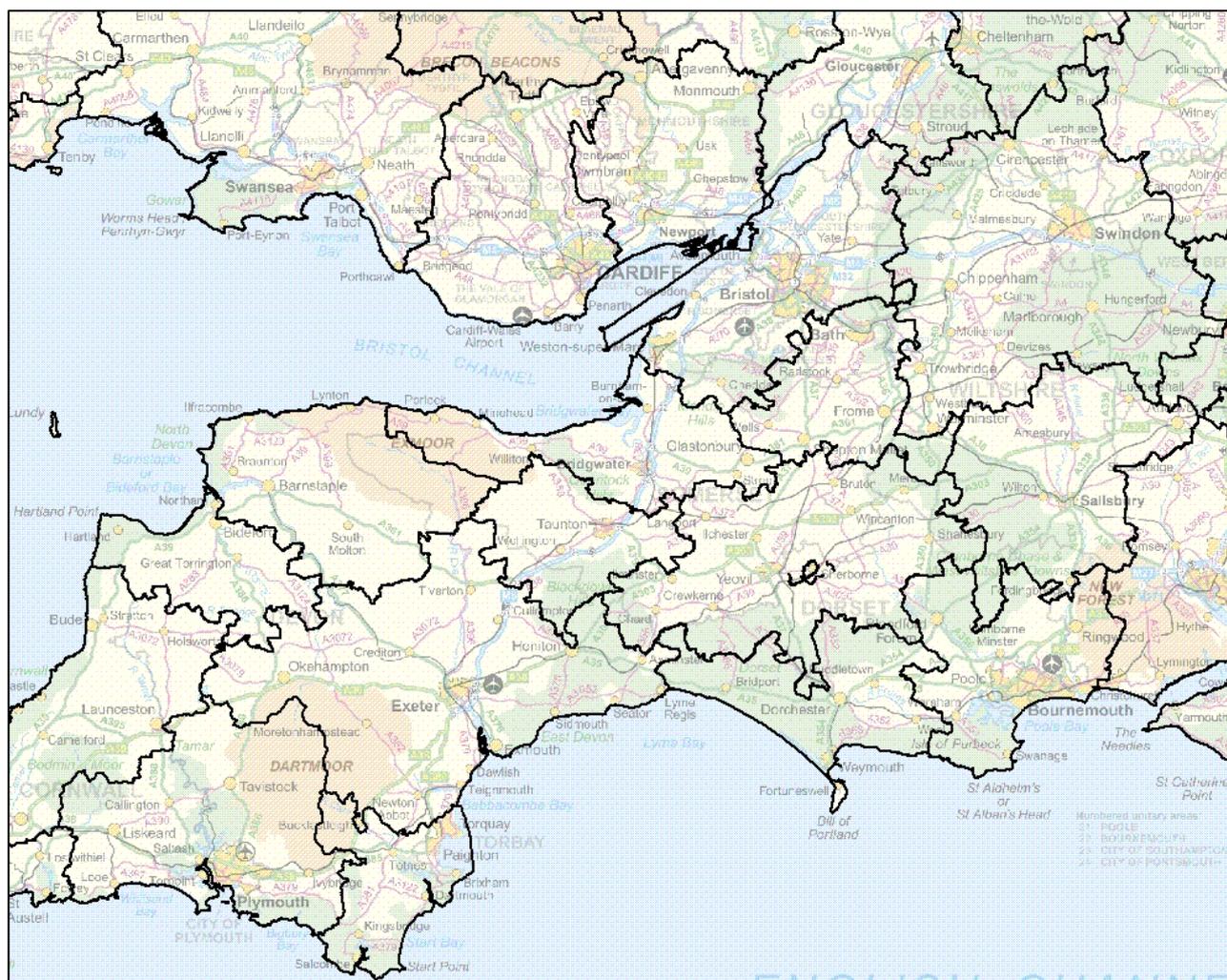
- 1.11 The PAS OAN technical advice note also suggests that analysis reported in the CLG report *“Geography of Housing Market Areas”* (CLG, November 2010) should provide a starting point for drawing HMAs (Figure 3). This identifies a number of housing market areas for Somerset, including Bath & Frome, Bridgewater, Taunton and Yeovil. It is important to note that the analysis of migration and commuting for the “starting point” CLG study was based on data from the 2001 Census. Given this context, the PAS OAN technical advice note recognises that *“more recent data should always ‘trump’ this geography”* (first edition, paragraph 4.9).

¹⁰ Identifying sub-regional housing market areas (CLG, March 2007); paragraph 1.6

¹¹ Geography of Housing Market Areas (CLG, November 2010); paragraph 1.6

¹² <http://www.pas.gov.uk/documents/332612/6549918/OANupdatedadvicenote/f1bfb748-11fc-4d93-834c-a32c0d2c984d>

Figure 3: NHPAU Study - PAS Advice Note 'Starting Point'



Analysis of Functional Economic Market Areas

- 1.12 The NPPF requires local planning authorities to “have a clear understanding of business needs within the economic markets in and across their area” based on a robust evidence base.

Local planning authorities should have a clear understanding of business needs within the economic markets operating in and across their area. To achieve this, they should:

- » *work together with county and neighbouring authorities and with Local Enterprise Partnerships to prepare and maintain a robust evidence base to understand both existing business needs and likely changes in the market; and*
- » *work closely with the business community to understand their changing needs and identify and address barriers to investment, including a lack of housing, infrastructure or viability.*

National Planning Policy Framework, paragraph 160

- 1.13 Local planning authorities therefore need to understand the functional economic market area (FEMA) within which they are located and the influences that will shape economic development of their area.

- 1.14 PPG identifies that FEMAs are effectively areas in which businesses search for sites and premises, and whilst the approach to defining a FEMA may vary from place to place, a range of different factors which could be considered are set out in the Guidance:

How can functional economic market areas be defined?

The geography of commercial property markets should be thought of in terms of the requirements of the market in terms of the location of premises, and the spatial factors used in analysing demand and supply – often referred to as the functional economic market area.

Since patterns of economic activity vary from place to place, there is no standard approach to defining a functional economic market area, however, it is possible to define them taking account of factors including:

- » *extent of any Local Enterprise Partnership within the area;*
- » *travel to work areas;*
- » *housing market area;*
- » *flow of goods, services and information within the local economy;*
- » *service market for consumers;*
- » *administrative area;*
- » *catchment areas of facilities providing cultural and social well-being;*
- » *transport network.*

Planning Practice Guidance (March 2014), ID 2a-012

- 1.15 The PAS OAN technical advice note provides further advice about defining FEMAs (second edition, paragraphs 5.32-35):

“An economic market area is an area in which businesses search for sites and premises. Much of the demand for land for economic uses can be met by sites either side of an administrative boundary, so long as these sites are in the same economic market area. ... as noted in the PPG, economic market areas may be defined as labour market areas, which are areas of commuting closure – meaning that a high proportion of all journeys to work occur within the area. They may also be seen as areas of search for business location.

One would expect HMAs and economic market areas to be geographically similar, because in broad terms both are largely determined by the reach of a daily return trip. Just as households’ location decisions are largely driven by access to jobs and services, business location decisions are largely driven by access to the workers that fill those jobs and the customers who consume those services.

For this reason, and also for convenience, it is helpful if HMAs and economic market areas are coterminous. This makes both analysis and policy-making more manageable.”

- 1.16 There are numerous studies that have previously considered the extent of FEMAs across Somerset and the wider South West region. This study reviews that existing analysis, but also considers a detailed analysis of commuting flow data from the 2011 Census, which is the most complete and reliable information available to understand travel to work patterns. This new analysis will inform the definition of travel to work areas which will provide an evidence base to establish the functional HMAs and FEMAs for Somerset, and consider whether or not coterminous geographies would be justified and appropriate.

Duty to Cooperate

- 1.17 The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation.
- 1.18 The NPPF sets out an expectation that public bodies will co-operate with others on issues with any cross-boundary impact, in particular in relation to strategic priorities such as “*the homes and jobs needed in the area*”.

*Public bodies have a duty to cooperate on planning issues that cross administrative boundaries, particularly those which relate to the **strategic priorities** set out in paragraph 156. The Government expects joint working on areas of common interest to be diligently undertaken for the mutual benefit of neighbouring authorities.*

Local planning authorities should work collaboratively with other bodies to ensure that strategic priorities across local boundaries are properly coordinated and clearly reflected in individual Local Plans. Joint working should enable local planning authorities to work together to meet development requirements which cannot wholly be met within their own areas – for instance, because of a lack of physical capacity or because to do so would cause significant harm to the principles and policies of this Framework. As part of this process, they should consider producing joint planning policies on strategic matters and informal strategies such as joint infrastructure and investment plans.

National Planning Policy Framework (NPPF), paragraphs 178-179

- 1.19 This co-operation will need to be demonstrated as sound when plans are submitted for examination. One key issue is how any unmet development and infrastructure requirements can be provided by co-operating with adjoining authorities (subject to tests of reasonableness and sustainability). The NPPF sets out that co-operation should be “*a continuous process of engagement*” from “*thinking through to implementation*”.

Local planning authorities will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examination. This could be by way of plans or policies prepared as part of a joint committee, a memorandum of understanding or a jointly prepared strategy which is presented as evidence of an agreed position. Cooperation should be a continuous process of engagement from initial thinking through to implementation, resulting in a final position where plans are in place to provide the land and infrastructure necessary to support current and projected future levels of development.

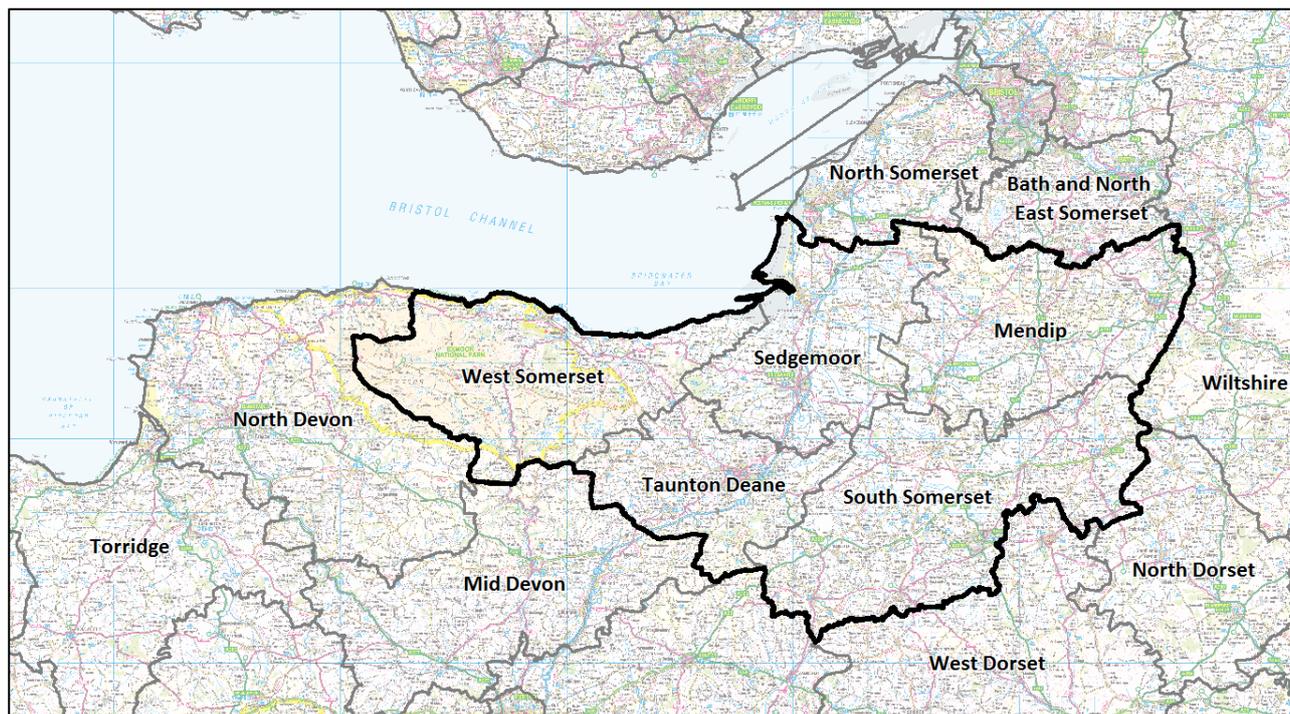
National Planning Policy Framework (NPPF), paragraph 181

- 1.20 This study was jointly commissioned by the five Somerset local planning authorities to ensure that they shared a consistent evidence base for HMAs and FEMAs across the county. The emerging outputs have also been discussed with officers and members at neighbouring local authorities under the Duty to Co-operate, to consider both the methodology used and the outputs derived:
- » A Method Statement was circulated to stakeholders highlighting the approach proposed and inviting comments: issues raised were discussed with the project steering group;
 - » A Stakeholder Workshop was convened with the opportunity to provide feedback on any specific concerns or comments; and
 - » A Consultation Draft of the Final Report was circulated inviting comments on the analysis and conclusions.

Stakeholder Feedback

- 1.21 The Method Statement was circulated to stakeholders; however no comments were received about the proposed methodology for the study.
- 1.22 A Stakeholder Workshop was held on Monday 18 May at Taunton Deane Council Offices and Figure 4 shows the local planning authorities that were represented at the Workshop (representatives from Somerset County Council also attended):

Figure 4: Local Planning Authorities Represented at the Stakeholder Workshop



- 1.23 At the workshop, emerging study analysis was presented and explained and stakeholders had the opportunity to question and clarify both the approach and initial conclusions of the study. Stakeholders also had the opportunity to discuss emerging evidence and provide initial feedback.
- 1.24 The presentation initially summarised the process that had been undertaken of reviewing existing HMA analysis in and around Somerset, before focussing on the analysis of commuting flow data and the approach for defining the emerging Housing Market Areas. The presentation then set out the evidence base that had been established for defining emerging FEMAs, including existing studies, an assessment of the broad economic/spatial geography of Somerset, and how regionally identified FEMAs could be applied to local authorities in Somerset.
- 1.25 There was general support for the methodology and the emerging outcomes; however it was recognised that whilst work to define HMAs is well-established and understood, there was less clarity on best practice for defining FEMAs.
- 1.26 Stakeholder feedback on the consultation draft of the final report is summarised in Appendix A together with responses to each of the issues raised.

2. Review of Existing Analysis

Previous analysis of housing markets and economic areas

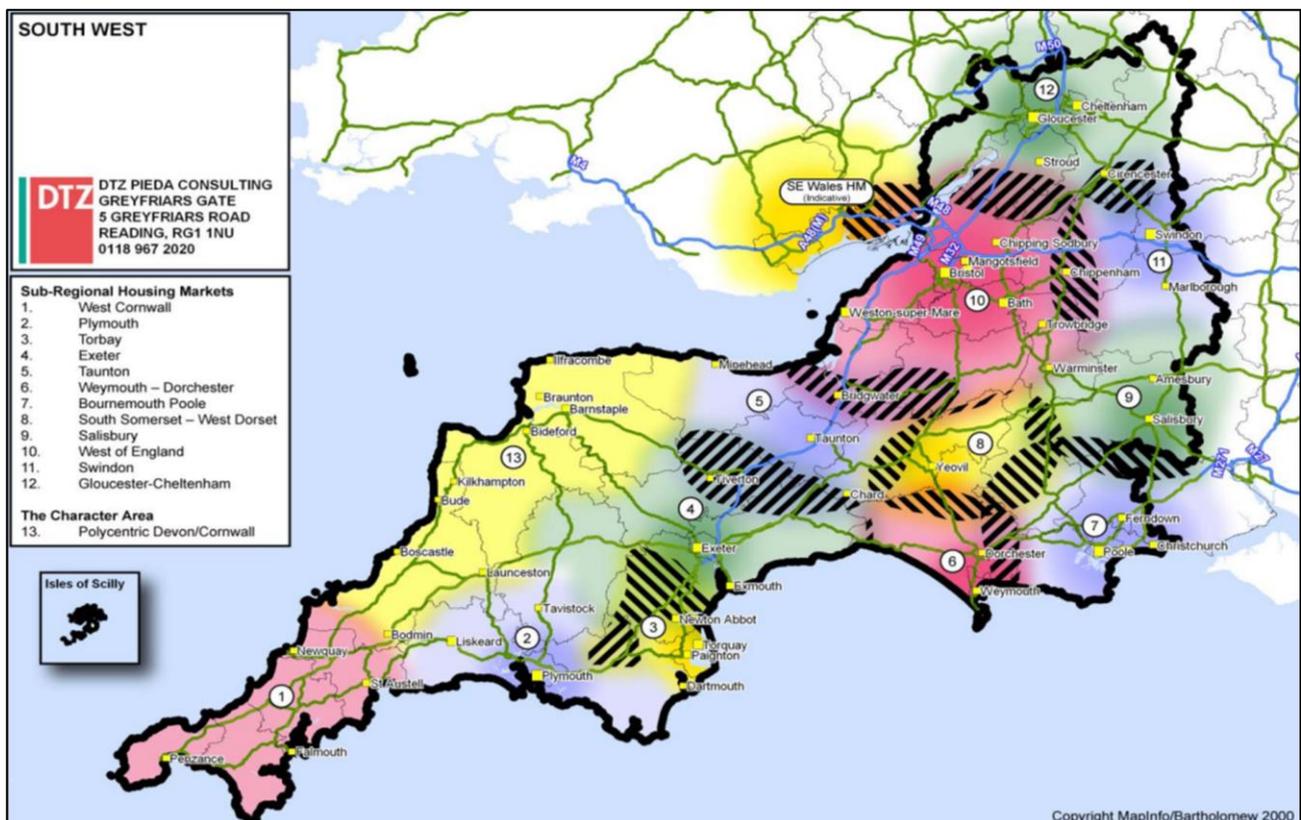
- 2.1 The development, evidence and understanding of Housing Market Areas has developed considerably in the last 10 years.

