1. Gladman Developments (Gladman) make this submission to the Examination in Public (EiP) having previously made written representations to the Wiltshire Core Strategy – Pre-Submission document (November 2012). This summary note provides the context for the Evidence given by Gladman Developments (Phil Bamford) and Development Economics (Steve Lucas) at the EiP (and links to the accompanying written statement).

2. Gladman have grave concerns that the housing requirement for the Wiltshire area as proposed by the Core Strategy is set at a lesser quantum than the full, objectively assessed need for market and affordable housing in the Core Strategy housing market area.

3. If the housing policies, specifically the overall annualised housing requirement to be enshrined within the Core Strategy, are not supported by an adequate or up-date-evidence base, then the approach is inherently flawed and the Core Strategy should be found unsound.

4. Fundamentally, the unjustified nature of the housing target set out in the Core Strategy is not in conformity with the NPPF, in fact it is diametrically opposed to the objective of the NPPF to ‘boost significantly the supply of housing’ (paragraph 47).

5. With specific reference to ‘Matter 4 Housing’ the Development Economics report discusses the Wiltshire housing need in detail. To assess housing need in conformity with the NPPF three housing demand drivers must be taken into account; demographic change, economic growth and affordable housing need.

6. In relation to demographic evidence Wiltshire contains considerable population growth potential. The report prepared by Development Economics suggests that this growth potential is understated by the most recent population and household projection series. The report raises concerns regarding the continued reliance on increasingly out-of-date population and household projections, and the failure to take account of either the 2010 based population projections or the emerging evidence
from the 2011 Census. Moreover there is little in this evidence to support a substantial reduction in house building targets as proposed by the emerging Core Strategy.

7. The Development Economics report notes that it is a considerable handicap that the 2011-based household projections are not yet available. These new projections are expected to be released by the CLG imminently (April 2013) and when they are Gladman would appreciate an opportunity to issue a supplementary note to this submission, highlighting the data and the implications for future housing needs in the Wiltshire area.

8. In relation to economic drivers for housing need the Development Economics report interrogates employment growth forecasts that point to strong and sustained growth in employment in Wiltshire from now until the end of the plan period. The report notes two key issues; firstly the slow growth that is expected in the resident working age population and secondly, the trend towards an ageing population. Both of these imply that in order to capture the potential for future employment growth there will need to be a substantial increase in additional local labour supply, which in turn implies a need for a significant increase in the supply of housing in Wiltshire.

9. The Development Economics report concluded that a failure to properly plan for future employment growth potential coupled with a proposed reduction in housing delivery targets could result in steadily worsening labour supply constraints in Wiltshire. Any policy of restricting future housing delivery below the levels required to meet future needs would likely result in a stifling barrier to economic growth and prosperity and would be in direct conflict to the sustainable development and economic growth objectives of the NPPF.

10. In relation to the third dimension, affordable housing need, Gladman raise concerns in relation to the overall housing requirement emerging through the Core Strategy. As noted in the Development Economics report, data from the CLG confirms that problems of housing affordability are acute in Wiltshire. The SHMA (2011) notes that the total net annual need for affordable housing is estimated to be 3,862 dpa (consisting of 223dpa of current net need and 3,579dpa of net future need).

11. The Development Economics report notes that the evidence of the SHMA indicates a growing need for affordable housing and the existence of a large backlog of need. The Council’s proposed annual target for delivery of all types of housing only amounts to about half of the annual need for affordable housing.

12. The proposed housing target contained in the Core Strategy would amount to a substantial reduction in the overall amount of affordable housing provided in the area over the plan period compared to the levels that would be expected if the Proposed Changes RSS target were maintained. This potential reduction in affordable housing supply would have the potential to create significant social and equity problems in
Wiltshire which do not appear to have been considered by the Council in developing its Core Strategy proposals.

13. The conclusions of the assessment undertaken in the Development Economics report are that the Core Strategy proposals represent a failure to meet the demand for housing driven by both demographic change and economic growth considerations. It would also manifestly fail to make any significant in-roads into the existing backlog of affordable housing need and newly arising need that is expected in the future.

14. Because of the danger of substantial under-delivery against both future housing demand and housing need, there is a consequential danger that a failure to deliver the required future supply of housing would generate a range of adverse consequences across a range of economic, equity and environmental domains. The Council do not appear to have assessed the potential implications of failing to address in full the objectively assessed housing need (as required through the NPPF) leading to a further concerns regarding the soundness of the Core Strategy proposals.

15. Gladman submit that the Wiltshire Core Strategy is unsound as it does not meet the tests of soundness outlined in paragraph 182 of the NPPF. Firstly, the plan is not ‘positively prepared’ as through the proposed housing requirements the Core Strategy is not seeking to meet the full, objectively assessed needs for the area. Secondly, the plan is not ‘justified’ as the target identified by the Core Strategy is not supported by an adequate or up-to-date evidence base.

16. In light of this evidence, Gladman submits that the plan has reached a terminal point and in its current form should not be found sound at Examination.
Assessment of Future Housing Requirements in Wiltshire

A report by Development Economics Ltd

March 2013
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Executive Summary

1. This report examines the future need for housing in Wiltshire, based on drivers identified by the National Planning Policy Framework (NPPF). These factors are principally: demographic change; economic growth; and the need to provide affordable housing for those not able to pay market house prices or rents.

Policy Context

2. The Government’s planning policies are set out in the National Planning Policy Framework (NPPF). The NPPF makes clear that the Government is committed to securing economic growth to create jobs and deliver prosperity, and that the planning system should do everything it can to support sustainable economic growth.¹

3. The key paragraphs in the NPPF that set out the government’s expectations of local planning authorities in establishing housing policies are numbers 47, 158 and 159. Together, these require local authorities to use an adequate, up-to-date and relevant evidence base to ensure that their Local Plans meet the full, objectively assessed needs for market and affordable housing in their areas, and thus help to ‘boost significantly the supply of housing’.² Furthermore, paragraph 152 states that local planning authorities should seek opportunities to achieve each of the economic, social and environmental dimensions of sustainable development, and achieve net gains across all three.

4. The Core Strategy proposes a housing target for Wiltshire amounting to 37,000 net additional dwellings over the entirety of the Plan Period (2006-2026). The proposed target amounts to a reduction in housing target - compared to the Proposed Changes RSS – of 7,400 dwellings in total, equivalent to an annual reduction of 370 dpa.

5. We are concerned that the overall target proposed by the Core Strategy is inherently unsound, for the following main reasons:

- the target identified by the Core Strategy is not supported by an adequate or up-to-date evidence base, as required by the NPPF;
- in particular, we are concerned about the continued reliance on increasingly out-of-date population and household projections, and the failure to take account of either the 2010-based population projections and the emerging evidence from the 2011 Census
- the proposed target appears to substantially fail to take account of the likely trajectory of housing demand in Wiltshire, especially as the Core Strategy appears to be predicated on an overly pessimistic view of future employment growth potential in the area; and
- the proposed approach appears to disregard the acute need for improved supply of affordable housing in Wiltshire as is confirmed by the Council’s own SHMA evidence,

¹ NPPF paragraph 19 says that Government expects the planning system to “encourage and not act as an impediment to sustainable economic growth”.
² NPPF paragraph 47.
and on this basis the Council’s approach is contrary to the requirements of the NPPF (paragraph 47) and should be regarded as unsound.

6. In sum, we are concerned that the proposed housing targets are contrary to the overarching objectives of the NPPF, which seeks a significant boost to the supply of housing in order to meet housing demand and need and to provide a stimulus to the economy.

**Demographic evidence of future need**

7. It is a requirement of the NPPF that the setting of targets for future housing delivery is informed by up-to-date evidence on population growth and household formation trends (Paragraph 159 of the NPPF).

8. However, it is a considerable handicap that the 2011-based household projections are not yet available. These are expected to be released very imminently, and when they are we would appreciate an opportunity to issue a supplementary note to this Submission, highlighting the data and the implications for future housing needs in Wiltshire based on this updated and highly relevant data.

