

April 2015

## GOSPORT LOCAL PLAN EXAMINATION

### INSPECTOR'S ADDITIONAL QUESTIONS AND GOSPORT BOROUGH COUNCIL'S REPOSE

#### GBC 4

***What evidence is there to show that other authorities under the PUSH umbrella will be (a) willing; and (b) able to cater for any shortfall in the capacity of Gosport Borough to accommodate its unfilled housing requirement following the update of the South Hampshire Strategy?***

1. Firstly, it is important not to be misdirected by the Council and the PUSH authority regarding the contents of the Written Ministerial Statement by Brandon Lewis issued on 19 December 2014. This WMS addresses the status of the SHMA and its relationship to the plan-making process. This was discussed at the hearing session, but we need to repeat our argument because the Council and PUSH (see the PUSH letter dated 13 March appended to GBC 4) are still asserting that the evidence of the SHMA 2014 does not need to be accorded any weight for plans being considered now until a new PUSH Strategy 2016 is agreed.
2. This is a misreading of the WMS. The production of a new Local Plan must be supported by an objective assessment of housing need (OAN) for this district including the housing market area (NPPF, paragraph 47). The SHMA must assess the full housing needs of the district, working with neighbouring authorities where housing market areas cross administrative boundaries (NPPF, paragraph 159). The SHMA must also address the needs for all types of housing including affordable housing and the needs of particular groups (NPPF, paragraph 159). The extent to which the Council has conducted an OAN and the plan meets the need in full is one of the tests of soundness of a Local Plan (paragraph 182).
3. The WMS of 19 December 2014 does not alter the NPPF. What the WMS does, however, is to clarify that the production of a new SHMA does not necessarily invalidate a housing target / requirement in an adopted local plan. As the letter states, the production of new SHMA evidence may prompt councils with adopted local plans to consider whether they need to revise their local plans to take account of this new evidence. They can consider the new evidence over time. However, in terms of preparing a new local plan, the policy in the NPPF remains unaltered: the preparation of a SHMA is necessary to identify the OAN. This is an essential element of the plan preparation process.

4. Gosport has prepared a new Local Plan and has submitted this for examination by the Secretary of State. In accordance with the NPPF, its plan will need to be supported by up-to-date evidence relating to its OAN. We consider that the evidence for its OAN is provided in two documents: the PUSH SHMA 2014 and the JGC Study. As we have discussed at the hearing, and in our representations and statements, we consider that more weight should be accorded to the SHMA 2014 because this provides an assessment of the housing need for: (a) the HMA; and b) because it addresses the requirements of paragraph 159 of the NPPF (i.e. it assesses the need for all types of housing including affordable housing). By contrast the JGC Study considers only the baseline demographic need. The JGC Study is useful but it does not meet with the requirements of the NPPF.

5. In its letter attached as an appendix to the Council's Statement GBC 4 the PUSH makes the following argument (see page 2):

*"Gosport is not a separate housing market in itself so arguably does not have an entirely distinct district housing need. However, the extent that there can be an objectively assessed housing need specifically for Gosport, if environmental / infrastructure considerations indicate that this cannot be fully met within Gosport, the intention is that the South Hampshire Strategy will in effect reallocate this to other district."*

(our emphasis)

6. The argument is wrong. It is wrong because the NPPF clearly requires local plans to be supported by an objective assessment of housing needs. There is nothing 'arguable' about this and nor can the PUSH dispute the "extent" to which "there can be an objectively assessed need specifically for Gosport". The Gosport local plan must be supported by an OAN or else it is unsound.

7. Ideally, the OAN should be assessed on a HMA-wide basis and the housing need apportioned among the authorities on the basis of land availability and capacity constraint. The London Plan does this. It provides the spatial strategy for Greater London. The important difference in London, however, is that it not only provides the housing need evidence but it also provides a strategy of apportionment at the same time. We are not in this position for the PUSH. Things are very uncertain. It is uncertain because:

a) In the case of Gosport and the PUSH we have the evidence of the OAN but they claim only on an HMA-wide basis.

b) PUSH and Gosport contest whether the break-down provided to district level provided in appendix U, table 19 (Midpoint Headship) and appendix V of the SHMA 2014 can be regarded as the OAN.

c) There is no strategy of distribution.

d) There is no guarantee that the PUSH Strategy 2016 will be agreed. In paragraph 5 of the Council's statement it states that the PUSH authorities will be: a) willing; and b) able to cater for any shortfall in the capacity of Gosport Borough to address the unmet need. There is no basis to support this

assertion. No authority has made any such commitment. The PUSH has no statutory powers to insist that they will.

