

Focused Sub-Regional Review of RSS Evidence Base to inform the South Worcestershire Joint Core Strategy

Background Paper 2

Housing Policy Issues

Stefan Preuss – Independent Planning Advisor

David Thew – DTSA, Independent Strategic Policy Advisor



November 2010

Disclaimer

This report has been prepared on behalf of the South Worcestershire Joint Officer Steering Group as independent technical advice to inform the formulation of the Joint Core Strategy for South Worcestershire. The report is based on a review of evidence submitted to and arising from the West Midlands Regional Spatial Strategy (RSS) Phase Two Examination in Public (EiP) in 2009 and a small number of additional studies subsequently undertaken on behalf of West Midlands Regional Assembly/ West Midlands Leaders Board.

Every effort has been made to verify and check the material presented in this report, including all figures and tables. However, the authors cannot accept any responsibility for errors, inaccuracies, omissions or misrepresentations in the original material which has been reviewed. The views expressed in this document do not necessarily reflect those of the South Worcestershire Authorities.

Cover photos sourced from www.westmidlandslibrary.co.uk

Table of contents

Executive summary	4
1 Introduction	5
2 Designation of Worcester as a Settlement of Significant Development (SSD)	7
The SSD policy concept	7
The choice of Worcester as an SSD.....	9
The relationship between the choice of Worcester as an SSD and its designation as a New Growth Point	11
3 Linkages between housing provision, affordability and migration	12
Background information regarding house prices and housing affordability.....	13
Linkages between housing affordability and housing land supply.....	15
Housing affordability and migration	19
4 Viability and deliverability issues in South Worcestershire	20
An overview	20
Background Studies and Reports.....	21
EIP discussions and the Panel’s conclusions.....	27
Worcestershire CC Infrastructure Study.....	32
5 Concluding remarks	33

Executive summary

- Section 1.5 explains the concept of Settlements of Significant Development (SSDs) which was introduced by the Regional Spatial Strategy (RSS) Phase Two Revision. SSDs were intended to complement the role of the Major Urban Areas in the West Midlands and to act as locations capable of balanced and sustainable growth.
- Worcester had been designated as a Sub-Regional Focus in the approved RSS of June 2004 and was proposed as an SSD in the RSS Phase Two process. It met all the criteria set out subsequently in RSS Policy CF2, including its role as a sub-regional service centre and its ability to balance housing and employment growth opportunities.
- This paper also explains Worcester's designation as a 'New Growth Point' under a Government initiative which was separate from the RSS process.
- Section 3 reviews the RSS evidence base relating to linkages between housing provision, affordability and migration. It presents data on house prices and housing affordability which demonstrates that, in general, housing is less affordable in South Worcestershire than in other parts of the West Midlands.
- The Paper examines the interrelationship between house building and affordability. It also discusses the role of housing land supply and highlights that, even with sufficient land supply, houses will only be built if there is adequate *effective* demand (i.e. demand 'backed by money'). However, the RSS Phase Examination in Public (EiP) Panel concluded that if housing provision did not keep pace with growth of households requiring homes in the Region, this would result in unmet need and worsening affordability.
- Section 4 examines viability and deliverability issues in South Worcestershire, drawing on the Draft Implementation Plan work from the RSS Phase Two process. Infrastructure and deliverability issues were key concerns throughout the RSS process. This work concluded that, whilst there were no ultimate 'showstoppers', there were a number of major infrastructure barriers and challenges.
- The RSS EiP Panel recognised the difficulties of assessing infrastructure at strategic level and, in the case of South Worcestershire, highlighted unresolved infrastructure funding issues. The Panel concluded that these issues needed to be re-visited at Core Strategy level when details of development proposals would be clearer.

1 Introduction

1.1 In September 2010, the South Worcestershire Joint Officer Steering Group commissioned the authors to undertake a focused sub-regional review of the evidence base which underpinned the Regional Spatial Strategy (RSS) for the West Midlands. This was not intended as a comprehensive review of the entire RSS evidence base but as a focused sub-regional analysis of RSS evidence in respect of a number of specific issues identified by the Joint Officer Steering Group which were directly relevant to the formulation of Joint Core Strategy (JCS) policy for South Worcestershire.

1.2 This is the second in a series of Background Papers which have been prepared to document this review of RSS evidence. In accordance with the Brief for this work set by the South Worcestershire Authorities, this Background Paper covers the following housing policy issues:-

- The classification of Worcester as a Settlement of Significant Development (SSD) (sub-regional role);
- Linkages between housing provision, affordability and migration; and
- Issues around the viability/deliverability of housing provision.

Where applicable, cross-reference is made to highlight items covered in other Background Papers.

1.3 This focused review has endeavoured to establish, as far as it is possible, the latest 'common ground position' arising from the technical RSS evidence base. Reference is made in particular to the evidence submitted to and arising from the RSS Phase Two Examination in Public (EiP) in 2009 as this may be seen as the latest regional 'common ground position' which is most likely to be acceptable to interested parties. Selective additional studies prepared for the West Midlands Regional Assembly (WMRA)/West Midlands Leaders Board (WMLB) after the RSS Phase Two EiP is also referred to, where this might be relevant to the JCS, even if this was not debated as common ground at the RSS Phase Two EiP.

1.4 The RSS for the West Midlands was published originally in June 2004 (at the time as "Regional Planning Guidance") and subsequently underwent a partial revision which was carried out in three phases. The RSS Phase One Revision developed a sub-regional strategy for the Black Country which was completed in January 2008. The RSS Phase Two Revision dealt with a range of topics, including housing and employment land provision, town and city centres as

well as office and retail development. The RSS Phase Two Revision Draft (the “Preferred Option”) was submitted by WMRA to the Secretary of State in December 2007 and was subject to testing at an Examination in Public (EiP) in spring 2009. The independent EiP Panel submitted their report with conclusions and recommendations to the Secretary of State in September 2009. The RSS Phase Three Revision looked at a number of issues, including rural services, provision for gypsies and travellers, environmental matters and minerals provision. WMRA published Interim Policy Statement and Policy Recommendations in respect of these matters in March 2010.

- 1.5 In November 2010, the High Court quashed the decision of the Secretary of State of 6 July 2010 to revoke Regional Strategies (the successors to RSSs). As a consequence, the Regional Strategy as it stood on 5 July 2010 forms an ongoing part of the development plan¹. However, the Government has subsequently reiterated its intention to abolish Regional Strategies and has introduced draft legislation to that effect through the Localism Bill².
- 1.6 Whilst the legal position regarding Regional Strategies is likely to change, the evidence base that underpinned those strategies may still be relevant to local planning authorities. In an earlier letter the Chief Planner in the Department for Communities and Local Government³ reminded authorities that “where local planning authorities are bringing forward new development plan documents or reviewing adopted plans they should present evidence to support their plans. The examination process will continue to assess the soundness of plans, and Inspectors will test evidence put forward by local authorities and others who make representations”. The letter stated that “Evidence that informed the preparation of the revoked Regional Strategies may also be a material consideration, depending on the facts of the case”.
- 1.7 The RSS evidence reviewed in this Background Paper may therefore still be relevant to the JCS process. However, it should be noted that:
 - This Paper is not intended to be comprehensive review of the RSS evidence base but concentrates on key issues as defined by the South Worcestershire Joint Officer Steering Group;
 - Some of the RSS evidence reaches back a few years in time and may therefore have become superseded. Where applicable, Local Planning Authorities will have to have regard to more recent evidence; and

¹ See ‘Advice produced by The Planning Inspectorate for use by its Inspectors’ which is available at http://www.planning-inspectorate.gov.uk/pins/advice_for_insp/Cala_Homes.pdf

² The Localism Bill is available at <http://services.parliament.uk/bills/2010-11/localism.html>

³ The letter by the CLG Chief Planner to Chief Planning Officers is available at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/1631904.pdf>

- Local Planning Authorities will also need to take into account local evidence and other local factors and considerations in bringing forward their own development plan documents.