Regional and National Studies

Sub-Regional Housing Markets (DTZ: 2004)

- 2.2 DTZ undertook a regional assessment of sub-regional housing markets in 2004 for the South West Regional Housing Board which was part of the then Regional Assembly. The evidence used was travel to work (TTW) and migration data, together with house price data. DTZ also considered the catchment areas for employment and retail centres.
- 2.3 The largest part of Somerset was identified as being in the “West of England” sub-regional housing market, principally centred on Bristol and Bath. The remainder of the County was identified with the “Taunton” and “South Somerset-West Dorset” sub-regional housing markets. However, there were considerable areas of ‘convergence’ or areas which overlap between markets; this is particularly so around Tiverton, Bridgwater and Yeovil.

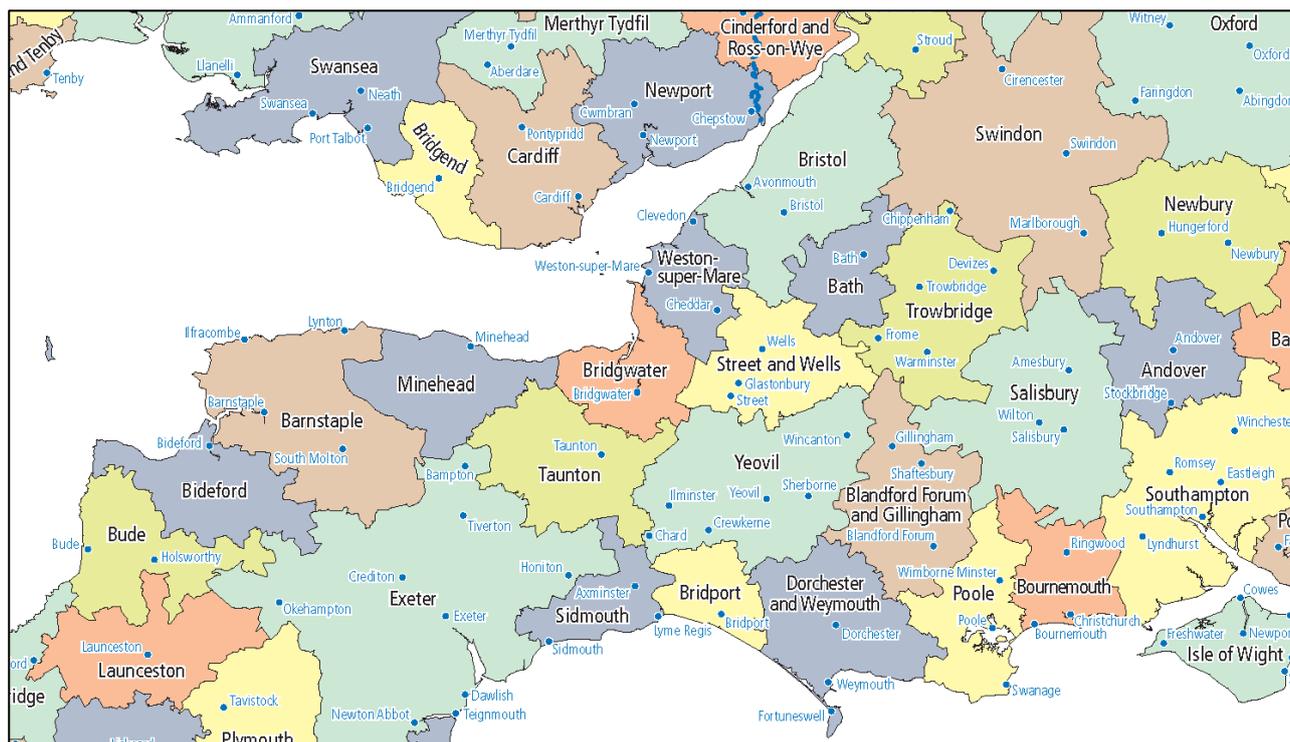
Figure 5: Proposed Sub-Regional Housing Markets (DTZ 2004; for the South West Regional Housing Board)



ONS Travel to Work Areas (ONS; 2015)

- 2.4 The Office for National Statistics (ONS) defined Travel to Work Areas in 2015 for those involved in labour market analysis and planning. For this they undertook analysis of commuting patterns (working with Newcastle University) to define 228 Travel to Work Areas (TTWAs) for the whole of the UK, a reduction from the 243 TTWAs that were previously defined based on 2001 Census data.
- 2.5 The TTWAs are based on aggregations of Lower Layer Super Output Areas (LSOAs) in England and Wales. The criteria used for defining Travel To Work Areas is based on “at least 75% of an area's resident workforce work in the area and at least 75% of the people who work in the area also live in the area”. However, for areas with a working population in excess of 25,000, self-containment rates of 66.7% are accepted. Therefore, for most areas, whilst the target is 75% the threshold is 66.7%.
- 2.6 Figure 6 shows the defined ONS TTWAs (2015) and these are based on the origin-destination data from the 2011 Census; this shows that the Somerset authorities are largely contained within five TTWAs:
- » **Minehead:** 81% of the people in employment that live in the area also work in the area; and 86% of jobs in the area are fulfilled by people that live in the area;
 - » **Taunton:** 81% of the people in employment that live in the area also work in the area; and 76% of jobs in the area are fulfilled by people that live in the area;
 - » **Bridgwater:** 71% of the people in employment that live in the area also work in the area; and 80% of jobs in the area are fulfilled by people that live in the area;
 - » **Street & Wells:** 72% of the people in employment that live in the area also work in the area; and 74% of jobs in the area are fulfilled by people that live in the area; and
 - » **Yeovil:** 83% of the people in employment that live in the area also work in the area; and 83% of jobs in the area are fulfilled by people that live in the area.

Figure 6: ONS 2011 Travel To Work Areas (Source: ONS 2015)



Further studies identifying Sub-Regional and Local Housing Market Areas

2.7 Recent housing market area analysis of the south west have analysed Somerset and the surrounding administrative areas on the basis of migration, travel to work and house price data at various times and at various spatial levels. The conclusions from these recent studies are summarised below:

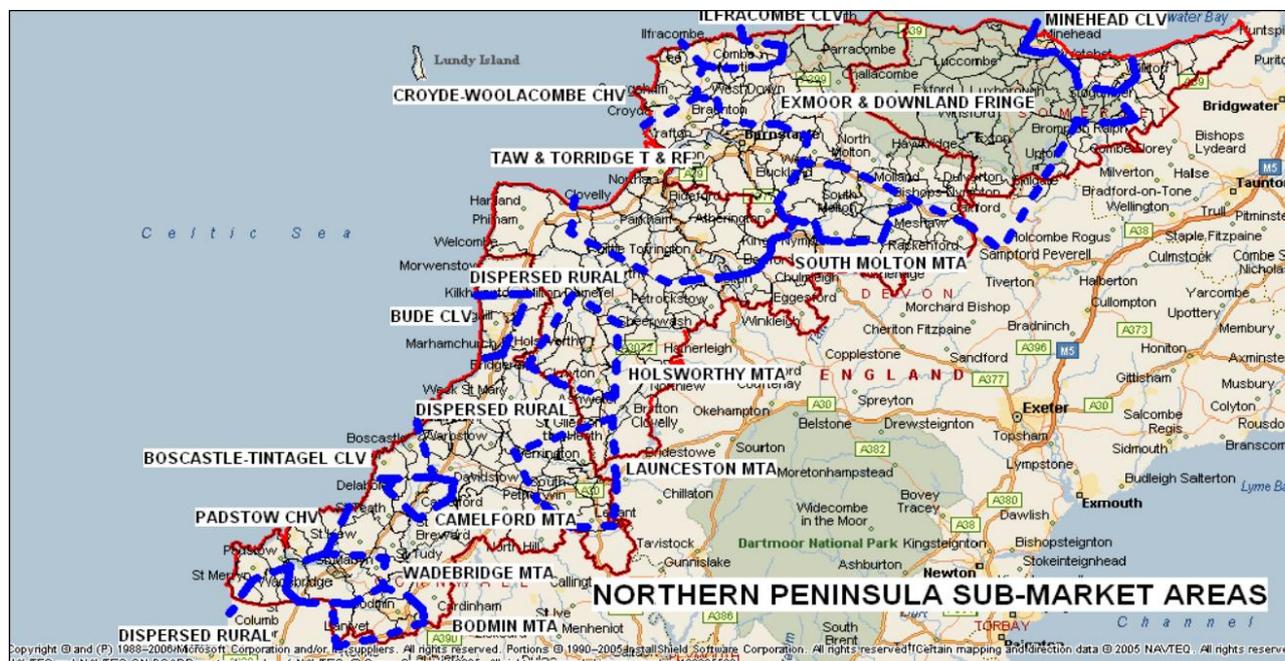
- » Northern Peninsular SHMA (Housing Vision; 2008, 2015)
- » Exeter Housing Market Area SHMA (David Couttie Associates; 2014/15)
- » Wider Bristol SHMA (Opinion Research Services; 2015)

2.8 Overall, although the degree of self-containment and separation has been subject to different analysis, the conclusions from recent HMA studies generally support the conclusion that HMAs in Somerset mainly relate to areas within the county boundary, although there are some external links evident: in particular links to Bristol and Bath to the north, and to a lesser extent to the Northern Peninsular to the west and Mid Devon to the south.

Northern Peninsular SHMA (Housing Vision; 2008, 2015)

2.9 The 2008 Northern Peninsular SHMA (updated 2015) identified sub-markets and included the western half of West Somerset in the 'Exmoor and Downland Fringe' sub-market. The DTZ, 2004, analysis identified a smaller part of West Somerset as being in the Character Area (Polycentric Devon/Cornwall sub-regional housing market).

Figure 7: Extract from Northern Peninsular SHMA (2008)



2.10 The SHMA concludes that:

'This analysis supports some of the views expressed by the steering group. In particular overlapping SMAs are found that span the boundary of Torrridge and North Devon, there are overlapping sub-markets within North Cornwall and within West Somerset, Minehead is relatively self-contained and is the only part of the HMA that relates to the north east.'

Source: Northern Peninsular SHMA 2008 (Housing Vision)

Exeter Housing Market Area SHMA (David Coultie Associates; 2014/15)

- 2.11 The Exeter HMA SHMA 2014/15 identifies a clear HMA centred around Exeter and covering the three surrounding rural districts of Teignbridge, Mid Devon and East Devon.

Figure 8: Reproduced from Exeter HMA SHMA (2014/15)



- 2.12 The SHMA concludes that:

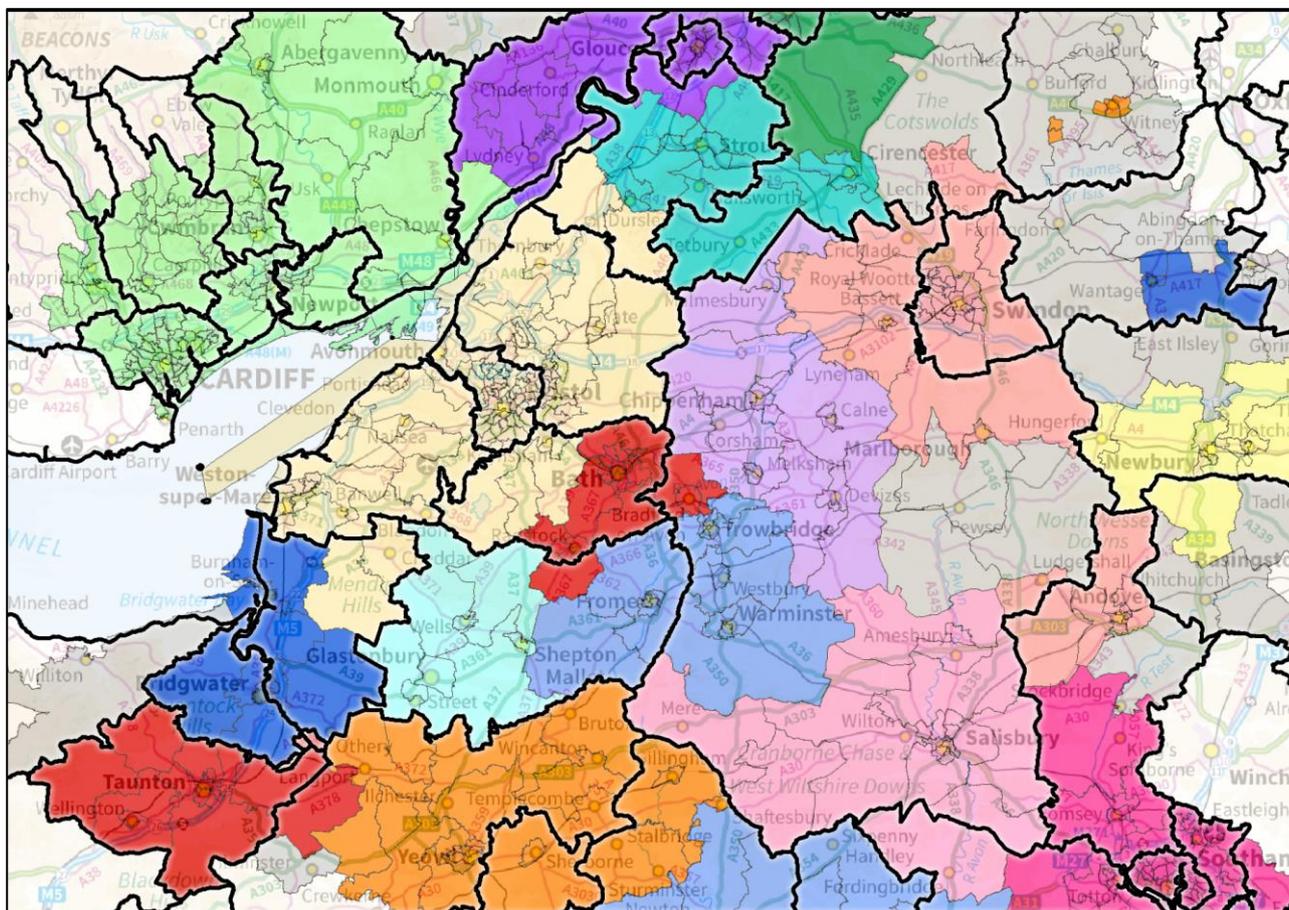
“Whilst some authorities have strong links outside the HMA area, notably Mid Devon to Taunton Deane, Teignbridge with the Local Planning Authority areas of South Hams and Torbay and the Dartmoor National Park with South Hams and West Devon, in terms of the linkage to each authority within the HMA group, the evidence from the 2011 Census data shows that these local planning authorities can be classed a Housing Market Area.”

Source: Exeter HMA SHMA 2014/15 (DCA)

Wider Bristol SHMA (Opinion Research Services; 2015)

- 2.13 Commuting zones defined by 67% containment levels in the Wider Bristol SHMA are shown below and demonstrate the influence of Bristol and Bath on the Somerset HMA.

Figure 9: Extract from Wider Bristol SHMA (2015): Proposed Commuting Zones with Local Authority Boundaries



- 2.14 The north eastern section of Sedgemoor is identified as being in the Bristol commuting zone and Mendip is identified as dividing mainly east-west, with part of the north being in the Bath commuting zone.
- 2.15 The interim conclusion is that there are two housing markets in the wider Bristol area, one focused on Bristol, the other on Bath. Further, the Wider Bristol HMA covers the whole of Bristol, North Somerset and South Gloucestershire, together with parts of Bath and North East Somerset, Sedgemoor and Stroud; whilst Bath HMA covers the remainder of Bath and North East Somerset together with parts of Mendip and Wiltshire.
- 2.16 It should be noted that this map differs slightly from the outcomes of the current study in relation to overlap between Taunton Deane and West Somerset, and overlap between South Somerset and North Dorset. The reason for this is that the Wider Bristol SHMA mapping concentrated on containment seeds in the immediate Bristol and Bath areas and not in these peripheral areas to Bristol study. More detailed analysis of containment seeds during the Somerset study provided a more accurate set out outcomes for the Somerset local authorities.

Further studies identifying Functional Economic Market Areas

2.17 A number of studies have been undertaken by Local Economic Partnerships (LEPs) that operate in Somerset and surrounding areas over recent years that have looked to define FEMAs in the wider area as well as consider other issues relating to employment locations, future work locations and enterprise zones.

