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# *Hearing Statement for the Shropshire Council Local Plan Examination*

**Matter 4 – Housing and Employment Land Needs (Policy  
SP2)**

**ID 10**

## **SHROPSHIRE LOCAL PLAN EXAMINATION**

<b>Representor Unique Part A Ref:</b>	<b>A0497</b>
<b>Matter</b>	<b>4</b>
<b>Relevant Question No.s</b>	<b>1 &amp; 2</b>

**Stage 1 Hearing Statement**

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**SHROPSHIRE LOCAL PLAN EXAMINATION  
STATEMENT ON BEHALF OF APLEY ESTATE AND STANMORE PROPERTIES****Introduction**

This Hearing Statement is on behalf of The Stanmore Consortium "TSC" (Apley Estate and Stanmore Properties) and should be read in conjunction with previous representations made on behalf of TSC at the Regulation 18 and 19 Stages.

In 2017 Shropshire Council approached TSC with a view to delivering proposals for a Garden Community for the future housing and employment needs of Bridgnorth on land owned by TSC.

In November 2018 the Shropshire Local Plan Review: Consultation on Preferred Sites was published with a masterplan mixed use garden settlement at Stanmore, initiated by the Council, as a Preferred Site. This followed extensive discussion between the Council and TSC, public consultation and provision of detailed information requested by the Council.

In April 2020 the Council abruptly changed its position on the Stanmore Garden Community proposal to an alternative on land west of Bridgnorth, not previously promoted nor consulted upon. This alternative was included in the Regulation 18 and 19 Stages of the Local Plan.

TSC have continued to promote Stanmore Garden Community as the best option for Bridgnorth and Shropshire.

This Hearing Statement focusses on those specific questions which are directly relevant to TSC's position.

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**MATTER 4 – HOUSING AND EMPLOYMENT LAND NEEDS (POLICY SP2)****Issue**

**Whether the Local Plan has been positively prepared and whether it is justified, effective and consistent with national planning policy in relation to the overall provision for housing and employment land.**

**Questions**

**Q1. Is the preferred approach to housing growth and the housing requirement set out in Policy SP2 of 30,800 dwellings (1,400 dwellings per annum) over the plan period of 2016 to 2038, justified, positively prepared and consistent with national policy?**

1. No. As set out below, the fact that the housing requirement is not appropriately aligned with forecast jobs growth undermines the effectiveness of Policy SP2.
2. The detailed answers to Question 2 set out below demonstrates a number of clear inconsistencies and fundamental errors associated with the housing requirement and jobs growth forecast. The housing target included in the Plan relies on this evidence base, the identified flaws therefore result in an incorrect housing target figure. This is a fundamental element of the Plan and the inclusion of such a significant error means that the Plan cannot be considered to be justified, positively prepared and consistent with national policy and is therefore considered to be unsound.

**Q2. Is the housing requirement in the Local Plan appropriately aligned with forecasts for jobs growth?**

3. The housing requirement is not appropriately aligned with forecasts for jobs growth, undermining the effectiveness of Policy SP2. The misalignment is significant, and results in a housing requirement that is between 18,100 and 25,000 dwellings short of actual housing need over the plan period<sup>1</sup>. To bring homes and jobs back into balance necessitates the delivery of about 980 homes a year more than the requirement provides for. That is, 52,360 homes in total, an average annual requirement for 2,380 homes.
4. We base this assertion on our review of the floorspace requirement scenarios presented in the Shropshire Economic Development Needs Assessment (2021), Shropshire evidence document EV043, hereafter referred to as the EDNA. The EDNA is relied upon by the Council as a key evidence base document for the purpose of the plan review. We can confirm that the EDNA has been prepared in accordance with Planning Practice Guidance

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<sup>1</sup> The figures quoted here are rounded to the nearest 100.

on how the need for housing and economic development should be assessed [see EDNA page 2 and 3, paragraph 1.9 to 1.16 and figure 1.1]. Accordingly, it provides a robust and reliable basis to test and challenge the housing requirement.