2 Designation of Worcester as a Settlement of Significant Development (SSD)

The SSD policy concept

Background principles

- 2.1 The central issue addressed by both the approved RSS (2004) and the subsequent RSS Phase Two Revision (2007) was the unsustainable outward movement of people and jobs away from the Major Urban Areas (MUAs⁴), a trend facilitated by previous strategies (RSS Phase Two Revision Draft – Preferred Option⁵ 2007, para 3.5).
- 2.2 The RSS Phase Two Revision suggested that “an important factor in this historic trend of ‘decentralisation’ was the scale of available residential development land in the settlements close to the MUAs contributing to the loss of investment, environmental degradation and weakened housing markets in the MUAs” (ibid., para 3.2) . This historic dispersal of population and activities was seen to lead to an underuse of the social and physical resources of the MUAs, whilst also contributing to unsustainable development patterns as a result of people making more and longer journeys, frequently by private car (ibid.).
- 2.3 The primary strategic policy response in the RSS Phase Two Revision to this situation was the principle that the MUAs should “wherever possible, meet more of their own economic and social needs within their own boundaries and limit migration to overspill locations” (ibid., para 3.61). In order to achieve this, the Revision sought to retain a strong emphasis on urban renaissance and the concentration of development within the MUAs close to where demand arises. The Revision acknowledged that “to support this renaissance, residential environments within the MUAs would need to be made more attractive, so that they can increasingly retain their economically active population” (ibid., para 6.2).

⁴ Major Urban Areas – Birmingham, the Black Country, Coventry and the North Staffordshire Conurbation

⁵ WMRA (2007) West Midlands Regional Spatial Strategy Phase Two Revision Draft – Preferred Option, December 2007, which is available at http://www.wmra.gov.uk/Planning_and_Regional_Spatial_Strategy/RSS_Revision/RSS_Revision_Phase_2/Preferred_Option.aspx

- 2.4 The corollary to the emphasis on urban renaissance within the MUAs was that, in other parts of the Region, development should be focused in and adjacent to towns which are most capable of balanced and sustainable growth to complement the role of the MUAs. Ten areas were proposed as Settlements of Significant Development for this purpose including, in the case of Worcestershire, Worcester and Redditch. In all cases, proposed housing development was greater than 6,000 dwellings.
- 2.5 In a number of cases, including Worcester, the choice of SSDs reflected those settlements previously identified in the approved RSS as ‘Sub-Regional Foci’ most of which were some distance from the MUAs. The distance of SSDs from the MUAs was a significant factor as the provision of more housing in areas of high demand close to the MUAs was considered likely to encourage out-migration and undermine urban renaissance.
- 2.6 In the Revision, the overarching aim of each SSD was stated to be “to meet local and sub-regional economic and social needs in the most sustainable way without attracting investment or migration from the MUAs” (ibid., para 3.11).

The SSD Policy

- 2.7 The concept of SSDs was further expanded in the Revision by the introduction of a policy in the Communities for the Future Chapter (Policy CF2) establishing five requirements to guide both the identification of SSDs and influence their future shape and development.
- 2.8 The policy stated that SSDs should:
- i) act as sub-regional service centres;
 - ii) have the capacity to accommodate additional development without significant harm to local communities and in sustainable locations;
 - iii) be able to balance housing and employment opportunities and provide social infrastructure and services to meet the needs of expanded settlements;
 - iv) be able to deliver local regeneration priorities through new development;
 - v) either already have or be capable of developing good accessibility by public transport and increased provision for walking and cycling.

Testing the policy principles and policy at the Examination in Public

- 2.9 The policy principles underpinning the designation of SSDs were tested at the EiP during discussions on the principles and objectives under-pinning the Spatial Strategy (RSS Phase Two Panel Report 2009, paras 2.40-2.61). This included arguments by some that their designation and associated scale of development would undermine the urban renaissance strategy. In contrast, others sought a looser framework that would enable more development in all parts of the Region, particularly those in attractive markets.
- 2.10 In considering the merits of each case, the Panel concluded that “the spatial strategy makes the right balance between providing a strong focus on the MUAs and recognising the needs and growth role of the region’s other major settlements ... overall we conclude that the spatial strategy as set out in the Preferred Option forms a sound basis for pursuing the objectives and meeting the identified needs” (ibid., para 2.57).
- 2.11 Whilst supporting these key strategic principles, the Panel were nevertheless concerned that no part of the Spatial Strategy Chapter (i.e. Chapter 3 of the RSS) was distinguished as policy (ibid., para 2.58). The Panel particularly noted that, although the designation of SSDs was not just intended to be about housing, the only specific policy was in the Communities for the Future Chapter (i.e. Policy CF2). Accordingly, they recommended that a new Spatial Strategy policy (R2.10) should be introduced incorporating and confirming the SSD principle in a new Policy SS1 (i.e. “in other parts of the region, major new development will be focussed in and adjacent to towns which are most capable of balance and sustainable growth to complement the role of the MUAs.”)
- 2.12 In testing the designation of the ten proposed SSDs against Policy CF2 and the underpinning policy principles, the Panel concluded that they all met the specified criteria other than Redditch which they recommended should be deleted from the list.

The choice of Worcester as an SSD

- 2.13 Worcester was originally identified as a Sub-regional Foci in the approved RSS (2004), a proposal first put forward in the Draft Regional Planning Guidance submitted in 2001 by the West Midlands Local Government Association (the then Regional Planning Body).
- 2.14 In the early stages of developing the RSS Revision, the WMRA sought advice from Strategic Authorities (so-called Section 4(4) or S4(4) advice) on emerging draft Options. In the case of Worcestershire, this was prepared by officers of

the County Council⁶. In relation to Worcester, this advised that, in its role as a sub-regional focus, provision should meet demand arising from local needs and an element of housing provision to meet demand arising from elsewhere, including the Major Urban Areas (WCC S4(4) advice, paras 2.68 and 2.69). The underlying concern was that, unless provision was made for at least this level of demand, an unacceptable net out-flow of population from Worcester would be expected to result and there would be a danger that the County Town would stagnate (ibid.).

2.15 Set against this background advice and the emerging scale of housing requirement identified in the RSS Revision, consideration was therefore given to the possibility of Worcester continuing to be identified as a potential location for significant development, particularly given its distance from the MUAs.

2.16 This possibility was further re-enforced by the fact that:

- i) the City became identified, and chosen by Government, as one of the West Midlands New Growth Points (see below);
- ii) it acted as a node in the Central Technology Belt;
- iii) it was identified as one of the County's Strategic Centres (RSS Policy PA11⁷);
- iv) the City was developing a range of other services (e.g. education and health) to meet the needs of the wider sub-region;
- v) it had a number of local regeneration needs (i.e. being identified in the approved RSS Policy UR2 as a Local Regeneration Area) (see RSS Phase Two Preferred Option 2007, Chapter 3).

2.17 The location and potential role of the City therefore was not only consistent with the key principles of the RSS but also met all of the policy criteria in Policy CF2. Accordingly, Worcester was identified as one of the 10 SSDs in the submitted Preferred Option in the RSS Phase Two Revision.

2.18 In designating Worcester as an SSD, the Revision recognised that, to fulfil this role, its growth would need to extend beyond the administrative boundaries of

⁶ Worcestershire County Council Officers' Advice in response to the West Midlands Regional planning Body's Section 4(4) Authorities brief (as amended Feb 2006) – May 2006 which is available at <http://www.wmra.gov.uk/documents/Response%20to%20Project%20Brief%20-%20Report.pdf>

⁷ Policy PA11 identifies the network of 25 town and city centres as the preferred location for major retail and large scale office developments along with uses which attract large numbers of people, including major cultural, indoor sport, tourist, social, leisure and community venues – page 108, RSS Phase Two Revision Preferred Option.

the City. As such, it was acknowledged that this would need to be strategically managed if development was to be sustainable in environmental, social and economic terms. This would require cross-boundary co-operation between the authorities of Worcester City, Malvern Hills and Wychavon in the development of a Joint Core Strategy.

