# Taunton Deane Borough Council

## Executive – 18 August 2010

### Setting strategic housing and employment targets for the Taunton Deane Core Strategy

**Report of the Strategy Lead**
(This matter is the responsibility of Executive Councillor Mark Edwards)

**1. Executive Summary**

1.1 The Council needs to identify strategic housing and jobs targets for its emerging Core Strategy. Evidence based targets have been identified and the Executive are now requested to approve these. These targets are predicated on the delivery of jobs-led growth and are as follows for the Borough:

1. 11,000 jobs over the period 2008 – 2026;
2. 15,000 homes over the period 2008 – 2026; and
3. appropriate phasing of housing targets between three five year time bands – 01/04/2011-31/03/2015, 01/04/2016-31/03/2020 and 01/04/2021-31/03/2026 be adopted

**2 Background**

2.1 The purpose of this Report is to recommend and establish strategic housing and employment targets for the Taunton Deane Borough Core Strategy which will deliver growth for the period up to 2026.

2.2 Up until very recently and the formation of the Coalition Government, the setting of strategic planning targets for both housing and employment has been determined by higher order plans. Previously the Somerset County Structure Plan and more recently the proposed Revised Regional Spatial Strategy for the South West Region established this requirement which was then taken forward by lower tier local authorities in their respective local plans and since 2004, through Local Development Frameworks.

2.3 The abolition of all adopted and emerging Regional Spatial Strategies by the Coalition Government has presented both an opportunity and a threat to communities. On the one hand, it has handed lower tier (and unitary) authorities the opportunity to establish the scale of housing and jobs they wish to see come forward rather than to plan towards meeting potentially undeliverable numbers. However, it has also placed the burden of evidencing targets on local planning authorities where previously it lay elsewhere.

2.4 In order to provide some context to the work undertaken on behalf of the Council to fill the ‘void’ it is perhaps useful to provide a limited degree of context as to the figures outlined as the now abolished Revised RSS for the South West emerged.

2.5 The Draft Revised Regional Spatial Strategy for the South West was published for consultation back in the Summer of 2006. The Plan established a strategic housing target of at least 17,300 new dwellings within Taunton Deane over the period 2006 – 2026 including 14,000 at the Taunton urban area and 3,800 within the remainder of the Borough (with at least 1,800 at Wellington).

2.6 The Plan was based upon a number of previous technical studies commissioned by the Borough Council and County which attempted to identify the capacity for development within the area and indeed the capacity of the development industry to deliver this growth. It concluded that in order to facilitate growth at hitherto unprecedented levels it would be reasonable to adopt a phasing element to the proposals. This translated into an annualised requirement over the period 2006 – 2016 of 825 per annum, and then an uplift to deliver 905 pa over the period 2016 – 2026.

2.7 In regards to targets for job creation, the Plan set a target of 18,500 jobs within the joint Taunton and Bridgwater Travel To Work Area. Whilst there was no specific figure set for Taunton Deane Borough, it was anticipated that the majority of jobs would be created within the two main settlements: i.e. Taunton and Bridgwater (with Taunton envisaged to be the primary focus).

2.8 The Council was broadly supportive of the strategy proposed in the Draft Plan, its recognition of the sub-regional importance of Taunton and the scale of growth envisaged.

2.9 Following on from the consultation on the Draft Plan, an Examination in Public was held early in 2007 at which representations into the document were considered by an Independent Panel. The Panel Report was published in December 2007 and proposed a significant uplift in housing requirements for Taunton Deane, identifying a requirement for at least 21,800 new homes for the Borough with at least 18,000 at Taunton. The Report made no provision for a commensurate uplift in employment requirements or indeed recognition of phasing within housing targets (as had previously be included within the Draft Revised RSS). It did however introduce employment land targets.

2.10 Taunton Deane Borough Council objected to the proposed uplift in housing requirements, the lack of provision for phasing, the lack of any uplift in job targets commensurate to housing, the downgrading of the A303/A358 second strategic route. It also expressed general concerns relating to the deliverability of the strategy as a whole.

2.11 In July of 2008, the Revised RSS was re-issued for further consultation in the form of the Secretary of State's Proposed Changes to the Revised Regional Spatial Strategy for the South West. Whilst for some authorities, there were significant changes between the Panel Report and the Proposed Changes, in the case of Taunton Deane, the strategic housing requirements remained as set out in the Panel Report, the Taunton Deane employment requirement was however increased to 16,500 jobs.

2.12 In its response to the Proposed Changes the Borough Council reiterated its previous concerns that the strategy was undeliverable and unsustainable.

2.13 Across the Region, the Proposed Changes were met with almost unanimous objection with around 35,000 responses made to the consultation. There were threats of legal challenge made, particularly in respect to how 'reasonable alternatives' to the preferred strategy and Sustainability Appraisal had informed the document. Even before the change in national government and the consequent abolition of the RSS, the Revised RSS for the South West seemed some way from being adopted.

2.14 In a letter to all Local Planning Authorities of the 6 July 2010, the Chief Planner at DCLG offered the following guidance to Councils in respect of establishing strategic housing targets for plans:

*"Local planning authorities will be responsible for establishing the right level of local housing provision in their area, and identifying a long term supply of housing land without the burden of regional housing targets. Some authorities may decide to retain their existing housing targets that were set out in the revoked Regional Strategies. Others may decide to review their housing targets. We would expect that those authorities should quickly signal their intention to undertake an early review so that communities and land owners know where they stand."*

2.15 The Council has moved quickly to fill the void left by abolition of RSS and the remainder of this report sets out it's approach to calculating realistic and deliverable housing targets for the Plan period. These figures are underpinned by the Council's ambitious plans for delivering jobs-led growth and will upon agreement, be set out within the emerging Core Strategy as well as to make any future calculations about housing land supply.

## 3 Establishing a Jobs Target

3.1 Even prior to the abolition of RSS, as part of its commission to undertake masterplanning of the Taunton area to inform our Core Strategy, Roger Tym and Partners (as part of the Urban Initiatives team) have been undertaking work around employment and jobs forecasts.

3.2 Through their work, Tyms have been tasked with establishing a realistic and deliverable jobs target for the Core Strategy. This has involved re-visiting earlier work around jobs targets and those expressed through previous studies as well as the Council's Economic Development Strategy, considering our existing supply of sites and where growth is anticipated before arriving at a figure.

3.3 Whilst Tym's have not yet completed all of their work around job numbers, a draft topic paper (which is included as an appendix to this report at Appendix 1) indicate that a target of **11,000 jobs for the Borough** over the period 2008 – 2026 represents a realistic but still challenging target for our Plan.

3.4 The 11,000 target relates to the Borough as a whole but in terms of our economic strategy, the Plan will focus on enabling and providing employment at the Taunton urban area. It is important to note that the Paper also acknowledges that a significant proportion of economic growth will be around non-traditional forms of employment. That is to say, a great proportion of growth will include in sectors such as retail, health and education as opposed to more traditional 'B uses' (offices, distribution and warehousing, etc).

3.5 It should be noted that the adoption of the 11,000 jobs will have implications for the Council's Economic Development Strategy. This relatively recently adopted Strategy planned for a level of job growth consistent with the Proposed Changes scale of new housing. As has already been emphasised, the Tym's target is considered to be both challenging and realistic and as such, consideration should be given to revisit specific elements of the Economic Development Strategy, to ensure consistency across Council documents.

## 4 Establishing a Housing Target

4.1 In recognition of the need for future growth in Taunton Deane to be essentially 'job's led', it was considered necessary that any work around identifying an appropriate housing target should use assumptions about job creation as its basis. Moreover, it was also considered essential that any figure should be 'locally generated' as opposed to being made on a series of assumptions based upon past trends at a national level (as the ONS projections have traditionally done).

4.2 Fordham Research were commissioned in mid July 2010 to undertake the commission, principally on the basis that having previously prepared the Strategic Housing Market Assessment for the Housing Market Area, they had a wealth of locally derived information for the Borough. This locally derived information comprised a sizeable survey of over 2,000 households in Taunton Deane and has then been used to form a judgment about in-migration, employment patterns, earnings etc.

4.3 The household data has then been combined with existing ONS population and household projections (with in-migration elements of the projections replaced by that derived from Fordhams own household data), factoring in the 11,000 jobs target from Tym's work then allows a housing target to be formulated.

4.4 The methodology followed by Fordhams is set out in their Draft Report at Appendix 2. It has assumed that new growth will be 'commuting-neutral', meaning that the new population would largely live and work within the Taunton area. This assumption is logical as without doing so would mean that housing provision would be made outside of the authority to cater for these people (something over which we have no control), it would also involve a greater level of in-commuting something which does not fit well with general principles of sustainability and in particular reducing the need to travel.

4.5 To this end and using the 11,000 jobs target derived from Tym's work, the Draft Report concludes that a target of **15,000 houses would be most appropriate for the Borough over the period 2008 – 2026**.

4.6 In terms of translating the conclusions of the Draft Report forward and using them to inform targets in the emerging Core Strategy, it is recommended that provision be made for the phasing of any residualised target between 2011 and 2026. Adopting such an approach would allow the Council sufficient latitude to build its way up towards a still challenging target and reflect that in the short – medium term (i.e. the first five years of the plan period), whilst there is a significant supply of housing sites, the ability to deliver higher numbers may continue to be limited.

4.7 Whilst further work around the current supply of sites is required (and is underway in the form of the SHLAA Review) and the exact level of provision required over the period 2011 – 2026 can only be projected at this stage, assuming approximately 1,500 completions over the period 01/04/2008 – 31/03/2011, the following illustrative phasing bands are suggested:

**01/04/2011 – 31/03/2016: proposed target of at least 3,500 (equivalent to 700 dwellings per annum)**
**01/04/2016 – 31/03/2021: proposed target of at least 4,500 (equivalent to 900 dwellings per annum)**

**01/04/2021 – 31/03/2026: proposed target of at least 5,500 (equivalent to 1,100 dwellings per annum)[1]**

4.8 The table set out below gives an indication as to how the latest proposed interpretation of housing numbers for Taunton Deane relate to those set out previously in higher level documents:

| **Taunton Deane Borough requirements** | Somerset County Structure Plan 1991 – 2011 | dRSS 2006-2026 | Panel Report / Proposed Changes dRSS 2006 – 2026 | 2010 Fordhams Report 2008 - 2026 |
|---|---|---|---|---|
| Total Reqm | 10,450 | 17,300 | 21,800 | 15,000 |
| Annualised Reqm | 523 | 865 | 1,090 | 833 |
| Phasing | NONE | 2006 – 2016: 825 dwellings per annum 2016 – 2026: 905 dwellings per annum | NONE | 2011 – 2016 approx 700 dpa 2016 – 2021 approx 900 dpa 2021 – 2026 approx 1,100 dpa |

*Implications of numbers for five year housing supply*

4.9 Adopting the housing targets as expressed in this Report and the associated proposed phasing requirements would result in the Borough being able to demonstrate an improved housing land supply (as opposed to assessing the requirement against the Draft Revised RSS and even more markedly against the Proposed Changes).

