

Appendix 3

**AGENDA ITEM**

**COMMITTEE:**

**DATE:** 26th January 2008

**SUBJECT:** East of England Plan Review 2031

**REPORT BY:** Head of Planning

**CONTACT OFFICER:** Kevin Owen 01582 547087

**IMPLICATIONS:**

**LEGAL**

**COMMUNITY SAFETY**

**EQUALITIES**

**ENVIRONMENT**

**FINANCIAL**

**CONSULTATIONS**

**STAFFING**

**OTHER**

**WARDS AFFECTED:**

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**PURPOSE**

To respond to a statutory call for advice from the Regional Assembly.

**RECOMMENDATION(S)**

**Executive is recommended to approve the conclusions of the report. This finds that the merging core strategy is already addressing the lower two of the four EERA housing growth Scenarios to 2031 whereas the higher two options are untenable - as Borough Council's advice to the Regional Assembly for the East of England.**

## **BACKGROUND**

1. The Adopted East of England Plan (EoE Plan) was published in May 2008. It sets out a development strategy for the region up to 2021 and provides the framework for local authorities in the preparation of local development documents and local transport plans.
2. The East of England Regional Assembly (EERA) has formally requested Strategic Authorities (SAs) to advise on reviewing this plan to 2031 with a consultation running from the 17th November 2008 to the 6th February 2009. Specifically 4 housing growth scenarios are to be tested (see section 17 and 18 below).
3. The Borough Council (and other SAs) in a written response to the draft request pointed to the very challenging timetable for the review but agreed to endeavour to meet it on the understanding that any views can be suitably caveated and subsequently modified, particularly where further emergent studies and delayed evidence allows (e.g. EERA's Regional Scale Settlement study is yet to report).
4. In recognition, EERA require an "initial" technical submission by 7 January 2009, and then any further section 5(5) (sub regional policy changes) advice one month later on 6 February 2009. There are also further formal regional review consultation stages in 2009 where SAs can develop technical evidence and their policy advice.
5. On 28<sup>th</sup> November Bedfordshire County Council (BCC) ceased status as a section 4(4) SAs, this being transferred to shadow Central Bedfordshire Executive and to Bedford Borough under the transitional regulations. However, as reported to Joint Committee on 27<sup>th</sup> November, joint working remains inclusive of BCC officers as agents to the shadow Unitary Authorities (UAs) and former district officers in developing advice, in a coordinated way with the Borough Council as far as possible.
6. This report therefore, concentrates mainly on the 4 key housing growth forecasts, the resulting employment distribution and the sub regional policy implications affecting the Growth Area (GA) and south of the county. Bedford Borough Unitary portfolio holders and Central Bedfordshire 'shadow Executive' (17<sup>th</sup> February) will respond to EERA in February.
7. A separate technical report (Appendix 1) details advice on a schedule of specific matters EERA requested, although not all are addressed as some

## Appendix 3

matters are for the county/shadow UAs to consider and comment upon, specifically relating to the north of the County.

### **REPORT**

8. The EoE Plan established a framework for development within the Region up to the year 2021 but now needs to extend to 2031 and also consider issues beyond. The roll forward to 2031 also needs to respond to recently published Government housing growth scenarios and sustainability and climate change requirements.
9. The Milton Keynes Sub Regional Strategy (MKSRS) already plans development for the Luton and South Bedfordshire GA up to 2031. EERA therefore, intends to integrate the GA within the EoE Plan review. However, the 4 housing growth scenarios indicate additional pressure on the GA and indeed the residual area in South Bedfordshire up to and beyond 2021, to accommodate significantly higher housing provision for the period up to 2031.
10. To flush out alternative spatial options to inform the review, EERA issued a 'Call for Proposals' inviting developers to propose opportunities for new settlements and urban extensions of between 2,000 and 20,000 dwellings although these have no planning status and are speculative. Proposals submitted for Luton and South Bedfordshire are listed in Appendix 2 and dealt with under Conclusions (section 27 of this report).
11. In addition, EERA has commissioned ARUP to produce a Regional Scale Settlement Study. The study assesses scope for settlement(s)/major urban extension(s) of 20,000 or more dwellings within the region. However, this work is seriously delayed and yet to be reported and so does not inform this advice - although it is understood that there are no significant proposals likely to affect the GA directly.
12. EERA also asked SA to consult key Bedfordshire stakeholders. A letter explaining the current process has been sent out jointly by Bedfordshire County and Luton Borough Councils also advising that there will be an opportunity to take part in future stages.

### **Joint Working**

13. An Officer technical group comprising all of the section 4(4) SAs and shadow UAs was set up and met at a series of workshops split between the north and south of the County. The workshops evaluated the potential of extending the current policy approach to accommodate additional growth implied under the governments 4 housing growth Scenarios.