2.19 Progress on the Joint Core Strategy was subsequently reported to the Examination in Public where the Panel, having recognised that the location met the criteria necessary to be designated as an SSD, focussed discussions on the following issues:

- the scale of proposed housing provision (see Background Paper 1);
- the implications for Green Belt;
- environmental and infrastructure implications (see Section 4 below);
- the need for a new employment site for the expansion of Worcester Bosch (see Background Paper 3).

The relationship between the choice of Worcester as an SSD and its designation as a New Growth Point

2.20 In 2005, the Government invited Local Authorities across the country to submit bids for locations in their areas to become New Growth Points. The aim was to increase significantly the level of housing land provision by holding out the promise of more resources to provide supporting infrastructure. A key criterion for such bids was that proposals needed to increase provision by at least 20% higher than set in plans at October 2003.

2.21 In response to this invitation (and completely separate from the RSS process), Worcestershire County Council, in partnership with Worcester City Council, Wychavon District Council and Malvern Hills District Council, put forward Worcester as a potential location recommending amongst other things, the growth of 3,800 homes by 2016 (CLG 2006⁸). Subsequently in October 2006, this bid was accepted by the Government with Worcester becoming formally designated as a New Growth Point. At that time, it was intended that 29

⁸ Communities and Local Government (2006) New Growth Points – Partnership for Growth with Government – which is available at <http://www.communities.gov.uk/documents/housing/pdf/worcester.pdf>

locations so identified across the country would share in an initial £40m fund for infrastructure projects and essential studies to support sustainable growth⁹.

2.22 In practice, this designation was an important factor taken into account in the RSS Revision, given the clear indication by the authorities of their general acceptance that Worcester needed to grow. Nevertheless, it was recognised that the proposals would still need to be tested through the statutory planning process. As confirmed in the Implementation Plan submitted with the Preferred Option:

“The implementation of the RSS will, ultimately, be supported by the New Growth Points Initiative whose proposals will be subject to consultation, testing and examination through the statutory planning process particularly its conformity with the RSS and its contribution to the Local Development Framework” (RSS Implementation Plan 2008, para 3.50¹⁰).

2.23 It is evident that the New Growth Point designation also influenced the Panel’s attitude to potential locations as SSDs, including Worcester, the Panel Report confirming that the fact that certain locations had been selected as New Growth Points “reinforced their credentials as SSDs” (RSS Phase Two EiP Panel Report 2009, para 2.62).

3 Linkages between housing provision, affordability and migration

3.1 The affordability of housing is one of the factors set out at paragraph 33 of Planning Policy Statement 3: Housing (PPS3)¹¹ to be taken into account in determining the local, sub-regional and regional level of housing provision. Background Paper 1 contains a summary of how affordability issues were considered during the RSS Phase Two process in estimating the level of housing required across the West Midlands. This second Background Paper provides further information in respect of housing affordability issues. It is structured around three broad areas:

- i) Background information regarding house prices and housing affordability, with a particular focus on South Worcestershire;

⁹ See CLG Growth Point website (archive), third paragraph, which is available at <http://webarchive.nationalarchives.gov.uk/+http://www.communities.gov.uk/housing/housingsupply/newgrowthpoints>

¹⁰ The Draft Implementation Plan was submitted by WMRA with the RSS Phase Two Revision Draft – Preferred Option in 2007 as a non-statutory supporting document. It can be found at http://www.wmra.gov.uk/documents/WMRA_Implementation_Plan.pdf

¹¹ Planning Policy Statement 3: Housing (June 2010) is available at <http://www.communities.gov.uk/documents/planningandbuilding/pdf/planningpolicystatement3.pdf>

- ii) Discussion of linkages between housing land provision and housing affordability; and
- iii) Issues relating to housing affordability and migration.

Background information regarding house prices and housing affordability

- 3.2 As outlined above, housing affordability is one of the factors which planning authorities are expected to take into account in planning for the provision of housing. In simple terms, housing affordability refers to issues and indicators around the cost of housing. This should be distinguished from 'affordable housing' (see box below) which is covered in Background Paper 1. Housing affordability issues were considered during the RSS Phase Two process and, in particular, the extent to which additional housing should be provided to address the affordability (i.e. the cost) of housing.

'Housing affordability' and 'affordable housing'

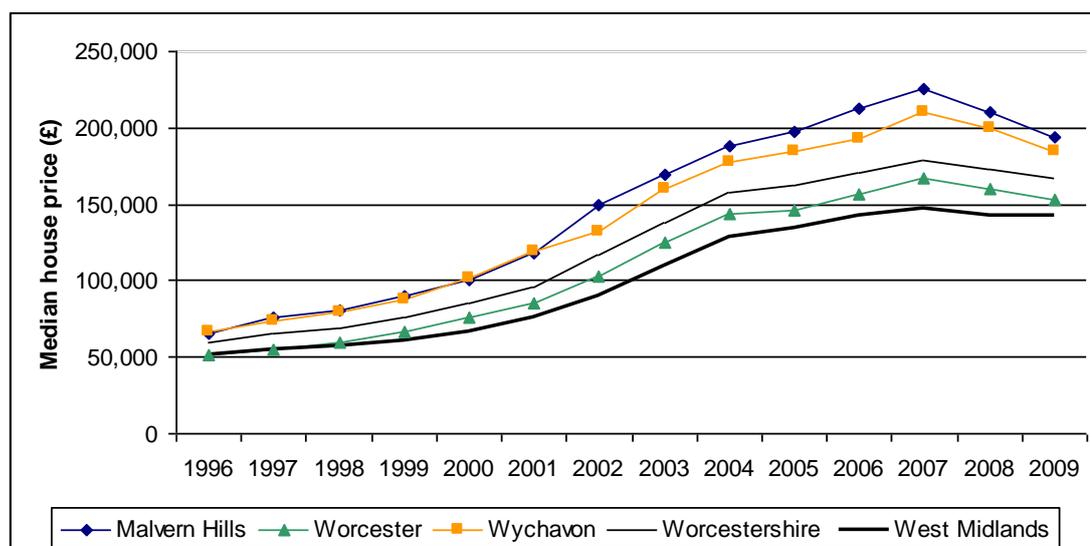
A distinction should be made between 'housing affordability' and 'affordable housing'. *Housing affordability* is generally used to refer to the cost of buying a house compared to income levels (i.e. the ratio between house prices and incomes). It is also sometimes used to refer to the affordability of private rented accommodation.

Affordable housing, in contrast, refers to social rented and intermediate housing which is provided to specified eligible households whose needs are not met by the market (see definition in PPS3, Annex B).

- 3.3 House prices in South Worcestershire, the West Midlands and England as a whole have seen significant changes over time. Figure 1 below shows the median house prices in South Worcestershire for the period 1996 to 2009 based on Land Registry data¹². Over this period, all of the South Worcestershire districts saw significant house price increases, peaking in 2007. Since then all of the districts recorded falls in house prices as a result of the 'credit crunch' and the economic recession. However, despite the recent falls, house prices across South Worcestershire were still between two to three times higher in 2009 than they were in 1996.