9. The evidence from the most recent population projections (2008-based) is that an increase of 54,900 in resident population is anticipated between 2006 and 2026 (the relevant period for the emerging Core Strategy). However, it is acknowledged that this estimate is based on a significant under-estimation of the 2010 population base which was revealed by the results of the 2011 Census.

10. The evidence from the most recent set of household projections (2008-based) is that an additional 43,000 households are expected to form over the period 2006-2026 (i.e. an average of 2,200 p.a.). Thus, even the 2008-based projections anticipate substantially more household growth in Wiltshire than the Core Strategy is proposed to meet. Moreover, this projection for households is associated with the 2008-based population projection, which also appears to have been undermined by the underestimation of population growth actually occurring in Wiltshire since 2001.

11. We suggest that the demographic evidence suggests that Wiltshire retains considerable population growth potential, and that this growth potential is understated by the most recent population and household projections series. Moreover, there is very little in this objective evidence to support a substantial reduction in the house-building target as proposed by the emerging Core Strategy.

**Evidence of future need driven by economic factors**

12. The NPPF (paragraph 158) requires that assessment of future land uses, including housing, takes account of economic signals.

13. A review of up-to-date evidence suggests that Wiltshire has considerable inherent economic advantages and strengths, underpinned by a high skilled and high earning population and an impressive rate of new business formation.
14. Two sets of employment growth forecasts have been interrogated for this study: both anticipate strong and sustained growth in employment in Wiltshire from now until the end of the Plan period. Given the slow growth that is expected in the size of the resident working age population of Wiltshire over the same period (based on the findings of ONS population projections), this implies that additional housing will be needed to attract a workforce to the area so that businesses can recruit to fill vacancies and maintain competitiveness.

15. Another issue is the trend towards an ageing population indicated by the various series of ONS population projections: 2010-based projections anticipate a decline of 6,000 in the area’s working age population between 2010 and 2026. This implies that additional housing will be needed to accommodate replacements for existing working residents retiring from the workforce over the remainder of the Plan period.

16. Both of these issues imply that in order to capture the potential for future employment growth in full, there will need to be a substantial increase in additional local labour supply, which in turn implies a need for a significant increase in the supply of housing in Wiltshire.

17. All of this underscores the point that, in order for the Core Strategy planning policies to support the Wiltshire economy and help achieve its growth potential (and thereby conform with the requirements of the NPPF) they must provide for sufficient new housing to ensure that future availability of workers and their skills will not be a constraint to the local area’s business base.

18. In particular, there is a significant risk that a shortage of housing will make it increasingly difficult for local employers, inward investors and new start businesses to recruit and retain labour in the area.

19. Any policy of restricting future housing delivery below the levels required to meet future needs would likely result in a stifling barrier to economic growth and prosperity, and would be in direct conflict with the sustainable development and economic growth objectives of the NPPF, as is specified in paragraph 19 of that document.

**Evidence of the need for affordable housing**

20. The NPPF (paragraph 47) requires that assessment of future housing requirements takes into account the full objectively assessed need for affordable housing.

21. The evidence of the CLG affordability metrics and HSSA data is that housing continues to remain relatively unaffordable in Wiltshire, and that there has been no obvious improvement in affordability since 2006 (the start of the Plan Period) despite the relatively subdued nature of the housing market for much of the time since then.

22. The evidence of the SHMA also indicates to growing need for affordable housing and the existence of a large backlog of need. The SHMA has identified an annual need estimated to be 3,862 p.a., consisting of 223 pa of current net need and 3,579 p.a. of net future need. This total annual figure compares an annual target for all types of housing amounting to 1,850 dpa.

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3 The NPPF makes clear that the planning system “should operate to encourage and not act as an impediment to economic growth” (NPPF paragraph 19).

4 Net current need includes existing backlog which is assumed to be met over a period of five years.
proposed by the Core Strategy. That is, the annual target for all types of housing proposed by the Council only amounts to about half of the annual need for affordable housing only.

23. The proposed housing target contained in the Core Strategy would amount to a substantial reduction in the overall amount of affordable housing provided in the area over the Plan Period compared to the levels that would be expected if the Proposed Changes RSS targets were maintained. This potential reduction in affordable housing supply would have the potential to create significant social and equity problems in Wiltshire which do not appear to have been considered by the Council in developing its revised Core Strategy proposals.

**The dangers of inadequate provision for housing**

24. The conclusion of the assessment undertaken in this report is that the Core Strategy proposals for a substantially reduced target for housing delivery over the remainder of the Plan Period would represent a failure to meet the demand for housing driven by both demographic change and economic growth considerations. It would also manifestly fail to make any significant in-road into the existing backlog of affordable housing need and newly arising need that is expected in future.

25. Because of the danger of substantial under-delivery against both future housing demand and housing need, there is a consequential danger that failure to deliver the required future supply of housing would generate a range of adverse consequences across a range of economic, equity and environmental domains.

26. From the perspective of **economic development and future prosperity**, a key consequence of an inadequate future housing supply in Wiltshire would be to hinder the efficient working of the local and sub-regional labour markets and the local and sub-regional economy more generally.

27. The issue for Wiltshire is particularly acute because over the Plan Period employment demand is expected to continue to increase (by around 30,000 jobs according to Oxford Economics, and only slightly less according to the Council’s own forecast) but at the same 2010-based population projections anticipate that the area’s working age population will decline, by around 6,000.

28. A failure to properly assess future employment growth potential coupled with a proposed reduction in housing delivery targets could result in steadily worsening labour supply constraints in Wiltshire. The detrimental consequences could be manifested in the following:

- difficulties for local employers in terms of recruitment and retention of appropriately skilled staff
- upward pressures on the cost of labour, with potential adverse consequences for employers who are competing in national and/or international markets
- a potential deterrent to new inward investment, given that the availability of an appropriately skilled workforce is a key location determinant of business location decisions
- a potential deterrent effect on entrepreneurship and new business formation and growth
• in the longer term, businesses already established in the area may look to relocate elsewhere so they can recruit sufficient supplies of appropriately skilled workers in order to remain competitive.

29. Failure to provide sufficient housing to meet local needs can only exacerbate current housing shortages, leading to further upwards pressure on house prices and worsening affordability problems. This will have particular consequences for local employers, who will increasingly struggle to fill job vacancies from a rapidly ageing local and sub-regional population, with local young people increasingly forced to relocate to more affordable areas in order to access housing and resultant negative sustainability consequences linked to extended commuting patterns.

30. From the perspective of social equity, given that demand for housing is expected to remain strong, a reduction in supply would thereby serve to increase the cost of housing, and to reduce the affordability of that housing for both first time buyers and existing home-owners who need a larger house (e.g. for growing families). The result over the longer term would be to further stimulate the trend of wealth transfer towards existing home owners from future entrants to the housing market, with negative consequences for social equity in Wiltshire.

31. Moreover, a lack of supply of affordable housing can result in significant adverse social consequences, including for health outcomes, children’s educational performance and other metrics of societal well-being. Research undertaken by the charity Shelter⁵ has highlighted in particular the adverse impacts of poor housing on the life chances of children, including risks of: physical and mental ill-health; problems with behaviour; increased risk of meningitis, respiratory problems such as asthma, and slow-growth; poor educational performance of children, with consequent problems for school attainment; poor health leading to missed opportunities to participate in sport and physical recreation, leading to longer term problems linked to inactivity, such as obesity; and lower educational attainment, and greater likelihood of unemployment and poverty when reaching adulthood.

32. In addition, there is also the potential for adverse environmental and sustainability consequences resulting from an inadequate future housing supply which also needs to be factored into the analysis. These are mainly centred on problems such as increased traffic congestion and greenhouse emissions associated with extended commuting journeys if demand for housing is not met where it is wanted.

1: Introduction

1.1 This report examines the future requirements for housing in Wiltshire, based on the factors that are identified as the relevant considerations in the National Planning Policy Framework (NPPF). These factors are:

- expected future demographic change in the local planning authority area, including the latest available datasets from the official population and household projections, and the data becoming available from the 2011 Census;

- economic conditions, such as the expected future changes in the numbers of jobs expected to be found in the local planning authority area; and

- an analysis of housing affordability issues, based on the latest Strategic Housing Market Assessment update and other data.