4.10 The SHLAA Review will take a more robust judgment about supply taking into account current market conditions. Whilst the work is on-going, indications are that the supply of deliverable sites will be markedly reduced from that previously reported in the 2009 SHLAA and indeed the updated December 2009 Land Supply Statement. This is in spite of the fact that there is a sizeable supply of extant commitments in the form of valid planning consents and allocations.

4.11 The supply has been reduced to reflect current market conditions and in particular the achievability of such sites reflecting the lack of willingness of banks to lend to developers on certain schemes (in particular some of the flatted high density schemes such as those promoted through the Town Centre AAP). In addition, unwillingness to lend by mortgage providers and general uncertainty in the economy as well as planning contributions negotiated prior to the 'credit crunch' has translated into a housing market

[1] Note: if necessary, a further year of housing provision: 01/04/2026 should be pro-rata'd on the basis of 1,100 dwellings being required.

where both the ability and capacity to deliver high build out rates on larger sites is greatly reduced.

4.12 With all these issues in mind, it seems highly appropriate for the Council to adopt a phasing approach to the Core Strategy which reflects the difficulties in delivering large scale growth in the next five years at least. Such an approach would not preclude further planning permissions being granted on sustainable sites which meet with the provisions of current and emerging policy and general sustainable criteria (such as those set out in Paragraph 69 of PPS3).

*Implications for Urban Initiatives Masterplanning commission and other evidence*

4.13 It is clearly of critical importance, that in order for the emerging Core Strategy to still come forward in a timely fashion that strategic targets are agreed as soon as possible. There are a number of key pieces of our evidence base including the Infrastructure Delivery Plan, Retail Capacity Study as well the Urban Initiatives Masterplanning Commission that are hugely dependent on the establishment of strategic targets in order to be progressed.

4.14 In the case of the Urban Initiatives work, the Consultants Team have already indicated that they believe the Masterplan for Taunton can make sufficient provision for, and more importantly deliver, the scale of growth proposed in this Report.

*Implications for the mix of housing required (including levels of affordable housing)*

4.15 One of the principal advantages of appointing Fordham Research to undertake the work around establishing a strategic housing target was that it also presented an opportunity to revisit some of the key findings of the SHMA (also undertaken by Fordhams back in 2008). The SHMA was able to establish what an appropriate mix of housing should be reflecting need in accordance with DCLG guidance and assumptions about future growth. The SHMA concluded that new housing should contribute toward a target of 40% affordable housing.

4.16 As part of the July 2010 commission, Fordhams have reconsidered the need for affordable housing taking into account the Council's significant plans for employment and job creation. The key assumption made is that a significant proportion of the in-migrant population (based upon findings of the household survey) will be employed: 55% as opposed to 45%.

4.17 Reflecting the Council's jobs-led strategy, the Draft Report concludes that 74% of new accommodation should be market, around 16% social rented dwellings and around 10% intermediate housing. Quite clearly this represents a significant step change for the Council and has key implications for the formulation of affordable housing policy. In view of the significance of this finding, it may be necessary for further discussion and debate to be carried out with members prior to this particularly conclusion being taken forward and used to shape emerging policy.

4.18 In addition to providing clarity about affordable housing levels, the Draft Report's findings also reflect that the ageing population dynamic of the Borough will translate into a specific requirement for specialist accommodation. Information on these specific needs are also based on survey information and illustrates a need for around 1,500 specialist units (of which approximately 48% should be market and 52% affordable – this is in addition to the affordable housing element outlined in 4.17).

## 5 Financial implications

5.1 There are no direct financial implications arising out of this report.

5.2 The Coalition Government is proposing to replace the Housing and Planning Delivery Grant with an incentivised scheme linked to new housing delivery. As such the setting of housing targets and the realisation of new development will have significant financial benefits for the Council with Council Tax receipts from new housing likely to be matched for a period of six years following completion.

## 6 Links to Corporate Aims

6.1 The establishment of strategic targets for both housing and jobs is directly related to Aim 2: Regeneration and Aim 4: Affordable Housing.

## 7 Equalities Impact

7.1 A full and comprehensive Equalities Impact Assessment will be carried out on the Core Strategy document itself in due course.

## 8 Recommendations

8.1 The Executive is requested to approve the following strategic targets to be used in the Core Strategy and supporting documents:

1. 11,000 jobs over the period 2006 – 2026;
2. 15,000 homes over the period 2008 – 2026; and
3. appropriate phasing of housing targets between three five year time bands – 01/04/2011-31/03/2015, 01/04/2016-31/03/2020 and 01/04/2021-31/03/2026;

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Taunton Deane District Council

# TAUNTON ECONOMY TOPIC PAPER

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# 1 INTRODUCTION

## The Economic Topic Paper

1.1 The purpose of this Economic Topic Paper is to guide employment land policy and site allocations appropriate to the Taunton Deane Core Strategy, the current Urban Extensions Study and other strategic development initiatives.

1.2 The topic paper therefore needs to provide an adequate evidence base to support sound proposals, to provide a coherent analysis of employment land requirements which are consistent with established economic aspirations and strategy for the Borough.

1.3 The Topic Paper starts with an overview of jobs and housing alignments to inform the requirements for employment land. These are set out in the rest of this section. The following sections are set out as follows:

- Section 2 reviews the Taunton Deane Borough and Taunton SSCT job forecasts to identify which sectors are projected to grow, and which sectors require space to support this growth.
- Section 3 reviews relevant plans and strategies to outline the local economic development priorities and objectives that may provide drivers for future growth and employment land policy.
- Section 4 forecasts the demand for employment land based on employment forecasts and compares them with supply in quantitative terms.
- Chapter 5 assesses the allocated sites, and sites identified for employment use in the Stage 1 Taunton Deane Employment Land Review, in terms of their broad market and deliverability potential to meet the identified requirements.
- Conclusions, including recommendations on future site allocations, are in Chapter 6
- Appendices 2 and 3 analyse in more detail the present condition of Taunton Deane's economy and property market, establishing the baseline for future change and informing the earlier sections within this paper.

## Jobs Targets to 2026

1.4 Before identifying the need for additional employment space and employment policies within the Taunton Deane Core Strategy, an appropriate and realistic job target needs to be established.

1.5 There have been a number of studies that identify a range of employment change projections for Taunton Deane Borough. The Council's Economic Development Strategy (EDS) prepared by Geoeconomics (2010) reports a range of studies conducted between 2005-08 which contain employment and/or floorspace projections for Taunton Deane or Taunton TTWA. To these can be added subsequent forecast produced for the revoked South West RSS by Cambridge Econometrics. The EDS also sets an objective to create 16,500 jobs over the period to 2026, which would be an aspirational increase of nearly 30%. These figures are identified in Table X.

**Table X Range of Taunton Deane Employment Forecasts**

| | 2006 | 2026 | 2006-26 | %p.a. |
|---|---|---|---|---|
| CE RSS 2.8% GVA | 62,300 | 73,300 | 11,000 | 0.8% |
| CE RSS 3.2% GVA | 62,300 | 76,100 | 13,800 | 1.0% |
| GeoEconomics (2010) | 59,000 | 74,125 | 15,125 | 1.1% |
| Taunton EDS (2010) | 59,000 | 75,500 | 16,500 | 1.2% |

Source: GeoEconomics (2010)

1.6 Since all these forecast were produced, the UK economy has been through its longest and deepest recession of the post-war era, resulting in current forecasts being below those set a few years earlier. For example, more recent employment projections for the South West forecast an annual GVA growth of 2.4% compared with the RSS target 2.8% and 3.2% annual GVA growth rates.

1.7 While forecast over a twenty year period are normally projected on a trend growth rate, it can be expected that there will be two or three business cycles over the plan period and at any point in the projections the economy might be above or below the trend growth rate. Hence the fact that there has been a recession is not in itself sufficient to negate the projections. However the recession has been particularly long and deep and may have resulted in some overall loss of economic capacity. Therefore the projections presented in Table X are unlikely to be exceeded, and must be considered a best case. For that reason, and to remain positive (and possibly aspirational) about future employment growth in Taunton Deane, the lower 2.8% annual Regional GVA growth target is considered an appropriate and more realistic target to plan for.

1.8 To achieve this target future scenario, Taunton Deane Borough would be expected to support a growth of an additional 11,000 jobs between 2006 and 2026.

## *Growth Period*

1.9 The 11,000 job target is taken to cover the 2008 to 2026 planning period. The start year is two years beyond that in the original forecasts in order to align with housing supply data. No adjustment has been applied in moving the employment base forward two years because employee data for Taunton Deane in the Annual Business Inquiry (which unfortunately excludes self employed workers) for the years 2006 to 2008 show a dip in performance in 2007 and then the apparent modest recovery in 2008, demonstrating some volatility but with limited change over the short term. These figures are as follows:

- 2006 - 54,112 jobs
- 2007 - 53,607 jobs
- 2008 - 54,987 jobs

1.10 Hence, using unadjusted job target of 11,000 from 2008 to 2026 is considered appropriate for the borough.

## Alignment of Homes and Jobs (may need revising in light of Fordham's report)

1.11 The implications for the forecasts in terms of the balance between jobs and workers are set out in Table X. As described in the baseline assessment included in Appendix 1, Taunton was a net importer of labour with a net inflow of 5,200 workers at 2001. Some net inflow of workers should be expected because Taunton is the county town of Somerset and plays a role as a major employment hub for the surrounding towns and districts.

1.12 The issue going forward is whether Taunton should be aiming to maintain this current level of inflow, whether it should seeking to reduce it by supplying more of its labour force locally or whether it should be seeking to increase the inflow of workers by raising its role as a sub-regional employment hub. There are few other places that are in a position to attempt to attract higher value jobs.

1.13 The latest ONS population and household projections show an increase of 15,000 households over the period 2006-26. Approximately a third is accounted for by change in household size with the remainder being the result of population increase.

1.14 Comparing the projected growth in workforce under the projected target 11,000 jobs (see Table below and further detail in Appendix 2) shows the growth in economically active to be marginally below growth in jobs and, with other things being equal, this would result in a small reduction in net in-commuting of around 1,000.