2.18 These studies include:

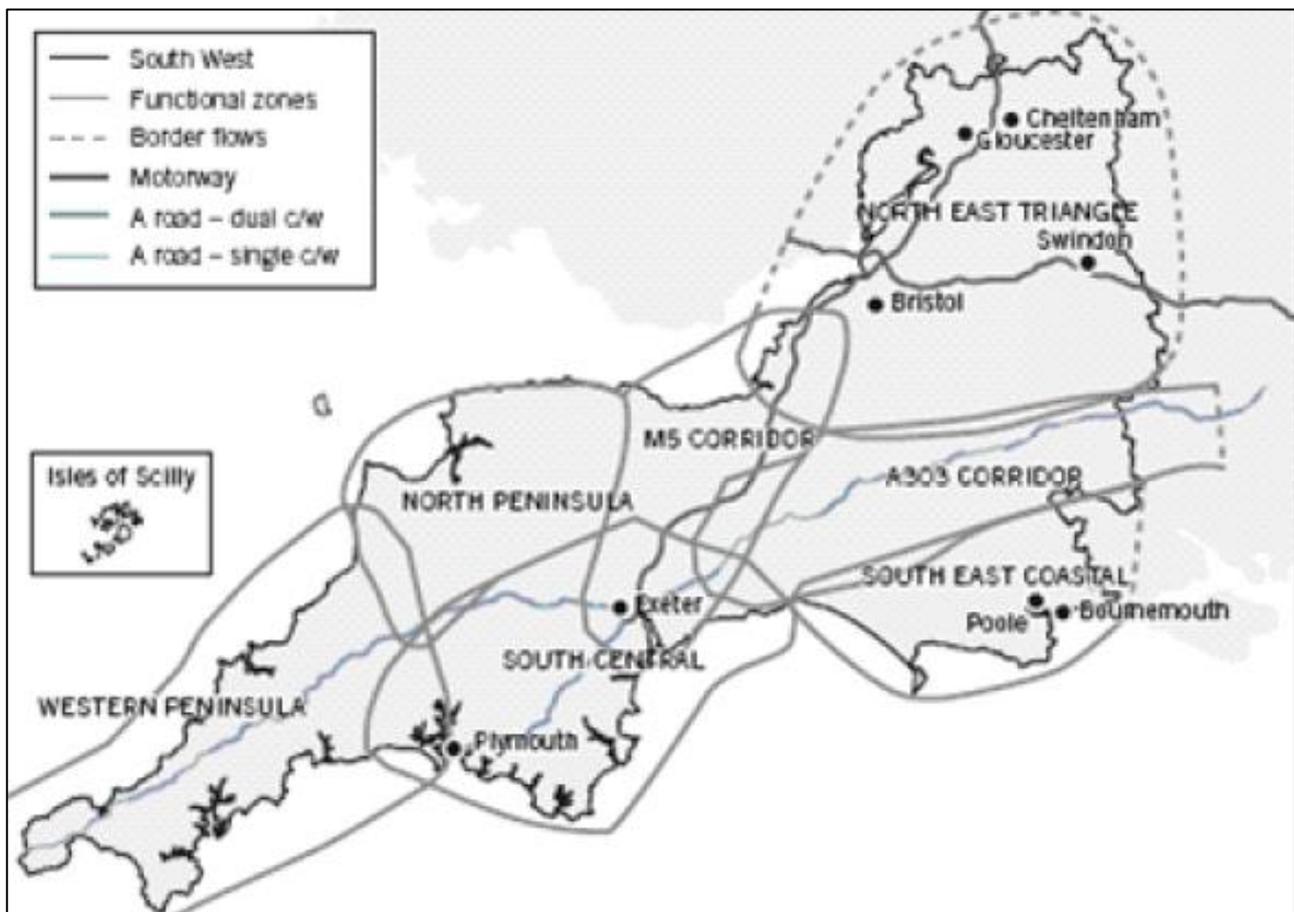
- » Regional Economic Strategy (2006)
- » State of Somerset Economy (2010)
- » Functional Economic Market Areas in the South West (2010)
- » Evidence Base to Support SW Economic Strategy (2013)
- » Heart of South West LEP Strategic Economic Plan (2014)

2.19 These studies have consistently identified a total of seven overlapping broad FEMAs across the South West.

Heart of the South West LEP Strategic Economic Plan (Peter Brett Associates; 2013)

2.20 The most recent study was the baseline evidence for the Heart of the South West LEP Strategic Economic Plan for the period 2014-2030. The seven overlapping broad FEMAs that this study identified are illustrated in Figure 10.

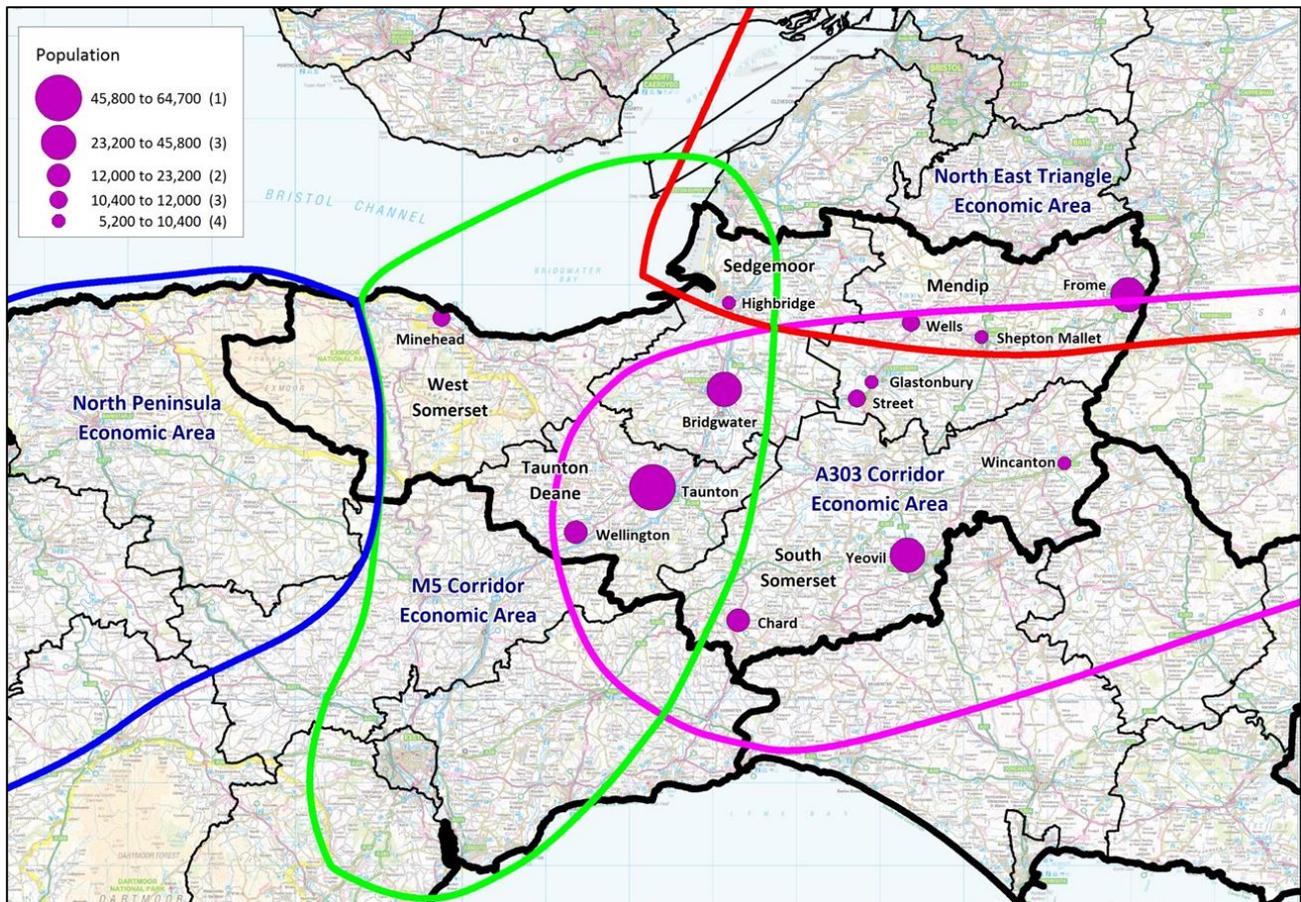
Figure 10: South West England Functional Economic Areas (Source: Baseline evidence for the Heart of the South West LEP Strategic Economic Plan; Peter Brett Associates, October 2013)



2.21 A more detailed map based on the areas which cover local authorities in Somerset is detailed in Figure 11. The identified FEMAs include:

- » **M5 Corridor:** bridging zone between north and south.
- » **A303 Corridor:** linking East Devon, South Somerset and the South
- » **North Peninsula:** predominantly rural covering North Devon, West Somerset and Torridge.
- » **North East Triangle:** including Mendip and neighbouring LEP areas.

Figure 11: South West England Functional Economic Market Areas in Somerset (Source: Based on findings from the baseline evidence for the Heart of the South West LEP Strategic Economic Plan; Peter Brett Associates, October 2013)



2.22 As previously noted, these areas have been identified consistently by numerous studies; therefore the conclusions for this study will be informed by these overlapping FEMA geographies.

3. Analysing Commuting Patterns

An overview of the methodology and findings

- 3.1 In considering HMAs and FEMAs for Somerset, our initial analysis is based on commuting patterns. Detailed commuting flow data from the 2011 Census has been published which enables us to understand the relationships that exist between where people live and work, which is a key element of the definition for HMAs and FEMAs. When defining HMAs and FEMAs, it is important that functional areas are not constrained to local authority boundaries. Further, there is a need to use evidence to build up the housing market area from a lower level of geography; essentially, to use smaller geographic areas as the basic “building block”.
- 3.2 Our initial analysis is based on commuting patterns across the geographic area from Bristol in the north to Weymouth and Tavistock in the south, and from Bideford and Tavistock in the west to Andover in the east. This approach ensures that functional relationships are properly identified without unduly focussing on the local planning authorities within the county. Nevertheless, the study can only identify the full extent of those HMAs and FEMAs for Somerset – neighbouring areas will only be identified as far as is necessary to establish the most appropriate boundary between them and the areas being identified in Somerset.
- 3.3 Given that our analysis initially focuses on commuting flows, the areas established will be commuting zones rather than HMAs or FEMAs. Commuting is a daily activity which is a major factor governing employment decisions and property purchase choices. Commuting flows define a pragmatic HMA and FEMA by delineating the reasonable limits to the area within which a local population will live and work. The majority of household members will only travel within a certain distance. Long-distance commuters can, in general, be excluded because they tend to be relatively few and it wouldn’t be appropriate to consider distant employment centres such as central London as part of the Somerset HMAs and FEMAs.
- 3.4 The importance of commuting flows is stressed in Guidance which identifies that HMAs reflect the “*key functional linkages between places where people live and work*” (ID 2a-010) and “*travel to work areas*” are key determinants for FEMAs (ID 2a-012); therefore commuting zones will form an important part of the evidence needed for establishing the most appropriate functional areas.

Analysis Method and Framework

- 3.5 To summarise the initial steps in our approach:
- » **Step 1:** Each Middle Layer Super Output Area (MSOA) within the geographic area was identified where all of the constituent Census Output Areas have been classified as being “urban” under the 2011 Rural Urban Classification (DEFRA, September 2011). The 2011 Rural Urban Classification is used to distinguish between rural and urban areas, an area is classified as rural if it falls outside of a settlement with more than 10,000 residents.¹³
 - » **Step 2:** We grouped together any contiguous urban MSOAs and each formed a single seed point (Figure 12).

¹³ Department for Environment, Food and Rural Affairs, Rural Urban Classification ; www.gov.uk, 2014; paragraph 3.3

- » **Step 3:** MSOAs within the geographic area were identified where the commuting ratio was less than 1.0; i.e. those MSOAs where the workplace population is larger than the resident population (Figure 13).
- » **Step 4:** These MSOAs with concentrations of employment are associated with the existing seed point with which they have the strongest relationship. Where these MSOAs are not contiguous with an urban area and have only weak relationships with the existing seed points, employment MSOAs form a new independent seed point (Figure 14).

Figure 12: Urban Areas based on DEFRA Classification



Figure 13: Areas with Commuting Ratio less than 1.0



Figure 14: 'Seeds' for Housing Market Areas based on Urban Areas and Employment Areas



3.6 Figure 14 shows the final seeds that were then used for the subsequent stages of the analysis process:

- » **Step 5:** For every MSOA in the geographic area, we associate it with the seed point (or seed point cluster) that has the largest number of workers resident in that MSOA.
- » **Step 6:** Based on the MSOAs associated with each seed point (or seed point cluster) at Step 5, we calculate the proportion of the resident population that work in the area and the proportion of the workplace population that live in the area to establish a self-containment ratio which is based on a weighted average of the two values.
- » **Step 7:** If all seed points (or seed point clusters) had an acceptable self-containment ratio, the process stops; otherwise for the seed point with the lowest self-containment ratio, the seed point with which it has the strongest relationship (based on the commuting flows and distance between the two seed points) is identified and the two seed points are clustered together. Where the seed point with the lowest self-containment ratio is already formed of a cluster of seed points, the cluster is separated and the strongest relationship identified for each of the original seed points before new clusters are formed.

3.7 The process from Step 5 to Step 7 was then repeated to achieve increasing levels of self-containment across all seed points (or seed point clusters).

3.8 The final distribution of areas depends on the level at which the self-containment ratio is considered to be acceptable. The higher that the self-containment ratio is required to be, the larger (and more strategic) the identified areas will become – as smaller areas will tend to have lower levels of self-containment. The ONS use a 75% target for Travel to Work areas, but it is worth noting that their threshold is 66.7% (for areas that have a working population in excess of 25,000 workers) and this provides a useful framework.

Analysis Outcomes based on 2011 Census Data

- 3.9 Figure 15 to Figure 17 show the outcome of this process, at the initial level of self-containment (the starting point), 60% and 67% (the ONS threshold for official Travel to Work Areas). At the starting point (Figure 15) various housing market areas are visible as distinct areas. The Somerset districts are represented by around 12 main areas; but also smaller areas such as Sherborne are separately identified.
- 3.10 At 60% self-containment (Figure 16) some of the smaller seeds have been merged with other seeds to which they have the strongest link. For example, Wellington has combined with the Taunton area. There is also some other realignment, such as part of Bridgwater merging into the Taunton area.