Drivers of Housing Demand

1.2 The current population of Wiltshire has been most recently estimated to be 474,300 (2011 mid-year estimate, based on the 2011 Census). The population has grown strongly over the past three decades: in 1981 the population of the area was estimated to be just over 375,000, and the population has grown by some 26.4% over the three decades to 2011.6

1.3 Between 1995 and 2007 the number of employee jobs in Wiltshire grew by nearly 20%, compared to just over 17% for Great Britain as a whole. The strong growth in employment over this period is indicative of Wiltshire’s inherent locational advantages, strong skills base and ability to attract and retain investment.

Objectives of the report

1.4 Given the context of sustained past growth in population, household numbers and employment in Wiltshire, the purpose of this report is three-fold:

- to examine in more detail the drivers of future demand for housing in Wiltshire and to arrive at conclusions as to the potential adequacy or otherwise of the proposed future housing target for the area;

- to assess the adequacy and robustness of the evidence upon which the justification for the proposed reduction in the housing target is based; and

- to assess the potential consequences for the economy and broader well-being of the Wiltshire if the future need for housing is not met in full.

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6 Source: ONS Mid year population estimates, 1981-2011
1.5 The basis of this assessment is the requirement for an objective assessment of housing need that Government has set out in the National Planning Policy Framework.

Structure of the Report

1.6 The remainder of the report is structured as follows:

- Chapter 2 provides a summary of some of the key planning policies, and a review of other relevant strategy and policy documents that are relevant to the consideration of future housing requirements in Wiltshire.

- Chapter 3 assesses the available evidence on past and expected future demographic trends affecting Wiltshire, including the most recent population and household projections and the data released so far from the 2011 Census.

- Chapter 4 highlights some of the key economic characteristics of Wiltshire and assesses the available evidence on potential future economic trends affecting the area.

- Chapter 5 assesses the available evidence on housing affordability in Wiltshire.

- Chapter 6 assesses the potential impacts – in terms of the NPPF criteria – of setting a future housing target that is too low to meet the needs of Wiltshire.

- Chapter 7 provides some conclusions.
2: Policy and Strategy Context

2.1 In this chapter we set out the relevant planning policy at a national and regional level against which the Wiltshire Core Strategy – and its proposed housing targets – is being prepared.


2.2 The Government’s planning policies are set out in the National Planning Policy Framework (NPPF) published in March 2012. In particular, the NPPF makes clear that the Government is committed to securing economic growth in creating jobs and delivering prosperity, and that the planning system should do everything it can to support sustainable economic growth.7

2.3 Moreover, the NPPF created a presumption in favour of sustainable development, including for housing.8 Paragraph 47 of the NPPF states that in order to boost significantly the supply of housing, local planning authorities should:

Use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period.

(NPPF, paragraph 47, 1st bullet point, page 12)

2.4 Paragraph 152 of the NPPF states that local planning authorities should seek opportunities to achieve each of the economic, social and environmental dimensions of sustainable development and achieve net gains across all three.

2.5 The NPPF also makes it clear that local planning authorities:

...should ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals.

(NPPF, paragraph 158, page 38)

2.6 The specific requirements for housing needs evidence are highlighted in paragraph 159 of the NPPF on pages 38-39. Here it is specified that the local planning authorities should:

• prepare a Strategic Housing Market Assessment (SHMA) to assess their full housing needs; and

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7 NPPF paragraph 19 makes it clear that Government expects the planning system to “encourage and not act as an impediment to sustainable economic growth”.
8 NPPF paragraph 49, page 13
• prepare a Strategic Housing Land Availability Assessment (SHLAA) to establish realistic assumptions about the availability, suitability and likely economic viability of land to meet identified needs over the plan period.

2.7 It is also made clear in paragraph 159 that in the preparation of the SHMA, planning authorities need to take into account the scale and mix of housing and the range of tenures that the local population is likely to need, addressing:

• household and population projections, taking account of migration and demographic change;

• the need for all types of housing, including affordable housing; and

• housing demand, and the scale of housing supply necessary to meet this demand.

2.8 The overall thrust of the NPPF, therefore, is that although planning authorities have the responsibility to set their own targets, there is a much stronger requirement to meet the full identified need than existed under the previous policy regime.

Regional Spatial Strategy

2.9 The draft South West Regional Spatial Strategy (RSS) was not adopted, which leaves RPG10 as the statutory development plan. However, the evidence behind RPG10 was largely superseded by evidence used in preparing the draft RSS.

2.10 The draft RSS presented housing targets for the former districts of Wiltshire, which were then revised during the Examination in Public of the RSS. The overall targets for Wiltshire during the evolution of the RSS are summarized below.

<table>
<thead>
<tr>
<th>Area</th>
<th>Draft RSS Requirements 2006-26</th>
<th>RSS Proposed Changes 2006-2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wiltshire Total</td>
<td>34,500</td>
<td>44,400</td>
</tr>
<tr>
<td>Wiltshire total per annum</td>
<td>1,725 p.a.</td>
<td>2,220 p.a.</td>
</tr>
</tbody>
</table>

Source: Topic Paper 15, Table 1

2.11 The proposed changes to the RSS would have seen an increase from 1,725 p.a. to 2,200 p.a. had the RSS been adopted.

Strategic Housing Market Assessment

2.12 A SHMA assessment was undertaken for Wiltshire in December 2011. We discuss the SHMA and updates in more detail in Chapter 5 of this report. In brief summary, the SHMA identifies an annual need for 3,862 new affordable dwellings per annum in Wiltshire, including 283 p.a. for five years to help clear the existing backlog of need, and net future need of 3,579 dwellings per annum.
Housing Requirements Technical Paper January 2012

2.13 The Council published a Housing Requirements Technical Paper in January 2012. The paper set out three options for future housing delivery: a “limited delivery” scenario; a “mid-range” scenario; and a “stretching delivery” scenario. The specification of the scenarios can be summarised as follows:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Limited delivery</th>
<th>Mid-range</th>
<th>Stretching delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population increase</td>
<td>46,600</td>
<td>52,900</td>
<td>61,300</td>
</tr>
<tr>
<td>Household increase</td>
<td>34,500</td>
<td>37,500</td>
<td>41,600</td>
</tr>
<tr>
<td>Dwelling increase</td>
<td>35,800</td>
<td>39,000</td>
<td>43,200</td>
</tr>
<tr>
<td>Workforce increase</td>
<td>-1,600</td>
<td>2,500</td>
<td>7,900</td>
</tr>
<tr>
<td>Jobs increase</td>
<td>-1,900 to 23,400</td>
<td>1,800 to 27,500</td>
<td>6,700 to 33,000</td>
</tr>
</tbody>
</table>

Source: Topic Paper 15, Table 5

2.14 Note that even the “stretching delivery” scenario (43,200 dwellings) would not deliver the level of development envisaged by the RSS Proposed Changes (44,400).

2.15 Topic Paper 15 notes that the “limited delivery” scenario could stifle future job growth and would also have further impacts on affordability.9

2.16 The level of housing ultimately proposed by the Technical Paper is a requirement of 37,000 (1,850 dpa). This is 7,400 dwellings fewer than the RSS Proposed Changes and about half-way between the “limited delivery” and “mid-range” scenarios tested.

2.17 The recommended total, therefore, cannot be regarded as ambitious, and it is also likely to be associated with a very minimal increase (of approximately 1,000 persons in total) in the size of the County’s workforce over the Plan Period. (The estimate of a 1,000 increase in workforce is obtained as the approximate mid-point of the estimated workforce increase associated with the “limited delivery” and “mid-range” scenarios respectively).

2.18 The phasing of the delivery is very slightly weighted towards the 2006-2016 half of the Plan period, but the difference is only very small: 18,500 in the 2006-2016 sub-period and 18,300 in the 2016-26 sub-period.

Proposed Core Strategy Housing Targets

2.19 The Wiltshire Core Strategy pre-submission document proposed at least 37,000 net additional dwellings over the entirety of the Plan Period (2006-2026). This amounts to an annual target of 1,850 dpa.