**Table X Taunton Deane Population and Household Projections**

| | 2006 | 2011 | 2016 | 2021 | 2026 | 2006-26 |
|---|---|---|---|---|---|---|
| Population | 107,400 | 113,600 | 119,900 | 126,400 | 132,800 | 25,400 |
| Households | 47,000 | 50,000 | 54,000 | 58,000 | 62,000 | 15,000 |
| Persons per household | 2.3 | 2.3 | 2.2 | 2.2 | 2.1 | -0.2 |

Source: ONS Sub-national Population Projections 2010

**Table Y Taunton Deane Jobs and Workforce Projections**

| | 2006 | 2011 | 2016 | 2021 | 2026 | 2006-26 |
|---|---|---|---|---|---|---|
| Total Jobs | 62,300 | 65,600 | 68,300 | 70,700 | 73,300 | 11,000 |
| Total Population | 107,400 | 113,600 | 119,900 | 126,400 | 132,800 | 25,400 |
| Working Age Population | 63,300 | 66,600 | 70,400 | 74,100 | 77,900 | 14,600 |
| Econ Active Population | 52,792 | 55,544 | 58,714 | 61,799 | 64,969 | 12,176 |

# 2 PROJECTED JOB GROWTH

## Introduction

2.1 In this section the Cambridge Econometrics employment projections for Taunton Deane, and subsequently for the Taunton SSCT area, are considered further. This is a first step in assessing the potential for economic growth and the resulting land area requirements.

2.2 It is important to note that the Cambridge Econometrics projections are largely trend based using relative sectoral shares of national growth (a summary of the approach is set out in Appendix 2). However, looking to the future we have to take account of both property market conditions and the special growth point circumstances of Taunton Deane, together with the Economic Development strategies aspiration for a change in performance. We consider these issues in Appendix 1 and subsequent sections.

## Taunton Deane Economic Forecasts

2.3 As noted in Section 1, the Cambridge Econometrics annual 2.8% GVA growth projects for the South West forecast a total employment growth in Taunton Deane of 11,000. Moving beyond these preferred aggregate forecasts, Cambridge Econometrics also provide employment forecasts by sector, which are shown in Table X.

**Table X Employment Projections by Sector, Taunton Deane (2.8% GVA p.a.)**

| 2.8% GVA pa | 2006 | 2011 | 2016 | 2021 | 2026 | Change 2006-26 | % Change 2006-26 | % Change SW 2006-26 |
|---|---|---|---|---|---|---|---|---|
| Agriculture etc | 2,200 | 2,100 | 2,000 | 1,900 | 1,800 | -400 | -18% | -22% |
| Mining & Quarrying | 0 | 0 | 0 | 0 | 0 | 0 | 0% | -32% |
| Food, Textiles & Wood | 1,100 | 1,000 | 900 | 700 | 600 | -500 | -45% | -30% |
| Printing & Publishing | 1,100 | 1,100 | 1,200 | 1,200 | 1,300 | 200 | 18% | 9% |
| Chemicals & Minerals | 1,000 | 900 | 900 | 800 | 700 | -300 | -30% | -25% |
| Metals & Engineering | 400 | 400 | 300 | 300 | 300 | -100 | -25% | -27% |
| Electronics | 500 | 400 | 300 | 200 | 200 | -300 | -60% | -35% |
| Transport Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0% | -36% |
| Manufacturing nes | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 0 | 0% | -1% |
| Electricity, Gas & Water | 300 | 300 | 200 | 200 | 200 | -100 | -33% | -32% |
| Construction | 2,900 | 3,000 | 3,100 | 3,100 | 3,200 | 300 | 10% | 10% |
| Distribution | 10,600 | 11,300 | 12,000 | 12,900 | 13,700 | 3,100 | 29% | 25% |
| Hotels & Catering | 3,000 | 3,300 | 3,500 | 3,700 | 3,900 | 900 | 30% | 19% |
| Transport & Comms | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 0 | 0% | 8% |
| Banking & Insurance | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 0 | 0% | 3% |
| Other Business Serv | 9,100 | 9,900 | 10,600 | 11,400 | 12,300 | 3,200 | 35% | 36% |
| Public Admin & Defence | 7,200 | 7,200 | 6,900 | 6,700 | 6,400 | -800 | -11% | -4% |
| Education & Health | 15,700 | 17,200 | 18,400 | 19,300 | 20,200 | 4,500 | 29% | 21% |
| 19 Miscellaneous Services | 2,800 | 3,100 | 3,500 | 3,800 | 4,100 | 1,300 | 46% | 26% |
| Total employment | 62,300 | 65,600 | 68,300 | 70,700 | 73,300 | 11,000 | 18% | 14% |

Source: Cambridge Econometrics

2.4 The table above shows that the overall growth in employment of 11,000 is equivalent to an increase of 18%, which is four percentage points above the South West region forecast. This growth is primarily driven by Education and Health, Other Business

Services and Distribution. Manufacturing sectors, on the other hand, are forecast to decline over the same period.

## *Business Space Jobs*

2.5 Using a definition of B-space sectors (i.e. sectors using offices or industrial/warehouing premises, as defined as B-class uses in the Use Classes Order), which are defined in Appendix 2, the projections above can be converted into B-space employment, as given in Table X.

**Table X B-space Employment, Taunton Deane, 2006-26**

| | 2006 | 2011 | 2016 | 2021 | 2026 | Change 2006-26 | |
|---|---|---|---|---|---|---|---|
| | | | | | | # | % |
| Food, Textiles & Wood | 1,100 | 1,000 | 900 | 700 | 600 | -500 | -45% |
| Printing adj forecast | 573 | 573 | 625 | 625 | 678 | 104 | 18% |
| Chemicals & Minerals | 1,000 | 900 | 900 | 800 | 700 | -300 | -30% |
| Metals & Engineering | 400 | 400 | 300 | 300 | 300 | -100 | -25% |
| Electronics | 500 | 400 | 300 | 200 | 200 | -300 | -60% |
| Transport Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0% |
| Other Manufacturing | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 0 | 0% |
| Total Manufacturing | 4,573 | 4,273 | 4,025 | 3,625 | 3,478 | -1,096 | -24% |
| Construction adj forecast | 1,130 | 1,169 | 1,208 | 1,208 | 1,247 | 117 | 10% |
| Motor vehicles adj forecast | 864 | 921 | 978 | 1,051 | 1,116 | 253 | 29% |
| Sewage adj forecast | 520 | 576 | 650 | 706 | 762 | 241 | 46% |
| Labour Recruitment Adj forecast | 189 | 191 | 195 | 194 | 203 | 13 | 7% |
| Total Other Industrial | 2,703 | 2,857 | 3,030 | 3,159 | 3,327 | 624 | 23% |
| TOTAL INDUSTRIAL | 7,276 | 7,130 | 7,055 | 6,784 | 6,804 | -472 | -6% |
| Wholesaling adj forecast | 3,177 | 3,387 | 3,597 | 3,866 | 4,106 | 929 | 29% |
| Transport & Comms adj forecast | 111 | 111 | 111 | 111 | 111 | 0 | 0% |
| Packaging adj forecast | 96 | 104 | 111 | 120 | 129 | 34 | 35% |
| Labour Recruitment Adj forecast | 90 | 99 | 108 | 121 | 133 | 43 | 48% |
| TOTAL WAREHOUSING | 3,474 | 3,701 | 3,927 | 4,217 | 4,479 | 1,006 | 29% |
| **TOTAL IND/WHSG** | **10,749** | **10,831** | **10,982** | **11,002** | **11,284** | **534** | **5%** |
| Publishing adj forecast | 527 | 527 | 575 | 575 | 622 | 96 | 18% |
| Banking & Insurance | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | - | 0% |
| Business Services adj forecast | 6,452 | 7,019 | 7,516 | 8,083 | 8,721 | 2,269 | 35% |
| Other Services Adj forecast | 385 | 426 | 481 | 522 | 563 | 179 | 46% |
| Public Admin & Defence Adj forecast | 5,378 | 5,378 | 5,154 | 5,004 | 4,780 | -598 | -11% |
| Labour Recruitment Adj forecast | 380 | 410 | 432 | 462 | 497 | 116 | 31% |
| TOTAL OFFICES | 14,622 | 15,259 | 15,657 | 16,146 | 16,683 | 2,062 | 14% |
| **TOTAL B SPACE JOBS** | **25,371** | **26,090** | **26,639** | **27,148** | **27,967** | **2,596** | **10%** |
| TOTAL | 62,300 | 65,600 | 68,300 | 70,700 | 73,300 | 11,000 | 18% |
| **B Space as % of Total Jobs** | **41%** | **40%** | **39%** | **38%** | **38%** | **-3%** | **-6%** |

Source: Cambridge Econometrics; RTP

### *Industrial Warehousing Jobs*

2.6 This shows a marginal decline in industrial employment over the period 2006 to 2026 of around 500 jobs. On the other hand, warehousing employment is expected to increase by 1,000 jobs over the same period. This implies a limited requirement for additional new space – though within the existing total industrial/warehousing provision there may be a significant level of redevelopment/reinvestment to meet changing needs.

### *Office Jobs*

2.7 In the B-space sectors, employment in offices is expected to increase the most, with a projected net additional 2,000 jobs. Hence, within the total 11,000 jobs projected for Taunton under this scenario, 2,600 will require B-space accommodation.

## *Non B-space Jobs*

2.8 Non B-space jobs can be found in other land uses forms such as schools, hospitals, shops or even have no ‘defined' workplace (such as self-employed construction workers). The forecasts suggest that the employment growth in Taunton Deane would be higher in Non B-space sectors accounting for more than 76% of growth under GVA 2.8% scenario.

2.9 These types of jobs represent the larger part of employment in Taunton Deane driven by its strongest sectors covering Retail, Health, Social Care and Education. The retail sector, including convenience and comparison retail and repair of household goods, is forecast to grow by more than 2,400 jobs. A similar expansion is expected in Education and non-residential Health Care.

2.10 Residential Health Care (C2 use class) will grow by 30% from 2006 to 2026 driven by Hospital Activities. The importance of residential Social Care will be rising with the ageing population, and hence some of the growth may also come from this sub-sector.

2.11 We note the current uncertainties and proposed cuts in education and health spending, and these forecasts will require regular review. However, it is likely that the need for growth in education and health provision will continue over the 20 year plan period, and uncertainty is more focussed on the structures and organisational sectors of growth rather than actual employment numbers.