Figure 15: Initial modelling outputs

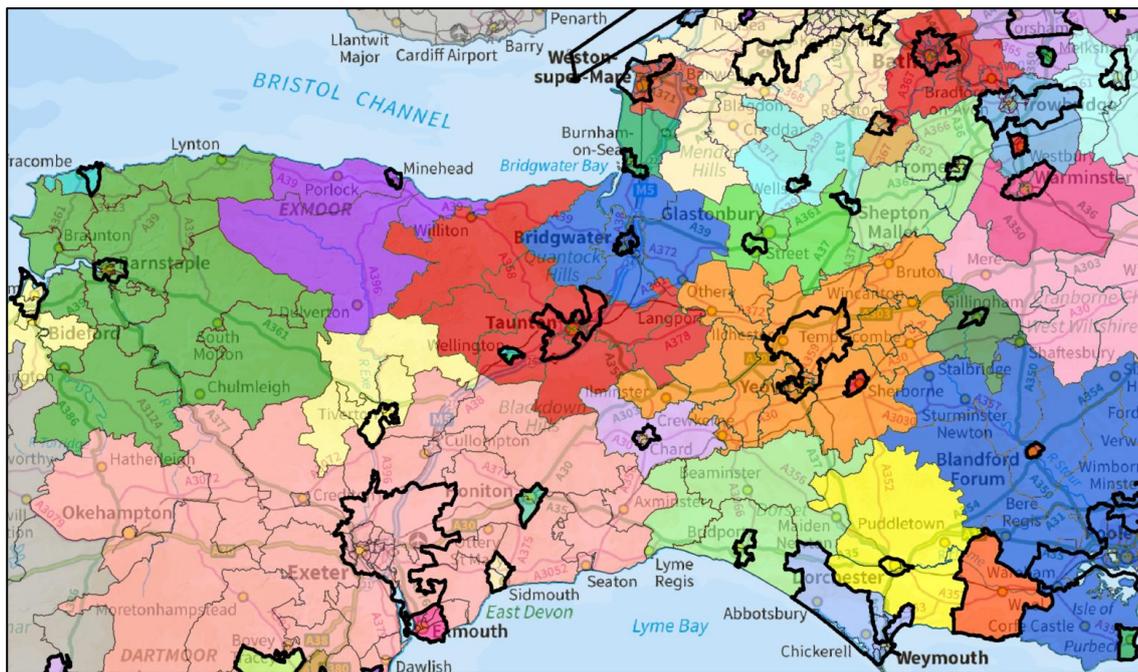
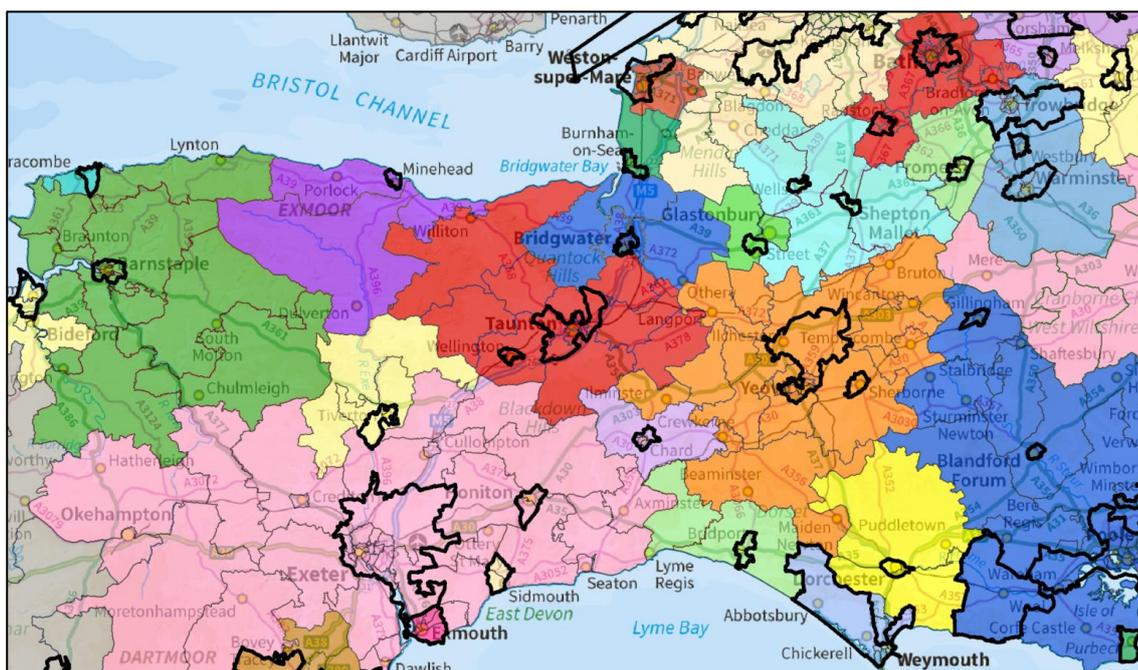
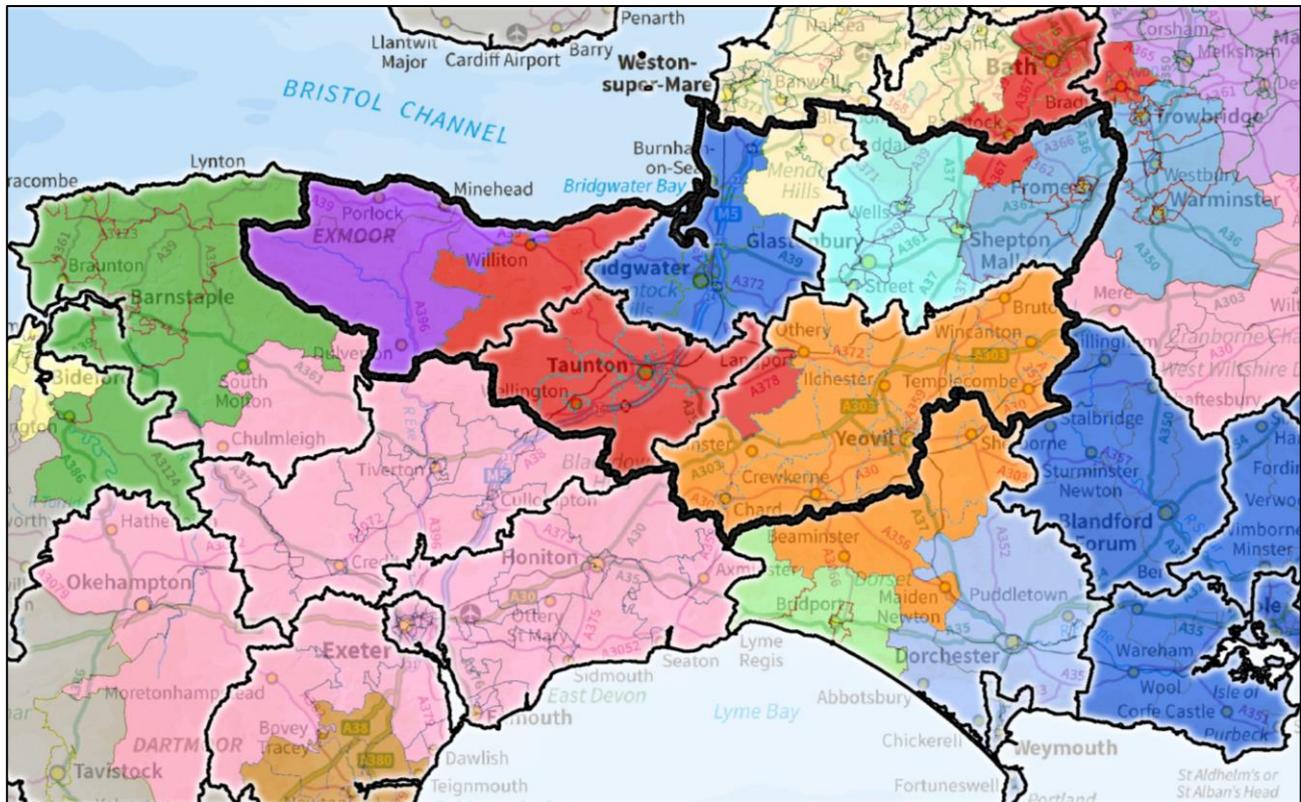


Figure 16: Model outputs at 60% containment threshold



- 3.11 At 67% self-containment (Figure 17), all of the smaller seeds have joined with larger areas, and it is evident that some of these larger areas have merged too. For example, Yeovil and Chard have combined together.

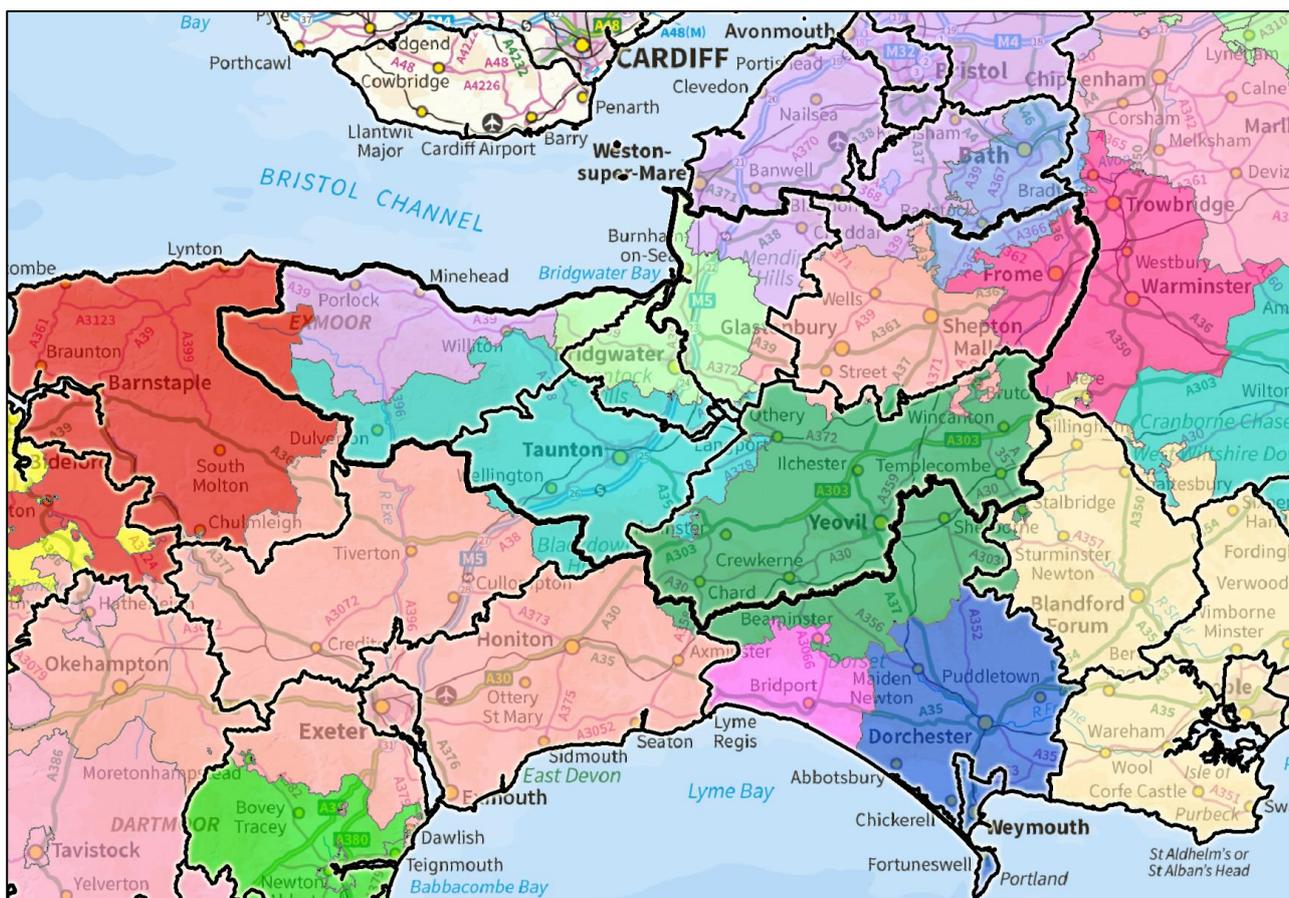
Figure 17: Model outputs at 67% containment threshold



Proposed Commuting Zones

- 3.12 The analysis to define the commuting zone clusters was developed using the MSOA statistical geography. Whilst these areas are smaller than local authority areas, they each cover a relatively large population: a minimum of 2,000 households and an average of 3,000 households in each MSOA. Therefore, some MSOAs cover relatively large geographic areas, in particular those outside urban centres. This means that the boundaries that have been identified for the commuting zones are likely to be relatively imprecise, especially in more rural areas.
- 3.13 To refine the identified boundaries, the modelling was re-run using Census Output Areas (COA): the smallest statistical geographies available, covering a minimum of 40 households with a target of 125 households in each COA. In considering this finer grained geography, the modelling is revised using COA based on the final seed clusters.
- 3.14 The following maps show the strongest relationship for each COA. Figure 18 shows the areas where the majority of workers travel to or from the COA to the identified area, together with the local authority administrative boundaries. These form the proposed commuting zones; however, while this study has clearly defined the boundaries for these commuting zones inside the study area, the boundaries outside of this area should be treated with caution given the geographic area that was included within the modelling analysis. This would not affect the boundaries or distribution within the area which is the focus of the study.

Figure 18: Proposed Commuting Zones based on the majority of workers travelling to and from the area at COA



3.15 Figure 19 sets out the key statistics for these final commuting zones, presented in descending order of containment score. The table also shows the overall commuting flows and highlights those that reach the ONS target of 75% and the ONS threshold of 66.7% in green (dark green and light green respectively), with the remaining flows (that fail to reach the ONS threshold of 66.7%) highlighted in red.

3.16 All commuting zones exceed the ONS threshold of 66.7% in terms of both workplace population and resident population. Yeovil and Minehead both exceed the 75% target on both measures, whilst Taunton exceeds the 75% target in relation to the resident population whilst Bridgewater and Trowbridge both exceed the 75% target in relation to the workplace population.

Figure 19: Statistics for Proposed Commuting Zones (Source: 2011 Census. Note: Dark green cells meet the ONS TTWA target of 75%; light green cells meet the ONS TTWA threshold of 66.7%. Population rounded to nearest 100. Figures may not sum due to rounding)

	Living and Working in area	Workplace Population		Resident Population		Containment Score
		Total workers	% living in area	Total workers	% working in area	
Yeovil	72,700	88,100	82.5%	88,700	81.9%	82.2%
Minehead	9,100	10,900	83.8%	11,900	76.7%	80.1%
Taunton	49,100	66,600	73.8%	60,800	80.8%	77.1%
Bridgwater	32,600	41,000	79.5%	47,100	69.3%	74.1%
Trowbridge	44,200	58,300	75.9%	65,800	67.3%	71.3%
Wells	21,500	29,900	71.9%	30,400	70.7%	71.3%

3.17 Figure 20 details the distribution of the resident population for these commuting zones by local authority.

Figure 20: Proposed Commuting Zones Resident Population by Local Authority Area (Source: 2011 Census. Note: Population rounded to nearest 100. Figures may not sum due to rounding)

Proposed Commuting Zone	Local Authority Area										Elsewhere
	Mendip		Sedgemoor		South Somerset		Taunton Deane		West Somerset		
	N	%	N	%	N	%	N	%	N	%	
Yeovil	500	0.5%	-	-	155,200	96.3%	-	-	-	-	26,000
Minehead	-	-	-	-	-	-	-	-	25,500	73.7%	-
Taunton	-	-	3,900	3.4%	4,400	2.7%	110,200	100.0%	5,800	16.6%	2,900
Bridgwater	-	-	89,200	77.9%	-	-	-	-	2,100	6.1%	-
Trowbridge	35,000	32.0%	-	-	-	-	-	-	-	-	104,100
Wells	61,600	56.3%	3,000	2.7%	1,400	0.9%	-	-	-	-	-
Elsewhere	12,200	11.1%	18,400	16.1%	200	0.1%	-	-	1,300	3.6%	-
TOTAL	109,300	100.0%	114,600	100.0%	161,200	100.0%	110,200	100.0%	34,700	100.0%	-

3.18 In summary, it is evident that:

- » **Mendip** is largely covered by the Wells commuting zone (56.3% of the population), although almost a third of residents (32.0%) live in the Trowbridge commuting zone (which includes Frome) and the Bath and Bristol commuting zones cover a further 11.1% of the population;
- » **Sedgemoor** is largely covered by the Bridgwater commuting zone (77.9%), although Cheddar and surrounding areas in the north of the district are in the Bristol commuting zone (16.1%);
- » **South Somerset** is almost entirely covered by the Yeovil commuting zone (96.3%), which also extends into northern parts of West Dorset;
- » **Taunton Deane**: is entirely covered by the Taunton commuting zone; and
- » **West Somerset**: is largely covered by the Minehead commuting zone (73.7%), although 16.6% of residents live in the Taunton commuting zone.

3.19 On this basis, we can conclude that it is possible to establish a reasonable “best fit” between the identified commuting zones and the local authority areas.

3.20 Figure 21 shows the number of residents in the areas where the LA and associated commuting zones intersect, together with the total population and percentage overlap for both geographies. At least 85% of residents in each commuting zone live within the associated LA; and, with the exception of Mendip, at least 74% of residents in each LA live within the associated commuting zone.

Figure 21: Resident Population for Commuting Zones and associated Local Authority Area (Source: 2011 Census. Note: Population rounded to nearest 100. Figures may not sum due to rounding)

Commuting Zone and associated Local Authority	Total residents in the LA and commuting zone	Commuting Zone		Local Authority	
		Total residents	% within local authority	Total residents	% within commuting zone
Bridgwater/Sedgemoor	89,200	91,400	98%	114,600	78%
Minehead/West Somerset	25,500	25,500	100%	34,700	74%
Taunton/Taunton Deane	110,200	127,200	87%	110,200	100%
Wells/Mendip	61,600	66,000	93%	109,300	56%
Yeovil/South Somerset	155,200	181,700	85%	161,200	96%

4. Housing Market Areas

Establishing the evidence base for identifying HMAs

- 4.1 As previously noted, PPG states that three different sources should be considered when identifying housing market areas, namely:
- » Commuting flows;
 - » Household migration;
 - » House prices and rates of change in house prices.
- 4.2 However, CLG research and the PAS OAN technical advice note have both suggested that commuting flows and migration patterns are the most relevant information sources when seeking to establish upper-tier housing market areas; house prices are more relevant when considering local areas or identifying housing sub-markets. Given this context, our analysis has initially focused on commuting and migration.

Commuting Flows

- 4.3 Chapter 3 set out a detailed analysis of commuting flows and Figure 22 shows the proposed commuting zones that were identified based on Census Output Areas.