¹² CLG Live Table 586 which is available at <http://www.communities.gov.uk/documents/housing/xls/table-586.xls>

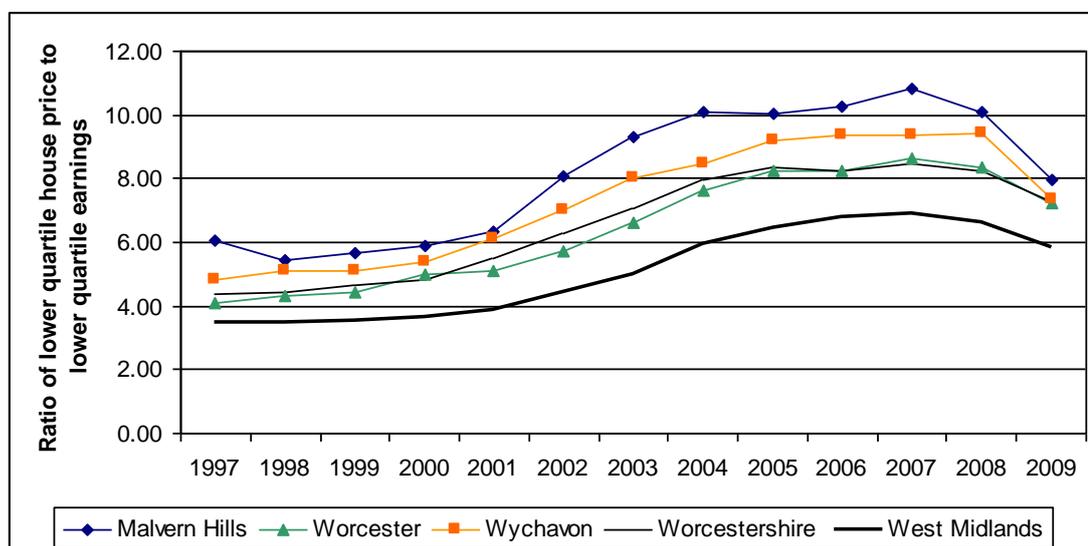
Figure 1: Median house prices (in £) based on Land Registry data, 1996 to 2009



Source: CLG Live Table 586

3.4 One indicator which is commonly used to measure housing affordability is the ratio between lower quartile house prices (i.e. the bottom 25% house prices) and lower quartile earnings (i.e. the bottom 25% earnings). Figure 2 below shows the lower quartile affordability ratio for the South Worcestershire districts for the period 1997 to 2009¹³.

Figure 2: CLG index of affordability by local authority, 1997 to 2009



Source: CLG Live Table 576

3.5 As in the rest of Worcestershire and the West Midlands, the affordability ratio in South Worcestershire has increased up to a peak in 2007 as house price

¹³ CLG Live Table 576 which is available at <http://www.communities.gov.uk/documents/housing/xls/152924.xls>

growth outpaced growth in earnings. Whilst the ratio has gone down in recent years, largely due to the fall in house prices, the affordability ratio was still bigger in 2009 than it was in 1997 (i.e. the growth in house prices was larger than the growth in earnings). Overall, the affordability ratios in the South Worcestershire districts are among the highest in the West Midlands which, according to this measure, indicates that housing is less affordable in South Worcestershire than in many other parts of the region.

- 3.6 However, it should be noted that various caveats apply when using such affordability ratio data. A study undertaken by Nevin Leather Associates¹⁴ discussed some of the limitations of the affordability index: “One weakness of the index is that the income data used is workplace-based. In addition the measure of income used is personal earnings. This obviously excludes people who are not in employment and does not measure household incomes which would be more appropriate for comparison with housing costs. ... This indicator does not measure absolute affordability. It does not tell us, for example, how many first time buyers need intermediate affordable housing. It does not take into account the level of affordable supply, or the condition of low value housing...” (Nevin Leather Associates 2010, pages 70-71).

Linkages between housing affordability and housing land supply

- 3.7 As described in Background Paper 1, the RSS Phase Two Revision process considered issues around housing affordability and, in particular, the extent to which additional housing should be provided to address the affordability of housing. The discussion centred to a large extent around the work of the National Housing and Planning Advice Unit (NHPAU), an agency set up by Government¹⁵. In June 2008, the NHPAU issued advice to Government on different levels of housing provision to be tested in RSS processes¹⁶.
- 3.8 The NHPAU’s figures for the West Midlands are set out in Table 1 below. It should be noted that the NHPAU’s housing supply range figures did generally not go below regional level. However, the NHPAU produced district level figures for their upper end supply range for purpose of the RSS Phase Two EiP (see footnote to Table 1). In line with Government guidance, these figures were

¹⁴ Nevin Leather Associates (2010) Housing Evidence Base for the West Midlands report which is available at

<http://www.wmleadersboard.gov.uk/media/upload/Housing%20and%20Regeneration/WM%20Evidence%20Base%20Revised%2007-06-10.pdf>

¹⁵ The NHPAU was abolished following the change in Government in May 2010.

¹⁶ The NHPAU ‘Advice to the Minister about the housing supply range to be tested by Regional Planning Authorities’ published in June 2008 is available at <http://www.communities.gov.uk/documents/507390/pdf/863376.pdf>

taken into account in considering the level of housing to be provided in the RSS Phase Two process.

Table 1: NHPAU housing supply range for the West Midlands for the period 2006-2026

	NHPAU lower end supply range¹⁷	NHPAU upper end supply range¹⁸
West Midlands total (annual average)	374,300 (18,715)	440,600 (22,030)
Malvern Hills	-	7,200
Worcester	-	7,200
Wychavon	-	13,200
South Worcestershire	-	27,600
Worcestershire	-	50,400

Sources: see footnotes accompanying the table

3.9 The central assumption which underpinned the advice by the NHPAU (and the so-called ‘Barker’ review of housing supply which provided a basis for the NHPAU’s approach) was that increased housing provision was needed to improve access to housing and to tackle worsening affordability (see RSS Phase Two EiP Panel Report 2009, para 3.30). The solution, according to this line of thinking, is that by providing additional land for housing, more houses would be built which in turn would reduce house prices and make housing more affordable.

3.10 However, there was also considerable criticism about this (land) supply-led approach to tackling housing affordability. A report by Green Balance for

¹⁷ NHPAU/WMRA (2009) Panel Briefing Note 3: Reconciliation of NHPAU Housing Supply Range Advice to the RSS time period - March 2009 which is available at <http://www.wmra.gov.uk/documents/CD231%20Panel%20Briefing%20Note%203%20-%20Reconciliation%20of%20NHPAU%20advice%20to%20RSS%20time%20period%2026Mar2009.pdf>. The NHPAU has not produced figures at county or district level for the lower range.

¹⁸ The sub-regional figures are estimates of the upper end of the housing supply range produced by the National Housing and Planning Advice Unit (NHPAU). The figures are based on the NHPAU’s ‘Advice to the Minister about the housing supply range to be tested by Regional Planning Authorities’ published in June 2008. The sub-regional figures were produced by the NHPAU as an input into the RSS Phase Two EiP (see EiP Document 1001/1). This document was submitted to the EiP but is no longer available online. The overall regional figure for the NHPAU upper end supply range is accessible in “Panel Briefing Note 3: Reconciliation of NHPAU Housing Supply Range Advice to the RSS time period - March 2009” (see above).

WMRA¹⁹ of March 2009 highlighted various shortfalls and limitations of the NHPAU's approach. Among other things, it contested the assumption that in the West Midlands a shortage of housing land was responsible for worsening affordability. The Green Balance report (page 2) argued that:

“In the West Midlands, housing land supply increased as the market boomed. The number of planning permissions available increased every year after 1999, and overall land supply (including firm commitments in approved plans) grew more than 60% in the seven years to 2008. Since 2006 over 100,000 plots have been continuously available for house building. Gross completion rates barely responded to the extra land made available, however. Throughout the period 1997 to 2008, completions were in the range of 16,000 to 20,600, with demolitions resulting in lower figures for net completions. Since 2002 there has always been a land supply in the region sufficient to allow at least five years' building at the net completion rate. An insufficiency of land cannot be held to be the limitation on housing development in the West Midlands during the recent house price boom. Rising house prices and deteriorating affordability far outstripped modestly rising housing completions after 2001. This confirms that increasing land supply is an extremely inefficient means of making houses more affordable, if it has any bearing at all”.