### **The EDNA employment land requirement scenarios**

5. Section 8 of the EDNA develops six scenarios in total, the first five of which provide a basis for understanding and assessing the relationship between homes and jobs, specifically how many homes are needed to accommodate a given level of employment growth. Following a labour demand approach, **Scenarios 1 and 2** [EDNA, page 97 to 105, paragraph 8.9 to 8.40] produce a gross employment land requirement from employment forecasts.
6. Scenarios 1 and 2 answer the question, how much employment land is required to accommodate forecast employment growth, by employment sector, over the plan period 2016 to 2038. The steps from employment forecast to gross land requirement can be summarised as follows:
  - a. Employment sectors are mapped to use class to create an employment forecast by use class
  - b. The employment by use class forecasts (for uses that require employment land) are converted to floorspace demand by use class forecasts using published employment densities (sqm floorspace per job)
  - c. The floorspace demand forecasts are converted into a net employment land requirement using plot ratios
  - d. The gross employment land requirement is arrived at by adding a margin (for flexibility, loss and replacement) to the net employment land requirement.
7. Application of the approach outlines above gives rise to the following Scenario 1 and Scenario 2 'labour demand' results. Note that the job numbers quoted (+16,700 and +19,677 respectively) are the total aggregate (all sectors) employment forecasts, before they are converted to forecasts by use class [EDNA page 100, Table 8.3; page 105, Table 8.8; and, page 115, Table 8.17]

**SCENARIO 1:** Experian June 2020 baseline, a forecast for **+16,700 jobs**, results in a gross requirement for 161.91 ha

**SCENARIO 2:** Regeneration, a forecast for **+19,677 jobs**, results in a gross requirement for 166.88 ha

8. Following a labour supply approach, **Scenarios 3, 4 and 5** [EDNA page 105 to 108, paragraphs 8.41 to 8.56] produce a gross employment land requirement from a calculation of the expected growth in the workforce.
9. These scenarios are slightly more complex than Scenarios 1 and 2, because more stages are involved. In Scenario 3, the starting point is a population projection.
10. The Scenario 3 population projection is converted into a labour supply projection (by excluding the population that is not expected to be in employment). This is uncontroversial and follows a well-trodden path frequently used in this type of analysis.
  - a. Economic activity rate projections, by age and gender, sourced from the Office for Budget Responsibility are used to derive a projection of growth in the population that is either in work or available for work.
  - b. The economically active population not in work is estimated by applying an unemployment rate. The unemployment rate is derived from ONS survey data. A slight reduction in unemployment is factored in based on analysis of past unemployment trends.
  - c. The available labour supply in each year of the plan period is the economically active less the unemployed.
  - d. The number of jobs that the available supply will sustain in Shropshire is arrived at by applying a Labour Force (LF) Ratio. The LF ratio is the relationship between the number of employed residents of Shropshire and the number of jobs available in Shropshire. The EDNA estimated this ratio (employed residents divided by available jobs) to be 1.0501 to 1. That is, 1.0501 residents for every available job.
  - e. Having arrived that the level of employment growth that will be supported, the labour supply approach now follows the steps used under the labour demand approach used to formulate Scenarios 1 and 2 (jobs to floorspace, floorspace to net land, land plus margin to give gross land).

**SCENARIO 3:** 2014-based SNPP<sup>2</sup>, accommodated by an additional 19,975 dwellings (943 per annum), **supporting growth of +1,979 jobs** over the plan period, resulting in a gross requirement for 128.14 ha [Page 108 Table 8.11 and page 115, Table 8.17].

11. It is immediately apparent that Scenario 3, the population projection that underpins the 2014-based household projections, supports significantly lower employment growth than envisaged under Scenarios 1 and 2.

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<sup>2</sup> SNPP = sub national population projection.

12. The implication of higher housing growth is tested by **Scenarios 4 and 5**, using the same labour supply approach as Scenario 3 with the addition of two steps to convert a dwelling projection to a population projection:
- Households are converted to dwellings by assuming that 4.2% of all homes are empty or second homes.
  - The additional homes, over and above the Scenario 3's 2014 based household projections, 'inflate' Shropshire's 2014-based SNPP on a proportional basis, reflecting the age/sex profile of the 2014-based SNPP at the end of the plan period.
  - Scenarios 4 and 5 now follow the labour supply approach used to generate Scenario 3 (labour supply derived after applying the same economic activity rates and unemployment rate to the population, converted to jobs using the same LF ratio of 1.0501).