Figure 22: Proposed Commuting Zones with Local Authority boundaries

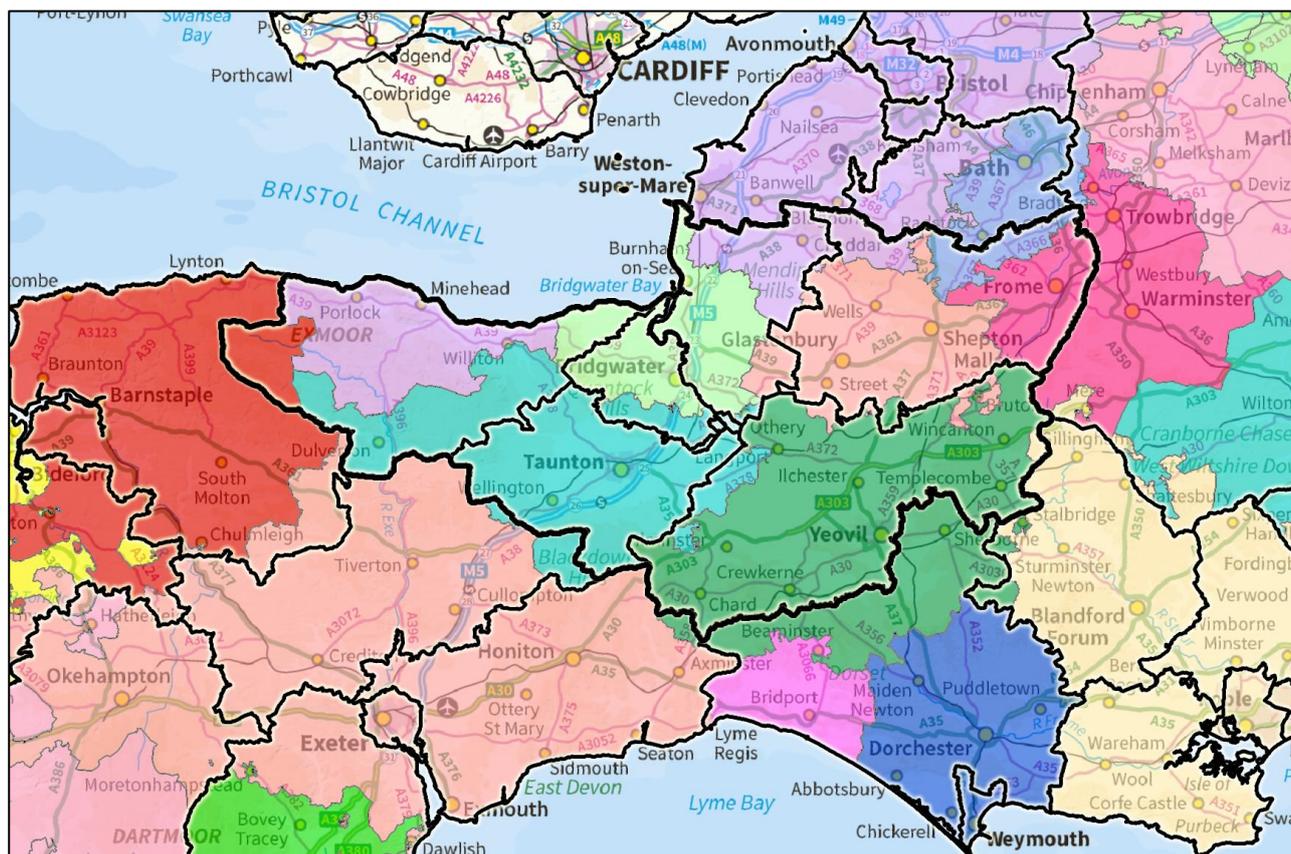
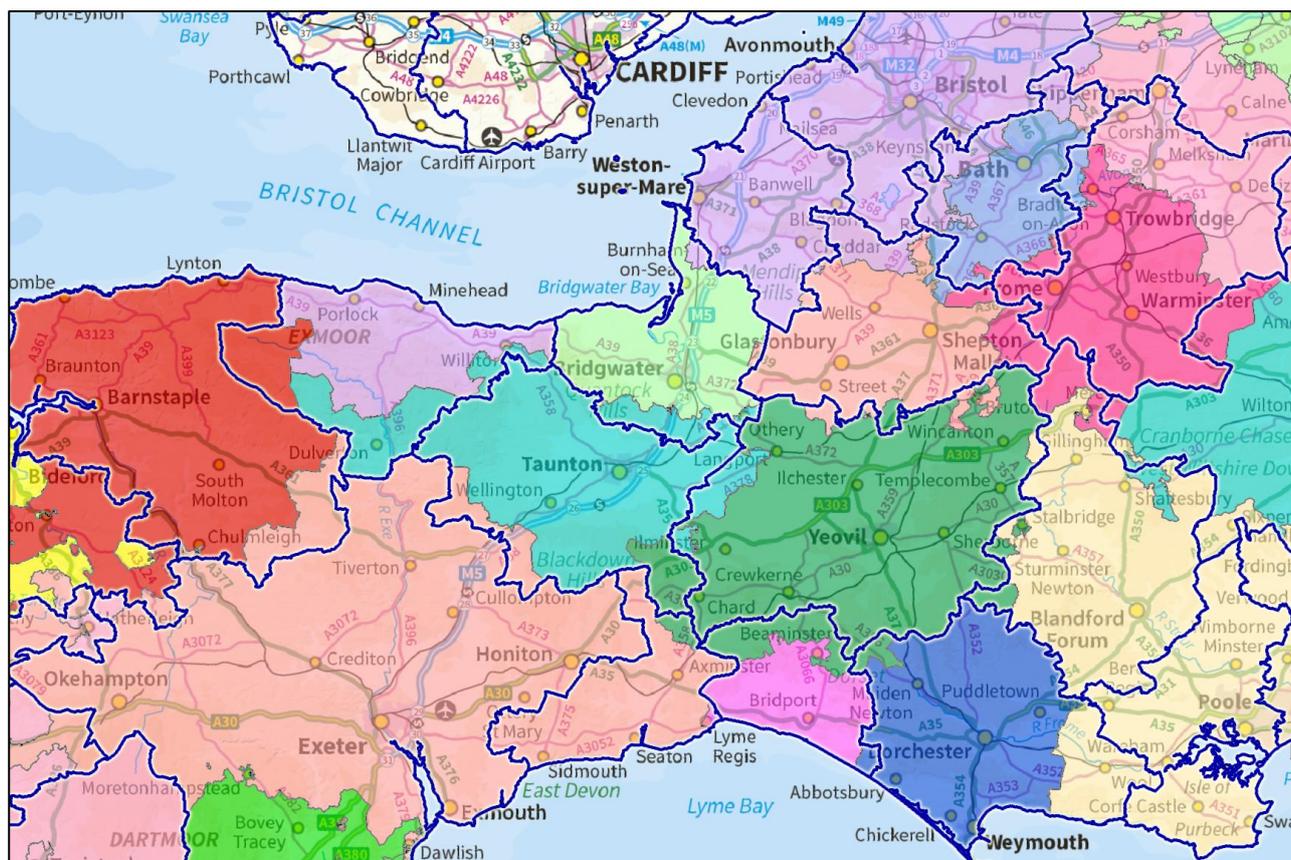


Figure 23: Proposed Commuting Zones with ONS 2011 Travel to Work Area boundaries (Source: ONS, August 2015)



- 4.4 Figure 23 compares the proposed commuting zones identified by the analysis with the ONS Travel to Work Areas that were published in August 2015 (after the study outputs were finalised).
- 4.5 Whilst the boundaries do not match precisely, it is evident that the two geographies are very similar. As previously noted, the ONS TTWAs are based on aggregations of Lower Layer Super Output Areas (LSOAs) whereas the proposed commuting zones are based on smaller Census Output Areas (COAs), and the different “building blocks” will partly explain the differences in the precise boundaries.

Migration Flows

- 4.6 In addition to data about commuting flows that reflects “the key functional linkages between places where people live and work”, PPG also suggests that migration patterns should be considered when defining functional housing market areas:

Migration flows and housing search patterns reflect preferences and the trade-offs made when choosing housing with different characteristics. Analysis of migration flow patterns can help to identify these relationships and the extent to which people move house within an area. The findings can identify the areas within which a relatively high proportion of household moves (typically 70 per cent) are contained. This excludes long distance moves (eg those due to a change of lifestyle or retirement), reflecting the fact that most people move relatively short distances due to connections to families, friends, jobs, and schools.

Planning Practice Guidance 2014, paragraph 11

- 4.7 Figure 24 shows the migration flows for the five Somerset local authority areas based on data from the 2011 Census.

Figure 24: Migration by Local Authority Area (Source: 2011 Census. Note: Population rounded to nearest 100. Figures may not sum due to rounding)

Usual Residence	Address one year ago							TOTAL
	Mendip	Sedgemoor	South Somerset	Taunton Deane	West Somerset	Elsewhere		
						LAs within 50 miles	LAs beyond 50 miles	
SOMERSET								
Mendip	6,400	300	500	100	-	1,800	2,200	11,300
Sedgemoor	300	7,400	300	700	200	1,200	1,800	11,900
South Somerset	500	200	10,200	400	100	2,000	3,200	16,600
Taunton Deane	100	600	600	7,700	300	1,200	2,100	12,500
West Somerset	-	100	100	200	2,000	300	900	3,700
ELSEWHERE								
LAs within 50 miles	1,900	1,120	2,000	1,100	300	-	-	-
LAs beyond 50 miles	2,200	1,700	3,100	2,100	700	-	-	-
TOTAL	11,400	11,500	16,700	12,200	3,600	-	-	-

- 4.8 PPG identifies that a “relatively high proportion of household moves” will be contained within a housing market area, and suggests that this will be “typically 70 per cent” or more; however this “excludes long-distance moves” (ID 2a-011).
- 4.9 As the PAS OAN technical advice note confirms, “what counts as a long-distance move is a matter of judgment” (second edition, paragraph 5.16). Data from the English Housing Survey 2013-14 household report¹⁴ (figure 6.4) shows that over 7 in every 8 moves in the UK involved distances of less than 50 miles, with almost 5 in every 6 involving distances of less than 20 miles.
- 4.10 The concept of excluding “long-distance moves” relates back to the early definition of a functional housing market area that was set out at the start of this chapter. That definition focused on “those moving house without changing employment”, and long-distance moves will generally involve a change of job or other change of lifestyle (such as retirement). On balance, it seems unlikely that many people would move more than 50 miles without a change of job; so it would seem reasonable to consider moves of over 50 miles as being “long-distance”.
- 4.11 Figure 25 sets out the key migration statistics by local authority based on the two migration containment ratios set out in the PAS OAN technical advice note (second edition, paragraph 5.15):

“Supply side (origin); moves within the area divided by all moves whose origin is in the area, excluding long-distance moves

Demand side (destination): moves within the area divided by all moves whose destination is in the area, excluding long-distance moves.”

¹⁴ <https://www.gov.uk/government/statistics/english-housing-survey-2013-to-2014-household-report>

Figure 25: Migration by Local Authority Area (Source: 2011 Census. Note: Population rounded to nearest 100. Figures may not sum due to rounding)

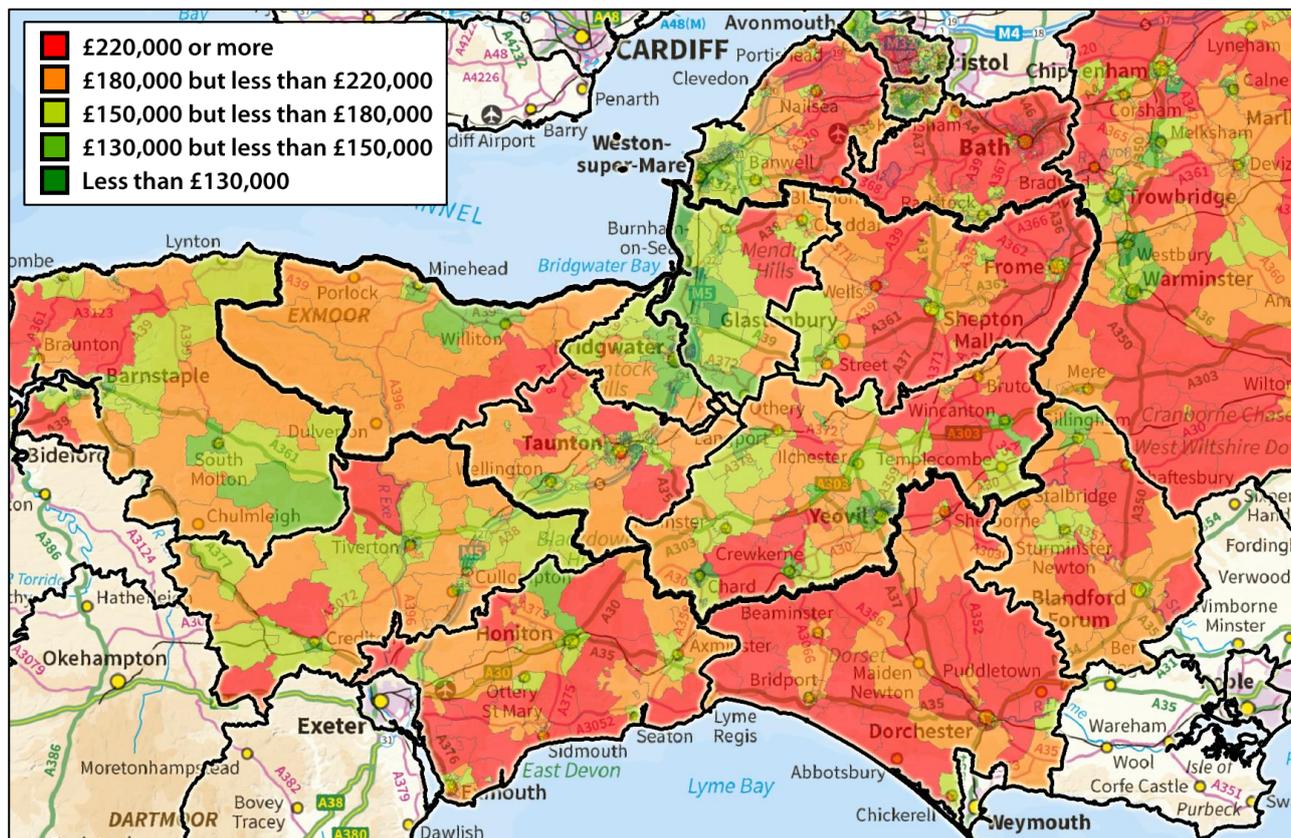
	Moves within LA	Supply side (origin)		Demand side (destination)	
		Total moves excluding long distance moves	% of moves within LA	Total moves excluding long distance moves	% of moves within LA
Mendip	6,400	9,200	70%	9,200	70%
Sedgemoor	7,400	10,100	74%	9,900	76%
South Somerset	10,200	13,400	77%	13,600	75%
Taunton Deane	7,700	10,400	74%	10,100	76%
West Somerset	2,000	2,800	72%	2,900	70%

4.12 It is evident that at least 70% of migrants moving up to 50 miles stayed within each of the local authority areas on both the supply side (i.e. moves originating in the area) and the demand side (i.e. moves whose destination is in the area). Based on the statistics, we can conclude that a “relatively high proportion of household moves” are contained within the individual local authority areas, and therefore these areas satisfy the PPG definitions for HMAs in regard to migration.

House Prices

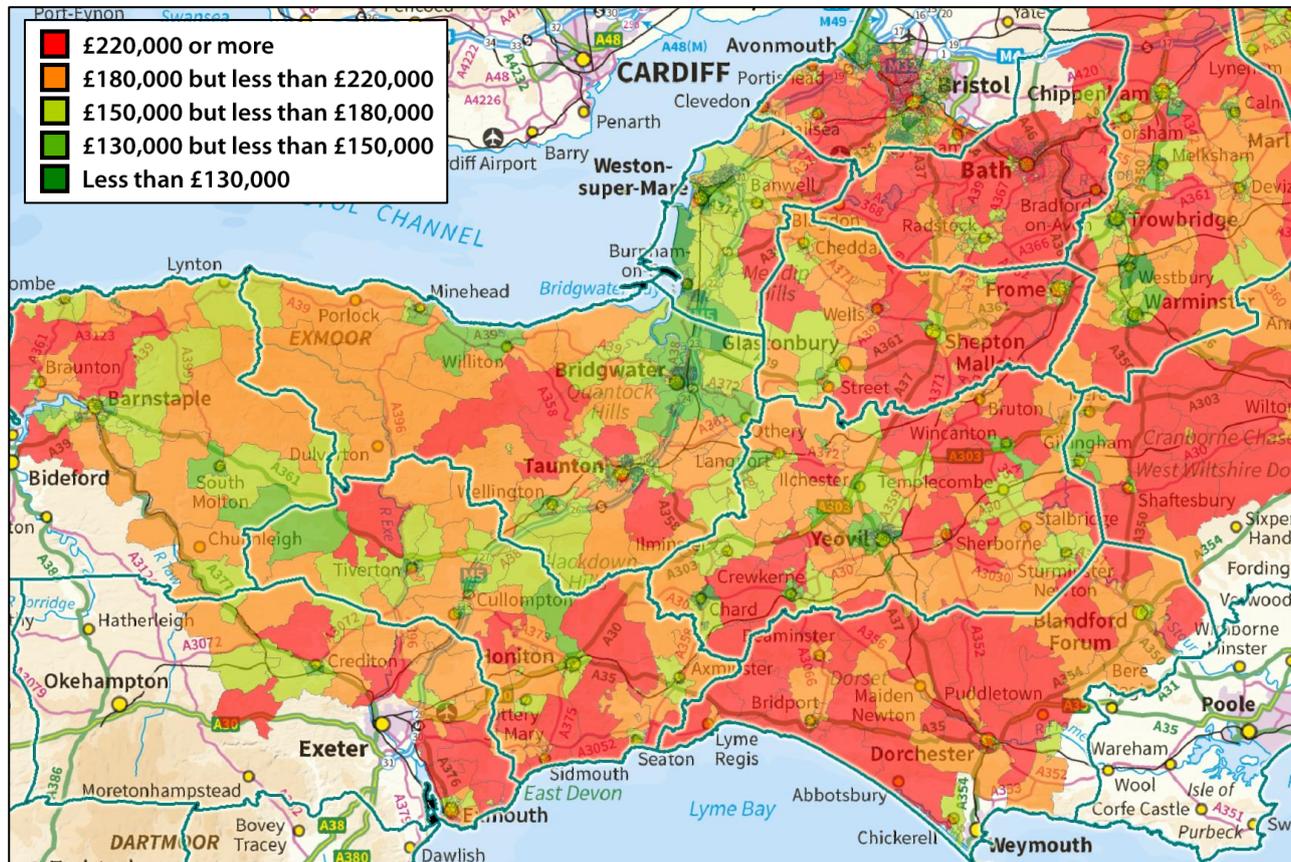
4.13 As previously noted, CLG research and the PAS OAN technical advice note have both suggested that house prices are less relevant when defining upper-tier housing market areas but can provide a useful context for identifying housing sub-markets. Figure 26 shows current shows mix-adjusted average house prices relative to the average for the overall area.