- 3.11 However, it needs to be said that the analysis by Green Balance looked primarily at the West Midlands as a whole and that there is sub-regional and local variation, including in respect of land supply.
- 3.12 Another study by Urban & Regional Policy for WMRA²⁰ of December 2008 also argued that simply increasing housing supply was a very inefficient and ineffective way of addressing affordability issues. The Urban & Regional Policy report (para 4.9) highlighted that, according to the NHPAU's own figures, even with a 60% increase in new house building from originally planned levels, affordability would only return to the ('unacceptable') level of 2007. The Urban & Regional Policy report (para 4.19) also argued that there was a lack of effective demand (i.e. demand 'backed by money') for the very high levels of housing development suggested by the NHPAU and others. The provision of more land for housing would in itself not deliver any more new houses unless there was effective demand for these or, in other words, house builders will

¹⁹ Green Balance (2009) Affordability and Housing Supply: A review of the implications for the West Midlands of the National Housing and Planning Advice Unit Recommendations - March 2009 which is available at

http://www.wmra.gov.uk/documents/Final%20GBAffordabilityReport_Word2007Version%20AGP_2.pdf

²⁰ Urban & Regional Policy (2008) Risk assessment of draft Phase 2 RSS Revision – additional work which is available at <http://www.wmra.gov.uk/documents/RSS%20-%20Risk%20Assessment%20RSS%20Phase%202%20NLP%20Final%20Report%2005Dec2008.pdf>

not build on allocated land unless there is sufficient effective demand from potential buyers for those houses at an appropriate price (ibid., para 7.8).

- 3.13 There was also much discussion at the RSS Phase Two EiP about the extent to which higher housing targets would address housing affordability. The EiP Panel acknowledged some of the limitations and reservations which had been expressed about such an approach (RSS Phase Two EiP Panel Report 2009, para 3.31):

“Many consultation responses and submissions to the EiP, including those from CPRE, some local authorities and Parish Councils dispute the applicability of these principles for determining the regional housing provision, and say higher planning targets are not the answer. It is argued that the price increases and worsening affordability of the 2001-2007 period were caused by easy credit and other market factors rather than by planning restrictions on supply. A typical view is that, given the preponderance of the existing stock in the housing market and the impact of other factors on price, it is impossible in practice to increase the new provision for general market housing through the planning system to a level that would make a significant or measurable improvement in affordability or help those in housing need ... Moreover the attempt to do so would, it is suggested, be highly damaging to the environment and undermine the priority for urban renaissance as developers “cherry pick” the most attractive sites. Allied to this argument is the notion that the development industry would never in practice flood the market with new housing to the point where prices would actually fall overall.”

- 3.14 The EiP Panel acknowledged “the force of these arguments” (ibid., para 3.32). The Panel concluded that the relationships between housing supply, house prices and housing affordability were complex and that the affordability data did not provide specific evidence for quantifying the housing figures in the RSS (ibid., para 3.33). Having considered the arguments, the Panel reached the following conclusion in respect of housing supply and housing affordability issues:

“We consider the significance of the “Barker” argument for increasing supply to improve affordability, in the context of the regional housing provision, is best appreciated by looking at it the other way round: if the housing provision does not keep pace with the growth in the number of households requiring homes in the region, this can only result in unmet need and worsening affordability” (ibid., para 3.34).

- 3.15 The Panel also noted the argument made by some EiP participants that an adequate overall housing figure had to be part of a strategy that also targeted

housing by location, size and type and that made adequate provision of social and intermediate sector housing. In view of this, the Panel concluded that, in principle, there was some upward pressure on the regional housing total proposed in the RSS Phase Two Preferred Option (ibid.).

Housing affordability and migration

3.16 The impact of migration on housing affordability is another issue that is being considered in this context. Among other things, the report by Nevin Leather Associates for WMRA of April 2010 (page 72) concluded that:

“Underlying the problems of affordability in the region is the high demand for housing in attractive rural or semi-rural areas, especially those with good transport access to major centres of employment. Unless transport costs rise dramatically, these pressures will inevitably worsen. Meeting local affordable need in these areas is potentially an open ended commitment. This issue is of course recognised in existing strategies for urban renaissance but it remains one of the main housing issues facing the region in the future.”

3.17 Patterns of migration into and from South Worcestershire are discussed in Background Paper 1. Whilst migration from other parts of the West Midlands and the UK into South Worcestershire clearly have an effect on the demand for housing (and therefore indirectly on house prices) in the area, the RSS Phase Two EiP Panel highlighted that, in practice, there were no effective mechanisms to stop such in-migration as there were no planning controls against second homes, retirement migration, ‘footloose’ home-workers or long-distance commuters. In such a situation, in-migrants were likely to be able to outbid most locally generated households (see RSS Phase Two EiP Panel Report 2009, para 8.56).

3.18 In respect of South Worcestershire, the RSS Phase Two EiP Panel concluded that “The authorities stressed the low-level of locally generated housing demand and the extent of long-distance retirement migration, which does include a significant component from the [West Midlands’ Major Urban Areas] as well as from further afield. However, as in respect of Stratford-on-Avon District, a [Zero Net Migration]-based approach²¹ would not necessarily deflect demand” (ibid., para 8.97).

3.19 However, as set out in Background Paper 1, overall the Panel also recognised that “a step-change away from simply addressing trend growth is clearly an integral part of the overall spatial strategy for the region” (ibid., para 8.56). It therefore seems a balance is required between trying to focus provision on

²¹ See Background Paper 1 for a more details about a ‘zero net migration’ approach.

meeting 'local needs' and avoiding negative effects arising from under-provision of housing. Or, as the Panel concluded, "The question to be answered is how far is it reasonable to assume that the trend can be deflected without adverse implications on levels of affordability, on actual provision of affordable housing and on the economy" (ibid.).

4 Viability and deliverability issues in South Worcestershire

An overview

- 4.1 In preparing the RSS Phase Two Revision, it was considered imperative that housing growth should be brought forward as part of a coherent Spatial Strategy. This meant "ensuring appropriate jobs, services and supporting infrastructure were also provided and the environment protected such that the long term sustainable development of the Region could be achieved" (RSS Phase Two Draft Implementation Plan 2007²², para 1.2).
- 4.2 The term 'infrastructure' is often widely used in different contexts but the definition included in the RSS Draft Implementation Plan was as follows:

"the term 'infrastructure' is taken to include a reasonably broad range of factors with consideration being given to traditional infrastructure (e.g. roads, bridges and utilities) and environmental infrastructure (e.g. floodplains/areas of high flood risk, statutory environmental areas). Some limited consideration is also given to such infrastructure as health, education and leisure, though the lack of this sort of infrastructure – with careful planning – should normally be addressable" (ibid., footnote page 8).
- 4.3 In practice, infrastructure issues were to the forefront of officer and Member discussions (including those from Worcestershire) throughout the RSS Revision process and, for example, were highlighted at early stages including within S4(4) advice. Not only were concerns raised regarding the lack of capacity in their local areas but there were real worries that inadequate resources would be made available to improve this infrastructure should significant new development be proposed.
- 4.4 Given the scale of these concerns, the WMRA specifically commissioned consultants Mott MacDonald and GVA Grimley in 2007 to undertake an

²² The Draft Implementation Plan was submitted by WMRA with the RSS Phase Two Revision Draft – Preferred Option in 2007 as a non-statutory supporting document. It can be found at http://www.wmra.gov.uk/documents/WMRA_Implementation_Plan.pdf

Infrastructure Assessment of potential options²³. The underlying aim was to explore the seriousness of these problems and the extent to which such constraints were likely to preclude further development in order to enable the selection of a Preferred Option.