8. We consider that the PUSH SHMA 2014 in table 19 of appendix U does provide a tentative breakdown of the OAN for each district which could be considered to support the Gosport local plan. If Gosport and PUSH are now saying that no weight can be accorded to the SHMA 2014 evidence then they are effectively saying that the Gosport Local Plan is unsupported by some of the key evidence that the Secretary of State needs when considering whether a local plan is sound. The inspector at Eastleigh came to a similar conclusion (see paragraph 8 of his preliminary conclusions). The Council's plan would have to be declared unsound because it is unsupported by an OAN.
9. It is frustrating that the HBF has to assert these elementary principles of plan-making.
10. It is important that a precedent is not set at Gosport that may allow the other authorities to disregard the SHMA 2014 and not provide evidence of their own OAN.
11. Secondly, it is also important that the PUSH is not allowed to get away with the implied assertion that the new plans being prepared by the authorities of the PUSH area need not have regard to the SHMA 2014 until collectively they have agreed a strategy that apportions of the overall housing need (and jobs) through an update to the PUSH Strategy. This new strategy may be completed by March 2016. Equally, it may not. There is no certainty that a new PUSH Strategy will be agreed. There is also no certainty that the local plans of all the constituent authorities will be prepared, published, examined and adopted to reflect the strategy of apportionment that we are assured the PUSH Strategy 2016 will set-out (see the Eastleigh inspector's view on this in paragraph 10 of his preliminary conclusions). Realistically, it is very unlikely that a full complement of new local plans reflecting the new housing targets could be produced, examined and adopted before 2020. This would leave just 9 years left to run of Gosport's plan period to achieve the housing completions required to meet Gosport's unmet housing need (Gosport's plan operates over the period 2011 to 2029).
12. It is important to bear in mind that there is no schedule for the production of these plans. There is no certainty that they will be produced in time, or even at all. There is no certainty that the plans will incorporate an increase to compensate for the shortfall in Gosport. Our confidence that this will happen is undermined by the fact that (as we write) Fareham Council's LDS (September 2014) says that the review of its local plan is conditional upon the PUSH Strategy 2016 being approved yet Fareham is the key authority in terms of absorbing the unmet housing and employment needs of the Portsmouth Local HMA. Eastleigh Council's rejection of the Inspector's preliminary conclusions on its local plan provides further indication that some of the PUSH authorities will be reluctant to meet their own needs, let alone those of others.

13. What is clear is that on the basis of the evidence of OAN that is available to support the local plan, Gosport faces a significant shortfall in supply compared to need (a capacity for 170 dpa compared to a need for 445 dpa) – a shortfall of 4,950 dwellings (275 dpa x 18 years).
14. There is no PUSH Strategy to show how this undersupply will be addressed.
15. In terms of the housing needs of Gosport, on the basis of the PUSH SHMA 2014 this indicates that some 445 dpa would be required (PROJ 2 – Midpoint Headship – this is the same scenario that the inspector highlighted in the case of the Eastleigh local plan to serve as a reliable starting point projection of future need). This is in Table 19 on page 51 of Appendix U to the SHMA 2014. The Gosport local plan is only able to provide 170 dpa. There is, consequently, a significant degree of undersupply compared to need – at least some 275 dpa. Even if one uses the JGC Study which does not constitute a SHMA as required by the NPPF, this still indicates a large degree of undersupply compared to need – a need for 297 dpa compared to the capacity for 170 dpa. The recently published DCLG 2012 Household Projections show that an average 333 households will form very year over the plan period 2011 – 2029.
16. As we discussed at the examination the Council does need to understand its OAN in order to be able present a sound plan for examination. The lack of an OAN would mean that the plan is incomplete and therefore unsound. We consider that the PUSH SHMA 2014 does provide a good basis for the OAN for Gosport. The JGC study less so for the reasons we discussed at the EIP (it does not consider the needs of the HMA in a holistic way; it is only a demographic assessment; it deploys a different methodology to the PUSH SHMA; that methodology and its assumptions would need to be agreed by the other HMA authorities if Gosport isn't going to use the SHMA 2014; this in itself would suggest a failure in the duty to cooperate).
17. One should bear in mind that a key element of the Council's argument that the duty to cooperate has been effective is its demonstration of cooperation in the PUSH strategy and its support for the preparation of a PUSH SHMA that considers the housing needs of the HMA on a strategic basis. As a matter of consistency the Council must therefore attach some credence to the findings of the PUSH SHMA 2014 report.