Figure 26: Mix-Adjusted House Prices with Local Authority boundaries (Source: Land Registry)



- 4.14 The geographic spread of areas with higher and lower house prices does not appear to provide a clear basis on which to define housing market areas. However, when this information is considered within the framework of the Valuation Office Agency (VOA) Broad Rental Market Area (BRMA) boundaries, some patterns do emerge (Figure 27).
- 4.15 BRMAs are the geographical area used by the Valuation Office Agency (VOA) to determine the Local Housing Allowance (LHA), the allowance paid to Housing Benefit applicants. The BRMA area takes into account local house prices and rents, and is based on where a person could reasonably be expected to live taking into account access to facilities and services.
- 4.16 Figure 27 shows that mix-adjusted average house prices (and consequently market rents) vary across Somerset and the surrounding areas:
- » Bath BRMA generally cover areas in the highest price band, although prices in Radstock are less expensive;
 - » There is a greater mix of areas in the top two bands covering Mendip BRMA, West Wiltshire BRMA and Yeovil BRMA, in particular those MSOAs covering areas outside the main towns;
 - » The situation in the Taunton & West Somerset BRMA differs from many of the other BRMAs: the house prices in rural areas are generally lower (except those that are reasonably close to Taunton); and
 - » Weston-super-Mare BRMA generally covers areas with lower house prices.

Figure 27: Mix-Adjusted House Prices with VOA BRMA boundaries (Source: Land Registry)



4.17 The Rent Officer Handbook: Broad Rental Market Areas (Local Reference Rent)¹⁵ identifies that:

“A BRMA (LRR) is an area: within which a tenant of the dwelling could reasonably be expected to live having regard to facilities and services for the purposes of health, education, recreation, personal banking and shopping, taking account of the distance of travel, by public and private transport, to and from those facilities and services

The BRMA (LRR) is subject to two conditions.

Firstly it must contain: residential premises of a variety of types, including such premises held on a variety of tenures.

Secondly, a BRMA (LRR) must contain sufficient privately rented residential premises, to ensure that, in the rent officer’s opinion, the local reference rents for tenancies in the area are representative of the rents that a landlord might reasonably be expected to obtain in that area.”

4.18 The boundaries of a BRMA do not have to match the boundaries of a local authority and BRMAs will often fall across more than one local authority area. Housing Market Areas (HMAs) and Broad Rental Market Areas (BRMAs) therefore both define areas based on housing along with the need to travel for work or to access services.

4.19 Bringing this together, it can be seen that HMAs are defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work; while BRMAs are areas within which a tenant of the dwelling could reasonably be expected to live having regard to facilities and services. Given that BRMAs should include residential premises of a variety of types, including such premises held on a variety of tenures, it is evident that the two definitions will tend to identify similar geographic areas in that they will be large enough to contain sufficient properties to be a market area, but limited in size by the need to travel for work or to access services. Travel, either for work or to access services is a key element of both definitions.

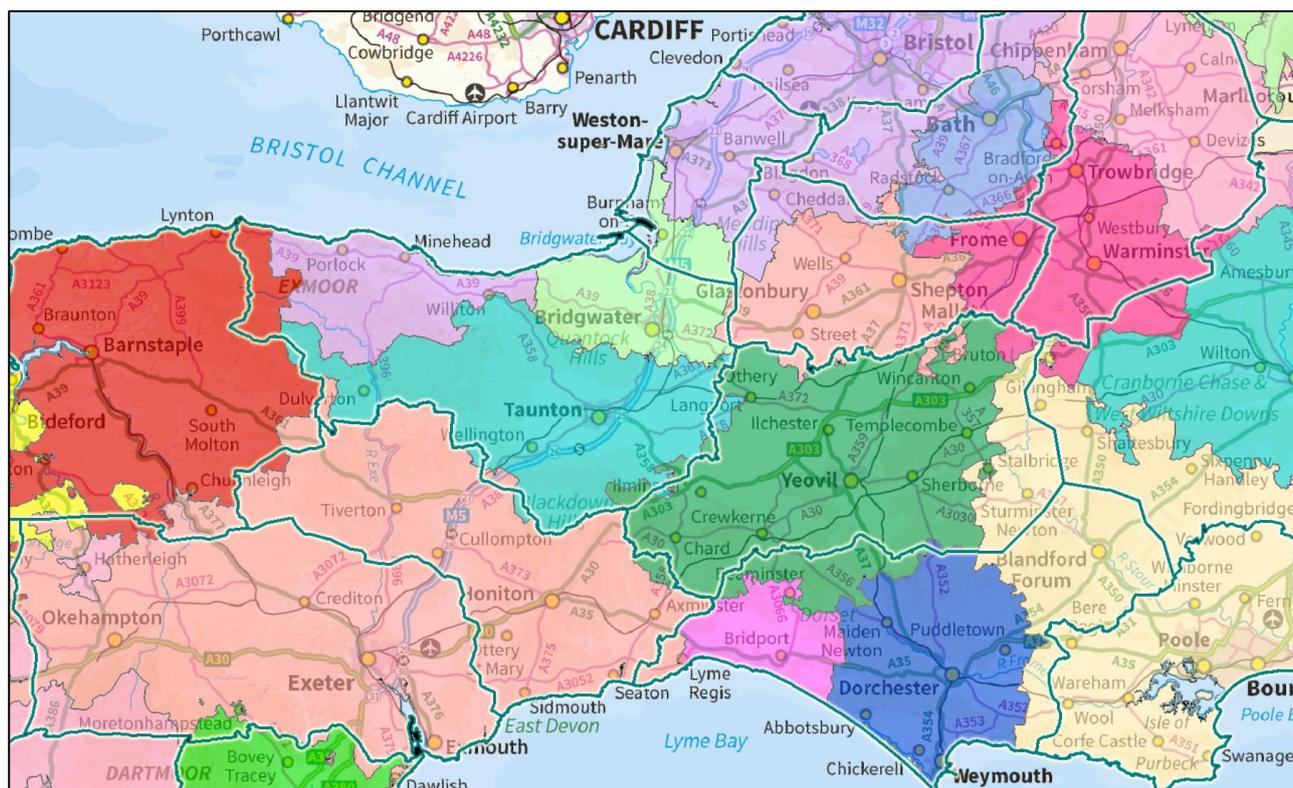
4.20 Both HMAs and BRMAs are based on *functional linkages* between where people live and work or where they live and access services. Places of work and services such as *health, education, recreation, personal banking and shopping* are predominantly based in larger settlements, becoming increasingly less common in smaller settlements and rural areas. Because of this, the definitions of HMAs and BRMAs in any area will tend to be centred around those urban centres, or on collections of settlements in rural areas without a major urban centre.

4.21 On this basis, it is helpful to review the previously identified commuting zones and migration zones (which both showed very similar patterns) with the BRMAs to understand the ways in which they are consistent and where they may differ.

4.22 Figure 28 shows the BRMA boundaries overlaid on the commuting zones previously identified. It is evident that there are many similarities between the two geographies. Whilst the precise boundaries may differ, a number of the commuting zones correspond with an equivalent BRMA; including the commuting zones and BRMAs for Bath and Yeovil, and the Wells commuting zone and Mendip BRMA. The Bridgewater, Minehead and Taunton commuting zones combined broadly reflect the Taunton and West Somerset BRMA, whilst the Chippenham and Trowbridge commuting zones combined broadly reflect West Wiltshire BRMA.

¹⁵ <http://manuals.voa.gov.uk/corporate/publications/Manuals/RentOfficerHandbook/HousingBenefitReferral/Determination/b-roh-broad-rental-market-areas-LRR.html>

Figure 28: Proposed Commuting Zones with VOA BRMA boundaries (Source: Land Registry)



- 4.23 Based on house prices and market rents together with the other considerations that the Rent Officer will take into account when establishing BRMAs, it may be appropriate to consider fewer housing market areas for Somerset than suggested by the commuting zone analysis. On this basis, there would be a combined area for Bridgwater-Minehead-Taunton together with separate areas covering Mendip and Yeovil.

Administrative Boundaries and Housing Market Areas

- 4.24 The NPPF recognises that housing market areas may cross administrative boundaries, and PPG emphasises that housing market areas reflect functional linkages between places where people live and work. The previous 2007 CLG advice note¹⁶ also established that functional housing market areas should not be constrained by administrative boundaries, nevertheless it suggested the need for a “best fit” approximation to local authority areas for developing evidence and policy (paragraph 9):

“The extent of sub-regional functional housing market areas identified will vary and many will in practice cut across local authority administrative boundaries. For these reasons, regions and local authorities will want to consider, for the purposes of developing evidence bases and policy, using a pragmatic approach that groups local authority administrative areas together as an approximation for functional sub-regional housing market areas.”

- 4.25 This “best fit” approximation has also been suggested by the PAS OAN technical advice note, which suggests (second edition, paragraph 5.9):

“boundaries that straddle local authority areas are usually impractical, given that planning policy is mostly made at the local authority level, and many kinds of data are unavailable for smaller areas.”

¹⁶ Identifying sub-regional housing market areas (CLG, March 2007)

- 4.26 This means there is a need for balance in methodological approach:
- » On the one hand, it is important that the process of **analysis and identification of the functional housing market areas should not be constrained by local authority boundaries**. This allows the full extent of each functional housing market to be properly understood and ensures that all of the constituent local planning authorities can work together under the duty to cooperate, as set out in Guidance (PPG, paragraph 10).
 - » On the other hand, and as suggested by the PAS OAN technical advice note (and the previous CLG advice note), **it is also necessary to identify a “best fit” for each functional housing market area that is based on local planning authority boundaries**. This “best fit” area provides an appropriate basis for analysing evidence and drafting policy, and would normally represent the group of authorities that would take responsibility for undertaking a Strategic Housing Market Assessment.

4.27 **In summary, therefore, the approach to defining housing market areas needs to establish “best fit” areas based on local planning authority boundaries that are informed by the functional areas identified.**

4.28 In establishing the most appropriate functional housing market areas, it is necessary to consider all of the evidence based on commuting zones, migration zones and house prices (based on Broad Rental Market Areas).

Commuting Flows

4.29 Analysis of commuting flow data from the 2011 Census identified five separate commuting zones in Somerset. All of the identified zones exceed the ONS threshold of 66.7% in terms of workplace population living in the area and resident population working in the area, and many of the proportions exceed the 75% target. The commuting zones identified by the study also reflect the latest ONS Travel to Work Areas that were subsequently published in August 2015.

4.30 In general, these five areas broadly corresponded to the individual local authority areas. The exception to this is Mendip and the Wells commuting zone: whilst 93% of residents in the Wells commuting zone live in Mendip, only 56% of Mendip residents live in the Wells commuting zone. A further 32% of Mendip residents live in the Trowbridge commuting zone; however this represents only a quarter of the Trowbridge commuting zone residents (the remaining three quarters live in Wiltshire).

4.31 On the basis of this evidence, it would be reasonable to consider the local authority areas of Sedgemoor, South Somerset, Taunton Deane and West Somerset as “best fit” housing market areas based on their respective commuting zones, which represent the *“key functional linkages between places where people live and work”* (PPD, ID 2a-010). Given that most of the Trowbridge commuting zone is in Wiltshire, it would be reasonable to consider the “best fit” housing market area for that zone to exclude Mendip; and it would then be appropriate to consider Mendip as a “best fit” housing market area based on the Wells commuting zone.

Migration Flows

4.32 Analysis of migration flow data from the 2011 Census showed that at least 70% of migrants moving up to 50 miles stayed within each of the local authority areas on both the supply side (i.e. moves originating in the area) and the demand side (i.e. moves whose destination is in the area). Based on the statistics, we can conclude that a *“relatively high proportion of household moves”* are contained within the individual local authority areas, and therefore these areas satisfy the PPG definitions for HMAs in regard to migration.

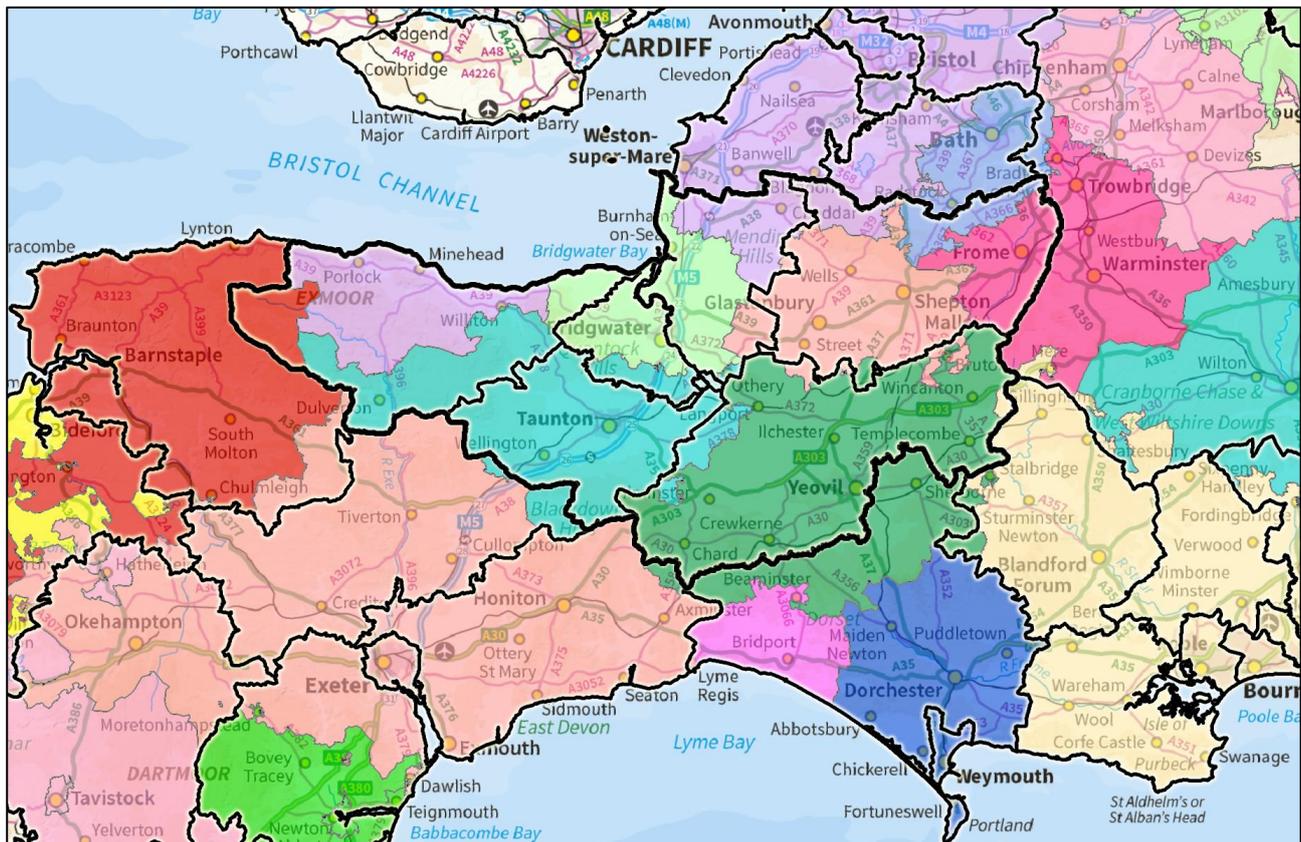
House Prices

- 4.33 Based on house prices and market rents together with the other considerations that the Rent Officer will take into account when establishing BRMAs, it may be appropriate to consider fewer housing market areas for Somerset than suggested by the commuting zone analysis. On this basis, there would be a combined area for Bridgwater-Minehead-Taunton together with separate areas covering Mendip and Yeovil.
- 4.34 On a “best fit” housing market area basis, this would suggest that Mendip and South Somerset would both represent separate HMAs, with a single HMA covering the combined area of Sedgemoor, Taunton Deane and West Somerset. Nevertheless, previous CLG research and the PAS OAN technical advice note both suggest that migration patterns and commuting flows are the most relevant information sources for identifying upper tier housing market areas.
- 4.35 It is important to recognise that in all five of the Somerset local authority areas, a substantial majority of migrants moved within the same LA; and a substantial majority of workers in each of the identified commuting zones also lived within the same area. On this basis, it would seem inappropriate to define larger areas predominantly on the basis of these neighbouring areas having broadly comparable market rents; so we would suggest that Sedgemoor, Taunton Deane and West Somerset remain separate. The BRMA geography does, however, provide support to Mendip being considered as an independent “best fit” housing market area.