2.20 As we have already discussed, the RSS Proposed Changes target for Wiltshire was for 44,400 net additional dwellings between 2006 and 2026 (i.e. 2,220 dpa). Thus, the proposed Core Strategy target amounts to a reduction in target of 7,400 dwellings in total compared to the RSS Proposed Changes target, which is equivalent to an annual reduction of 370 dpa.

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9 Topic Paper 15 paragraph 7.3.
It is also worth noting that the Core Strategy is targeting an increase in employment for Wiltshire of 27,500 jobs over the Plan Period. This is around 6,800 fewer jobs than were anticipated by forecasts generated in 2006 for the draft Regional Spatial Strategy.

As we will discuss in Chapter 4 of this report, the target of 27,500 jobs is also a significantly smaller number of jobs than is forecast to be generated in Wiltshire over the 2010-2026 period by experienced economic forecasters Oxford Economics.

The approach taken to determining the housing and jobs targets in the Core Strategy appears to be based on demographic evidence that originates from the 2008-based projections for population and household formation, and economic evidence that relies on forecasts that were undertaken in 2011. Much more up-to-date demographic projections and economic forecasts are now available including (for demography) the 2010-based population projections and the emerging data from the 2011 Census.

We are concerned, therefore, that the Core Strategy proposals appear to be based on an increasingly out-of-date evidence base, which is contrary to the expectations of the NPPF.

Summary and Conclusions on Policy Context

The Government’s planning policies are set out in the NPPF, which makes it clear that although local planning authorities have the responsibility to set their own land use targets, including for housing, there is a much stronger requirement to meet the full identified housing need than existed under the previous policy regime.

The NPPF makes clear that the Government is committed to securing economic growth in creating jobs and delivering prosperity, and that the planning system should do everything it can to support sustainable economic growth. Moreover, the NPPF has created a presumption in favour of sustainable development, including for housing.

The Core Strategy proposes a housing target for Wiltshire amounting to 37,000 net additional dwellings over the entirety of the Plan Period (2006-2026). The proposed target amounts to a reduction in housing target - compared to the Proposed Changes RSS – of 7,400 dwellings in total, equivalent to an annual reduction of 370 dpa.

We are concerned that the overall target proposed by the Core Strategy is inherently unsound, for the following main reasons:

- the target identified by the Core Strategy is not supported by an appropriately up-to-date evidence base, as required by the NPPF;
- in particular, we are concerned about the continued reliance on increasingly out-of-date population and household projections, and the failure to take account of either the 2010-based population projections or the emerging evidence from the 2011 Census
- the proposed target appears to substantially fail to take account of the likely trajectory of housing demand in Wiltshire, especially as the Core Strategy appears to be predicated on an overly pessimistic view of future employment growth potential in the area; and
• the proposed approach appears to disregard the acute need for improved supply of affordable housing in Wiltshire as is confirmed by the Council’s own SHMA evidence, and on this basis the Council’s approach is contrary to the requirements of the NPPF (paragraph 47) and should be regarded as unsound.

2.29 In summary, we are concerned that the proposed housing targets are contrary to the overarching objectives of the NPPF, which seeks a significant boost to the supply of housing in order to meet housing demand and need and to provide a stimulus to the economy.

2.30 These issues are considered in more detail in the following three chapters of this report.
3: Evidence of Demographic Trends

3.1 The NPPF requires that the assessment of local housing needs takes into consideration information on household and population projections (paragraph 159). In this context, this Chapter reports the relevant data that has emerged so far from the 2011 Census, and also the subsequent 2011 Mid-Year Population Estimates that are based on this Census data.

3.2 The Chapter also sets out the current and recent projections for population and household growth produced by the Office for National Statistics (ONS) – population – and the Department for Communities and Local Government (CLG) – households – for the period relevant to the Wiltshire Core Strategy (i.e. from 2006 to 2026).

3.3 However, it is also necessary to recognise that some highly relevant data on future household projections – the 2011-based series – is expected to be released shortly by the Department for Communities and Local Government (CLG). This data is expected to be released in late March or early April 2013: at the time of writing a date has not been confirmed. We consider that the release of these household projections (which will be the first series informed by the findings of the 2011 Census) are of great significance to the achievement of a robust and up-to-date understanding of potential future housing requirements for Wiltshire.

3.4 On that basis, given that the release of this data will almost certainly fall after the deadline for the submissions for the Examination, we would appreciate an opportunity to submit a further technical note on this subject once the new data has been released by CLG.

3.5 Despite the handicap of not yet having the 2011-based household projections available to us, there is much relevant demographic data that is available, and the purpose of this Chapter is to identify the key demographic drivers for future household formation in Wiltshire based on this information.

Census 2011

3.6 The results from the 2011 Census began to be released in June 2012. The results for Wiltshire can be summarised as follows:

- Overall population (rounded to the nearest 100) in Wiltshire grew from 433,500 (2001) to 471,000 (2011), which was growth of 37,500 persons (8.9%). This was also about the same proportionate increase that had occurred from 1991 to 2001.

- The number of households in Wiltshire increased by just over 17,000, an increase of 9.7% compared to 2001.

- The median age of Wiltshire’s population increased from 39 to 42.

- The number of people of working age increased in absolute terms (from 278,700 to 300,500) from 2001 to 2011, but as a proportion of the overall population the relative numbers of working age people declined from 64.3% to 63.8%.
Population increase in Wiltshire over the past decade has been dominated by internal migration from other parts of the UK.

**Mid-Year Population Estimates**

3.7 The most recent set of Mid-Year Population Estimates (MYPE) – for 2011 – were released in September 2012. The overall estimated mid-year population figure for Wiltshire was 474,300, which is about 0.7% greater than the estimate from the 2011 Census (470,980).

3.8 Moreover, the MYPE for 2011 is significantly greater than the comparable estimate for 2010, which was 459,800. That is, the 2011 based estimate, which was informed by the result of the 2011 Census, was 14,500 persons greater than the 2010 estimate. This is a difference of around 3.15%.

3.9 The difference also implies that the MYPE series has tended to under-estimate the level of population growth in Wiltshire over the past decade. This under-estimation has now been corrected for in the 2011 MYPE, but the implications are still with us in that the mid-year series 2001-2010 was used to inform future projections of both population and household formation in Wiltshire.

3.10 In particular, the 2008-based and 2010-based based population projections undertaken by ONS – referred to in the next sub-section – have been produced using significantly under-estimated baseline population figures for Wiltshire, as were the 2008-based household projections produced by CLG.

3.11 The next set of household projections, due to be released in March or April 2013, will also take into account the revisions that have occurred since the 2001 Census.

3.12 Nevertheless, despite the need for the correction, the key message remains one of continued and sustained population growth in Wiltshire. The chart below shows the long term trend in the MYPE series over the 1981-2011 period, with the recent 2011 adjustment reflected in the upturn in the trajectory of the chart between 2010 and 2011.
The most recent set of trend-based population projections produced by the ONS are the 2010-based series published in 2012. These projections anticipate that the Wiltshire population would grow by an estimated 40,400 persons over the 2010-2026 period, representing an increase of 8.77% over the estimated 2010 baseline.

The 2010-based projections also point to a significant ageing trend in the Wiltshire population:

- between 2010 and 2026 there is only expected to be growth of 3,000 in the population aged 0-14 (equivalent to growth of 3.1%);
- over the same period, the numbers of people traditionally defined as working age (15-64) is expected to decrease in absolute terms by 6,000 (equivalent to a decline of 1.45%); and
- over the same period, the number of people aged 65 and over is expected to increase by some 43,000, equivalent to an increase of 50.8%.

However, it should be noted that these 2010-based projections are based on a significant underestimation of the 2010 baseline situation as revealed by the 2011 Census. The 2010-based projections anticipated that Wiltshire’s 2011 population would be 463,400, which is an underestimate of 10,900 compared to the 2011 mid-year estimate (474,300) informed by the 2011 Census.