Tabke X Non B-space Employment, Taunton Deane, 2006-26 (2.8% GVA p.a.)

| | 2006 | 2011 | 2016 | 2021 | 2026 | *Change 2006-2026* | *% change* |
|---|---|---|---|---|---|---|---|
| A1 Distribution forecast | 7,673 | 8,180 | 8,687 | 9,338 | 9,917 | 2,244 | 29% |
| A1 Transport & Comms adj forecast | 467 | 467 | 467 | 467 | 467 | 0 | 0% |
| A1 Misc Services adj forecast | 372 | 412 | 465 | 505 | 544 | 173 | 46% |
| A1 Other Bus Serv adj forecast | 74 | 81 | 87 | 93 | 100 | 26 | 35% |
| **TOTAL A1 Shops** | **8,586** | **9,139** | **9,705** | **10,403** | **11,029** | **2,443** | **28%** |
| A3-A5 Hotels & Catering adj forecast | 2,203 | 2,423 | 2,570 | 2,716 | 2,863 | 661 | 30% |
| **TOTAL A3, A4, A5 Restaurants, Bars, Hot Food Takeaways** | **2,203** | **2,423** | **2,570** | **2,716** | **2,863** | **661** | **30%** |
| C1 Hotels & Catering adj forecast | 415 | 456 | 484 | 511 | 539 | 124 | 30% |
| **TOTAL C1 Hotels** | **415** | **456** | **484** | **511** | **539** | **124** | **30%** |
| C2 Education & Health adj forecast | 7,155 | 7,839 | 8,386 | 8,796 | 9,206 | 2,051 | 29% |
| **TOTAL C2 Residential Institutions (health and social care)** | **7,155** | **7,839** | **8,386** | **8,796** | **9,206** | **2,051** | **29%** |
| D1 Education & Health adj forecast | 8,538 | 9,353 | 10,006 | 10,495 | 10,985 | 2,447 | 29% |
| D1 Misc Services adj forecast | 191 | 211 | 239 | 259 | 280 | 89 | 46% |
| D1 Public Admin & Def adj forecast | 212 | 212 | 203 | 197 | 188 | -24 | -11% |
| **TOTAL D1 Non-Residential Institutions (education, health practices)** | **8,940** | **9,776** | **10,447** | **10,951** | **11,452** | **2,512** | **28%** |
| D2 Misc Serv adj forecast | 1,034 | 1,145 | 1,293 | 1,403 | 1,514 | 480 | 46% |
| **TOTAL D2 Assembly and Leisure** | **1,034** | **1,145** | **1,293** | **1,403** | **1,514** | **480** | **46%** |
| SG Distribution adj forecast | 921 | 982 | 1,043 | 1,121 | 1,191 | 269 | 29% |
| SG Hotels & Catering adj forecast | 345 | 379 | 402 | 425 | 448 | 103 | 30% |
| SG Misc Serv adj forecast | 288 | 318 | 359 | 390 | 421 | 133 | 46% |
| SG Construction adj forecast | 1,775 | 1,836 | 1,897 | 1,897 | 1,958 | 184 | 10% |
| SG Transport & Telecomms adj forecast | 585 | 585 | 585 | 585 | 585 | 0 | 0% |
| SG Other Bus Services adj forecast | 867 | 943 | 1,010 | 1,086 | 1,172 | 305 | 35% |
| SG Public Admin & Def adj forecast | 1,479 | 1,479 | 1,417 | 1,376 | 1,314 | -164 | -11% |
| Electricity, Gas & Water | 300.0 | 300.0 | 200.0 | 200.0 | 200.0 | -100 | -33% |
| Agriculture etc | 2,200.0 | 2,100.0 | 2,000.0 | 1,900.0 | 1,800.0 | -400 | -18% |
| **TOTAL Sui Generis** | **8,760** | **8,923** | **8,914** | **8,981** | **9,090** | **331** | **4%** |
| TOTAL non-B SPACE JOBS | 37,093 | 39,702 | 41,798 | 43,763 | 45,694 | 8,602 | 23% |
| TOTAL | 62,300 | 65,600 | 68,300 | 70,700 | 73,300 | 11,000 | 18% |
| **Non-B Space as % of total** | **60%** | **61%** | **61%** | **62%** | **62%** | **3%** | |

Source: Cambridge Econometrics; RTP

## *Green Jobs*

2.12 The Green Knowledge Economy has been identified as a priority and a focus for growth in the 21st Century Taunton Deane in the Taunton Deane EDS (2010). In terms of understanding what is included in the low carbon or green economy sectors, there is a range of 'narrow' definitions which cover only sectors producing low carbon goods and services, and similarly there is a range of 'broader' definitions that encompass all activities which lead to the whole economy becoming lower carbon. The aim of all policy makers and researchers is to eventually achieve low carbon operations within all sectors of the economy. One of these 'broad' definitions is that the green economy is 'a resilient economy that provides a better quality of life for all within the ecological limits of one planet'[1].

2.13 There are businesses everywhere, which are actively innovating to produce low carbon goods and services and these are in the sectors of traditional environmental consultancy, waste recycling, pollution mitigation and control, renewable energy, alternative fuel vehicles, alternative fuels, energy management, carbon finance, and low carbon building technologies (Low Carbon and Environmental Goods and Services (LCEGS) sectors BERR, 2009). At the same time other sectors are either using the goods and services produced by the above industries or actively changing their own production and operation processes to ensure carbon neutrality. There is a third layer of the economy, however, which is related to consumption of these goods and services and changing practices and behaviour among businesses, households, and individuals. The total green economy can therefore be presented graphically as shown in the diagram below:

**Figure X The Low Carbon Economy**


2.14 For the purposes of this paper we analyse employment within narrow and broader definitions of low carbon sectors. Narrow definitions have been used by UK CEED in their 2008 report[2], which includes waste and sewage, recycling, environmental consulting, activities related to agriculture, water supply and treatment, and electricity distribution and control apparatus. The results of the employment analysis according to this definition are presented below:

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[1] The Green Economy Coalition, 2010

[2] UK CEED, 2008. *The Commercial Opportunity for London Businesses in the Environment Sector*.

**Table X Taunton Deane Employees in Environmental Sectors (narrow definition), 2008**

| | Employment | LQ[3] | % of total employment | Annual growth 2004-2008 |
|---|---|---|---|---|
| Mendip | 1,056 | 1.0 | 2.6% | 10.7% |
| Mid Devon | 595 | 0.9 | 2.4% | 25.9% |
| Sedgemoor | 1,092 | 1.0 | 2.7% | 7.4% |
| South Somerset | 1,419 | 0.8 | 2.1% | 13.2% |
| BANES | 4,435 | 2.2 | 5.6% | 12.5% |
| Bournemouth | 858 | 0.4 | 1.1% | 7.9% |
| Exeter | 3,796 | 1.7 | 4.5% | -0.5% |
| Swindon | 3,491 | 1.2 | 3.1% | 4.6% |
| Taunton Deane | 2,242 | 1.6 | 4.2% | 2.9% |
| South West | 64,842 | 1.1 | 2.9% | 9.9% |
| Great Britain | 689,465 | | 2.9% | 6.8% |

Source: RTP; ABI

2.15 Growth in these environmental sectors in the borough was quite marginal compared to regional and national averages, and some of the neighbours and major urban areas. Mid Devon, Bath and North East Somerset, and Mendip stand out with their high annual growth. Only Exeter has experienced decline since 2004. Despite the slow momentum of jobs growth in this sector, Taunton Deane is actually over-represented compared to the national average.

2.16 The narrow definition does not really capture what today is considered ‘low carbon’ economy. Whilst the broad definition based on SIC codes is in itself flawed as it counts in many jobs, which are not yet ‘low carbon’ it provides a snapshot of sectors, which have the best potential to make the transition from traditional to ‘low carbon’. It is therefore that aspirational target, which Taunton Deane Borough Council should pursue in order to gain more green jobs.

[3] Location Quotient (LQ) is a measure of concentration, in this case measuring a sector’s share of total employment in Taunton Deane borough divided by that sector’s share of total employment in Great Britain. Sectors with an LQ greater than 1 are over-represented in the area against the national norm and those with an LQ below 1 are under-represented. An LQ of 1 indicates that a sector accounts for the same share of total employment in the study area as in the national economy.

**Table X Potential Low Carbon Sectors in Taunton Deane in 2008**

| Area | Employment | LQ | % of total employment | Annual gth 2007-2008 |
|---|---|---|---|---|
| Bath and North East Somerset | 14,034 | 1.0 | 18% | 12% |
| Bournemouth | 6,901 | 0.5 | 9% | 2% |
| Exeter | 13,970 | 1.0 | 17% | -5% |
| Mendip | 6,504 | 0.9 | 16% | 2% |
| Mid Devon | 3,624 | 0.8 | 14% | 4% |
| Sedgemoor | 5,055 | 0.7 | 12% | -3% |
| South Somerset | 9,430 | 0.8 | 14% | 1% |
| Swindon | 19,965 | 1.0 | 18% | -2% |
| Taunton Deane | 7,037 | 0.8 | 13% | 7% |
| South West | 356,209 | 0.9 | 16% | 0% |
| Great Britain | 4,569,558 | | 17% | 2% |

2.17 We can project green jobs in the same way as B-space and Non B-space category jobs.

**Table X Taunton Deane Projected Employment Growth in Environmental Sectors (narrow definition) to 2026**

| | 2006 | 2011 | 2016 | 2021 | 2026 | *Change 2006-2026* | *% change* |
|---|---|---|---|---|---|---|---|
| Distribution forecast | 6 | 7 | 7 | 8 | 8 | 2 | 29% |
| Transport & Comms adj forecast | 0 | 0 | 0 | 0 | 0 | 0 | - |
| Misc Services adj forecast | 501 | 554 | 626 | 679 | 733 | 232 | 46% |
| Other Bus Serv adj forecast | 1,422 | 1,547 | 1,656 | 1,781 | 1,922 | 500 | 35% |
| Electricity, Gas & Water adj forecast | 82 | 82 | 55 | 55 | 55 | -27 | -33% |
| Other manufacturing adj forecast | 88 | 88 | 88 | 88 | 88 | 0 | 0% |
| Electronics adj forecast | 20 | 16 | 12 | 8 | 8 | -12 | -60% |
| Agriculture adj forecast | 182 | 174 | 165 | 157 | 149 | -33 | -18% |
| TOTAL GREEN JOBS | 2,301 | 2,468 | 2,610 | 2,777 | 2,963 | 662 | 29% |
| TOTAL | 62,300 | 65,600 | 68,300 | 70,700 | 73,300 | 11,000 | 18% |
| Non-B Space as % of total | 4% | 4% | 4% | 4% | 4% | 0% | |

Source: Cambridge Econometrics; RTP

2.18 The majority of growth is expected in Other Business Services and Miscellaneous Services, which include environmental consulting and waste. Only some 660 of additional employment jobs in traditional environmental sectors are projected to 2026. This can obscure the growing number of green jobs within other traditional sectors of economy, and we accept that as a priority there is a requirement to raise the number and the proportion of jobs in the Green Knowledge Economy. A range of policies and development proposals will be necessary to achieve this, alongside complementary measures to raise skill levels, support growth in new technologies, etc.