Proposed HMAs for Somerset

- 4.36 Having considered all of the relevant evidence, we would suggest that the proposed commuting zones provide the most appropriate basis for defining functional housing market areas for Somerset (Figure 29).

Figure 29: Functional Housing Market Areas for Somerset



- 4.37 Given this context, we would recommend that the following areas should be considered as separate functional housing market areas in the context of the NPPF:
- » **Bridgwater**, which includes Burnham-on-Sea;
 - » **Minehead**, which includes Dulverton, Portlock and part of the Exmoor National Park;
 - » **Taunton**, which includes Wellington;
 - » **Trowbridge**, which includes Frome and Warminster;
 - » **Wells**, which includes Glastonbury, Shepton Mallet and Street; and
 - » **Yeovil**, which includes Chard, Ilminster and Wincanton.
- 4.38 Nevertheless, the PAS OAN technical advice note identifies that a “best fit” approximation to local authority areas is necessary *“given that planning policy is mostly made at the local authority level, and many kinds of data are unavailable for smaller areas”* (second edition, paragraph 5.9).
- 4.39 It is possible to establish a reasonable “best fit” between the identified commuting zones and the local authority areas. At least 85% of residents in each commuting zone live within the associated LA; and at least 74% of residents in each LA live within the associated commuting zone, with the exception of Mendip where 56% of residents are in the Wells commuting zone and 32% are in the Trowbridge zone. However, as most of the Trowbridge commuting zone is in Wiltshire, it would be reasonable to consider the “best fit” housing market area for that zone to exclude Mendip; and it would then be appropriate to consider Mendip as a “best fit” housing market area based on the Wells commuting zone.
- 4.40 The analysis has also confirmed that in all five of the Somerset local authority areas, a substantial majority of migrants moved within the same local authority area. Therefore, the local authority areas satisfy the PPG definitions for HMAs in regard to migration.
- 4.41 House price data (together with other considerations taken into account when defining BRMAs) confirms that South Somerset represents a separate HMA and also supports Mendip being considered as an independent HMA. Whilst the BRMA boundaries suggest a single HMA covering the combined area of Sedgemoor, Taunton Deane and West Somerset, CLG research and the PAS OAN technical advice note both confirm that migration patterns and commuting flows are more relevant for identifying housing market areas. Given the evidence on commuting and migration, we would propose that these three areas remain separate.
- 4.42 **Based on a detailed analysis of the evidence, we would therefore recommend to the Somerset councils that the most appropriate “best fit” would be individual HMAs based on the administrative boundaries of Mendip, Sedgemoor, South Somerset, Taunton Deane and West Somerset.** These “best fit” groupings do not change the actual geography of the functional housing market areas that have been identified – they simply provide a pragmatic arrangement for the purposes of establishing the evidence required and developing local policies, as suggested by the CLG advice note and reaffirmed by the PAS technical advice note.
- 4.43 Whilst we believe that the proposed groupings for Somerset provide the overall “best fit” for establishing the evidence, they are not the only arrangements possible. Regardless of the final groupings, the more important issue will be the need for Sedgemoor and Mendip to maintain dialogue with the West of England local authorities (in particular Bath and North East Somerset and North Somerset); for Mendip to maintain dialogue with Wiltshire; for South Somerset to maintain dialogue with West Dorset; and for South Somerset, Taunton Deane and West Somerset to maintain dialogue with the Devon local authorities.

5. Functional Economic Market Areas

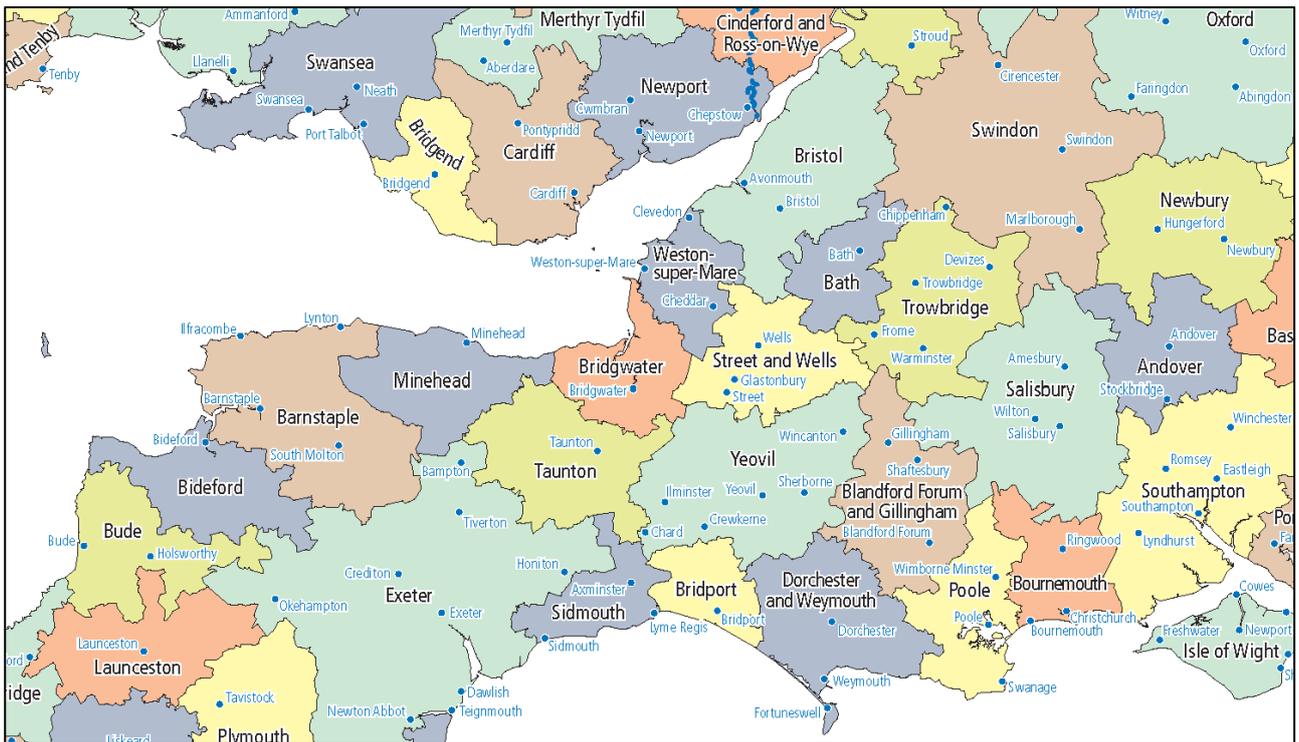
Establishing the evidence base for identifying FEMAs

- 5.1 The approach to defining Functional Economic Market Areas (FEMAs) is also consistent with Planning Practice Guidance (PPG). This states that *“The geography of commercial property markets should be thought of in terms of the requirements of the market in terms of the location of premises, and the spatial factors used in analysing demand and supply”* (ID 2a-012). As with HMAs there is no standard approach to defining FEMAs. The approach taken in this study is based on the following issues:
- » Administrative areas and previous studies (e.g. Local authority, LEP and other bodies);
 - » Travel to work areas;
 - » Transport network;
 - » Broad employment and business locations; and
 - » Housing market areas.
- 5.2 Analysis of the above topics has been supported, where appropriate, by work being undertaken by other local bodies including housing and economic studies, potential joint working initiatives and duty to co-operate discussions and outcomes.

Travel to Work Areas

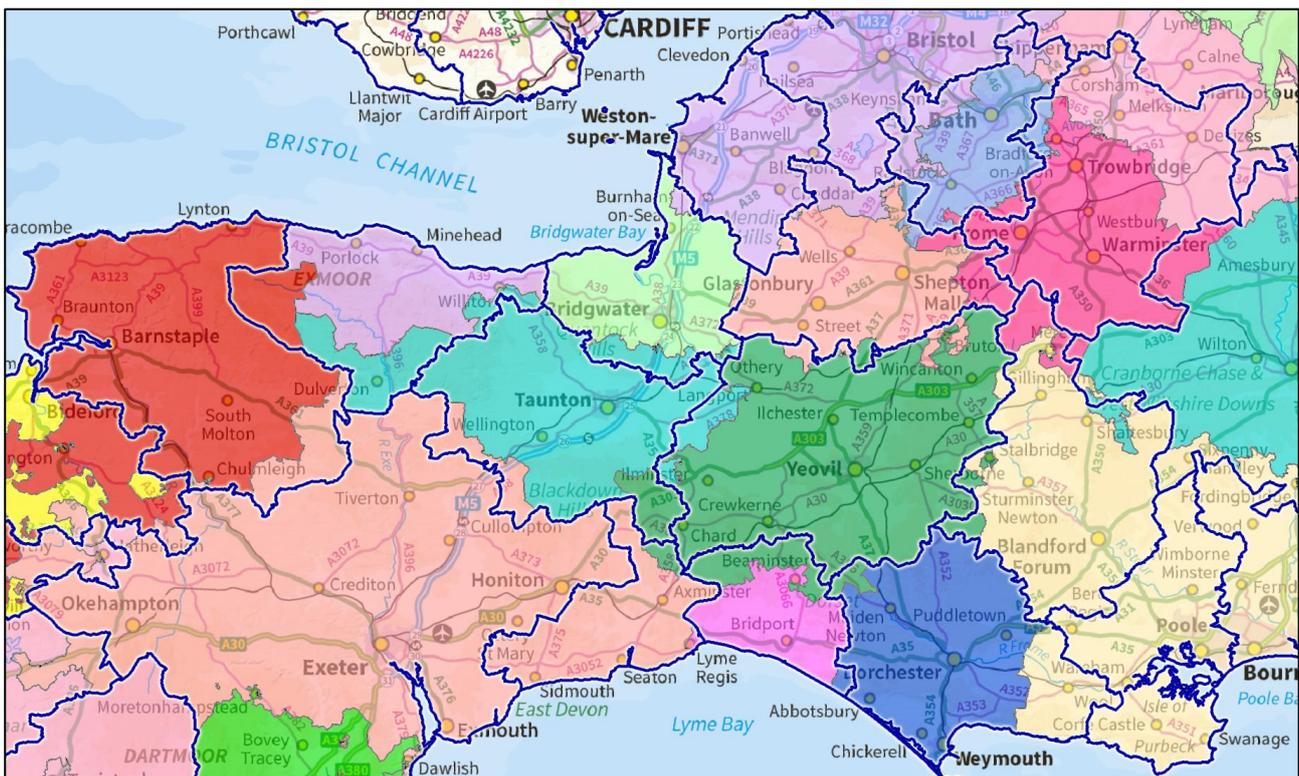
- 5.3 ONS Travel to Work Areas (TTWAs) are widely accepted as a starting point for defining economic market area geographies. The current ONS TTWAs were published in August 2015 based on data from the 2011 Census. The criteria for defining TTWAs is that generally at least 75% of an area's resident workforce work in the area and at least 75% of the people who work in the area also live in the area.
- 5.4 Figure 30 shows the defined ONS TTWAs (2015) and these are based on the origin-destination data from the 2011 Census; this shows that the Somerset authorities are largely contained within five TTWAs:
- » **Minehead:** 81% of the people in employment that live in the area also work in the area; and 86% of jobs in the area are fulfilled by people that live in the area;
 - » **Taunton:** 81% of the people in employment that live in the area also work in the area; and 76% of jobs in the area are fulfilled by people that live in the area;
 - » **Bridgwater:** 71% of the people in employment that live in the area also work in the area; and 80% of jobs in the area are fulfilled by people that live in the area;
 - » **Street & Wells:** 72% of the people in employment that live in the area also work in the area; and 74% of jobs in the area are fulfilled by people that live in the area; and
 - » **Yeovil:** 83% of the people in employment that live in the area also work in the area; and 83% of jobs in the area are fulfilled by people that live in the area.

Figure 30: ONS 2011 Travel To Work Areas (Source: ONS 2015)



5.5 Figure 31 compares the ONS TTWAs with the proposed commuting zones identified by the analysis in chapter 3. Whilst the boundaries do not match precisely, it is evident that the two geographies are very similar. As previously noted, the ONS TTWAs are based on aggregations of Lower Layer Super Output Areas (LSOAs) whereas the proposed commuting zones are based on smaller Census Output Areas (COAs), and the different “building blocks” will partly explain the differences in the precise boundaries.

Figure 31: Proposed Commuting Zones with ONS 2011 Travel to Work Area boundaries (Source: ONS, August 2015)



5.6 The tables below show the inbound and outbound commuting from local authorities in Somerset based on the 2011 Census (Figure 32) and also the estimates from the Annual Population Survey (Figure 33).

Figure 32: Inbound and Outbound Commuting from Somerset 2011 (Source: 2011 Census)

Workplace									
Mendip		Sedgemoor		South Somerset		Taunton Deane		West Somerset	
Residence	Count	Residence	Count	Residence	Count	Residence	Count	Residence	Count
Mendip	24,531	Sedgemoor	25,804	South Somerset	46,159	Taunton Deane	33,771	West Somerset	6,952
BANES	2,900	Taunton Deane	2,385	West Dorset	3,410	Sedgemoor	4,936	Sedgemoor	1,000
South Somerset	2,038	North Somerset	2,359	Mendip	2,252	South Somerset	3,114	Taunton Deane	758
Sedgemoor	2,023	Mendip	1,247	Taunton Deane	1,916	Mid Devon	1,773	Mid Devon	143
Wiltshire	1,828	South Somerset	814	North Dorset	1,396	West Somerset	1,516	North Devon	102
Bristol	491	West Somerset	587	Sedgemoor	1,020	East Devon	683	Bury	84
North Somerset	383	Bristol	326	East Devon	767	Mendip	519	South Somerset	78
Taunton Deane	287	Mid Devon	174	Wiltshire	544	North Somerset	477	North Somerset	48
South Gloucestershire	155	South Gloucestershire	150	Weymouth and Portland	469	Exeter	360	Rochdale	35
North Dorset	137	BANES	147	BANES	192	Bristol	265	Mendip	26

Residence									
Mendip		Sedgemoor		South Somerset		Taunton Deane		West Somerset	
Workplace	Count	Workplace	Count	Workplace	Count	Workplace	Count	Workplace	Count
Mendip	24,531	Sedgemoor	25,804	South Somerset	46,159	Taunton Deane	33,771	West Somerset	6,952
BANES	4,271	Taunton Deane	4,934	West Dorset	3,710	Sedgemoor	2,379	Taunton Deane	1,508
Wiltshire	3,106	North Somerset	3,413	Taunton Deane	3,107	South Somerset	1,888	Sedgemoor	587
South Somerset	2,235	Mendip	2,015	Mendip	2,032	Exeter	801	Mid Devon	142
Bristol	1,361	Bristol	1,588	North Dorset	1,149	West Somerset	754	South Somerset	117
Sedgemoor	1,245	South Somerset	1,020	Sedgemoor	807	Mid Devon	625	North Devon	87
North Somerset	681	West Somerset	1,005	East Devon	623	East Devon	421	Exeter	62
South Gloucestershire	541	South Gloucestershire	639	Wiltshire	561	Bristol	420	North Somerset	57
Taunton Deane	517	BANES	245	Bristol	302	North Somerset	340	Bristol	54
North Dorset	132	Exeter	172	Exeter	267	Mendip	285	Mendip	41

Figure 33: Inbound and Outbound Commuting from Somerset 2011 (Source: 2011 Annual Population Survey)