#### A possible way forward

18. We recognise that the Council wants to have a new Local Plan. Consequently we have recommended below those changes that we consider are necessary to make the plan sound should the Inspector conclude that planning is better served by Gosport having an up-to-date plan in place rather than no plan at all.
19. One way forward would be to allow the Council to adopt the local plan despite the uncertainty as to whether the unmet housing need will ever be addressed and the implications that this would have for the employment strategy, but this

would have to be contingent on an early review. However, the 'temporary' plan cannot be exactly this version of the plan. Some of the vision and objectives would have to change to reflect the reality of the consequences of the housing shortfall. The Council must honestly acknowledge the consequences of being unable to meet its OAN in full. It must be realistic.

20. The NPPF states that:

*“Local plans should be aspirational but realistic. They should address the spatial implications of economic, social and environmental change.” (Paragraph 154).*

The inability to meet the housing need in full will have spatial implications for the plans of the rest of the HMA. The HBF acknowledges the very real land capacity constraints that confront the Council. This means – on the basis of the evidence provided – that it is unfeasible for the Council to meet the OAN of 445 dpa. The Council's ability to achieve its stated planning objectives is therefore heavily contingent upon cooperation being forthcoming from the other authorities of the PUSH HMA.

21. We appreciate the Council's desire to have a local plan in place. We acknowledge that the Council may feel that it is unable to wait until a new PUSH Strategy is agreed. However, the consequences that arise from this capacity constraint and the inability of the Council to meet in full its OAN plus the absence of a sub-regional plan will need to be reflected in this version of the local plan. This will require an alteration to the vision and local plan objectives for Gosport. The Council will need to be realistic. Aspirational statements relating to the creation of a prosperous economy and the aim of the plan to boost employment and counteract deprivation are not achievable. These aims are not supported by the evidence and these aspects of the plan will need to be re-written.

22. For example, Objective 9 of the Local Plan currently states:

*“to assist in regenerating the local economy in order to provide a prosperous and sustainable economy creating a significant number of local jobs to alleviate deprivation and social exclusion, and reduce out-commuting.”*

This objective should be re-written to acknowledge that this is an objective that the plan is unable to secure. Instead the objective should be re-written to read:

*“to assist in regenerating the local economy by creating some jobs for local people but the economy will mainly grow as a consequence of people commuting into Gosport for work.”*

Objective 16 would also need to be re-written, as would paragraph 3.28 of the Local plan. Currently Objective 16 states:

*“to meet local housing requirements including a range of housing types and tenures to provide the opportunity for all members of the community to live in a decent home including the increasingly ageing population as well as future generations.”*

In view of the scale undersupply, this objective is obviously unsound. It should be re-written to read:

*“owing to the scarcity of suitable land for housing in Gosport it will not be possible to accommodate all housing needs in the district over the plan period. Households will need to move elsewhere to find accommodation. We hope to agree a strategy with the other authorities of the housing market area whereby they will provide homes in their own districts to provide for Gosport’s future needs. If this sub-regional strategy is not agreed then we accept that housing costs in Gosport will increase and overcrowding will become more prevalent.”*

Paragraph 3.28 of the Local plan states that:

*“the need to provide sufficient housing for local residents is an important matter in terms of affordability and the type of accommodation available at a satisfactory standard.”*

This paragraph would need to be re-drafted to make it clear that the local plan cannot deliver on this promise. The undersupply compared to need will result in a deterioration in affordability and much less housing choice. Probably more local residents will have to move elsewhere. This is inevitable because the supply of 170 dpa is lower than the zero net migration forecast of 197 dpa (where in-migration is in balance with out-migration). Of course whether households can move elsewhere is becoming increasingly unfeasible and unlikely given the size of the undersupply in the sub-region and wider south east.

