

WYRE FOREST DISTRICT COUNCIL

CABINET MEETING
22ND FEBRUARY 2007

West Midlands Regional Spatial Strategy – Phase Two Revision
Spatial Options Consultation

OPEN	
COMMUNITY STRATEGY THEME:	A Better Environment
CORPORATE PLAN THEME:	Managing the Local Environment
KEY PRIORITY:	Forward Planning
CABINET MEMBER:	Councillor Anne Hingley
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APPENDICES	Appendix 1 – WMRSS Phase 2 Revision Spatial Options Consultation Questions and recommended responses. The Appendix to this report has been circulated electronically and a public inspection copy is available on request (see front cover for details).

1. PURPOSE OF THE REPORT

- 1.1 To seek Cabinet’s endorsement of recommended responses to the Regional Spatial Strategy - Phase Two Revision: Spatial Options consultation questions.

2. RECOMMENDATION

The Cabinet is asked to RECOMMEND to Council:

- 2.1 **The recommended responses to the West Midlands Regional Spatial Strategy - Phase 2 Revision: Spatial Options Consultation questions, as set out in Appendix 1 to the Cabinet report, be approved and submitted to the Regional Assembly as the Council’s consultation response.**

3. BACKGROUND

- 3.1 The West Midlands Regional Spatial Strategy sets out the spatial planning strategy for the development of the Region up to 2021. The Plan was originally prepared by the West Midlands Local Government Association and, following a public examination in 2002, was approved as Regional Planning Guidance by the Secretary of State in June 2004.
- 3.2 In approving the Regional Planning Guidance, the Secretary of State outlined a number of areas which required further work and subsequent revision.
- 3.3 Following the commencement of the Planning and Compulsory Purchase Act 2004, in September 2004, the Regional Planning Guidance was retitled Regional Spatial Strategy (RSS) and, became part of the statutory 'Development Plan' for the region. The new Local Development Framework system, introduced by the Act, abolished the Structure Plan system and the RSS now provides the wider framework for the preparation of the new District Core Strategies and other Development Plan Documents.
- 3.4 Since 2003, the West Midlands Regional Assembly (WMRA) has become the formal Regional Planning Body and is now responsible for preparing and submitting to the Secretary of State revision proposals for the RSS. The WMRA has decided to split the revision into three phases:
- Phase 1 Covers the Black Country sub-regional proposals and was submitted to the Secretary of State in May 2006 and an Examination in Public was held to test the soundness of the proposals in January 2007. (Wyre Forest District Council submitted representations on a number of issues including the role of Brierley Hill/Merry Hill)
 - Phase 2 Deals with certain issues relating to Housing, Employment, Waste and Transport and Accessibility, and is the subject of this current consultation.
 - Phase 3 Will cover regionally significant environmental issues, critical rural services, recreational provision, gypsies and travellers, and preparation is due to begin in 2007

RSS Phase Two Timetable

- 3.5 The WMRA started working on the Phase Two review some two years ago and initially produced a project plan outlining the intended preparation process. This was the subject of consultation and revision particularly in the light of the delay in the publication of Government

household projections for the region (which were finally published in late March 2006).

- 3.6 In February 2006, the WMRA formally requested advice from strategic authorities, namely, Unitary and County Councils, on various elements of the review proposals, including the distribution of future housing and employment growth. This advice was submitted in May 2006, and is available on the WMRA website. Also available on the website is a raft of technical studies which WMRA has either undertaken or commissioned in relation to the RSS review during the last 2 – 3 years.
- 3.7 The WMRA is now consulting on the draft Spatial Options for Housing, Employment, Waste, and Transport and Accessibility. Consultation runs from 8th January – 5th March 2007.
- 3.8 Consultation responses will then be considered by WMRA who will prepare a draft preferred option. This will be subjected to brief informal consultation before WMRA submits the final preferred option to the Secretary of State in December 2007.
- 3.9 The submitted preferred option will then be the subject of a statutory consultation (12 weeks) arranged by the Government Office for the West Midlands, followed by an Examination in Public of key issues identified by the Secretary of State, in order to test the soundness of the proposals. The Secretary of State will then publish proposed changes for consultation in late 2008 before adopting the final revisions early 2009.