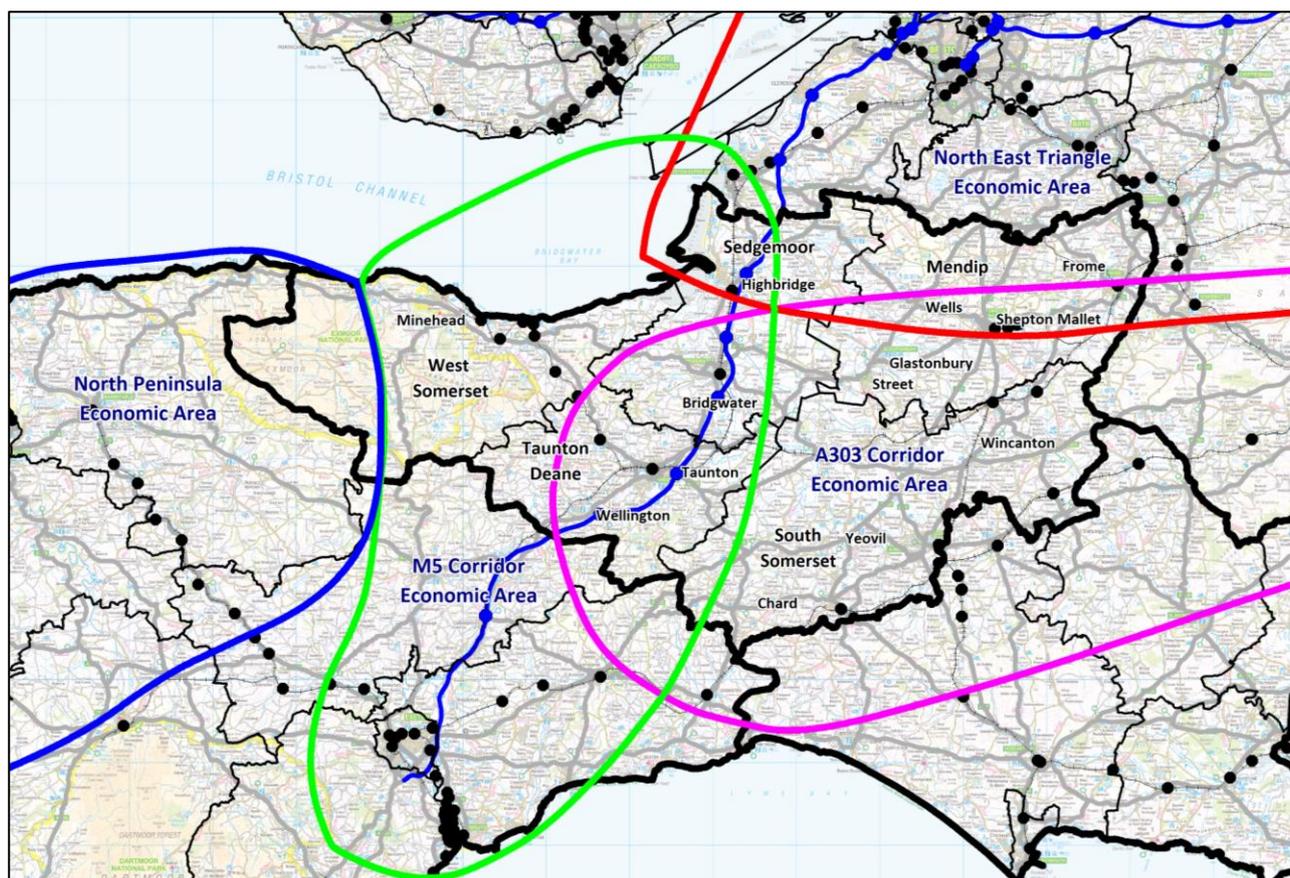
Workplace									
Mendip		Sedgemoor		South Somerset		Taunton Deane		West Somerset	
Residence	Count	Residence	Count	Residence	Count	Residence	Count	Residence	Count
Mendip	33,646	Sedgemoor	34,440	South Somerset	55,773	Taunton Deane	41,865	West Somerset	11,999
Wiltshire	3,618	Taunton Deane	5,703	Mendip	2,217	Sedgemoor	5,072	Sheffield	497
BANES	2,593	North Somerset	2,891	West Dorset	1,870	South Somerset	4,111	Taunton Deane	377
Taunton Deane	1,699	Mendip	1,082	North Dorset	1,544	West Somerset	2,594	North Devon	275
South Somerset	1,121	Bristol	336	East Devon	1,383	Mid Devon	1,370	Wycombe	262
Sedgemoor	530	Cornwall	333	Taunton Deane	1,090	East Devon	984	Swansea	148
Bristol	502	South Somerset	250	Sedgemoor	706	Mendip	733		
North Somerset	436	West Dorset	196	Bristol	672	Bristol	477		
Plymouth	159	South Gloucestershire	180	Fareham	638	Exeter	471		
Herefordshire	139	BANES	93	Weymouth and Portland	563	Kingston upon Hull	463		

Residence									
Mendip		Sedgemoor		South Somerset		Taunton Deane		West Somerset	
Workplace	Count	Workplace	Count	Workplace	Count	Workplace	Count	Workplace	Count
Mendip	33,646	Sedgemoor	34,440	South Somerset	55,773	Taunton Deane	41,865	West Somerset	11,999
BANES	5,548	Taunton Deane	5,072	West Dorset	5,935	Sedgemoor	5,703	Taunton Deane	2,594
Wiltshire	5,315	North Somerset	4,620	Taunton Deane	4,111	Mendip	1,699	Bristol	494
South Somerset	2,217	Bristol	2,451	Mendip	1,121	Bristol	1,160		
Sedgemoor	1,082	South Somerset	706	North Dorset	911	South Somerset	1,090		
Bristol	936	Mid Devon	588	Exeter	861	Mid Devon	685		
Taunton Deane	733	Mendip	530	Bournemouth	579	East Devon	396		
Westminster	608	Northern Ireland	324	Southwark	339	North Somerset	377		
Cotswold	411	Wiltshire	317	Gloucestershire	305	Wiltshire	377		
Stroud	284	BANES	292	Birmingham	296	West Somerset	377		

Transport Network

- 5.7 The transport network is a key facilitator of commuting and other trips in any area. Understanding the existing transport network, as well as potential changes in connectivity facilitated by proposed improvements to the transport network, are key to helping to define the FEMAs for Somerset. Figure 34 shows the main transport infrastructure in Somerset including motorways, A-Roads and railways.

Figure 34: Main Transport Infrastructure in Somerset



- 5.8 This shows that the primary transport route running through Somerset is the M5 linking Bristol to the north through to Exeter in the South. There are 5 primary A-Road networks running east-west and north-south through Somerset:

- » **A39/A361** – Bridgwater, Street, Glastonbury, Shepton Mallet, Frome, Trowbridge
- » **A358/A303** – Taunton, Ilchester (Yeovil), Andover
- » **A39** – Bridgwater, Minehead
- » **A358** – Taunton, Minehead
- » **A37** – Bristol, Shepton Mallet, Ilchester (Yeovil)

- 5.9 The primary rail routes running through Somerset are the Cross Country service from Manchester Piccadilly to Exeter St David's with stops including Birmingham, Bristol and Taunton; the First Great Wester Service from London Paddington to Plymouth with stops including Reading, Westbury and Taunton; the First Great Western Service from London Paddington to Paignton with stops including Reading, Swindon, Bath, Bristol, Weston-super-Mare and Taunton; and the South West Trains service from London Waterloo to Exeter St David's with stops including Basingstoke, Andover, Salisbury and Yeovil.

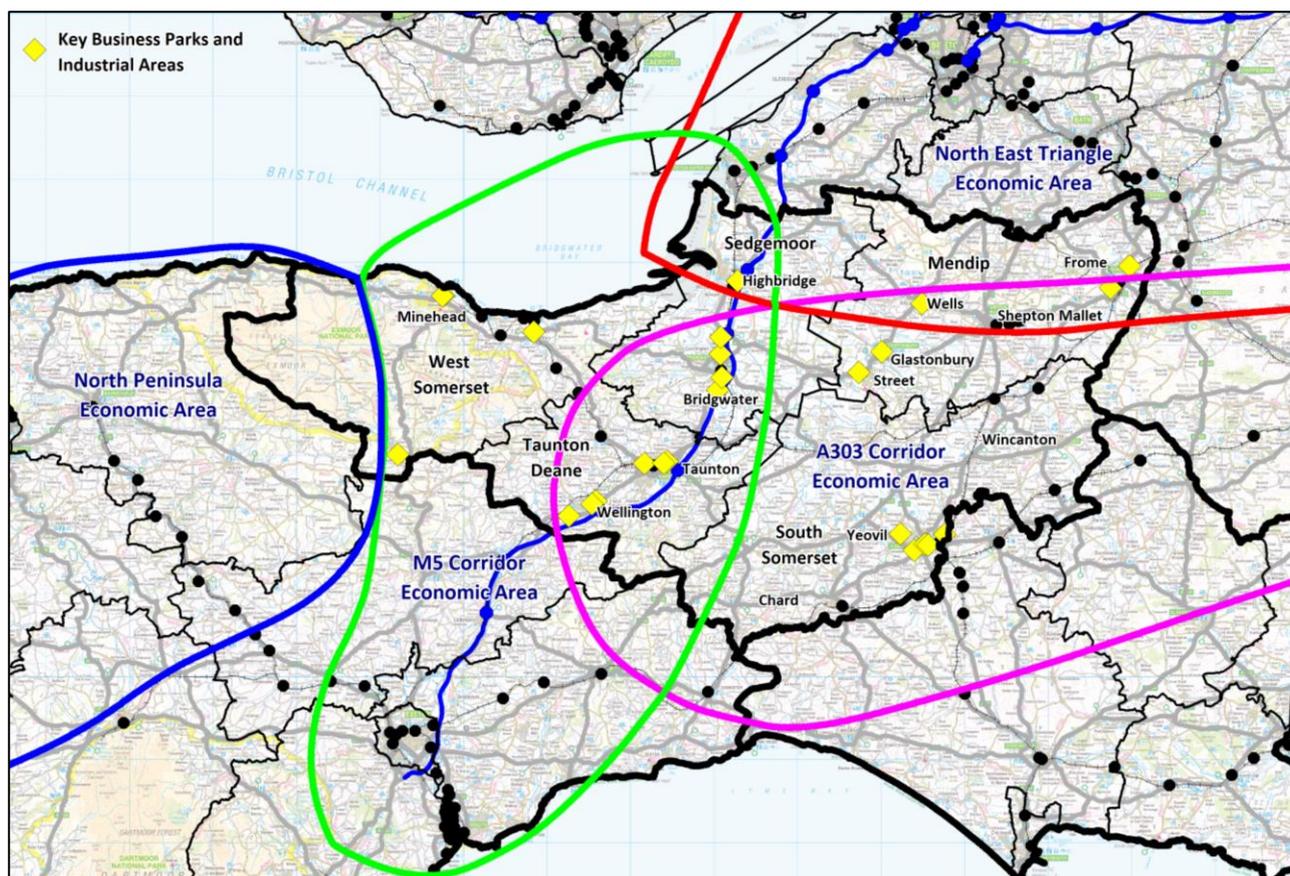
5.10 The *into Somerset* website which is supported by Somerset County Council also provides a range of additional information about transport links to and from Somerset. These are summarised below:

- » Regionally strategic location with the M5 and the A303 running through the county
 - 5 motorway junctions and 3 services
 - A303 artery linking to the M3 and the South East
 - A358 linking the south coast to the north of the SW peninsula
 - Less than 2 hours to the M25 & Heathrow
 - 2 hours to Birmingham and the M6
 - 1 hour from South Wales via the Severn Bridge
 - 2.5 hours to London
 - 1 hour from Yeovil to Exeter, with Taunton to Exeter just 30 minutes
 - 50 minutes from Bridgwater to Bristol
- » No more than 1 hour away from 4 international airports: Bristol, Exeter, Bournemouth and Cardiff
 - UK internal flights
 - European flights
 - Links from Bristol and Exeter airports to 'hub' airports such as Amsterdam or Heathrow means travellers from Somerset can reach any international destination
- » Excellent railway links to London and SE, the Midlands and the far SW, and less than an hour's drive from sea ports at Avonmouth and Weymouth
 - Bristol Port Company handles over 12m tonnes of freight per year
 - The Port of Weymouth is less than an hour's drive away and offers regular ferries to Europe and daily fresh fish catches
 - 8 railway stations in Somerset as well as growing freight traffic including aggregates from the Mendips into London and SE
 - Rail from Taunton/Yeovil to Brussels 5 hours (NRE)
 - Rail from Taunton to London (Paddington) 2 hours (NRE)
 - Rail from Yeovil to London (Waterloo) 2 hours 15 minutes (NRE)
 - Rail from Taunton/Bridgwater to Bristol 40 minutes (NRE)
 - Rail from Yeovil to Exeter 1 hour (NRE)
 - Rail from Castle Cary to London Paddington 1 hour 40 minutes

Broad employment and business locations

- 5.11 As well as core population centres, key to helping to identify local FEMAs in Somerset is the location of major business parks and industrial areas. The *into Somerset* website which is supported by Somerset County Council also provides a range of additional information about business and industry locations in Somerset. These are shown in Figure 35 (along with transport infrastructure) and summarised below:

Figure 35: Main Business Parks and Industrial Estates in Somerset



- 5.12 Somerset county is home to numerous business parks and industrial estates spread throughout the market towns:

- » 9 key business development sites across the county:
 - Taunton Deane - Firepool, Taunton; Blackbrook Business Park, Taunton; Chelston Business Park, Westpark 26, Wellington
 - Sedgemoor - Express Park, Bridgwater; J24 Rural Business Centre, Bridgwater; ex-BAE Energy Park Site, Puriton
 - Mendip - Commerce Park, Frome; Moorlands Enterprise Park, Glastonbury; Gate Lane, Wells; Street Business Park, Street
 - South Somerset - Lufton, Yeovil; Bunford, Yeovil
- » Business Parks and/or Industrial Estates located off all 5 motorway junctions as well as off the A303 at Wincanton, Yeovil & Ilminster
- » A network of unique high quality rural business developments, often in the grounds of historic farm homesteads

Proposed FEMAs for Somerset

- 5.13 Given that the number of studies that have been undertaken to identify FEMAs in the West of England have consistently used the same broad overlapping geographies, a sensible approach to identify local FEMAs for Somerset needs to build on the outcomes of these previous studies. However the current situation in Somerset is that there is currently significant overlap between 3 of the 4 broad South West of England FEMAs that cover the county. As such work has been undertaken to try to identify local FEMAs based on transport infrastructure and the location of primary settlements and business/industrial locations that have been set out in the paragraphs above.
- 5.14 This has identified a total of 4 local FEMAs for Somerset. Three of these are based on a refinement of the broad South West of England FEMAs and the other has split one of the broad FEMAs based on local transport corridors. The local FEMAs that are proposed for consideration by the local authorities in Somerset are set out below:
- » West Somerset Coast FEMA
 - » M5 Corridor FEMA
 - » A361 Corridor FEMA
 - » A303 Corridor FEMA
- 5.15 Figure 36 shows the boundaries of the proposed local FEMAs together with a best fit of MSOA boundaries that broadly follow the proposed local FEMA boundaries. These are consistent with individual local authority boundaries for Mendip, West Somerset and South Somerset; and consistent with combined local authority boundaries for Sedgemoor and Taunton Deane:

Figure 36: Proposed Local FEMAs in Somerset

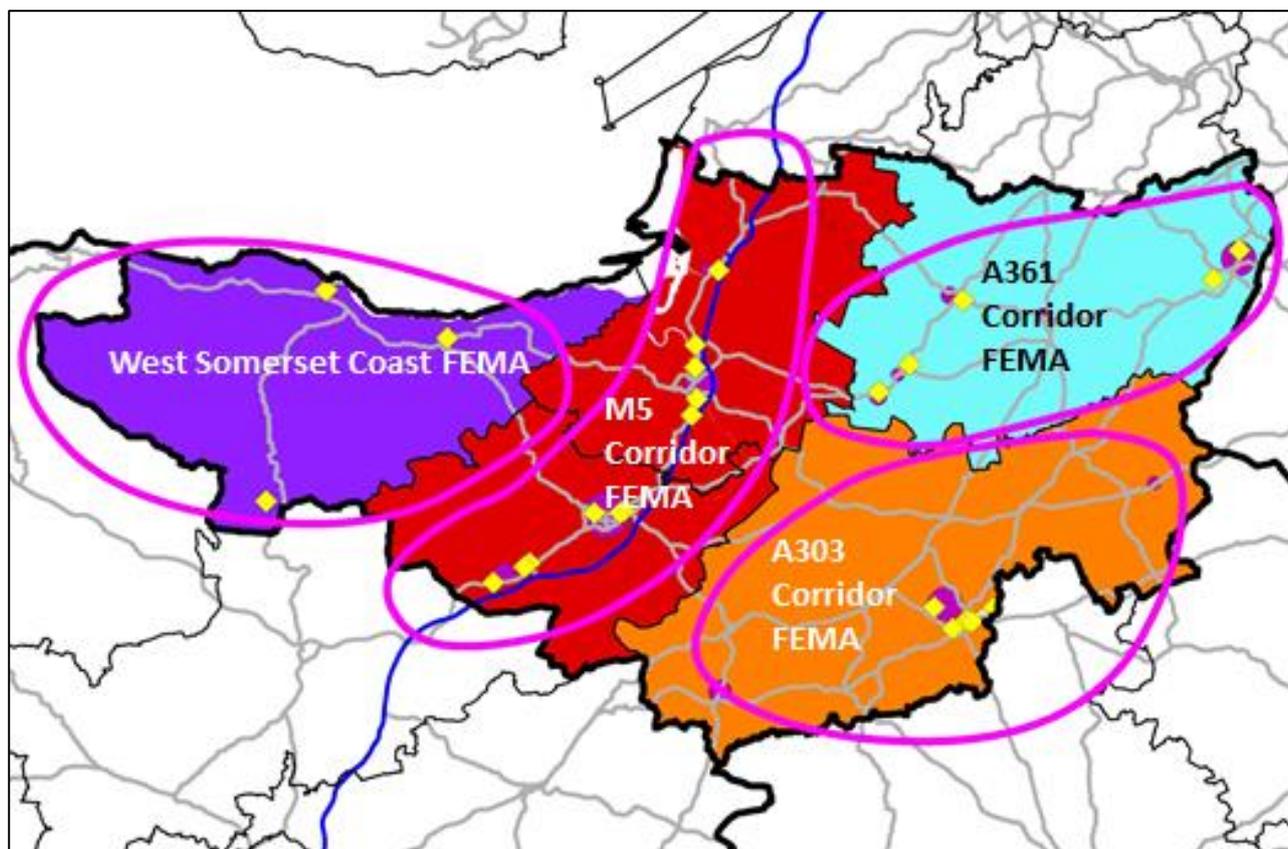


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