## Taunton SSCT Economic Forecasts

2.19 To provide guidance for the Urban Extension study on future job growth and land requirements in the urban areas of Strategically Significant Cities and Town (SSCTs) of Taunton, comprising both existing urban areas and proposed urban extensions. The Cambridge Econometrics Local Economic Forecasting Model (LEFM) does not provide employment projections for SSCTs except where their boundaries coincide with local authority boundaries.

2.20 At the SSCT level, the spatial distribution of jobs will largely depend on detailed local circumstances which cannot be wholly captured by a top-down regional projection, and by local policy decisions which respond to these local circumstances. Therefore, our estimates should be interpreted as broad indications. To derive these estimates, we start from the business-as-usual assumption that the proportion of each district's employment which is located in each SSCT remains constant in the future.

2.21 In more detail, future jobs in SSCTs are estimated as summarised below.

2.22 Firstly, we define each SSCT in terms of wards. The Office for National Statistics (ONS) lists 'urban area' wards', which are wards containing settlements of over 10,000 residents. From this national list, we use GIS software to select those urban area wards in the South West which overlap geographically with SSCT areas. From this set of wards, still using GIS, we define as SSCT wards those in which the settlements account for 50% or more of the ward's total land area.

2.23 The wards included in the Taunton Deane SSCT area are:

- Comeytrowe
- Taunton Blackbrook and Holway
- Taunton Eastgate
- Taunton Fairwater
- Taunton Halcon
- Taunton Killams and Mountfiel
- Taunton Lyngford
- Taunton Manor and Wilton
- Taunton Pyrland and Rowbarton

2.24 The second step in estimating Taunton SSCTs' employment is to measure, from official employment statistics, the proportion of each sector's employment, in the district, which were located in the SSCT urban area in the recent past. This analysis is based on CE's 19 activity sectors and the average of the years 2003-06. By using a four-year average, we hope to improve accuracy, because statistics for small areas tend to be volatile, reflecting random fluctuations in local economies and possibly errors in the statistics.

2.25 Thirdly, we apply the SSCT proportions derived above to CE's projected employment for each district and sector, to generate future employment in the SSCT. These future jobs by sector are finally translated into demand for space, based on the sector-to-land use relationships and employment densities discussed earlier.

### *SSCT Employment Forecasts by Sector*

2.26 Under the 2.8% GVA pa scenario, total anticipated change in employment over the period 2006 and 2026 is approximately 7,600 (a 20% increase). Since the SSCT forecasts are produced by applying proportions to the district level forecasts, the main drivers of this growth remain the same – Education & Health, Other Business Services and Distribution.

**Table X Taunton SSCT Employment Forecasts by Sector, 2006-2026**

| 2.8% GVA pa | 2006 | 2011 | 2016 | 2021 | 2026 | Change 2006-26 | % Change 2006-26 | % Change Taunton District 2006-26 |
|---|---|---|---|---|---|---|---|---|
| Agriculture etc | 23 | 22 | 21 | 20 | 19 | -4 | -18% | -18% |
| Mining & Quarrying | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% |
| Food, Textiles & Wood | 208 | 189 | 170 | 132 | 113 | -94 | -45% | -45% |
| Printing & Publishing | 494 | 494 | 539 | 539 | 584 | 90 | 18% | 18% |
| Chemicals & Minerals | 25 | 22 | 22 | 20 | 17 | -7 | -30% | -30% |
| Metals & Engineering | 122 | 122 | 91 | 91 | 91 | -30 | -25% | -25% |
| Electronics | 283 | 226 | 170 | 113 | 113 | -170 | -60% | -60% |
| Transport Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0% | 0% |
| Other Manufacturing | 72 | 72 | 72 | 72 | 72 | 0 | 0% | 0% |
| Electricity, Gas & Water | 0 | 0 | 0 | 0 | 0 | 0 | 0% | -33% |
| Construction | 1,024 | 1,059 | 1,094 | 1,094 | 1,130 | 106 | 10% | 10% |
| Distribution | 6,113 | 6,517 | 6,921 | 7,440 | 7,901 | 1,788 | 29% | 29% |
| Hotels & Catering | 1,526 | 1,679 | 1,781 | 1,883 | 1,984 | 458 | 30% | 30% |
| Transport & Comms. | 1,076 | 1,076 | 1,076 | 1,076 | 1,076 | 0 | 0% | 0% |
| Banking & Insurance | 1,295 | 1,295 | 1,295 | 1,295 | 1,295 | 0 | 0% | 0% |
| Other Business Serv. | 6,638 | 7,222 | 7,732 | 8,316 | 8,972 | 2,334 | 35% | 35% |
| Public Admin. & Defence. | 6,872 | 6,872 | 6,586 | 6,395 | 6,109 | -764 | -11% | -11% |
| Education & Health | 10,832 | 11,867 | 12,695 | 13,316 | 13,937 | 3,105 | 29% | 29% |
| Miscellaneous Services | 1,679 | 1,859 | 2,099 | 2,279 | 2,459 | 780 | 46% | 46% |
| TOTAL | 38,282 | 40,593 | 42,364 | 44,081 | 45,873 | 7,590 | 20% | 18% |

Source: Cambridge Econometrics

## *Taunton SSCT B-space Jobs*

2.27 Adopting the same conversion methodology for converting sectoral employment to B space employment as for the borough, the results in Table X are obtained.

2.28 Under the 2.8% GVA pa scenario, total industrial jobs are expected to decrease by 4% in contrast to a 6% decline for the overall District. Warehousing jobs change will be slower in Taunton SSCT- estimated to increase by 13% compared to 29% district-wide, while office jobs change is also similar (11% increase for the SSCT and 14% increase for the district).

Table X B-space Employment, Taunton SSCTs, 2006-26

| | 2006 | 2011 | 2016 | 2021 | 2026 | Change | % change | % change in Taunton District |
|---|---|---|---|---|---|---|---|---|
| **Food, Textiles & Wood** | 208 | 189 | 170 | 132 | 113 | -94 | -45% | -45% |
| **Printing adj forecast** | 71 | 71 | 78 | 78 | 84 | 13 | 18% | 18% |
| **Chemicals & Minerals** | 25 | 22 | 22 | 20 | 17 | -7 | -30% | -30% |
| **Metals & Engineering** | 122 | 122 | 91 | 91 | 91 | -30 | -25% | -25% |
| **Electronics** | 283 | 226 | 170 | 113 | 113 | -170 | -60% | -60% |
| **Transport Equipment** | 0 | 0 | 0 | 0 | 0 | 0 | - | - |
| **Other Manufacturing** | 72 | 72 | 72 | 72 | 72 | 0 | 0% | 0% |
| **Total Manufacturing** | **780** | **702** | **603** | **506** | **491** | **-289** | **-37%** | **-24%** |
| Construction adj forecast | 522 | 540 | 558 | 558 | 576 | 54 | 10% | 10% |
| Motor vehicles adj forecast | 141 | 150 | 160 | 172 | 182 | 41 | 29% | 29% |
| Sewage adj forecast | 239 | 265 | 299 | 324 | 350 | 111 | 46% | 46% |
| Labour Recruitment Adj forecast | 68 | 69 | 69 | 69 | 73 | 5 | 7% | 7% |
| **Total Other Industrial** | **970** | **1,024** | **1,086** | **1,123** | **1,181** | **211** | **22%** | **23%** |
| TOTAL INDUSTRIAL | 1,751 | 1,726 | 1,688 | 1,629 | 1,673 | -78 | -4% | -6% |
| Wholesaling adj forecast | 298 | 317 | 337 | 362 | 385 | 87 | 29% | 29% |
| Transport & Comms adj forecast | 408 | 408 | 408 | 408 | 408 | 0 | 0% | 0% |
| Packaging adj forecast | 0 | 0 | 0 | 0 | 0 | 0 | - | 35% |
| Labour Recruitment Adj forecast | 29 | 30 | 32 | 34 | 36 | 8 | 27% | 48% |
| TOTAL WAREHOUSING | 734 | 755 | 776 | 804 | 829 | 95 | 13% | 29% |
| TOTAL IND/WHSG | 2,485 | 2,482 | 2,465 | 2,433 | 2,501 | 17 | 1% | 5% |
| Publishing adj forecast | 423 | 423 | 461 | 461 | 500 | 77 | 18% | 18% |
| Banking & Insurance | 1,295 | 1,295 | 1,295 | 1,295 | 1,295 | 0 | 0% | 0% |
| Business Services adj forecast | 4,611 | 5,016 | 5,371 | 5,776 | 6,232 | 1,621 | 35% | 35% |
| Other Services Adj forecast | 304 | 336 | 379 | 412 | 444 | 141 | 46% | 46% |
| Public Admin & Defence Adj foreca | 5,142 | 5,142 | 4,928 | 4,785 | 4,571 | -571 | -11% | -11% |
| Labour Recruitment Adj forecast | 476 | 506 | 529 | 559 | 594 | 119 | 25% | 31% |
| TOTAL OFFICES | 12,249 | 12,718 | 12,963 | 13,288 | 13,636 | 1,386 | 11% | 14% |
| TOTAL B SPACE JOBS | 14,734 | 15,199 | 15,428 | 15,721 | 16,137 | 1,403 | 10% | 10% |
| TOTAL | 38,282 | 40,593 | 42,364 | 44,081 | 45,873 | 7,590 | 20% | 18% |
| B Space as % of total | 38% | 37% | 36% | 36% | 35% | -3% | -9% | -6% |

Source: Cambridge Econometrics, RTP

## *Taunton SSCT Non B-class Jobs*

2.29 (TO ADD)

## This section to be developed to include...

## The Scale of Growth above National Projections

## Summary of Key Implications

# 3 STRATEGIC SECTORS

## Introduction

3.1 This section looks at top down and bottom up drivers for growth in Taunton Deane based on relevant regional and local strategies and policies in relation to the local economy. This covers both sectors and types of jobs.

## Strategic Drivers

### *Taunton Deane Economic Development Strategy, 2010*

3.2 The Economic Development Strategy (EDS) sets out three strategic objectives:

- To create 16,500 or nearly 30% more jobs in Taunton by 2026
- To create better quality jobs which will close Taunton's earnings gap with the rest of the South West region
- To create a dynamic 'green economy' in Taunton which delivers fresh business and job opportunities

3.3 The strategy is focused on an approach centred around the creation of a green knowledge economy as opposed to just a knowledge economy. On this basis the strategy sets out three policy themes:

- 'Grow and Green' Communities – develop community based, driven and owned approaches to the green knowledge economy, linking green initiatives with business and employment growth initiatives
- Innovation and enterprise – accelerate business growth and innovation and new enterprise development, giving particular attention to high growth firms and high skill knowledge intensive sectors of Taunton's economy

3.4 Promoting Taunton – promote Taunton both internally to local businesses and community to encourage more local spending and investment and retain companies and talent; and externally to establish Taunton as an important destination for inward investment and tourism, at regional, national and international levels

### *Somerset Economic Assessment, 2010*

3.5 (TO ADD)

### *South West Regional Economic Strategy (RES) 2006*

3.6 The RES has analysed the functional relationship of settlements and areas within the region to develop functional economic zones which provide the framework for addressing different needs and opportunities across the South West. Taunton is located within two zones - the M5 Corridor functional zone (linking it with Exeter, Bridgwater and Western-Super-Mare) and the A303 Corridor functional zone (linking it with Yeovil and Salisbury).