RSS Phase Two Documents

- 3.10 WMRA has published a consultation document setting out the issues to be addressed and number of options. Electronic copies of this document have been sent to all Panel Members and it is also available on the WMRA website.
- 3.11 The document sets out a series of 105 questions in order to structure responses. These are set out in Appendix 1 of this report along with officer comments and suggested District Council responses where appropriate on Housing, Employment, Waste, and Transport issues.
- 3.12 A series of background studies have also been published along with monitoring reports and the Sustainability Assessment. A sustainability Appraisal is being undertaken as a key part of the process and is designed to ensure that sustainable development principles and concerns about climate change are taken into account.

National Planning Context

- 3.13 One of the perhaps surprising aspects of the English Planning system is the absence of a single National Spatial Planning Strategy to which all RSSs would need to generally conform with. Instead RSSs must

have regard to national planning policy, as set out in new Planning Policy Statements and extant Planning Policy Guidance Notes. The RSS should also have regard to Government forecasts, such as the projections of new household growth at Regional level up to 2026 and other forecasts of demographic trends.

- 3.14 Due to the lead in time for preparing these Spatial Options and the publication in December 2006 of PPS3: Housing and PPS25: Development and Flood Risk, together with the draft supplement to PPS1 on Planning and Climate Change, further work will need to be undertaken to ensure the submitted revision proposals accord with latest Government policy.

Regional Economic Strategy Review

- 3.15 The West Midlands Economic Strategy (WMES) is currently being reviewed by Advantage West Midlands and is the subject of a separate agenda item and report.
- 3.16 The WMES is being rolled forward to 2020 in order to set out what the Region will need to do to continue to improve economic performance, within the context of the established Urban and Rural Renaissance objectives of the RSS.
- 3.17 Work is being undertaken to seek to ensure that the two strategy reviews continue to mutually support each other.

Monitoring of Existing Strategy Performance

- 3.18 The WMRA is developing a comprehensive monitoring system for the assessment of the programme of the existing RSS. This monitoring system largely draws on information from the constituent Local Authorities Annual Monitoring Reports and other Regional data returns.
- 3.19 Strategy successes identified include:
- Reduction of out migration from the conurbation to surrounding shire areas.
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 - Employment land development has increased in Major Urban Areas with a decline elsewhere.
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 - Potentially higher future in-centre rates of retail growth.
- 3.20 Areas where progress is yet to be achieved:
- delivery of affordable housing which has consistently been at a rate very much lower than the RSS target.
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 - proportion of office development out-of-centre is very high.

- although transport infrastructure is progressing output indicators e.g. congestion, modal split, travel time, point to continuing problems.

4. KEY ISSUES

- 4.1 It is important to emphasise that these proposals are designed as a partial revision to the adopted strategy, which in terms of vision and objectives, is intended to remain fundamentally unchanged. However, the end date of the strategy is to be extended from 2021 to 2026 in order to meet the latest Government guidance in relation to housing provision.

Housing Provision and Distribution

- 4.2 The current RSS provides guidance on the level of housing provision up to 2021 and its distribution in the region to Strategic Planning Authority Level – there is no guidance down to shire District level. This was due to the operation of the old two tier system at that time with County Structure Plans setting out the shire District housing allocations. Under the new LDF system, the RSS must provide District housing targets.
- 4.3 In addition, this review of RSS will provide guidance for a further five years to 2026, in order to allow District Core Strategies to provide a 15 year housing provision on adoption, in accordance with the latest policy in PSS.3 Housing.
- 4.4 The current RSS was prepared against the backdrop of Government household projections from 1996. Since then, revised projections were released in March 2006 (based on 2003) which showed dramatically increased rates of future household formation.
- 4.5 These latest projections, based on past trends, show an increase in households in the Region 2001 – 2026 of 447,000 (a large proportion of which is projected to be single person households). In addition provision needs to be made for households needing to be re-housed from demolished stock, together with a 3% vacancy rate, which gives an overall total estimate of demand of 575,000 dwellings.
- 4.6 The consultation puts forward three options:
1. 381,000 dwellings: Continuation of past RSS assumptions (i.e. based on 1996 household projections) rolled forward to cover the additional period 2021 – 2026.
 2. 491,200 dwellings: Higher provision to reflect in part the increased household projections.