23. We note that according to the Council the net affordable housing need is for 256 dpa (paragraph 6.15 of the *Housing Background Paper*, June 2014). This would also suggest that there will be a deterioration in affordability in the Borough over the plan period compelling local people to move elsewhere.
24. It would be wholly misleading for the plan to retain the current objective and paragraph 3.28 and for the Council to suggest that it is able to address local housing needs in full. This is an unfortunate but salutary fact.
25. On a more positive note, if the plan includes this re-wording then this will act to spur Gosport onto applying pressure on the other PUSH authorities to agree a sensible PUSH strategy that provides for Gosport’s housing shortfall.
26. Objective 13 would also need to be re-written. Clearly it would be difficult to reduce the need to travel in Gosport if the housing supply is inadequate to support employment objectives. We say this in view of the Council’s statements in GBC 5 that commuting with the sub-region is a staple of life (paragraph 4.8) and the SHMA findings are more robust when considered at a sub-regional rather than local level.

27. Box 5.1 would need revising too.

### Summary

28. The ability of the Council to realise its housing and employment aims is contingent upon the other authorities in the PUSH, but especially the Portsmouth Local HMA authorities, providing land to accommodate the housing shortfall in Gosport. Therefore, while the Council could be allowed to adopt a plan for the time being, it could not adopt this version of its plan with the promises and objectives it contains. This plan would need to be revised so that it is clear that the achievement of the employment vision and the housing need will depend upon future cooperation. The plan will also need to acknowledge that if this cooperation is not forthcoming then the economy of Gosport will decline and housing needs will not be met. This will accelerate the decline of Gosport socially and economically.
29. We accept that the wording suggested may amount to a significant modification to the plan, and it will prove politically unpopular - especially the confession by the Council may be unable to realise its economic objectives. However, it would be wrong to mislead the public. Candidly, it will be difficult to deliver the plan objectives and we would query the extent to which it is possible to achieve economic growth without significant inward commuting (which itself depends on an adequate supply of housing being provided elsewhere) and we would query the assumptions being made in GBC 5 about the potential for increased retention and local participation. The PPG advises that such assumptions should be agreed with neighbouring authorities so that neighbours are aware that they will need to compensate for these assumptions (by providing more homes in their own areas).
30. As there is no indication (i.e. no evidence in any of the emerging plans) that the other authorities of the PUSH SHMA are planning to make provision for Gosport's unmet need, one can only conclude that the economy of Gosport is on course to decline. This will be the case unless the duty to cooperate proves effective in the future. Preparing a concrete plan is something quite distinct from setting up appropriate governance arrangements – which is the stage that has currently been reached within the PUSH. We have the framework for cooperation but no firm outcomes yet. The authorities must combine to produce a new PUSH Strategy 2016 that addresses the housing need in full. The Gosport local plan will need to acknowledge this.
31. In order to ensure that this scenario is realised Gosport should apply pressure to the other authorities of the HMA (i.e. to object to these plans) to ensure they plan responsibly to take account of Gosport's housing shortfall. An amended plan that acknowledges that it is on pathway towards economic decline unless the PUSH Strategy 2016 is agreed soon would spur Gosport on to object to neighbouring authority plans if they are not meeting their cross-boundary obligations. Once the shortfall is provided for, then Gosport could revise its own plan and reintroduce its employment aspirations.

32. We accept that about 170 dpa is probably all that Gosport has the capacity to provide, albeit there is room for a few more homes if the exception sites are included. However, Gosport has to be more honest about the consequences of its housing undersupply when measured against its need. The success of its employment strategy and its aim to provide housing opportunities for all sections of its community and its hope to reduce inward commuting, all depend on the PUSH Strategy 2016 being agreed. Until then we consider that the changes that we have suggested are the minimum ones that are necessary to make the plan sound. These changes would at least allow the Council to adopt a plan prior to the agreement of the new PUSH Strategy that is anticipated to be completed in 2016.