Background Studies and Reports

The Infrastructure Assessment Study

- 4.5 A summary of the findings of this Assessment was included in Annex 1 of the Draft Implementation Plan. In the Introduction to the Draft Plan, the limitations of the Assessment were acknowledged recognising that it could only provide “a first review” of the degree to which infrastructure might represent a constraint as a full assessment would need to identify the full range of infrastructure and services that would be needed. This would clearly depend not only on the details of any housing proposals but also the ways in which service providers and utilities with a statutory responsibility or commercial incentive chose to respond.
- 4.6 Despite these limitations, from the work undertaken, the Assessment was able generally to conclude that the potential scale of development proposed in the emerging RSS Phase Two Preferred Option was deliverable. Whilst a number of constraints were identified, it was considered that these were solvable – although, in some cases, they did represent a range of major challenges that needed to be addressed (not least those of transport congestion and water resources) if they were not to have implications for the growth prospects for the Region.
- 4.7 The Assessment also identified a range of more detailed concerns that applied in different parts of the Region. In the case of Worcester, these concerns were summarised as follows (see page 61 of the RSS Draft Implementation Plan):
- a. there was insufficient capacity in the transportation system to accommodate projected growth levels;
 - b. a lack of sufficient waste infrastructure was likely to incur punitive show-stopping costs; mitigation measures would therefore need to be identified;

²³ Mott MacDonald (2007) Infrastructure Review which can be found at <http://www.wmra.gov.uk/documents/RSS%20Final%20Draft%20Interim%20Report%20140807%20-%20Website.pdf>

- c. there was likely to be an insufficient supply of crushed rock and of sand and gravel to meet current needs making reliance on imports from other counties inevitable and hence a significant increase in lorry movements across the county;
 - d. there was limited headroom for a sustainable supply of water from the Severn region and aquifers in the north west of the County.
- 4.8 With regard to other main utilities (gas, electricity, and telecommunications), the Assessment indicated that, as in all locations, provided adequate notice and planning support were given, emerging demand could be met. However, it was also acknowledged that alternative approaches to power generation and increased usage of combined heat and power sources might be needed if zero-carbon housing was to be achieved.
- 4.9 Land availability was also identified as an additional potential concern in many areas (including the possible impact of flooding and pressures on the Green Belt) but it was recognised that these were matters that would require further research and studies in particular locations.
- 4.10 In the same way, the Assessment indicated that the analysis undertaken had not considered more localised capacity constraints in the existing water distribution system. It was clear that, in order to supply future housing growth, the existing distribution system would need to be enhanced and extended and it was vital therefore that planners and developers engaged in timely discussions with the water companies about water infrastructure constraints when considering locations for new houses.

The Draft Implementation Plan 2007

- 4.11 As required by PPS11²⁴, a Draft Implementation Plan was prepared by the WMRA to accompany the submission of the RSS Phase Two Revision Draft to the Secretary of State. Its main purpose was to demonstrate that the policies and proposals set out in the Preferred Option were deliverable. This was particularly important given the fact that the scale of development being advocated in the Preferred Option and the need to ensure its sustainability would require considerable infrastructure to be provided.
- 4.12 In building on the findings of the Infrastructure Assessment Study, it therefore set out an initial assessment of the infrastructure requirements of the Preferred Option recognising that this would be subject to a continued

²⁴ This can be viewed at <http://webarchive.nationalarchives.gov.uk/+/http://www.communities.gov.uk/publications/planningandbuilding/pps11spatial>

refinement process prior to the Examination in Public as further information came forward.

- 4.13 In line with the concerns of Members expressed throughout the process, the introduction to the Plan (RSS Phase Two Draft Implementation Plan 2007, para 1.17) firmly stated that:

“An understanding of these requirements will be particularly important as the Regional Planning Body’s support for the Preferred Option is predicated on the principle that any new development should be conditional on necessary infrastructure coming forward either in advance of or alongside the proposed development.”

- 4.14 The aim of the Implementation Plan was therefore to provide greater certainty that appropriate infrastructure can and would be provided at the right time and thereby assist in the coordination of delivery. It was recognised that this would require an interface with a range of other Regional Strategies, Local Planning Documents and the strategies, plans and programmes of National delivery agencies on an on-going basis.
- 4.15 Appendix A Table 3 of the Draft Implementation Plan set out an assessment of the implementation requirements of each policy in the RSS Phase Two Preferred Option (opportunities and constraints) along with the agencies responsible for key actions. Appendix B of the Implementation Plan set out an investment framework for each strategic authority area identifying the regionally significant infrastructure requirements in particular locations. In the latter case, this was very much put together ‘bottom up’, drawing heavily on information and advice from local planning authorities and sub-regions.
- 4.16 Clearly, many of the Draft Implementation Plan’s proposals were predicated on the existing governance arrangements at the time, including on-going regional policy and implementation functions. Given the current Government’s priorities and perspectives in this regard, many of the implementation mechanisms and processes set out in the Plan are no longer relevant with others equally in a state of flux and uncertainty given the financial challenges facing the country.
- 4.17 Such mechanisms include the Regional Funding Allocation process and the various investment programmes of the Regional Development Agency, given its impending closure.

The Draft Implementation Plan Supplement 2009

- 4.18 The purpose of the Supplement²⁵ was to provide an update to the Draft Implementation Plan and, as such, was intended to be read alongside the original document. The document was presented in two parts – Part 1 acting as a compendium of separate updated material; Part 2 representing an updated replacement of the Investment Framework set out in Appendix B of the original document.
- 4.19 **Part 1** covered a range of issues including commentary on the changing economic context and changing governance arrangements such as those anticipated following the Sub-National Review published in July 2007 (e.g. proposals to prepare Single Integrated Regional Strategies). More importantly, it also included headline information on the **Regional Funding Advice (RFA)** process that was seen as critical to the delivery of the Spatial Strategy.
- 4.20 A key concept introduced by the RFA was the identification and prioritisation of 20 Impact Investment Locations across the Region of which Worcester was one. As stated in the RFA:
- “These locations require the integration of the funding streams of economic development, transport, housing and regeneration and skills that contribute to our strategic priorities” (Draft Implementation Plan Supplement 2009, page 15).
- 4.21 In the case of Worcester, relevant factors in this prioritisation were its proposed RSS status as a Settlement of Significant Development, its role as a node within the Central Technology Belt and its designation as a Housing Growth Point (ibid., page 16).
- 4.22 In submitting the RFA proposals to Government, the Region also sought greater flexibilities to accelerate delivery. This included the establishment of a Regional Infrastructure Fund (ibid., page 18). However, this possibility is clearly no longer likely, given the current Government’s emphasis on “localism” and it remains to be seen whether other RFA policy concepts, including the Impact Investment Locations, will continue to have any on-going credence and value and particularly whether they influence future allocations under the proposed Regional Growth Fund.

²⁵ The Draft Implementation Plan Supplement can be found at http://www.wmra.gov.uk/documents/RSS%20Draft%20implementation%20Plan%20Supplement_Mar%20ch09_report.pdf

4.23 Further information in Part 1 also included an update on the **Growth Point Funding Allocations** for 2009/10 – 2010/11 which in the case of Worcester indicated the following resource allocation.

Table 2: Growth Point Funding Allocation for Worcester for 2009/10 and 2010/11

	2009/10	2010/11	Total	Expected Housing Growth to 2016/17
Capital	£ 1,973,378	£ 2,339,031	£ 4,312,409	9,070
Revenue	£ 170,000	£ 170,000	£ 340,000	

Source: RSS Phase Two Draft Implementation Plan Supplement 2009

4.24 Reference was also made to the Community Infrastructure Fund, established as part of the 2004 CSR to support Growth Areas, which was widened out in 2007 to include Growth Points and Eco-Towns. Following from this, Part 1 of the Supplement (*ibid.*, page 28) refers to a number of bids being made through this initiative within the Region, including a scheme for the West Worcester Corridor in Worcester to improve access to potential new housing sites on the west side of the City.