3. 575,000 dwellings: Full provision to meet latest Government projections.
- 4.7 It is important to emphasise that, although three options are put forward along with differing patterns of distribution, the final preferred option may differ in terms of both total provision and distributions, depending on the outcomes of the current consultation and more recent evidence.
- 4.8 In view of the increased scale of household projections, it seems very unlikely that the Secretary of State would accept a revision based on the Option 1 level of Regional household growth. Indeed, the Secretary of State's starting point is likely to be that the full Option 3 level of growth should be planned for unless particular circumstances or issues arise within the Region.
- 4.9 The Option 2 growth allocation to Worcestershire is based on the existing RSS objective of halting the trend of outward migration from the conurbation to the surrounding shire counties and moving towards a ratio of conurbation/shire county housing completions of 1:1. (It is worth noting that the Regional Housing Strategy expects Local Authorities to take steps to meet local housing needs regardless of migration).
- 4.10 The distribution of growth between the Worcestershire Districts reflects the advice given by the County Council in May 2006 and has regard to the assessments of Urban Capacity undertaken in November 2004, housing market demand, and the RSS policy of accommodating any necessary greenfield growth in key sub-regional foci such as Worcester.
- 4.11 Option 3 provides for significantly increased growth within Worcestershire and the suggested pattern of distribution within the County was formulated by the WMRA having regard to the above factors.
- 4.12 Both Options 2 and 3 allocate significant levels of housing growth to Worcester such that they will require substantial greenfield site releases. Option 3 would require an increase in dwellings of nearly 42%. In recognition of its original designation as a sub-regional foci to accommodate growth, the city has now been identified as one of the towns under the Government's New Growth Points initiative which is designed to ensure the increased delivery of new housing, with potential funding to assist with infrastructure provision.
- 4.13 Other Worcestershire Districts with high levels of housing growth under Option 3 are Redditch and Wychavon which would require greenfield and (greenbelt in Redditch) site release.
- 4.14 For Wyre Forest District there is little difference between the three Options with Option 1 requiring 4,600 dwellings 2001-2026, and both Options 2 and 3 requiring 4,700 dwellings.

- 4.15 Both Options 2 and 3 would require an average gross annual build rate for the District 2001 – 2026 of 188 dwellings. However, as the actual rate 2001 – 2006 was 378 dwellings (total 1890) the residual rate for the remaining 20 years would be 142 dwellings (total 2,810). By way of comparison the 1996 – 2001 rate was 204 dwellings.
- 4.16 The relatively high completion rates 2001 – 2006 reflect in part a number of large one-off brownfield windfall sites, such as the former Kidderminster College and Cattle Market sites which were important to secure the continuing regeneration of the District. This temporary boost in housing completions is likely to have led to some in-migration to the District during this period which could have affected the recent household projections to meet migration demand.
- 4.17 Housing demand in the District 2001 – 2026 is estimated at 8,200 dwellings, split 4,200 to meet existing projected local needs (i.e. increased household formation from the existing resident population) and up to 4,000 for in-migration based on Government projections.
- 4.18 Of the 4,200 local needs estimate the WMRA figures show that up to 95% of the household increase is expected to be made up from single person households.
- 4.19 Although the provision of 4,700 dwellings under Options 2 and 3 is sufficient in theory to meet local needs and is in line with the RSS objective of restricting out migration from the conurbation to adjacent shire towns, such an allocation would not fully utilise the potential urban brownfield capacity of the District to 2026.
- 4.20 The level of completions, committed sites, and future brownfield urban capacity is assessed at 5,700 dwellings up to 2026. There would therefore be scope for the District's allocation to increase by 1,000 dwellings to 5,700 dwellings in order to utilise this potential capacity. This would have a number of benefits, firstly it would have the potential to reduce greenfield development elsewhere in Worcestershire, secondly it would provide greater scope for the continuing regeneration of key parts of the towns of Kidderminster and Stourport-on-Severn, and thirdly it would provide potentially significant opportunities to secure additional affordable housing provision to meet identified needs. However, this additional growth needs to be accompanied by appropriate infrastructure, e.g. highways, drainage, community facilities, etc.
- 4.21 Taken overall, an additional 1,000 dwellings for the District appropriately phased would be unlikely to critically undermine the existing RSS Strategy of reducing out migration from the conurbation and would, at least in part, contribute towards meeting potential market demand.

- 4.22 The provision of an extra 1,000 dwellings over the next 20 years would imply an extra 50 dwellings per annum leading to a gross residual annual completion rate of 192 dwellings. This would be just slightly less than the current Structure Plan rate for the District 1996 – 2011 of 200 dwellings and the actual completion rate 1996 – 2001 of 204 dwellings.
- 4.23 An allocation of 5,700 dwellings would require the switching of employment land to housing. The urban capacity assessment for the District is based on approximately 1,000 dwellings being provided on current and former employment land (excluding already committed sites) through single or mixed use redevelopments over the next 20 years. This will assist in delivering the ongoing regeneration of the District and the achievement of this process will form a key component of the new Local Development Framework.