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## GBC 5

***Taking into account the figure of 170 dwellings per annum, is the Council's aim for employment growth within the Local Plan supported by sound evidence given the employment projections in the SHMA (2014)?***

1. The Gosport local plan is an employment-led plan as paragraphs 6.12 and 9.5 make clear. Therefore the Council must provide evidence to demonstrate whether a supply of 170 dpa is going to be adequate to support employment growth. Paragraph 21 of the NPPF requires planning policy to recognise and seek to address potential barriers to investment *"including a poor environment or any lack of infrastructure, services or housing"*. Paragraph 160 of the NPPF requires local planning authorities to have a clear understanding of the business needs of the area. This includes working with the LEPs and addressing barriers to investment *"including the lack of housing"*.

2. The PPG provides further guidance in ID 2a-018. In assessing housing need:

*"plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area."*

It continues within the same section to advise the following:

*"where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns... and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems."*

3. National policy and guidance therefore attaches some importance to aligning employment ambitions with housing supply in the plan-making process.
4. Paragraph 6.12 of the Local Plan states that the Gosport plan is an employment-led plan. Paragraph 9.1 states that:

*"It is important that the local Plan can help facilitate economic development in the Borough in order to create jobs and prosperity for the local community."*

Paragraph 9.5 of the plan states the following:

*"The Borough Council's employment-led approach accords with the PUSH South Hampshire Strategy (2012) which includes a strong drive to deliver economic growth and regeneration. Its ambition is to narrow the gap in economic performance between south Hampshire and the rest of South East England and address the impact of recession, create jobs and tackle unemployment, and increase productivity."*

Paragraph 6.8 of the Gosport plan states that:

*"There is a need to provide more jobs in the Borough in order to provide a balanced community and tackle deprivation, health inequalities, out-commuting and congestion"*

issues. Consequently the provision of employment land is a key element of the Borough's Spatial Strategy."

5. Paragraph 3.13 of the Gosport plan states the following:

*"There are approximately 24,000 jobs in Gosport Council which has declined from 33,000 in 2000 representing a 27% decrease in the employment base."*

6. The question, therefore, of whether the housing requirement of 3,060 or 170 dpa is adequate to complement the employment ambitions of the plan is of central importance. Since the central aim of the plan is to support economic growth we are surprised that the Council makes so light of its own SHMA employment related projections. In paragraph 4.2 of GBC 5 we read that the Council considers that:

*"it is not considered appropriate to seek to align jobs and homes at a local authority level, particularly for an authority such as Gosport which is relatively small and tightly drawn."*

7. There are three things to observe about this statement.
8. Firstly, this is a repetition of the Council's argument at the examination hearings that until a PUSH Strategy 2016 is agreed no weight should be accorded the SHMA 2014. This takes us back to the argument that we have already articulated regarding the duty to cooperate and first principles in the NPPF: namely that the production of a new local plan under the auspices of the NPPF requires that plan to satisfy the requirements of the NPPF. The NPPF requires plan makers to meet the OAN in full and to plan for the needs of business. The absence of an HMA-wide spatial strategy for jobs and homes does not exempt a local authority from satisfying the requirements of the NPPF in terms of plan-making for meeting the OAN and supporting economic growth.
9. Secondly, if the Council is arguing that job-creation and employment cannot be adequately considered at a local authority level especially in such a small constrained authority like Gosport and it can only be properly considered on an HMA-wide basis (a view for which we have some sympathy) then this is absolutely the reason why a coordinated HMA strategy ought to have been agreed before Gosport presented its plan for examination. Again, we are coming up against the fundamental problem of the PUSH authorities producing local plans independently and in advance of a sensible spatial strategy being agreed. If there is no agreement among the PUSH authorities regarding planning for jobs and homes for the sun region then Gosport's local plan must be revised to reflect this. Its plan must reflect the fact that there is little prospect that its employment objectives can be realised. It would be dishonest to maintain otherwise and to do so brings the discipline of town planning into disrepute.
10. Thirdly, the Council is inviting third parties to ignore an element of its evidence base as being unrealistic. In which case one is entitled to ask what other elements in the Council's evidence base should one ignore? This places third

parties commenting on the local plan in the invidious position of not knowing what parts of the Council's evidence base is reliable and what is not.