4.25 A further initiative anticipated by the Supplement was the proposals emerging in relation to the possibility of establishing a **Community Infrastructure Levy** (CIL). Whilst it was recognised that CIL powers would be discretionary (i.e. it was up to individual authorities to decide if they wished to introduce this), the advantages for implementing the RSS were recognised. This was particularly the possibility of infrastructure spend being managed at a strategic level if authorities decided to introduce the Levy through partnership working on a sub-regional basis.

4.26 **Part 2** of the Supplement also presented a significant updating from the original Draft Implementation Plan, setting out not only enhanced information on Sub-regional Investment Frameworks (Appendix B) but also, what were termed, ‘development prospectuses’ for each sub-region. These followed an agreed common format and, in each case, the material presented reflected the respective Strategic Authority’s own assessment of the transport and other infrastructure requirements needed to deliver the RSS Phase Two Preferred Option.

4.27 In the case of Worcestershire (*ibid.*, section 3.8, page 142), it emphasised that the information provided could only be a ‘snapshot’ in time and was not

therefore comprehensive, being subject to change as more information became available. This was particularly so as the County Council had commissioned consultants, Baker Associates, to advise further on the infrastructure requirements in Worcestershire to 2026 arising from the RSS Phase Two Revision Preferred Option (see below).

4.28 With regard to South Worcestershire, key elements of information highlighted in the 'prospectus' under key headings were as follow (ibid., section 3.8, pages 142-147):

(i) Mechanisms currently in place

- A wide range of Worcestershire-wide strategies and plans were identified including the Worcestershire LAA (2008-2011) and the Worcestershire Economic Strategy (2004-2014);
- A Worcester Growth Point Programme of Delivery (POD);
- A Strategy and Business Plan for the Central Technology Belt.

(ii) Mechanisms under preparation

- This included a range of Worcestershire-wide initiatives, such as a Waste Core Strategy, S106 Transport Contributions SPD, Building Schools for the Future programme;
- A Worcester Transport Strategy;
- A Severn Trent Water Resources Plan;
- Progress on the Core Strategy.

(iii) Examples of recent infrastructure investment

- Development of University of Worcester St John's Campus and new study units in Worcester City Centre;
- Major flood defences at Hylton Rd, Worcester;
- Developments at Worcester Rugby Club;
- Phase 3 of Malvern Science Park;
- Pershore Hospital.

(iv) Major committed infrastructure

- A second campus for Worcester University in the City Centre along with further development on St John's Campus;
- A Park and Ride facility at 6 Ways, Worcester;
- Malvern Community Hospital.

(v) **What has still to be achieved?**

- Appendix B to the Supplement identified the schedule of the infrastructure items required to deliver the Sub-regional Strategy based on the RSS Preferred Option levels of growth.

4.29 In the case of Worcester, the prospectus stressed that "It is important to note that when, reading the schedule, the transportation measures for Worcester as New Growth Point, whilst listed individually, are designed as part of an integrated package and so each aspect is critical to the successful delivery of the integrated transport strategy" (ibid., section 3.8.3, page 142).

4.30 Taking all of the above information into account, the final conclusion on the viability/deliverability of the SSD proposals for Worcester at that stage was perhaps best summed up by the overview set out in the prospectus:

"There are no fundamental physical showstoppers to delivery of the Sub Regional strategy but securing major infrastructure funding to enable provision across all services, in particular transportation and education provision, but also in relation to water supply, sewage treatment, green infrastructure etc is a significant barrier" (ibid., section 3.8.5, page 145).

EIP discussions and the Panel's conclusions

4.31 Issues of viability and deliverability permeated many discussions throughout the RSS Phase Two EiP but were specifically addressed in a number of key issues as follows.

Regional Housing Provision²⁶

4.32 A key concern of the Panel was to probe the prospects for achieving the proposed regional total housing provision as already examined in Background Paper 1. Whilst recognising that many issues of delivery could only be addressed at the level of particular locations, the Panel nevertheless considered that it was appropriate to take a 'strategic view' of deliverability (RSS Phase Two EiP Panel Report 2009, para 3.61). This was particularly so

²⁶ Referred to under 'Deliverability and Trajectory' in Chapter 3 of the Panel Report.

given that a number of participants were arguing that a lack of resources was a major constraint justifying lower housing targets.

- 4.33 Having set themselves this task, the Panel nevertheless found that establishing the link between infrastructure investment and a given level of housing provision was very difficult at the regional level. Whilst some information was available about costs and sources of funding in the submitted Draft Implementation Plan and its Supplement, it was acknowledged that many proposals were at an embryonic stage and that such information was not available.
- 4.34 At the Examination, the challenging question addressed was whether a 'funding gap' was likely to arise and whether, in the current economic circumstances, this gap could be filled either by contributions from development or public expenditure.
- 4.35 In relation to the latter, the Panel concluded that "we do not see any reason to expect an increase in the Region's share of public expenditure in support of development" (ibid., para 3.67) but they nevertheless took an optimistic view on the prospects for future housing provision. This appeared to be coloured by their recognition that "public expenditure, at least over the next few years, includes major priorities for additional housing", citing the Growth Points Fund and the Regional Funding Advice Impact Investment Location proposals as examples of "a considerable focus on delivering the RSS provision" (ibid., para 3.65) . Whether, in the current circumstances of public spending cuts, this optimism remains valid remains to be seen.
- 4.36 In conclusion, having attempted to identify a specific level of housing provision on the basis of infrastructure and investment requirements, the Panel ultimately had to concede that this was not possible. As already noted in Background Paper 1, the Panel had to acknowledge that the availability of resources for delivering additional development will be a perpetual issue which "should be seen as a problem to be solved rather than an absolute constraint" (RSS Phase Two EiP Panel Report 2009, para 3.67).
- 4.37 Most significantly for the South Worcestershire JCS, the Panel went on to conclude that "the issue will arise principally at the sub-regional level through Joint Core Strategies and in bringing forward major proposals once their direct implications and funding requirements can be identified" (ibid.). By implication, this conclusion would appear to transfer a responsibility for re-assessing and testing the deliverability of the housing proposals recommended by the RSS specifically to the local level of planning.

Delivering Homes and Communities²⁷

- 4.38 As acknowledged by the Panel, the need to deliver mixed and sustainable communities was strongly promoted at the EiP by a range of participants in a wide ranging discussion. Despite the support for this principle, the Panel noted that most agreed that identifying what was required, including various forms of infrastructure needed to support communities, could only be properly done at the local level (*ibid.*, para 4.51). This included factors conducive to health, security and safety with representatives of the NHS and the Police drawing attention to their infrastructure needs in the planning process (*ibid.*, para 4.52).
- 4.39 A key issue subsequently debated was therefore whether contributions towards this infrastructure should be sought from developers (i.e. through the current S106 process) and whether the RSS should spell out this requirement. In both cases, this was strongly opposed by the development sector.
- 4.40 In considering this matter, the Panel concluded that “as a point of principle .. we can see difficulty in the idea that housing development should generally be expected to fund the capital programmes of police, health or other service providers ... it does not seem reasonable ... to place the burden of funding entirely on those who develop new homes and thus ultimately on those who buy them” (*ibid.*, para 4.53).
- 4.41 Furthermore, the Panel went on to conclude that “whilst recognising the difficulties that may arise where major and rapid growth is proposed in an area ... and where Growth Point funding may also have a role to play in providing new social infrastructure ... the RSS is not the appropriate place to spell out requirements for funding either through this or the S106 mechanism” (*ibid.*, para 4.54).