**SCENARIO 4:** Current Standard Method, equals 25,975 dwellings (1,177 per annum), **supporting growth of +7,538 jobs** over the plan period, which results in a gross requirement for 140.86 ha [Page 108 Table 8.11 and page 115, Table 8.17].

**SCENARIO 5:** Emerging Local Plan Requirement, equals 30,800 dwellings (1,400 per annum), **supporting growth of + 12,145 jobs**, which results in a gross requirement for 151.39 ha [Page 108 Table 8.11 and page 115, Table 8.17].

13. Again, it is immediately clear that neither Scenario 4 nor Scenario 5 delivers the number of additional homes required to accommodate forecast employment growth envisaged under Scenarios 1 and 2. Of note is the fact that **the draft Local Plan Housing requirement supports 7,532 fewer jobs than envisaged by Scenario 2, regeneration, a forecast for 19,677 additional jobs over the plan period.**

### The relationship between jobs and homes in Shropshire

14. At this point it is worth pausing to summarise how the scenarios relate to one another, by assembling the relevant data, assumptions and results contained in Section 8 of the EDNA.
15. Table 1 sets out the derivation of the employment growth figure associated with Scenario 3, 2014-based population (and household) projections, for which the EDNA publishes the greatest amount of detail. Note that the 2016 figures provide the demographic, labour supply and jobs position for Scenarios 3, 4 and 5.

**Table 1: Derivation of the employment growth figure associated with the 2014-based SNPP/HP**

		2016	2038	2016-2038	
1	Total Population	312,408	338,103	+25,695	
2	Population age 16 and over	260,707	286,972	+26,265	
	<i>Economic Activity rates (OBR)</i>	<i>Variable rates by gender and age band applied</i>			
3	Economically active population	161,574	163,817	2,243	
	<i>Unemployment rate (ONS)</i>	<i>3.33%</i>	<i>3.38%</i>	-	
4	Unemployed	5,373	5,537	+164	
5	<b>Labour supply</b>	156,201	158,280	<b>+2,079</b>	
	<i>Labour Force / Jobs ratio (range of sources)</i>	<i>1.0501</i>	<i>1.0501</i>	-	
6	<b>Jobs (2014-based)</b>	148,749	150,728	<b>+1,979</b>	
7	Homes (2014-based)	140,524	160,499	+19,975	

Source: EDNA

16. The EDNA does not publish the 2038 population, (Table 1, rows 1 and 2), economically active (Table 1, row 3) or unemployed (Table 1, row 4) figures for Scenarios 4 and 5.
17. However, the EDNA does state that the economic activity rates, unemployment rates and labour force ratio used to arrive at the Scenario 1 jobs figure (Table 1, row 6) are also applied in Scenarios 4 and 5. This allows us to deduce both labour force growth and the relationship between jobs and homes, as shown in Table 2 and 3.

**Table 2: Scenario 4 (standard method local housing need) jobs and homes**

		2016	2038	<b>2016-2038</b>	
5	<b>Labour supply</b> (derived)	156,201	164,117	<b>+ 7,916</b>	
	<i>Labour Force / Jobs ratio (range of sources)</i>	<i>1.0501</i>	<i>1.0501</i>	-	
6	<b>Jobs (standard method)</b>	148,749	156,287	<b>+ 7,538</b>	
	<i>Uplift from 2014 based jobs</i>	-	-	<i>+ 5,559</i>	
7	Homes (standard method)	140,524	166,418	+ 25,894	
	<i>Uplift from 2014 based homes</i>	-	-	<i>+ 5,919</i>	
8	<b>Ratio of homes uplift to jobs uplift</b> (derived)			<b>1.065</b>	

Source: EDNA

**Table 3: Scenario 5 (draft local plan housing requirement) jobs and homes**

		2016	2038	<b>2016-2038</b>	
5	<b>Labour supply</b> (derived)	156,201	168,955	<b>+ 12,754</b>	
	<i>Labour Force / Jobs ratio (range of sources)</i>	<i>1.0501</i>	<i>1.0501</i>	-	
6	<b>Jobs (draft housing requirement)</b>	148,749	160,895	<b>+ 12,145</b>	
	<i>Uplift from standard method jobs</i>	-	-	<i>+ 4,608</i>	
7	Homes (housing requirement)	140,524	171,324	+ 30,800	
	<i>Uplift from standard method homes</i>	-	-	<i>+ 4,906</i>	
8	<b>Ratio of homes uplift to jobs uplift</b> (derived)			<b>1.065</b>	