11. GL Hearn has produced a SHMA paper on behalf of the Council and the PUSH authorities – but we must bear in mind that it is the Council's own evidence base, not the consultants. National planning policy requires local planning authorities to produce evidence to support their plans. In respect of housing, the NPPF makes clear in paragraph 159: *“local planning authorities should have a clear understanding of housing needs in their area”*. The fact that the Council is distancing itself from its own evidence base in two respects – the demographic projections (see the discussion above) and the employment projections – it is troubling. It is troubling because the Council does need to understand the relationship between employment and housing supply for the Borough. This is something that is required by the NPPF. It is troubling that the Council now seems to rely on commuting and increase local participation as the way to resolve this dilemma (see paragraph 4.8 of GBC 5) even though it had stated in its plan that it wants to reduce the impact of commuting and congestion of the roads (see for example paragraph 3.9 and 3.12 and Objective 9).

#### Increased inward commuting, retaining commuters and increased participation rates as the solution

12. GBC 5 makes light of the employment projection Y (229 dpa) on the basis that any uncertainty regarding whether the housing supply of 170 dpa is adequate to support forecast employment growth will be addressed through a combination of more inward commuting (paragraphs 4.7 and 4.8), retaining commuters and increasing local participation rates (paragraph 4.8).
13. The PPG provides guidance on this in paragraph ID 2a-018. It advises that:  
  
*“where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns... and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.”*
14. The Council's justification for ignoring employment Projection Y is made partly on the basis that out-commuting is the reality and will continue to be the case as Gosport forms part of a larger HMA where commuting is the norm within the sub-region. Therefore, the argument is, that one need attach little weight to the employment growth related projections A, B and Y (paragraph 4.7 of GBC 5). However, Objective 9 wants to reduce out-commuting by providing more local jobs so relying on commuting across the HMA would be contrary to this plan objective.
15. We also note that PROJ 2 assumes that the historical patterns of commuting occur and hold true for the plan period. This results in a demographic housing projection for Gosport of 415 dpa. This shows, that if the commuting trend continues as before, the housing need will be considerably greater than the planned supply. The inference is that in order to reduce commuting the

Council would need to increase the housing supply above 415 dpa (the midpoint of the headship rates raises the figure to 445 dpa – table 19, Appendix U). This is obvious – one would need to provide more homes in Gosport to achieve a reduction in commuting if local employment is to increase.

16. In paragraph 151 of the SHMA Appendix T describes how the PROJ A scenario (jobs baseline requiring 378 dpa) is based on an assumed commuting ratio of 1 (i.e. consistent growth in workforce to jobs moving forwards).
17. PROJ B: residents in employment (requiring 433 dpa) would entail some in-commuting (see paragraph 1.51 of the SHMA, appendix T).
18. We note that the SHMA in appendix T does not provide an explanation for PROJ Y and whether this has been informed by a commuting ratio.
19. Therefore the fact that both scenarios A and B indicate that commuting would need to continue at current levels in order to sustain employment at current levels and would need to increase in order to support an increase in employment does suggest that a target of just 170 dpa is unlikely to reverse the commuting trend. It is obvious that if too few new homes provided locally in Gosport relative to employment growth then achieving a reduction in commuting is going to be extremely unlikely.
20. PROJ Y: zero employment growth would suggest that the economy will be static only 229 dpa is provided, and will contract as a consequence of 170 dpa being provided.
21. We note that the Council has cited paragraph 7.50 of the SHMA and argues that one should attach less weight to the employment modelling. However, this does not help one around the problem of needing to know what the economic implications are of providing just 170 dpa when all the other projections, including the employment ones, indicate a need in excess of this. While we acknowledge the uncertainties inherent in all projection modelling the evidence presented by the Council does tend to suggest that a housing supply of 170 dpa would be inadequate to sustain employment even at current levels. This will be the case because an aging population will occupy more of the Gosport housing stock preventing an increase in the working age population. Paragraph 3.7 of the local plan refers to the projected increase in the proportion of over 65s, with this cohort projected to rise from 17.2% in 2011 to 24% in 2029 of the overall population. Paragraph 3.8 refers to the projected decline in under 16s – part of the future labour force. Paragraph 3.9 notes that on current trends the traditional working age population (16-64) will decrease from 64% in 2011 to 58% in 2029. The economically active population will fall by 3.9%. The HBF is concerned that the inadequate housing supply will accelerate this downward trend in the economically active population because more elderly households tend to have more equity and tend therefore to occupy more housing. By contrast, the Council is trying to assure third-parties these trends will be reversed and that economic growth in

Gosport can be sustained through a combination of recalling out-commuters and increased participation rates.