## Appendix 3

14. Officers from the Joint Technical Unit (JTU) applied key sustainability criteria suggested by EERA summarised as sustainability, environmental, economic, social, transport and deliverability implications. The work on the emerging preferred options and the discounted options for the growth area was then reassessed on the basis of any additional scope for physically accommodating additional housing and the likely implications against these criteria.
15. The workshop concluded that under current planning proposals to 2031 in the emerging Core Strategy, 2 of the 4 housing growth scenarios were already being addressed. The MKSRS already allocated additional 'untested planning assumptions' of 15,400 dwellings beyond 2021 to 2031 (+ 500 dwellings assumed for the residual area). This effectively means that from 2007, the GA is only testing scenarios 3 and 4 i.e. delivery of an extra +9,300 to +500 dwellings to 2031 (Table 1 below)..
16. A further overview workshop took place on 11th December. The Environment Agency attended to advise on ecology, flood risk and waste water treatment issues. The workshop also considered any evidence from the other workshops on any necessary policy departure, cross boundary issues and potential district redistribution of housing growth.

### **Scenario Housing Growth Implications**

17. For the Luton and South Bedfordshire GA (including the residual area of south Beds for the purposes of preparing the joint Core Strategy), the following four scenarios were tested:-
  1. RSS policy H1 pro rata to 2031: taking into account 2006-2021 residual housing still to find to 2021.
  2. National Housing Planning Advisory Unit (NHPAU) 'lower level' target: based on annual net additions required to meet government targets for the supply of new homes.
  3. NHPAU 'upper level' target: aims to ensure that the national quartile house price to earnings ratio is addressed (i.e. improved house price affordability through increasing supply).
  4. GVA or gross Value Added: where economic productivity is assumed to increase, boosting employment in certain GVA sectors in line with Regional Economic Strategy expectations, and resultant housing demand.
18. These scenarios translate in houses to build target as set out in Table 1.

## Appendix 3

**Table 1: SBDC & Luton “housing to build” requirements (rounded) 2007-2031:-**

Planned Core Strategy dwelling provision to 2031	Joint Growth Area Housing Growth Scenarios	Scenario Dwellings to build 2007 to 2031	To find above Core Strategy housing provision	% increase
43,200	1. RSS policy H1	+38,600*	-	-
	2. NHPAU Lower	+41,700	-	-
	3. NHPAU Upper	+52,500	+9,300	+22%
	4. GVA growth	+43,700	+500	+1%

\* Scenario1: EERA require testing 2006 to 2031

19. From the above table it can be seen that the proposed Core Strategy housing provision of 43,200 dwellings to 2031 already plans for the scenarios 1 and 2 - and arguably also approaches Scenario 3 GVA target. In terms of delivery – allowing for 2001-07 completions, historic building rates need to increase from 919 dwellings per annum to 1,500 dwellings per annum.
20. There continues to be a ‘pent up’ market demand and housing need - particularly for social and affordable family housing - in Luton where land supply is constrained. The required step increase in house building is achievable when examined against such local housing market conditions and recent performance. However, this step increase will require putting in place delivery mechanisms (e.g. an LDV) in addition to land supply in sustainable urban extensions served by strategic infrastructure. This will significantly boost delivery rates in south Bedfordshire - currently constrained by green belt and poor strategic infrastructure.
21. This serviced land supply, together with a step change, is also needed to help reduce the amount of long distance commuting to work and to ensure that planned employment provision is balanced with new households - although the GA clearly has a sub regional role as stated in the MKSRS in meeting wider needs including arising from Greater London.

### **Scenario Employment Growth Implications**

22. The current aspiration or ‘reference value for monitoring’ is to generate 23,000 net additional Jobs in the GA over the period 2001-2021 as set out in the RSS. Taking into account the MKSMSRS additional 7,400 jobs between 2021 and 2031, this comes to a total requirement of 30,400 jobs.
23. Table 2 below, compares actual change in employee numbers in recent years (ABI source data) and the predicted trend, compared to the forecast jobs arising under each housing growth scenario.