3.7 The RES and its background document Regional Economic Strategy 2006-2015 for South West England: Spatial Implications – Place Matters profiles each of the zones:

- A303 Corridor
  - Taunton is on the west periphery of the zone
  - Zone is not distinct or coherent and is characterised by its road connection into south east of England and the activity around its main settlements
  - Business formation rates range from average to low but employment and economic activity rates are relatively high
  - Employment in the knowledge economy is higher in the east of the zone than it is in the west
  - Skills and qualification levels are high, house prices are high and rural disadvantage includes service related (e.g. GPs, libraries) exclusion
  - The zone has witnessed strong GVA per employee growth, particularly in SMEs
- M5 Corridor
  - Taunton is centrally placed with the zone
  - Zone is defined by flows along the north-south transport routes and forms the link between the ‘prosperous north’ of the region and ‘less prosperous’ peninsula
  - It exhibits a variety of socio-economic needs (e.g. educational performance; deprivation; housing affordability)
  - Growth appears to have largely been due to distribution and logistics related to consumer service provision
  - ‘hot spots’ of strategic locations for high-tech and high value adding businesses
  - Priority sectors particularly represented in the zone include Aerospace (considerably higher than in the region as a whole) and Biotechnology. At broad sector level, Manufacturing, Public Administration and Health have a high representation within the zone.
  - Taunton has a relatively high degree of specialisation in sectors such as health & social care. It is poorly represented in other sectors which are expected to perform well in the future such as computing services. This may affect its ability to grow at, or above, the regional average.

3.8 The RES places emphasis on three strategic objectives: Successful and Competitive Businesses, Strong and Inclusive Communities, and an Effective and Confident Region. These objectives are being delivered through eleven regional priorities:

- Successful and Competitive Businesses:
  - Support business productivity
  - Encourage new enterprise
  - Deliver skills for the economy
  - Compete in the global economy
  - Promote innovation
- Strong and Inclusive Communities:
  - Improve participation in the economy
  - Regenerate the most disadvantaged areas
  - Plan successful and sustainable communities
- Effective and Confident Region:
  - Improve transport networks
  - Promote and enhance what is best about the region

- Improve leadership, influence, and partnership

3.9 Productivity and innovation are recognised as increasingly important to achieving wider objectives and sub-regional and local strategies certainly reflect these. RES identifies eight priority sectors supported at the regional level:

- Advanced engineering, ICT, Marine, Food and Drink, Tourism, Creative Industries, Environmental Technologies, and Bio-Medical

3.10 Further four sectors are supported by Learning and Skills Council's activities in order to improve labour productivity:

- Health and Social Care, Retail, Engineering, and Construction

3.11 Finally the RES supports other key sectors, which are important contributors to economic growth and development of the knowledge economy:

- Engineering, Construction, Public Administration, Finance and Business Services, Distribution and Transport (including Logistics), and Paper and Printing

This section to be developed to include…

*What sectors have been identified to promote*

*What key actions are identified - how to facilitate change/growth*

*What are the key constraints that need to be overcome to realise growth*

*Is it shortage of demand,*

*Labour market*

*Skills*

*Property constraints*

*Transport*

*New sectors that need developing*

*Does Taunton lack critical mass?*

B class job and property growth

Non- B class growth

*Education*

*Health*

*Retail & leisure*

*Other*

3.12

# 4 EMPLOYMENT LAND REQUIREMENTS

This section to be developed to include…

## Taunton Deane Space Requirements

### *B-space Requirements*

#### *Industrial Warehousing Floorspace Requirements*

#### *Office Floorspace Requirements*

### *Locational needs - offices, B1(c), B2 & B8*

### *Split between Taunton and wider district*

### *What type of use should go where*

### *Non B-Class Requirements*

#### *Retail*

#### *Hotels & Catering*

#### *Residential Institutions*

#### *Education*

#### *Other (Non B-space Sui Generis) Activities*

## Taunton SSCT Requirements

### *B-space Requirements*

### *Non B-class Space Requirements*

### *How much floorspace and land is needed to accommodate Non-B uses*

### *Where is this planned to go*

### *Are further allocations needed. If so where*

# 5 EMPLOYMENT SITES

## This section to be developed to include…

## Quantity of Employment Sites Allocated

### *What is currently allocated by type and geography*

### *How does this match with forecast demand*

## Qualitative issues

# 6 CONCLUSIONS

## This section to be developed to include…

## Summary of Findings

## Key Actions

### *Employment Land Policy and Allocations*

### *Immediate Supply*

### *Requirements for Strategic Sites*

# APPENDIX 1

## TAUNTON DEANE'S ECONOMY

# APPENDIX 1: TAUNTON DEANE'S ECONOMY

This appendix profiles the local Taunton Deane economy under three main headings:

- The Borough's resident population and resident workforce;
- The Borough's workplace economy – the businesses and jobs located in the borough;
- The Borough's labour market – where the above meet as workplace demand comes into balance with resident supply.

The analysis throughout is shaped by two broad questions. Firstly, an assessment of economic well-being of the Borough's residents and workers to identify how well off they are and may be expected to be in future and why. This diagnostic will help inform the Council's employment land approach, because a key objective is to further this well-being, which may require correcting any identified disadvantages and influence factors that make the local economy more prosperous and more productive.

Secondly, the local economy is examined for what it tells us about the demand for employment space. The analysis serves as background and a reality check on the quantitative demand forecasts in the main report. More important, it begins to describe demand qualitatively, profiling what Taunton Deane offers businesses, what kinds of businesses operate in the borough and hence what kinds of space they need. This qualitative analysis will be continued in the property market chapter, which will consider in particular what areas Taunton Deane competes with for business occupiers and how it measures up against these competitors.

Throughout this appendix, the local economy is benchmarked against norms or expectations based on the performance of comparable or competing areas like neighbouring districts, and similar urban districts within the region. The benchmarks therefore include:

- Mendip
- Mid Devon
- Sedgemoor
- South Somerset
- BANES
- Bournemouth
- Exeter
- Swindon
- The South West
- England or Great Britain

## The Residents

### *Population*

Using mid-year population estimates, the following table has been devised to obtain total and working age population data for Taunton Deane and comparator areas.

Table 1 Population Estimates, 2008

| | Working Age Population | | Total Population |
|---|---|---|---|
| | # | % | # |
| **Mendip** | 64,700 | 59% | 110,100 |
| **Mid Devon** | 44,700 | 58% | 76,700 |
| **Sedgemoor** | 65,500 | 58% | 112,800 |
| **South Somerset** | 90,600 | 57% | 158,700 |
| **BANES** | 113,900 | 63% | 180,300 |
| **Bournemouth** | 101,800 | 62% | 163,900 |
| **Exeter** | 83,700 | 68% | 123,500 |
| **Swindon** | 122,500 | 64% | 192,900 |
| **Taunton Deane** | **63,400** | **58%** | **108,700** |
| **South West** | 3,115,200 | 60% | 5,209,200 |
| **Great Britain** | 36,976,500 | 62% | 59,608,200 |

Source: Mid-year Population Estimates

Absolute levels of total population in Taunton Deane are similar to those in Mendip and Mid Devon amongst the neighbouring benchmarks but significantly lower than the populations of South Somerset, BANES, Bournemouth and Swindon.

In terms of the working age population, Taunton (58%) resembles the benchmarks within the immediate geography which have 57-59% working age populations. This differs from the more distant comparator areas and which have higher working age population levels (62-68%). The region and GB as a whole also exhibit higher proportions of working age population at about 60% and 62%, respectively. Consequently, Taunton Deane residents have a higher ratio of dependent population (i.e. 0 to 16, and 65+)

### *Population projections*

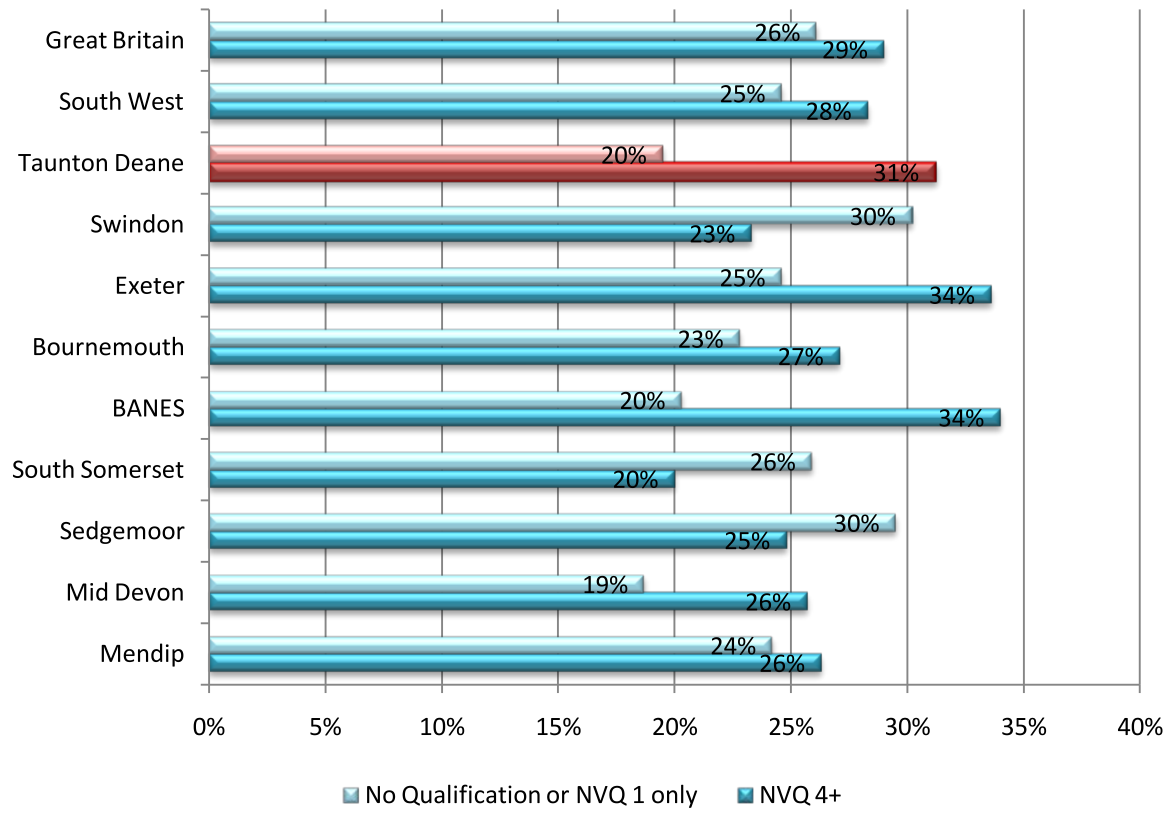
The importance of the population age structure comes to light when analysing the ONS Sub-National Population Projections based on 2008 data. The forecast for Taunton Deane is that the share of the working age population will decrease to 52% by 2026 and will further decline to 50% by 2033. This is because of projected ageing population structure, with more deaths than births starting from 2025.