22. The Council needs to present reasonable evidence to support this assurance. The PAS Technical Advice Note June 2014 titled *Objectively Assessed Need and Housing Targets* advises that local authorities should be careful about recalling out-commuters from other districts unless there is evidence that this is a realistic strategy and has been agreed with the districts where the commuters work (paragraph 9.21). In simple terms, there is a risk that Gosport could be robbing workers from other neighbouring districts in the HMA who would have to compensate for this by increasing their own housing requirements to make sure they have an adequate working age population. The PAS note also cautions against unrealistic assumptions about future increases in economic activity rates (see paragraph 9.21). Does the Council have the evidence to suggest that existing residents have the skills required by employers to expand the economy in those sectors that are targeted to grow? We note the contents of paragraph 3.22 which refers to the low levels of educational attainment in the Borough. Page 56 of the Solent Local Enterprise Partnership document titled *Transforming Solent: Solent Strategic Economic Plan 2014-20* refers to the shortages of employees with the higher skills required by the key industries in the Solent. The *PUSH Economic Development Strategy Preferred Growth Scenario* (June 2010) paper identifies a need for a 9% increase in the number of people with the highest skills (NVQ 4/5) in order to fulfil the PUSH 2012 Strategy for growth (page 12).
23. While we hope that the skills deficit can be reversed in time and that the unemployed can be re-integrated into the workforce (as paragraph 3.22 hopes will happen) the evidence does tend to suggest that in the short to medium term employment growth in Gosport could only be sustained through an increase in inward-commuting by those with the right skills needed by the key industries. These key industries are marine, aerospace, defence, advanced manufacturing, and engineering (see paragraphs 3.15, 9.6 and 9.9 for a description of the targeted business clusters that the local plan wishes to sustain and support). Such industries would require a workforce with higher skills. It is therefore doubtful in the short term at least whether increasing participation from among the currently unemployed and elderly groups would furnish the necessary skills-sets. This does not seem realistic. Continuing commuting seems likely.
24. While we note that the Council is keen to distance itself from the SHMA employment-related projections the Council is still obliged to assess whether the housing and employment objectives are aligned. It must do so because the local plan is an employment-led plan. The PAS advice does refer to the necessity of integrating demographic and employment forecasting. In its appendix D it provides a model to show how this might be done. We consider that the SHMA has done this though its exploration of the commuting ratios in Appendix T that support the two employment related projections A, B and Y. Having considered these, as we argued previously, we are concerned that the proposed level of supply of 170 dpa will be insufficient to even sustain employment at current levels (PROJ Y: zero employment growth).

25. Paragraph 4.5 of GBC 5 refers to paragraph 7.37 of the SHMA which states that the economic-led projections can only be considered to be indicative at a local-level. We agree that in the absence of an HMA-wide spatial strategy the SHMA employment related projections can only be considered indicative. However, on the basis of the current local plan and the evidence required by the NPPF to support the plan-making process, the indication is that a supply of 170 dpa would result in a contraction in the local economy. It is difficult for third parties to conclude otherwise.

### Summary

26. We tend to agree with the Council's statement in paragraph 4.7 that the SHMA's projections relating to housing need based on employment and economic projections are much more usefully considered on a sub-regional basis than at an individual district level, but this does not help us around the problem that there is, as yet, no agreed sub-regional strategy that apportions the overall housing and employment needs of the HMA among the constituent authorities. Until this strategy is agreed the Council cannot argue with any conviction that its plan will address either the housing needs of all members of the community or support the expansion of the economy. A more modest, provisional strategy, needs to be agreed for Gosport until such a time as the new PUSH Strategy 2016 is agreed and its spatial strategy is reflected in the individual plans of the PUSH authorities.

27. For the Gosport plan to be found sound the Strategy and Objectives will need to be re-written to reflect this social and economic reality.

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