The table below provides information on the 2010-based population projections, as well as the three preceding series, focusing on the period of the emerging Core Strategy (2001-2026).
Table 3-1: ONS Population Projections for Wiltshire (000s, rounded to nearest 100)

<table>
<thead>
<tr>
<th>Series</th>
<th>2006</th>
<th>2026</th>
<th>2006-2026</th>
<th>2006-2026 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-based</td>
<td>446,200</td>
<td>501,100</td>
<td>54,900</td>
<td>12.3%</td>
</tr>
<tr>
<td>2008-based</td>
<td>446,200</td>
<td>511,500</td>
<td>65,300</td>
<td>14.6%</td>
</tr>
<tr>
<td>2006-based</td>
<td>448,700</td>
<td>524,800</td>
<td>76,100</td>
<td>17.0%</td>
</tr>
<tr>
<td>2004-based</td>
<td>452,600</td>
<td>518,300</td>
<td>65,700</td>
<td>14.5%</td>
</tr>
</tbody>
</table>

Source: ONS Population Projections

3.17 The table indicates considerable fluctuations in the anticipated levels of future population increases for the 2006-2026 period across the different series of projections. For example, for the Core Strategy period as a whole (2006-26) the lowest projected increase was 54,900 (2010-based) and the greatest was for 76,100 (2006-based).

3.18 However, as already discussed, the results from the 2011 Census now reveal that each of the 2004-based through to the 2010-based population projections have been based on a substantial and sustained under-estimation of the actual rate of population increase in Wiltshire over the period 2001-2011.

3.19 Despite the evidence that the 2010-based population projections may significantly underestimate the extent of likely population growth in Wiltshire over the 2006-2026 period, it remains very likely to be the case that substantial growth can still be expected over the 2011-2026 period.

CLG Household Projections

3.20 The imminent 2011-based household projections are not yet available: these are expected to be published in late March or early April 2013.

3.21 The most recent available (2008-based) set of official projections from the Department of Communities and Local Government (CLG) anticipate an increase in the number of households in Wiltshire in the order of 43,000 over the period between 2006 and 2026. This is equivalent to an average of 3,100 households per annum over the Plan period.

3.22 The table below shows the most recent (2008-based) set of household projections together with two earlier series, including the 2004-based ones that were used to inform the RSS housing targets.

Table 3-2: CLG Household Estimates and Projections for Wiltshire ('000s)

<table>
<thead>
<tr>
<th>Base</th>
<th>2006</th>
<th>2026</th>
<th>2006-2026</th>
<th>2006-26 p.a.</th>
<th>2001-2026 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-based</td>
<td>184</td>
<td>227</td>
<td>43</td>
<td>2.2</td>
<td>23.4%</td>
</tr>
<tr>
<td>2006-based</td>
<td>186</td>
<td>237</td>
<td>51</td>
<td>2.6</td>
<td>27.4%</td>
</tr>
<tr>
<td>2004-based</td>
<td>188</td>
<td>239</td>
<td>51</td>
<td>2.6</td>
<td>27.1%</td>
</tr>
</tbody>
</table>

Source: CLG Household Projections

3.23 The total number of households expected to form over the Core Strategy period has varied from 43,000 (2008-based) to 51,000 (both the 2004-based and 2006-based series).
3.24 It is very likely – give the significant underestimation of population increase that occurred between 2001 and 2011 – that the 2011-based household projections, when they emerge shortly, will anticipate an increase in the average annual household formation in Wiltshire compared to the levels anticipated by the 2008-based projections.

Summary and implications for housing need

3.25 It is a requirement of the NPPF that future housing need generated as a result of the latest population and household projections is met when local planning authorities set their housing targets (Paragraph 159 of the NPPF). This chapter has set out the most up-to-date population and household projections for Wiltshire, and placed these in the context of the relevant data released so far from the 2011 Census.

3.26 However, it is a considerable handicap that the 2011-based household projections are not yet available. These are expected to be released very imminently, and when they are we would appreciate an opportunity to issue a supplementary note to this Submission, highlighting the data and the implications for future housing needs in Wiltshire based on this updated and highly relevant data.

3.27 The evidence from the latest population projections (2008-based) is that an increase of 54,900 in resident population is anticipated between 2006 and 2026 (the relevant period for the emerging Core Strategy). However, it is acknowledged that this estimate is based on a significant under-estimation of the 2010 population base which was revealed by the results of the 2011 Census.

3.28 The evidence from the most recent set of household projections (2008-based) is that an additional 43,000 households are expected to form over the period 2006-2026 (i.e. an average of 2,200 p.a.). This projection for households is associated with the 2008-based population projection, which also appears to have been undermined by the underestimation of population growth actually occurring in Wiltshire since 2001.

3.29 Again, we advise that the implications of the 2011-based household projections should be considered by the Examination when they become available.

3.30 In conclusion, we suggest that the demographic evidence suggests that Wiltshire retains considerable population growth potential, and that this growth potential is understated by the most recent population and household projections series. Moreover, there is very little in the objective evidence to support a substantial reduction in the house-building target as proposed by the emerging Core Strategy.
4: Evidence of Economic Drivers

4.1 The analysis in this chapter draws from the latest available economic, labour market and other relevant datasets from the Office for National Statistics and other sources. It also draws from data and analysis found in a number of documents and reports prepared by or on behalf of the local planning authority and other sources.

The business base and enterprise

4.2 Wiltshire has a substantial business population consisting of over 18,000 VAT registered businesses. Moreover, Wiltshire is in the top 30% of local authority areas in Great Britain measured in terms of business density (i.e. the number of businesses per 1,000 population).\(^\text{10}\)

4.3 An equally important measure of competitiveness is entrepreneurship, the rate at which new businesses are formed. The Government’s preferred measure of entrepreneurship (new business formation) is the number of VAT registrations per 10,000 adult population. Wiltshire is in the top 30% of local authority areas in Great Britain when they are ranked on this measure of new business formation.\(^\text{11}\)

4.4 The knowledge intensity of businesses in the area is also worth noting: just under 23% of businesses in Wiltshire are categorised as being ‘knowledge intensive’ in terms of the OECD definition, placing Wiltshire on the 30\(^{\text{th}}\) percentile of GB local authority areas on this measure. It also implies that the Wiltshire business base is comparatively well placed to respond to opportunities presented by the modern, knowledge-based economy.

Employment base

4.5 As we have already commented, between 1995 and 2007 the number of employees in employment in Wiltshire grew by about 20% compared to just 17% for Great Britain as a whole. This longer term trend is illustrated in the chart below.

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\(^{10}\) Source: UK Competitiveness Index 2010

\(^{11}\) Source: UK Competitiveness Index 2010
4.6 More recently, there has been a set back to the overall level of employment in Wiltshire between 2007 and 2010, but the numbers of people in employment has more recently started to recover.

4.7 Data on skills and qualifications from the Annual Population Survey (December 2011) suggests that the working age population of Wiltshire is relatively well qualified: 35.9% of the area’s working age population is qualified to degree level or higher, compared to 32.9% for both the South West as a whole and Great Britain. Moreover, only 5.3% of working age residents have no qualifications, which is exactly half the national average.
4.8 Reflecting the highly qualified skills base, a significantly greater proportion of residents in employment (47.0% work in managerial and professional occupations compared to the regional average (43.0%).

4.9 The statistics from the 2001 Census suggest that Wiltshire has a relatively self-contained labour market: nearly 76% of working Wiltshire residents work within the County, and just over 84% of people employed in Wiltshire also live in the County. There are also significant commuting relationships with Swindon and the M4 corridor.

4.10 Data on commuting from the 2011 Census will not be released until October 2013 at the earliest.

Labour force characteristics

4.11 According to the 2011 Mid-Year Population estimates, Wiltshire has a working age population (proxied by the age range 16-64) of approximately 296,800 persons, which is 62.6% of the resident population. The proportion of population of working age in Wiltshire is slightly lower than the regional (62.8%) and the national (64.7%) averages.

4.12 The Census also confirms an ageing trend that has occurred between 2001 and 2011 in Wiltshire, where the median age of the resident population has increased markedly (from 39 to 42). This relative decline in the proportion of the population that is of working age is expected to continue: the 2010-based population projections for Wiltshire anticipate a decline of around 6,000 in the working age population of the area between 2010 and 2026. This trend could pose significant longer term challenges to the competitiveness of the area’s economy.

4.13 Data on skills and qualifications from the Annual Population Survey (December 2011) suggests that the working age population of Wiltshire is relatively well qualified: 35.9% of the area’s working age population is qualified to degree level or higher, compared to 32.9% for both the South West as a whole and Great Britain. Moreover, only 5.3% of working age residents have no qualifications, which is exactly half the national average.