Affordable Housing

- 4.24 Nationally, with house prices rising relative to incomes, the provision of affordable housing has become an increasingly important issue. In the medium to longer term, the Government expects the boosting of housing completions and supply will reduce upward price pressures and eventually allow more people to buy their own homes.
- 4.25 Within the West Midlands the current RSS contains a target of 6,000 affordable dwellings per annum, although monitoring suggests that completions have only been about half this level.
- 4.26 The Regional Housing Strategy (June 2005) identified four sub-regional housing markets operating within the Region. Wyre Forest was included within the South Housing Market Area (SHMA) which comprises all Worcestershire Districts together with Stratford and Warwick Districts. The SHMA partnership commissioned a Strategic Housing Market Assessment for the area which was undertaken by a specialist consultant. The draft assessment has recently been submitted to the partnership and, following approval, it will be submitted to WMRA as part of the evidence base to inform the development of the RSS 2 preferred option.
- 4.27 The assessment shows that 2001 – 2005 affordable housing completions within the SHMA have comprised some 11.2% of total completions, compared with the Regional figure of about 15%. For Wyre Forest the rate was 10.1% (i.e. 150 dwellings from a total of 1,481 completions). At the Regional level, affordable housing completions in the short to medium term are forecast to rise slightly to 17% of total completions against a requirement for about 38% i.e. total affordable housing at just under 3,000 dwellings per annum is likely to be less than half of the requirement of 6,000 dwellings.
- 4.28 Future projections of affordable housing need for Wyre Forest contained in the assessment show continuing high levels of need,

particularly in respect of shared ownership. The draft projections show a need for 191 dwellings per annum which significantly exceeds both the likely rate of provision up to 2011 of 40 dwellings per annum and the potential provision of up to 75 dwellings per annum post 2011 (based on a 40% rate of total completions).

- 4.29 A similar pattern of affordable housing supply deficiency is projected across the whole of the SHMA. Even with a 40% rate of total new supply, the amount of affordable housing would meet less than half of needs.
- 4.30 It is therefore clear that meeting these projected levels of need will be very challenging both within Wyre Forest and also elsewhere across the SHMA.
- 4.31 The current Local Plan policy is only producing limited numbers of affordable housing. There may, therefore, be a need to seek to reduce the site threshold below 15 dwellings in order to ensure that the significant number of small sites coming forward make a contribution, even if it is perhaps by way of off-site provision. It will also be necessary to look at the potential for increasing the percentage rate for affordable housing to 50% however, this will be difficult to achieve on brownfield sites where there are other significant development costs. In addition the option to allocate 100% affordable, smaller housing sites, within urban areas, should be explored.

Employment Land Provision

- 4.32 The consultation document acknowledges the changes that have occurred in the Region's economy and that significant changes will continue during the next 20 years with a loss of traditional manufacturing industry and a growth in office and service sector employment. It recognises the importance of small and medium sized enterprises to the Region's economy and the need to ensure opportunities are available for these businesses to expand and develop. The economy of Wyre Forest District reflects this analysis.
- 4.33 The spatial options consultation seeks views on the desirability of establishing district level figures for employment land provision over the next 20 years. One of the problems with projecting future employment land requirements is the lack of a clear agreed methodology. A number of alternative methods exist including, trend projection of past take-up rates, forecasts of future labour demands, and relating provision directly to future housing provision.
- 4.34 The consultation suggests using past completion rates to establish a 5 year supply 'reservoir' of readily available employment sites in each District. This reservoir would need to be maintained over the next 20 years and would be topped up when necessary from a land bank of other sites.