Source: EDNA

18. The analysis presented at Table's 2 and 3 provides the basis for deducing, based on the assumptions and calculations set out in the EDNA, that for every additional job created in Shropshire (over and above the yield of both the 2014 based projection and the standard method), a further 1.065 homes is required (Table's 2 and 3, row 8). This provides a sound basis for estimating the actual number of homes needed to ensure that the housing requirement is in balance with forecast employment growth.



19. For example, to bridge the employment growth shortfall of 7,532 jobs between Scenario 2's forecast for employment growth of 19,677 jobs and the draft housing requirement's 'yield' of 12,145 jobs, the additional number of homes is 7,532 multiplied by 1.065. **An additional 8,019 homes over the plan period, making a total requirement for 38,819 over the plan period or 1,765<sup>3</sup> dwellings per annum.**
20. Whilst the EDNA provides clarity about the number of jobs that will be supported by a given housing requirement on the one hand and the employment yield of a given employment land requirement on the other, Policy SP2 is opaque when it comes to explaining how the delivery of 30,800 homes can be reconciled with the provision of 300 ha employment land, providing the following explanation:

**The employment requirement for Shropshire of around 300ha of employment land over the plan period from 2016 to 2038 seeks to implement the aspirations of the Economic Growth Strategy for Shropshire and provide a sufficient scale of employment land to deliver enough jobs to achieve a sustainable balance with the housing requirement.** [dLP paragraph 3.17]

21. The Employment Topic Paper provides some insight, indicating that **the 300 ha gross employment land requirement relates to Scenario 2 and** the creation of 19,677 jobs [Employment Topic Paper, paragraph 5.23].
22. Later in the same document, in the overview of job creation, it is stated that *the level of employment likely to be generated in Shropshire will be between 29,178 jobs to 35,637 jobs* [Employment Topic Paper, paragraph 7.31].
23. Finally, 'Table 43: Shropshire Labour Supply Balance' of the Employment Topic Paper, presents several scenarios matching projected employment growth to labour supply. The accompanying text confirms that the most likely employment outturn is somewhere between 29,178 and 35,637 'overall employment generation'.

### **Key issues and conclusions**

24. The narrative accompanying Table 43 reveals a wholly unrealistic expectation that, to accommodate the scale of job growth envisaged within the constraint of the draft housing requirement, Shropshire will change from being a net exporter of workers (5,665 outbound) to a net importer of workers (about 15,000 to 21,500 inbound). Whilst the arithmetic is presented, no explanation as to how this seismic change in commuting patterns could be brought about is presented.

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<sup>3</sup> Note that the figures published here are rounded to the nearest whole number and may not sum to the expected total.

25. In the circumstances, the evidence presented in the EDNA should be relied upon, noting the EDNA approach to commuting – to assume that the balance between the movement in and out of labour remains constant and controlled by the labour force ratio, about which we note the following explanation, which speaks to the assumptions ‘robustness’.

**A Labour Force Ratio - This was calculated based on the APS (the number of economically active), unemployment rates and the latest Experian job projections for 2016 (149,300 jobs based in Shropshire). The Labour Force [LF] Ratio used equated to 1.0501, i.e. there were more residents in employment living in Shropshire than there are jobs based there, resulting in net outward-commuting patterns. This aligns with the 2011 Census Travel to Work data analysed in Section 4.0 which found that Shropshire has a net outflow of 5,665 residents commuting elsewhere daily. The LF ratio was then held constant over the plan period to 2038 as this is broadly in line with the rates seen for Shropshire since the recovery from the last recession. [EDNA page 107, paragraph 8.47, 4<sup>th</sup> point, my emphasis]**

26. On the basis of the analysis presented in the EDNA, and the application of an additional homes to jobs ratio of 1.065, **the number of homes required to support 29,178 to 35,637 jobs is 48,936 to 55,813 homes, or 2,224 to 2,537 homes per annum.**