### *Resident qualifications*

In terms of qualifications and skills Taunton Deane exhibits a relatively strong position.

Taunton Deane has a higher proportion of residents with NVQ4+ relative to other comparator regions; only two districts, Exeter and BANES show of a higher proportion. Furthermore, Taunton Deane also has a relatively smaller proportion of those with low or no qualifications compared with other areas. Mid Devon contains a slightly smaller proportion (19%) while BANES is at par with Taunton.

**Figure 1  Qualifications Achieved, 2008**




Source: Annual Population Survey

# The Workplace Economy

## *Employment*

The latest employment data available in the Annual Business Inquiry show approximately 55,000 jobs located in Taunton Deane.  This figure is generally higher than areas within the immediate geography (except South Somerset), and lower than the comparators beyond.

**Table 2  Total Jobs by District, 2008**

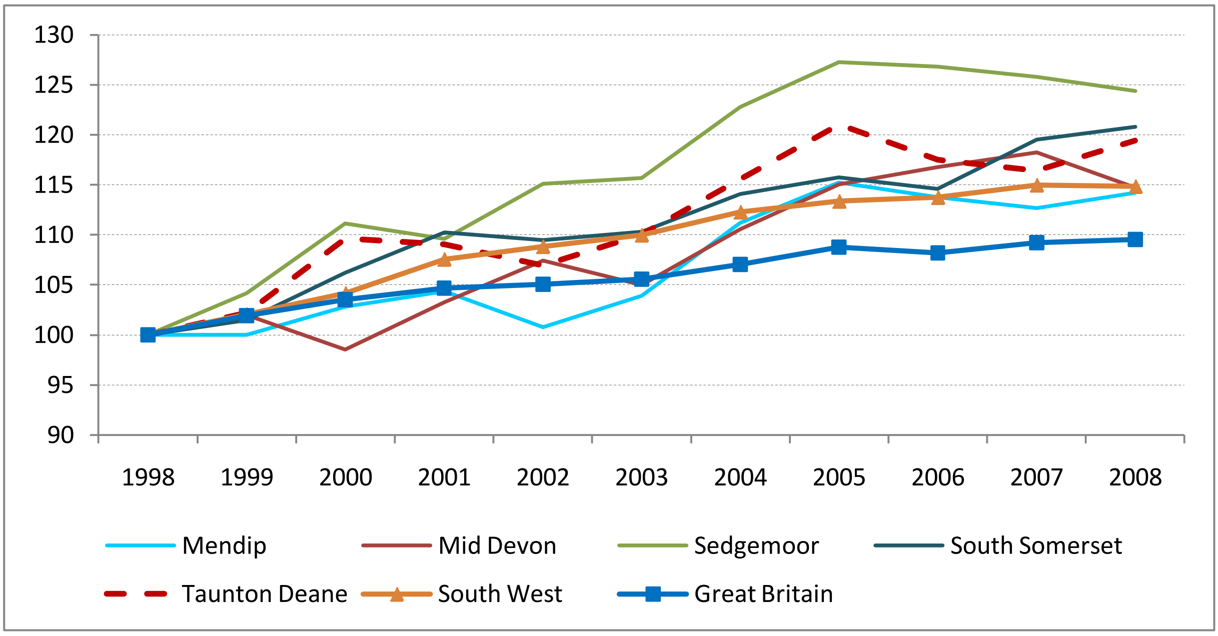
| District | Total Jobs |
|---|---|
| Mendip | 40,599 |
| Mid Devon | 24,292 |
| Sedgemoor | 40,403 |
| South Somerset | 68,268 |
| BANES | 78,439 |
| Bournemouth | 76,053 |
| Exeter | 84,777 |
| Swindon | 110,566 |
| **Taunton Deane** | **54,987** |

Source: Annual Business Inquiry

*Employment change*

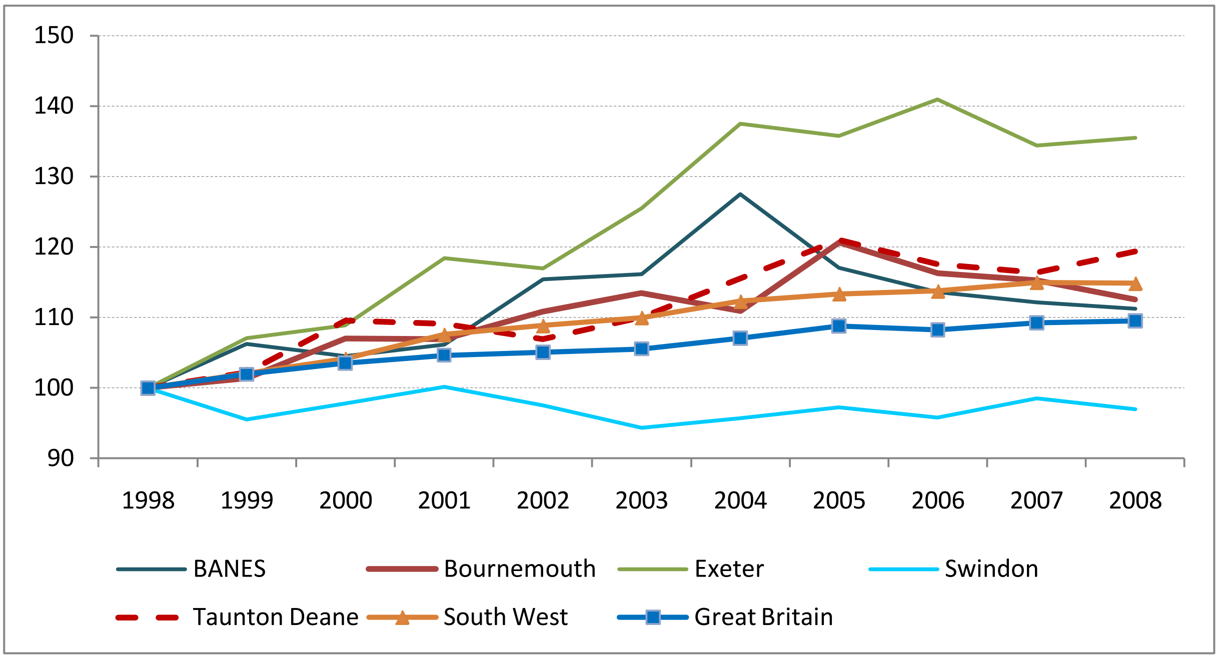
Employment change between 1998 and 2008 is shown in the tables below, holding 1998 as the index year (1998=100). In the top figure, Taunton has been graphed amongst neighbouring areas along with the region and Great Britain; the second graph looks at Taunton relative to districts beyond the immediate geographic scope.

**Figure 2 Employment Change, Immediate Geographic Benchmarks, 1998-2008 (1998 is 100)**




Source: Annual Business Inquiry

**Figure 3 Employment Change, Distant Geographic Benchmarks, 1998-2008 (1998 is 100)**



Source: Annual Business Inquiry

The following key points emerge from the analysis of these graphs:

- Employment has grown by approximately 20% in Taunton Deane over the period 1998 to 2008
- This has been higher than the average growth experienced in the South West (15% growth) and nationally (10% growth) over the same period.
- Employment change in Taunton has been broadly in line with the change experienced by its geographic neighbours (growth ranging between 15-24%).
- However, there is more volatility experienced by the distant geographic benchmarks. For instance, BANES and Bournemouth have experienced growth of 10% and 13%, respectively over this period, while Exeter experienced a significant positive change of 35%. On the other hand, Swindon has experienced negative change, whereby, employment has fallen by 3% in 2008 relative to 1998 figures.

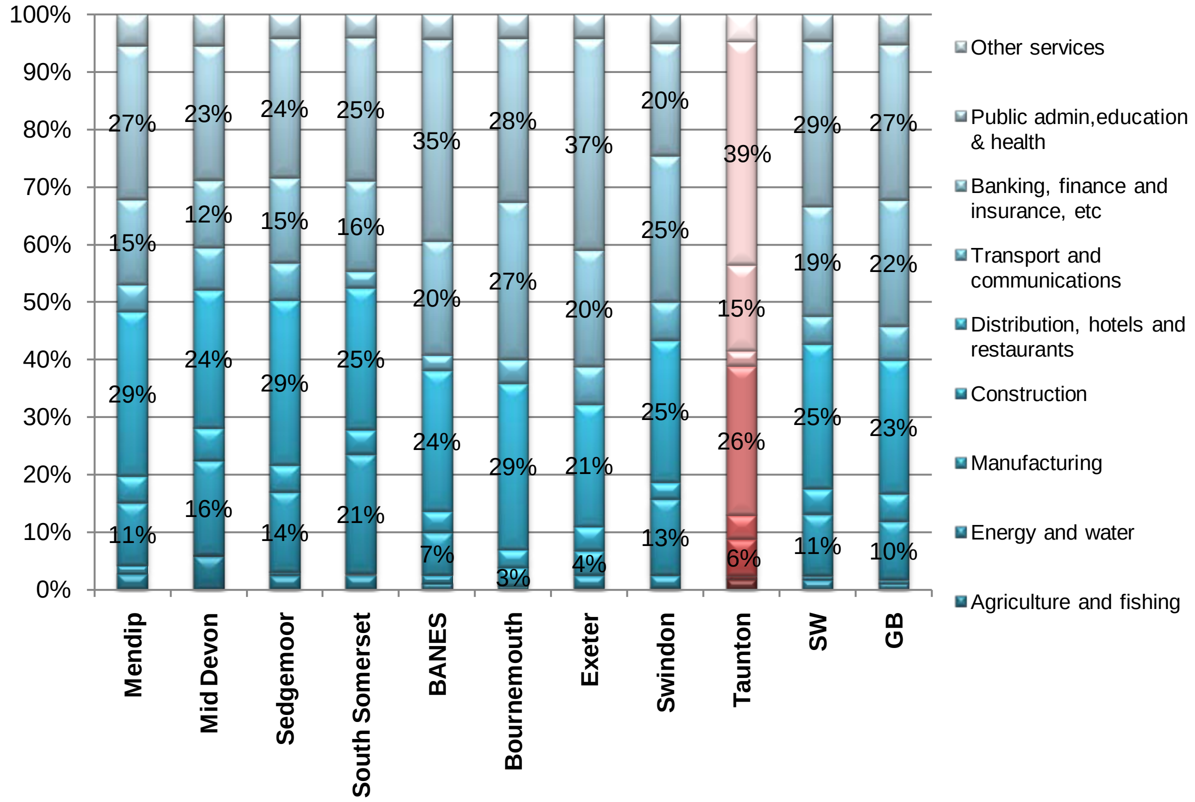
It appears therefore that Taunton Deane has experienced a good growth in employment levels over this 10-year period, due to its high exposure to public administration, education, and health care sectors which have seen a period of strong growth nationally.