4.14 Reflecting the highly qualified skills base, a significantly greater proportion of residents in employment (47.0% work in managerial and professional occupations compared to the regional average (43.0%).

4.15 In addition, average weekly earnings in Wiltshire for full-time workers (residence-based) are about 5% higher than the regional average, although they are about 1.4% lower than the national average.

Future employment growth

4.16 The NPPF states that local planning authorities should ensure that their Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics of their area. The NPPF also states that planning authorities’ assessments of and
strategies for housing and employment uses should take full account of market and economic signals.\textsuperscript{12}

4.17 Part of the evidence base for the Wiltshire Core Strategy is employment forecasts produced by Cambridge Econometrics that cover the period 2006-2026. These forecasts, which are found in a document dated April 2011, indicate the potential for growth of nearly 27,600 jobs in Wiltshire between 2006 and 2026, at an average of around 1,380 per annum. This is 6,800 fewer jobs than were anticipated by comparable forecasts generated in 2006 for the draft Regional Spatial Strategy. That there has been a reduction in jobs forecast between 2006 and 2011 should of course be a surprise: the reduction in numbers is reflective of the recession which followed the credit crisis in 2007 and 2008.

4.18 The output from a recent run of Oxford Economics employment forecasting model also predicts employment growth of around 32,000 jobs from 2010 until 2026 for Wiltshire at an average of around 2,000 jobs p.a. This is a greater annual growth compared to what the Core Strategy is planning for, but much of the difference is explained by the fact that the 2006-2026 Cambridge Econometrics forecasts include the job losses experienced in the immediate aftermath of the recession in 2007-2010.

4.19 The more up-to-date and independent forecasts from the Oxford Economics model confirm that economic (i.e. employment) growth will continue to underpin demand for housing in Wiltshire over the remainder of the Plan Period.

\textbf{Implications for housing need}

4.20 Both sets of employment growth forecasts referred to above anticipate strong net growth in employment from now until the end of the Plan period. Given the slow growth that is expected in the size of the resident working age population of Wiltshire over the same period (based on the findings of ONS population projections), this implies that additional housing will be needed to attract a workforce to the area so that businesses can recruit to fill vacancies and maintain competitiveness.

4.21 Another issue is the trend towards an ageing population indicated by the various series of ONS population projections: for example, it is very concerning that the 2010-based population projections for Wiltshire anticipate a decline of around 6,000 in the working age population of the area between 2010 and 2026. This implies that additional housing will be needed to accommodate replacements for existing working residents retiring from the workforce over the remainder of the Plan period.

4.22 Both of these issues imply that in order to capture the potential for future employment growth in full, there will need to a substantial increase in additional local labour supply, which in turn implies a need for a significant increase in the supply of housing in Wiltshire.

4.23 All of this underscores the point that, in order for the Core Strategy to support the Wiltshire economy and help achieve its growth potential (and thereby conform with the requirements of

\textsuperscript{12} NPPF paragraph 158
the NPPF) they must provide for sufficient new housing to ensure that future availability of workers and their skills will not be a constraint to the local area’s business base.

4.24 In particular, there is a significant risk that a shortage of housing will make it increasingly difficult for local employers, inward investors and new start businesses to recruit and retain labour in the area.

4.25 Any policy of restricting future housing delivery below the levels required to meet future needs would likely result in a stifling barrier to economic growth and prosperity in Wiltshire, and would be in direct conflict with the sustainable development and economic growth objectives of the NPPF, as is specified in paragraph 19 of that document.13

13 The NPPF makes clear that the planning system “should operate to encourage and not act as an impediment to economic growth” (NPPF paragraph 19).
5: Evidence of Affordable Housing Needs

5.1 Evidence from a number of sources – including CLG and the Council’s SHMA – confirms the need for additional affordable housing supply in Wiltshire. This evidence is explored in this Chapter.

CLG Housing Affordability Metrics

5.2 Data from CLG\textsuperscript{14} confirms that the problems of housing affordability are acute in Wiltshire. Revised data for 2010 shows that the ratio of lower quartile house prices to lower quartile residents’ earnings for Wiltshire exceeds the regional and national averages.

5.3 Moreover, comparing this metric for 2010 to equivalent data for 2006 (the start of the Core Strategy period) confirms that the ratio has not decreased significantly, despite the downward pressure on house prices over this period.

<table>
<thead>
<tr>
<th>Local authority/area</th>
<th>2006</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wiltshire</td>
<td>8.83</td>
<td>8.57</td>
</tr>
<tr>
<td>South West region</td>
<td>8.51</td>
<td>8.17</td>
</tr>
<tr>
<td>England</td>
<td>7.15</td>
<td>6.69</td>
</tr>
</tbody>
</table>

Source: CLG Table 576

5.4 Other data from CLG (2010)\textsuperscript{15} confirms that the ratio of median house prices to median incomes in the Wiltshire has also stayed largely constant between 2006 (8.59) and 2010 (8.33) over the same period (2006-2010).

5.5 Both of the indicators from CLG confirm, therefore, that housing remains relatively unaffordable in Wiltshire compared to the regional and sub-regional averages.

Strategic Housing Market Assessment

5.6 The NPPF is clear that in determining future housing requirements, local planning authorities must ensure their Local Plans meet the full, objectively assessed needs for market and affordable housing in their areas. In order to have a proper understanding of affordable housing needs, local planning authorities are required to prepare a strategic housing market assessment (SHMA).

5.7 In the case of Wiltshire, there was a complete SHMA assessment completed in December 2011, described on the cover having been “initiated by Fordham Research and completed by RS Drummond-Hay”.

\textsuperscript{14} CLG Live Table 576: Ratio of lower quartile house price to lower quartile earnings by district
\textsuperscript{15} CLG Live Table 577: Ratio of median quartile house price to median earnings by district
5.8 The 2011 SHMA assessed housing need, defined as follows: “the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market”. The conclusions of the SHMA with respect to the quantified assessment is summarised in the table below:

<table>
<thead>
<tr>
<th>Element</th>
<th>Number</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current need p.a. (A)</td>
<td>1,173</td>
<td></td>
</tr>
<tr>
<td>Current supply p.a. (B)</td>
<td>889</td>
<td></td>
</tr>
<tr>
<td><strong>Net current need p.a. (C)</strong></td>
<td>223</td>
<td>(A) - (B)</td>
</tr>
<tr>
<td>Future need p.a. (D)</td>
<td>5,077</td>
<td></td>
</tr>
<tr>
<td>Future supply p.a. (E)</td>
<td>1,498</td>
<td></td>
</tr>
<tr>
<td><strong>Net future need p.a. (F)</strong></td>
<td>3,579</td>
<td>(D) - (E)</td>
</tr>
<tr>
<td><strong>Total net annual need</strong></td>
<td>3,862</td>
<td>(C) + (F)</td>
</tr>
</tbody>
</table>

Source: 2011 SHMA Table 5.8

5.9 That is, total net annual need for affordable is estimated to be 3,862 p.a., consisting of 223 p.a. of current net need and 3,579 p.a. of net future need. This total annual figure compares to an annual target for all types of housing amounting to 1,850 dpa proposed by the Core Strategy.

5.10 That is, the Council’s proposed annual target for the delivery of all types of housing (1,850 dpa) only amounts to about half of the annual need for affordable housing only (3,862 dpa).

5.11 The SHMA also considered the spatial distribution of gross and net annual housing need by sub-area. Focusing here on net need, the largest proportions of need were evident in: the North and Central Rural area (17.8%); the West Towns sub-area (17.1%); the Salisbury Plain sub area (14.5%); the South Rural sub-area (12.7%); and Trowbridge (10.9%).

HSSA Data

5.12 Another source of evidence of affordable housing need is the number of households on the local authority waiting list for housing. As can be seen by comparing data for 2001 with data for 2011, there has been a significant number of households on this list since 2006, but with no clear trend in terms of growth.