Transport and Accessibility²⁸

- 4.42 At the EiP, the WMRA put forward an update of Policy T12. Amongst other things, this reconfirmed a number of proposals and priorities outside the MUAs, including improvements to transport networks in the Settlements of Significant Development.
- 4.43 In response to this Policy, the CPRE and others were concerned that the priorities appeared to include a significant proportion of highway expenditure. In the case of Worcester, the South Worcestershire Authorities and Worcestershire County Council confirmed that “substantial highway

²⁷ Referred to under ‘Mixed Communities’ in Chapter 4 of the Panel Report

²⁸ Referred to under Priorities for Investment in Chapter 7 of the Panel Report

infrastructure will be required to support the urban extensions envisaged”, although early action was also intended on a public transport package with a number of additional rail stations also proposed (ibid., para 7.25).

4.44 On the basis of discussion, the Panel were therefore able to conclude that the description in updated Policy T12 to “improvements to transport networks to support the SSDs” was appropriate (ibid.).

4.45 Further to this, at the EiP, Worcestershire County Council sought the addition of five schemes within the County to the list in Policy T12, including Evesham Bridge. However, in responding to this suggestion, the Panel noted that the schemes appeared to be already covered within more generalised items in the Policy and concluded that they did not warrant individual identification (ibid., para 7.28).

Sub-Regional Strategy²⁹

4.46 A significant part of the EiP was centred on a number of separate sub-regional sessions. This included, in the case of Worcestershire, examining the proposals for South Worcestershire where inevitably much of the discussion focussed on the emerging work on the draft Joint Core Strategy (ibid., paras 8.91 to 8.105). This included reference to potential options for distributing the RSS housing provision, including different perspectives on the capacity of the City itself and the potential for urban extensions into surrounding local authority areas.

4.47 In each case, whilst a detailed assessment of infrastructure requirements would have been inappropriate, some infrastructure issues were taken into account in discussions as reflected in the RSS Phase Two EiP Panel Report.

4.48 For example, in discussions on possible extensions to the **West** of the City into Malvern Hills District (ibid., para 8.93), developers promoted a development capacity of 5,000 dwellings (compared to an anticipated 3,500 in the draft JCS). Within this, it was suggested that the first 500 dwellings were capable of being served with a public transport scheme already programmed and funded. It was also suggested that “the full scheme would involve the provision of a western distributor road and contributions to secure relevant infrastructure, social as well as transport but would not fund the whole cost of transport” (ibid., para 8.94).

4.49 This therefore raised the possibility of an infrastructure funding gap which Worcestershire County Council suggested, if not bridged, could lead to development being halted. The Government Office representative however

²⁹ Referred to under Worcestershire in Chapter 8 of the Panel Report

- took a more optimistic view stating that they “were confident that funding sources would be forthcoming for necessary transport infrastructure bearing in mind that part of the ‘gap’ derives from social infrastructure that is not needed up front but rather in parallel to development” (ibid.). However, whether this view is realistic in the current financial climate remains to be seen.
- 4.50 In the case of possible urban extensions to the **South-East** (an anticipated 3,000 dwellings in the draft JCS), the Panel noted that little detail was available of the actual form of development envisaged (ibid., para 8.93). The only reference in their report was to the longer term aspiration for a strategic Park and Ride facility at Norton junction (“Worcester Parkway” included in Policy T12) and the possibility suggested by the County Council of any urban extension being accompanied by a local station located closer to the City (ibid., para 8.95).
- 4.51 In the **North**, where there were no suggestions in the draft JCS for urban extension, the EiP discussion centred around possible developments at Fernhill Heath involving the use of Green Belt land (ibid., para 8.96).
- 4.52 Whilst, therefore, much discussion focussed on potential growth options for Worcester, it was also acknowledged at the EiP that the Joint Core Strategy did provide for development at the main settlements of Malvern, Evesham, Droitwich and Pershore. There were a number of issues raised in relation to these proposals including the possible need for the late phasing of development to allow for, as yet, not wholly funded infrastructure (ibid., para 8.97). However, the Panel concluded that none of these matters appeared of regional significance and suggested that they should be left to the Core Strategy (ibid.).
- 4.53 From the Panel Report, it is clear that the above assessments and the infrastructure issues associated within them were only one part of a wide range of considerations taken into account in considering the scale of housing to be provided in South Worcestershire and its distribution between the local authorities. Nevertheless, it is significant that in making their recommendations, they noted that the proposed total for South Worcestershire Authorities of 25,500 net additional dwellings was broadly in balance with need/demand “**and no more radical increases should be sought while there remain unresolved infrastructure funding issues**” (ibid., para 8.101).
- 4.54 They clearly saw infrastructure issues to be fundamental as reflected in an earlier comment in their report: “As elsewhere, relatively early commitment for some or all of the urban extensions canvassed may be necessary to enable

the pre-planning of up-front infrastructure works, consent procedures to be carried through and funding stream identified so that actual delivery is achieved within the plan period” (ibid., para 8.96).

Implementation³⁰

4.55 Implementation is the final section of the Panel Report (ibid., paras 9.13 to 9.18) and it is not surprising that it identified many issues addressed earlier in the Report. This included the central question of the level of resources likely to be available to support the strategy (with possible funding gaps) and whether the Draft Implementation Plan and its Supplement took a “rose tinted” view of implementation prospects given economic challenges at the time.

4.56 In coming to their final views on this matter, the Panel acknowledged that “it is simplistic to expect to be able to identify and add up all the information required to support a 20 year strategy and draw up conclusions about its deliverability” and to see an implementation plan as a “blueprint” that fixes future expectations (ibid., para 9.17). They nevertheless ended on a note of optimism:

“...the implementation arrangements for the West Midlands are as well developed as those of any RSS. There is a degree of coherence about the priority setting for the various different policy vehicles and funding streams that would seem to make the RSS robust” (ibid.).

4.57 As noted in an earlier section, whether that optimism is justified in the current financial circumstances and the implications for Worcester remains to be seen.

Worcestershire CC Infrastructure Study

4.58 One of the documents made available to the Panel at the EiP was a study undertaken by Baker Associates for Worcestershire County Council examining the infrastructure requirements within Worcestershire to 2026 arising from the RSS Phase Two Review of the West Midlands RSS Preferred Option³¹.

4.59 This represented a more in-depth study into infrastructure capacity issues in Worcestershire with the aim of identifying the infrastructure impacts of additional development in generic and locational specific terms for main settlements on a County and District basis.

³⁰ Referred to in Chapter 9 of the Panel Report.

³¹ This can be viewed at <http://www.worcestershire.gov.uk/cms/environment-and-planning/strategic-planning/rss-phase-two-revision/infrastructure-study.aspx>

- 4.60 The headline conclusion from the study was that there is a major funding gap between the cost of infrastructure (£819 million for the County as a whole) and that for which funding has currently been secured (£25 million). The study suggested that this gap could be reduced to £168 million for the overall period to 2026 through successful funding bids and future developer contributions.
- 4.61 This information was used by the County Council at the EiP to raise the Panel's awareness of this issue and, in the case of the on-going development of Worcester, the information can clearly be tested and amended as appropriate on an on-going basis.

5 Concluding remarks

- 5.1 This Background Paper has covered a range of issues from the RSS evidence base in respect of a number of housing policy issues, in accordance with the Brief for this work set by the South Worcestershire Authorities.
- 5.2 Whilst the legal position regarding RSSs/Regional Strategies is likely to change, the evidence base that underpinned those strategies may still be relevant to local planning authorities and the formulation of Joint Core Strategy policy for South Worcestershire. However, as explained in the introduction to this Paper, in using this material it should be noted that:
- This Paper is not intended to be comprehensive review of the RSS evidence base but concentrates on key issues as defined by the South Worcestershire Joint Officer Steering Group;
 - Some of the RSS evidence reaches back a few years in time and may therefore have become superseded. Where applicable, Local Planning Authorities will have to have regard to more recent evidence; and
 - Local Planning Authorities will also need to take into account local evidence and other local factors and considerations in bringing forward their own development plan documents.