## Appendix 3

**Table 1: SBDC & Luton Employment requirements (rounded) to 2031:-**

Joint Growth Area Employment Growth Scenarios	Forecast jobs 2007 to 2031	Employment trend 2001 to 2007	Predicted employment performance based on trend to 2031*
1. RSS policy H1	+40,100	+5,600	27,900
2. NHPAU Lower	+43,300		
3. NHPAU Upper	+51,500		
4. GVA growth	+76,700		

\*Allows for an estimated+13% self employment

24. In terms of recent trends, the economic performance of the joint area is dominated by Luton (e.g. Capability Green) with significant planned investments to be completed (e.g. Century Park, Butterfield Green and Napier Park). Such recent trends would support the feasibility of meeting the planned RSS and MKSM-SRS job requirement of 30,400. However, the scenario forecasts suggest more intervention will be needed. Nevertheless, a step increase in job creation will be achievable (assuming any future economic recovery) through trend allied to provision of key/strategic employment sites in the growth area urban extensions. This is a key recommendation of the joint Luton and south Bedfordshire Employment Land Review (ELR Feb 2007). This ELR strategy will also serve the Luton element of the conurbation in any economic upturn, with restructuring towards high technology and value added sectors.
25. Aspiring to meet the scenario job forecasts of +40,100 to +43,300 under scenarios 1 and 2, is also supported to maximise sustainable development, in terms of balancing jobs per household – increasing the planned ratio from 0.7 jobs per household to a ratio of 1.0 (i.e. a closer degree of self containment in urban extensions). Scenarios 3 and 4 are not feasible.
26. In summary, the economic factors all suggest that the emerging Core Strategy faces a significant challenge to deliver economic milestones, with a good prospect of success based on past performance, provided that key land and infrastructure is delivered. Scenarios 1 and 2 are close to the planned strategy capacity (allowing for existing provision yet to be completed). However, to do any more in terms of loading on more housing growth risks failure, and potentially unsustainable growth and travel patterns, as the economy is unlikely to support development beyond what is already planned and existing provision yet to be completed.

## **CONCLUSIONS**

27. The Key findings examining the current planned approach for the GA against the 4 housing growth scenarios are listed below:-

## Appendix 3

- The broad Core Strategy preferred options are the most sustainable locations;
  - None of the discounted options were feasible or sustainable to accommodate development;
  - At best it may physically be possible to accommodate up to 3,000 additional dwellings – however, these would be unsustainable against the given criteria (e.g. deliverability, economic capacity);
  - To pursue additional growth whether via higher density or additional land take would seriously put at risk delivery of the existing Core Strategy, the vision, spatial priorities and integrated land use and transport strategy at the heart of the growth area;
  - Residual area rural settlements would not make a strategic contribution, needing to remain in scale and keeping with their form and setting in the south Bedfordshire green belt (respecting the Core Strategy Issues and Options consultation)
  - The four developer bids (listed in Appendix 2) offered no significant new economies of scale or solutions to overcome any default against the given assessment criteria and did not relate to the vision and integrated concept of delivering a growth area.
  - Existing growth proposals are still being tested and stretched against the key infrastructure delivery dependencies, testing of additional development loading is therefore, premature and runs the real risk of blocking LDF progress achieved so far.
28. Overall the series of workshops concluded that, taking the scenarios into account; scenarios 3 and 4 were untenable. Particularly, for the south of the county - there was no justification for altering or amending the sub regional policy framework as scenarios 1 and 2 were already being addressed. The pressure to accommodate additional growth will seriously undermine, and put at risk, the delivery of the hard won emergent LDF strategies, for a step increase in existing policy commitments to 2021 and beyond to 2031 against a sustainable development strategy and the planned capacity of the economy.
29. However, examining broader strategy, sustainable development issues and climate change, it was considered that EERA needs to ensure that key evidence e.g. on the Regional Scale Settlement Study (e.g. new settlements of 20,000+), is duly made available, in order to test sustainable development options across the region, against the spatial strategy. Until this work is available and complete, there will be significant uncertainty and additional strategic risks. Specifically, any emergent large scale development proposals of 20,000+ dwellings, will have cross boundary implications. Such proposals could expose embryonic growth areas, such as the Luton and South Beds GA, to considerable risks in terms of delivery, priority of investment and integrated land use transport

### Appendix 3

strategy and indeed the capacity of the building industry and economy to respond. Any such departure would also have to be justified against a regional assessment, looking at the role and function of major new and existing settlements and growth drivers, including cross regional transportation networks outside the Bedfordshire and Luton component of the MKSRS sub region.

30. The Executive committee is asked to endorse the work and issues identified in this report as the basis for a technical and policy response to EERA.



## Appendix 3

### **PROPOSAL/OPTION**

The Borough Council may choose not to submit advice to EERA on the consultation and review of RSS. However, this would run the risk of development being imposed on the borough and surrounding communities with no democratic input to ensure that development is sustainable, deliverable and supported economically and by planned infrastructure.

### **ENVIRONMENT IMPLICATIONS**

The decisions on regional spatial policy and sub regional policy will set the context for delivering sustainable communities and a quality environment for the citizens of Luton and surrounding communities affected by the growth area.

### **APPENDIX**

Appendix 1: Technical Response

Appendix 2: List of EERA Call for Proposals - Developer Bids

### **LIST OF BACKGROUND PAPERS** **LOCAL GOVERNMENT ACT 1972, SECTION 100D**

Non.