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16 Wiltshire SHMA 2011 paragraph 5.1
17 Net current need includes existing backlog which is assumed to be met over a period of five years
18 Wiltshire SHMA 2011 Table 5.10
Conclusions on Affordable Housing

5.13 The evidence of the CLG affordability metrics is that housing continues to remain relatively unaffordable in Wiltshire compared to regional and national comparators.

5.14 The evidence of the local authority housing waiting lists also points to a worsening of affordability problems in the County since 2006.

5.15 The evidence of the SHMA also indicates a growing need for affordable housing and the existence of a large backlog of need. The SHMA has identified an annual need estimated to be 3,862 p.a., consisting of 223 p.a. of current net need and 3,579 p.a. of net future need. This total annual figure compares an annual target for all types of housing amounting to 1,850 p.a. proposed by the Core Strategy. That is, the annual target for all types of housing proposed by the Council only amounts to about half of the annual need for affordable housing.

5.16 The proposed housing target contained in the Core Strategy would amount to a substantial reduction in the overall amount of affordable housing provided in the area over the Plan Period compared to the levels that would be expected if the Proposed Changes RSS targets were maintained. This potential reduction in affordable housing supply would have the potential to create significant social and equity problems in Wiltshire which do not appear to have been considered by the Council in developing its revised Core Strategy proposals. In the next Chapter of this report we assess what these detrimental impacts might be.

Source: CLG Table 600 (data for 2006-2009 are combined data for the four districts)
6: Consequences of Inadequate Housing Supply

6.1 The conclusion of the assessment undertaken in this report is that the Core Strategy proposals for a substantially reduced target for housing delivery over the remainder of the Plan Period would represent a failure to meet the demand for housing driven by both demographic change and economic growth considerations. It would also manifestly fail to make any significant inroad into the existing backlog of affordable housing need and newly arising need that is expected in future.

6.2 Because of the danger of substantial under-delivery against both future housing demand and housing need, there is a consequential danger that the failure to deliver the required future supply of housing would generate a range of adverse consequences across a range of economic, equity and environmental domains.

6.3 We are not aware that any of the potential adverse consequences have been considered in detail by the Council in any of its consultation or policy documents thus far. Such an assessment appears to be required by the NPPF, and on this basis also the Council’s approach appears to be unsound.

6.4 In particular, paragraph 152 of the NPFF requires local planning authorities to seek opportunities to achieve each of the economic, social and environmental dimensions of sustainable development and achieve net gains across all three. The implication of the NPPF, however, is that where local planning authorities do not propose to provide for the full, objectively assessed need for housing in their area, they need to have tested any potential negative consequences of such policies and should have assessed how these could be avoided, mitigated or compensated for through an alternative approach to the delivery of the full, objectively assessed needs.

6.5 The purpose of this chapter is to assess what might be the negative consequences for Wiltshire – in social, economic and sustainability terms – of failing to address in full the future requirements for housing in the Council’s area.

Economic Consequences

6.6 The issue for Wiltshire is particularly pressing because the Core Strategy is predicated upon an assumption of employment growth of 27,500 jobs over the Plan Period, which is a lower rate of growth than that predicted by a recent run of the respected forecasting model operated by Oxford Economics. It is also a lower rate of growth than was assumed when the Proposed Changes RSS document was being prepared.

6.7 Over the remaining lifetime of the Plan Period, the divergence between the numbers of jobs assumed by the Core Strategy and the levels anticipated by the more recent runs of the Oxford Economics model amounts to a difference of around 4,000 jobs. A failure to properly assess future employment growth potential coupled with a proposed reduction in housing delivery targets could result in steadily worsening labour supply constraints in Wiltshire, especially given the ageing population trend that is anticipated by the various series of future population
projections produced by the ONS. The past and expected future ageing trend for Wiltshire is confirmed by the chart set out below:

**Figure 6-1: Expected change in age profile and overall population in Wiltshire: 1991-2026**

Source: ONS

6.8 In particular, there is a concern (identified by the 2010-based population projections) that there is likely to be a reduction of about 6,000 in the size of the County’s working age population between 2010 and 2026.

6.9 A key consequence of inadequate housing supply would be to hinder the efficient working of the local labour market and the local economy more generally. An under-supply of housing can cause problems for the local labour market as it can reduce the mobility of labour, and make it more difficult for labour demand and labour supply to be adequately matched. Resulting labour and skills shortages can result in lost productive potential, reduced overall productivity and lower business profitability. The impact of such labour market difficulties might be to deter new business investment and, ultimately, to encourage existing local businesses to consider relocation.

6.10 Moreover, it is vitally important to employers that they have adequate access to a workforce of various skill levels. The process of recruiting new workers and replacing workers who leave can be a significant cost to many businesses, and an inability to fill vacancies is a key source of lost productive potential for both individual businesses and the local economy as a whole.20

6.11 Any increase in difficulties of recruiting and retaining staff, such as might be caused by a shortage of housing would, in the medium term, therefore potentially increase the burden of the constraint on the local supply of workers and skills and, as a consequence, serve to provide an upward pressure on the cost of labour and reduce business competitiveness.

6.12 The ability to recruit and retain an appropriately skilled workforce is a key business location search criterion for many businesses that are considering a new site for business expansion or

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20 The impact of housing market under-supply on labour market efficiency was identified in the Interim Report of the Barker Review commissioned by HM Treasury in December 2003.
re-location. An artificially constrained labour supply would very likely act as a significant and substantial deterrent to international and national businesses that might otherwise regard Wiltshire as a viable location to host a new branch or establishment. Failure to attract new investment would be detrimental to the long-term productive potential of the area and long-term competitiveness and prosperity.

6.13 There is also potentially an issue in terms of the hindering of enterprise. As we have already seen in Chapter 4, on many indicators Wiltshire demonstrates an above average ability (compared to other UK local authority areas) to host new start enterprises. A key factor for the success or failure of new start businesses, however, is the ability to attract and retain adequate supplies of labour. Failure to provide sufficient housing of a range of types – and the resultant consequences for the growth of the local workforce – could therefore hinder the ability of Wiltshire to host sufficient numbers of new start businesses and to enable these businesses to recruit workers that may be needed to allow them to grow and achieve their potential.

6.14 In the medium term, therefore, a housing supply induced constraint on labour supply could serve to deter businesses from moving to or starting-up in Wiltshire. It may also mean that in the longer term, businesses already established in the area may look to relocate elsewhere so they can recruit sufficient supplies of appropriately skilled workers in order to remain competitive and to grow if that is their objective.

6.15 This issue is also made more pressing by the ageing trend affecting the area’s existing working age population, as we have described above. Failure to provide sufficient housing to meet local and sub-regional needs can only exacerbate current housing shortages, leading to further upwards pressure on house prices and worsening affordability problems. This will have particular consequences for local employers, who are likely to increasingly struggle to fill job vacancies from a rapidly ageing local population, with local young people increasingly forced to relocate to more affordable areas in order to access housing and resultant negative sustainability consequences linked to extended commuting patterns.

**Social and Equity Consequences**

6.16 Another consequence of growing housing under-supply is rising house prices and housing rents in real terms, with consequential impacts on housing affordability. As we have already described in Chapter 5 of this report, housing affordability is a key issue and concern for Wiltshire, with affordability ratios notably higher than national and regional averages and having not shown much sign of improving despite the relatively subdued state of the housing market in recent years.

6.17 There are also potentially considerable wealth distribution impacts associated with rising house prices and rents. Data from HMRC\(^{21}\) confirms that wealth inequalities have been increasing in the UK in line with rising house prices; one consequence is the long-term transfer of wealth in favour of home-owners and at the expense of non-owners of homes. The substantial increase in the average age of first time buyers over the past two decades is another cause of rising inequality and a symptom of inter-generational wealth transfer.

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\(^{21}\) HMRC Statistics on the Distribution of Personal Wealth
6.18 Given that demand for housing in Wiltshire is expected to remain strong over the next two decades, a reduction in supply in the area would serve to increase the cost of housing, and to reduce the affordability of that housing for both first time buyers and existing home-owners who need a larger house (e.g. for growing families). The result over the longer term would be to further stimulate the trend of wealth transfer towards existing home owners from future entrants to the housing market, with negative consequences for social equity in the area.