- 4.35 In order not to undermine the regeneration of the Major Urban Areas (MUAs) it is suggested that the reservoir figures could be regarded as minimum in the MUAs and maximum limits elsewhere. Furthermore, in order to control the overall level of completions during the next 20 years in areas outside the MUAs it suggests that an indicative overall maximum completion figure be given for each authority.
- 4.36 The results of applying the suggested Employment Land provision method would give rise to the requirements for Wyre Forest District to maintain a reservoir of approximately 3 hectares of readily available land with an indicative overall total provision of some 15 hectares up to 2026.
- 4.37 It is clearly apparent that this approach would severely undermine the regeneration of the District's employment structure over the next 20 years. The current RSS Strategy, which is intended to remain unchanged, identifies Kidderminster as a Local Regeneration Area. This reflects the problems in terms of the historic employment structure of the area being dependant upon the carpet industry and other declining manufacturing sectors.
- 4.38 In order to support the economic regeneration of District it is vital that opportunities to recycle brownfield land to provide new employment sites are not unreasonably restricted. The total employment land stock of the District is about 300 hectares and to restrict the redevelopment of suitable brownfield sites for new employment uses to just 15 hectares over the next 20 years, will not facilitate the ongoing regeneration of the area. Instead it would be likely to lead to increased levels of out commuting from the District and a potential stagnation or decline in the economic well-being of the area.
- 4.39 Employment land completion figures given for Wyre Forest District in the 10 year period 1995 – 2004 by the WMRA are 4.7 hectares. These figures exclude small sites of less than 1 hectare pre 2002 and sites of less than 1 acre post 2002. For Districts, such as Wyre Forest, where the emphasis has been on small site completions these figures are somewhat misleading. The District Council monitoring records show a total of 13.9 hectares of employment land completions for all sites in the 10 years 1996 – 2006. Applying the WMRA method based on these figures would lead to a reservoir requirement of 7 hectares and a total overall requirement in the range of 30 – 45 hectares.
- 4.40 For comparison, employment land availability in the District at April 2006 was assessed at 49has, based on sites with planning permission, and other Local Plan sites and allocations. Some of these sites, however, may be required in the future for local Waste Management facilities, such as the former Folkes Forge Site (5.6has), which will effectively reduce the employment land bank. These losses could be offset by the further 12has at the former British Sugar site which is identified in the Local Plan for development post 2011.

- 4.41 Although using more extensive completions data would give rise to more realistic future provision for the District, considerable caution is needed when basing future requirements on past trends, there is a need to consider policy requirements. For instance the RSS strategy for housing distribution is seeking to change past trends of out migration from the conurbation.
- 4.42 Also, when using trend based projections, care is needed to avoid possible distortions arising from particular factors. In relation to Wyre Forest, past take up rates have undoubtedly been affected by a number of larger sites not being readily available due to landowner issues, and in relation to the former British Sugar site, the complexity of achieving brownfield site redevelopment. However, over the last two years there have been a number of positive indicators that the District's take-up will significantly increase in the years ahead. These include a start to construction at the 'Finpoint' development (6.2has) at a key gateway into Kidderminster on the Stourport Road Employment Corridor.
- 4.43 When looking at future employment provision in the District, it should be recognised that the office sector is not strongly represented and it may not perform as well as more favoured parts of the Region. In addition, unlike many other parts of the Region the District is unlikely to directly benefit from the development of, or proximity to, a new Major or Regional Investment Site, or Regional Logistics Site.
- 4.44 In view of the above factors it is considered that overall provision for the District 2001 – 2026 should be in the range of 40 -50 hectares to allow for the long term regeneration of the area in accordance with the existing RSS strategy.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications for the District Council arising directly from these consultation proposals. There may however be future housing capital funding implications arising from the outcome of the RSS review.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The final RSS Phase Two revision will have potentially significant policy implications for the future Spatial Planning and development of the District as all Local Development Documents will need to be in general conformity with the revised RSS.

7. RISK MANAGEMENT

- 7.1 The failure to adhere to the timetable for approving the revision of the RSS could have implications for the achievement of the District's Core Strategy preparation timetable and other subsequent Development Plan Documents.

8. CONCLUSIONS

- 8.1 The RSS Phase 2 Review will play an important role in shaping the future pattern of development in the Region over the next 20 years. It will provide the strategic framework for the preparation of the Core Strategy Development Plan Document, for Wyre Forest District and other areas. As such, it is vital that the view is progressed in accordance with the published timetable, so as to provide clear guidance on future housing and employment land needs and other key strategic issues.
- 5.2 Officer comments and recommended District Council responses to the consultation questions on Housing, Employment, Waste and Transport issues are set out in Appendix 1 to this report.

9. CONSULTEES

- 9.1 CMT

10. BACKGROUND PAPERS

- West Midlands Regional Spatial Strategy (RPG11) June 2004 GOWM
- WMRSS Phase Two Revision : Project Plan March 2006 WMRA
- WMRSS Phase Two Revision : Housing Demand Paper January 2007 WMRA
- WMRSS Phase Two Revision : Housing Background Paper January 2007 WMRA
- WMRSS Phase Two Revision : Infrastructure Implications of the Housing Options January 2007
- WMRSS Phase Two Revision : Various Technical Evidence documents WMRA
- PPS 11: Regional Spatial Strategies September 2004 ODPM