6.19 Evidence from the CLG and HSSA data presented in Chapter 5 of this report highlighted the consequences of the long-standing shortage of affordable housing in Wiltshire. Continued under-supply of housing in the area would exacerbate the shortage of affordable housing and lead to continued exclusion of households who currently cannot access the housing market or who are inadequately housed.

6.20 Moreover, a lack of supply of affordable housing can result in significant adverse social consequences, including for health outcomes, children’s educational performance and other metrics of societal well-being. Research undertaken by Shelter has identified a clear link between over-crowded housing conditions or a lack of housing and a number of medical conditions, including the following:22

- higher rates of cardio-vascular and respiratory diseases
- higher numbers of accidents needing medical treatment
- higher risk of meningitis
- greater risk of substance misuse

6.21 In addition, research undertaken by Shelter has highlighted in particular the adverse impacts of poor housing on the life chances of children, including the following key findings:23

- up to 25% higher risk of severe ill health throughout childhood and into early adulthood
- greater risk of mental health problems and problems with behaviour
- increased risk of meningitis, respiratory problems such as asthma, and slow-growth
- poor health leads to greater incidence of missed schooling, with consequent problems for school attainment and achieving qualifications
- poor health leading to missed opportunities to participate in sport and physical recreation, leading to longer term problems linked to inactivity, such as obesity
- lower educational attainment, and greater likelihood of unemployment and poverty when reaching adulthood

6.22 One of the most visible aspects of an undersupply of housing is homelessness, although this results from a number of social as well as economic causes. If they are not able to afford housing, and cannot immediately be given a permanent dwelling in the social housing sector or be subsidised through Housing Benefit, then local authorities may be left with few options

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other than to house affected individuals or families in temporary dwellings, such as bed and breakfast accommodation, at considerable cost to the local taxpayer.

**Sustainability**

6.23 Following on from the consideration of the potential economic and social consequences, there is also a potential negative environmental consequence which also needs to be factored into the analysis.

- Firstly, a policy which serves to constrain housing supply in Wiltshire would merely lead to the displacement of a portion of demand to neighbouring districts, with consequential impacts on housing demand and affordability in those areas.

- Secondly, the under-supply of housing in an area that has been – and is expected to continue to be – a source of strong employment growth could result in an increasing in rate of in-commuting into the area.

6.24 In terms of the latter, research has shown that there is a direct link between house prices in an area and the length of commuting journeys, with employees prepared to travel longer distances to access lower cost housing.24

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24 NHPAU: Evidence Assessment of the economic and social consequences of worsening housing affordability (2009).
7: Conclusions

7.1 The Core Strategy proposes a housing target for Wiltshire amounting to 37,000 net additional dwellings over the entirety of the Plan Period (2006-2026). The proposed target amounts to a reduction in housing target - compared to the Proposed Changes RSS – of 7,400 dwellings in total, equivalent to an annual reduction of 370 dpa.

7.2 The review of demographic, economic and affordable housing needs evidence provided in this report leads to the conclusion that the housing target proposed by the Core Strategy would fail to meet in full the objectively assessed housing needs of Wiltshire.

7.3 In particular, we are concerned that the overall target proposed by the Core Strategy is inherently unsound, for the following main reasons:

- the target identified by the Core Strategy is not supported by an adequate or up-to-date evidence base, as required by the NPPF;
- in particular, we are concerned about the continued reliance on increasingly out-of-date population and household projections, and the failure to take account of either the 2010-based population projections and the emerging evidence from the 2011 Census;
- the proposed target appears to substantially fail to take account of the likely trajectory of housing demand in Wiltshire, especially as the Core Strategy appears to be predicated on an overly pessimistic view of future employment growth potential in the area; and
- the proposed approach appears to disregard the acute need for improved supply of affordable housing in Wiltshire as is confirmed by the Council’s own SHMA evidence, and on this basis the Council’s approach is contrary to the requirements of the NPPF (paragraph 47) and should be regarded as unsound.

7.4 In summary, we are concerned that the proposed housing targets for Wiltshire are contrary to the overarching objectives of the NPPF, which seeks a significant boost to the supply of housing in order to meet housing demand and need and to provide a stimulus to the economy.

7.5 Moreover, the failure to plan for sufficient amounts of housing in Wiltshire could have a series of substantial negative economic, social and environmental consequences for the area.

7.6 From the perspective of economic development and future prosperity, a key consequence of an inadequate future housing supply in Wiltshire would be to hinder the efficient working of the local and sub-regional labour markets and the local and sub-regional economy more generally.

7.7 Two sets of employment growth forecasts have been interrogated for this study: both anticipate strong and sustained growth in employment in Wiltshire from now until the end of the Plan Period. Given the slow growth that is expected in the size of the resident working age population of Wiltshire over the same period (based on the findings of ONS population
Assessment of Future Housing Requirements in Wiltshire

projections), this implies that additional housing will be needed to attract a workforce to the area so that businesses can recruit to fill vacancies and maintain competitiveness.

7.8 Another issue is the trend towards an ageing population indicated by the various series of ONS population projections: 2010-based projections anticipate a decline of 6,000 in the area’s working age population between 2010 and 2026. This implies that additional housing will be needed to accommodate replacements for existing working residents retiring from the workforce over the remainder of the Plan period.

7.9 A failure to properly prepare for future employment growth potential coupled with a proposed reduction in housing delivery targets could result in steadily worsening labour supply constraints in Wiltshire. The detrimental consequences could be manifested in the following:

- difficulties for local employers in terms of recruitment and retention of appropriately skilled staff;
- upward pressures on the cost of labour, with potential adverse consequences for employers who are competing in national and/or international markets;
- a potential deterrent to new inward investment, given that the availability of an appropriately skilled workforce is a key location determinant of business location decisions;
- a potential deterrent effect on entrepreneurship and new business formation and growth;
- in the longer term, businesses already established in the area may look to relocate elsewhere so they can recruit sufficient supplies of appropriately skilled workers in order to remain competitive.

7.10 Failure to provide sufficient housing to meet local needs can only exacerbate current housing shortages, leading to further upwards pressure on house prices and worsening affordability problems. This will have particular consequences for local employers, who will increasingly struggle to fill job vacancies from a rapidly ageing local and sub-regional population, with local young people increasingly forced to relocate to more affordable areas in order to access housing and resultant negative sustainability consequences linked to extended commuting patterns.

7.11 From the perspective of social equity, given that demand for housing is expected to remain strong, a reduction in supply would thereby serve to increase the cost of housing, and to reduce the affordability of that housing for both first time buyers and existing home-owners who need a larger house (e.g. for growing families). The result over the longer term would be to further stimulate the trend of wealth transfer towards existing home owners from future entrants to the housing market, with negative consequences for social equity in Wiltshire.

7.12 Moreover, a lack of supply of affordable housing can result in significant adverse social consequences, including for health outcomes, children’s educational performance and other metrics of societal well-being. Research undertaken by the charity Shelter\textsuperscript{25} has highlighted in particular the adverse impacts of poor housing on the life chances of children, including risks of: physical and mental ill-health; problems with behaviour; increased risk of meningitis,

\textsuperscript{25} Shelter: Chances of a lifetime: the impact of poor housing on children’s lives (2006)
respiratory problems such as asthma, and slow-growth; poor educational performance of children, with consequent problems for school attainment; poor health leading to missed opportunities to participate in sport and physical recreation, leading to longer term problems linked to inactivity, such as obesity; and lower educational attainment, and greater likelihood of unemployment and poverty when reaching adulthood.

7.13 In addition, there is also the potential for adverse environmental and sustainability consequences resulting from an inadequate future housing supply which also needs to be factored into the analysis. These are mainly centred on problems such as increased traffic congestion and greenhouse emissions associated with extended commuting journeys if demand for housing is not met where it is wanted.

7.14 This assessment does not suggest a housing requirement figure as an alternative to the figure contained in the Core Strategy. This is because the evidence base is clearly out of date and it is difficult to suggest what the full, objectively assessed should be without an updated NPPF compliant SHMA. This assessment merely states that the housing requirement figure contained in the Core Strategy does not represent the full, objectively assessed need, is not NPPF compliant and is therefore unsound.