## *Economic Structure*

The most dominant employment sector in Taunton Deane is public administration, which accounts for 40% of employment. This proportion is the highest of all the benchmarks. This is followed by distribution, hotels and restaurants (26%), which is broadly in line with the adjacent districts. Neither of these sectors are high value, even though public administration will normally include a relatively high proportion of qualified workers.

The third largest employment sector is banking, finance and insurance (15%). Similar employment levels in this sector are exhibited by the neighbouring districts. However, BANES, Bournemouth, Exeter and Swindon all demonstrate a higher level of employment in the same sector (20-27%); so does the South West region (19%) and Great Britain (22%).

**Figure 4 Employment by Sector, 2008**




Source: Annual Business Inquiry

## *Sector Representation and Growth*

Figure X examines employment sector representation in Taunton Deane using Location Quotients (LQs)[4] and their potential for growth. This gives indications on the future prosperity of the local economy by providing a constructive way to demonstrate which sectors are growing or declining relative to the national performance and how well-represented Taunton is in those particular sectors. The circle sizes in the chart below reflect the sector size (in terms of employment).

The vertical axis shows annual employment growth between 1998 and 2008 in sectors across Great Britain. The higher up the relevant point, the faster the growth has been over the 10-year period; the opposite is true for sectors below the horizontal line. Sectors to the right of the vertical axis are over-represented while those to the left of the axis are under-represented. These sectors can be subdivided into four groups:

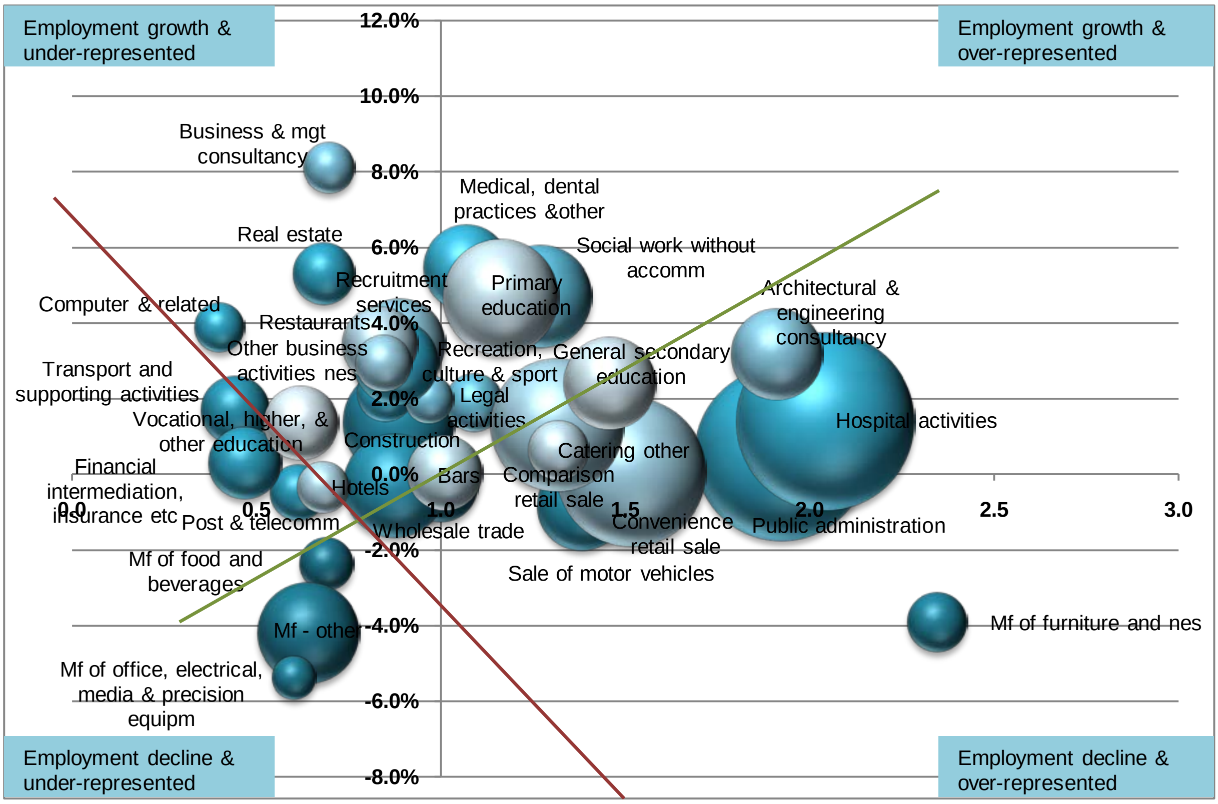
- The **north east quadrant** is highly desirable; industries in this quadrant have high LQ's in Taunton Deane and experienced national (GB) jobs growth. The further to the right

[4] Location Quotient (LQ) is a measure of concentration, in this case measuring a sector's share of total employment in Taunton Deane borough divided by that sector's share of total employment in Great Britain. Sectors with an LQ greater than 1 are over-represented in the area against the national norm and those with an LQ below 1 are under-represented. An LQ of 1 indicates that a sector accounts for the same share of total employment in the study area as in the national economy.

the point is located the higher the representation. In Taunton, there is high representation in the Public Administration, Education, Health, Social Work, Retail, and Architectural and Engineering Consulting sectors.

- In the **north-west quadrant** are sectors which have been growing but are under-represented in Taunton. They include Real Estate, Other Business Activities, and Computer and Related Activities, Transport (land and supporting activities), Business and Management Consulting, Financial Intermediation, Insurance and Related Services, Vocational, Higher, and Other Education, Restaurants, Recreation, Culture, and Sport, and Other Services.
- The **south east quadrant** is undesirable, since these are industries where Taunton Deane has a relatively high concentration of jobs but nationally they have been losing jobs. This includes Manufacturing of furniture and manufacturing not classified elsewhere, agriculture and to a lesser extent, sale and repair of motor vehicles.
- The **south west quadrant** contains sectors that are declining, but which are under-represented. These sectors comprise all manufacturing sectors, including Manufacturing of food and beverages, Manufacturing of Electronic, Precision, Radio and TV, and Medical Equipment, Post and Telecommunications, and to a lesser extent Hotels and Wholesale trade.

**Figure 5 Sector representation in Taunton Deane in 2008 by national (GB) annual growth since 1998**




Source: Annual Business Inquiry, RTP

*The service sector*

6.1 A less obstructive view of the above chart can be provided for specific economic clusters of several sectors like service economy and tourism economy.

**Figure 6 Service economy sector representation in Taunton Deane in 2008 by national (GB) annual growth since 1998**

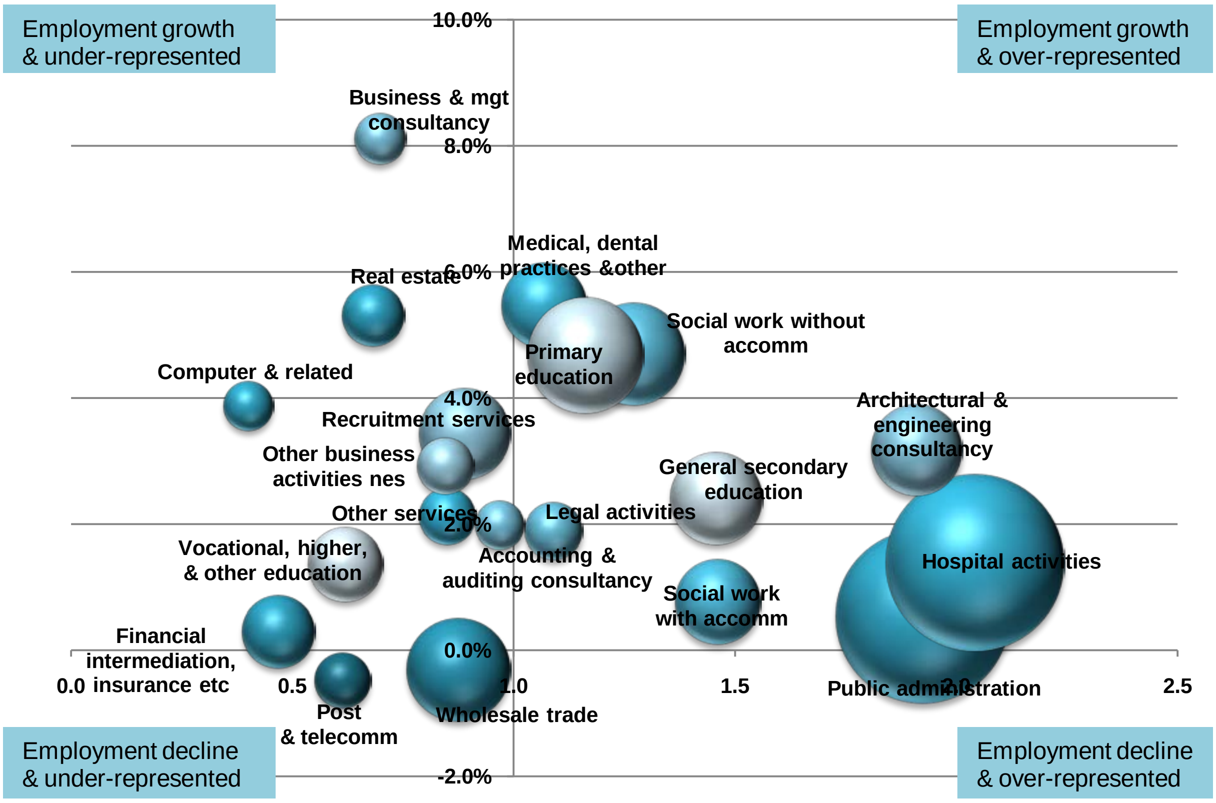
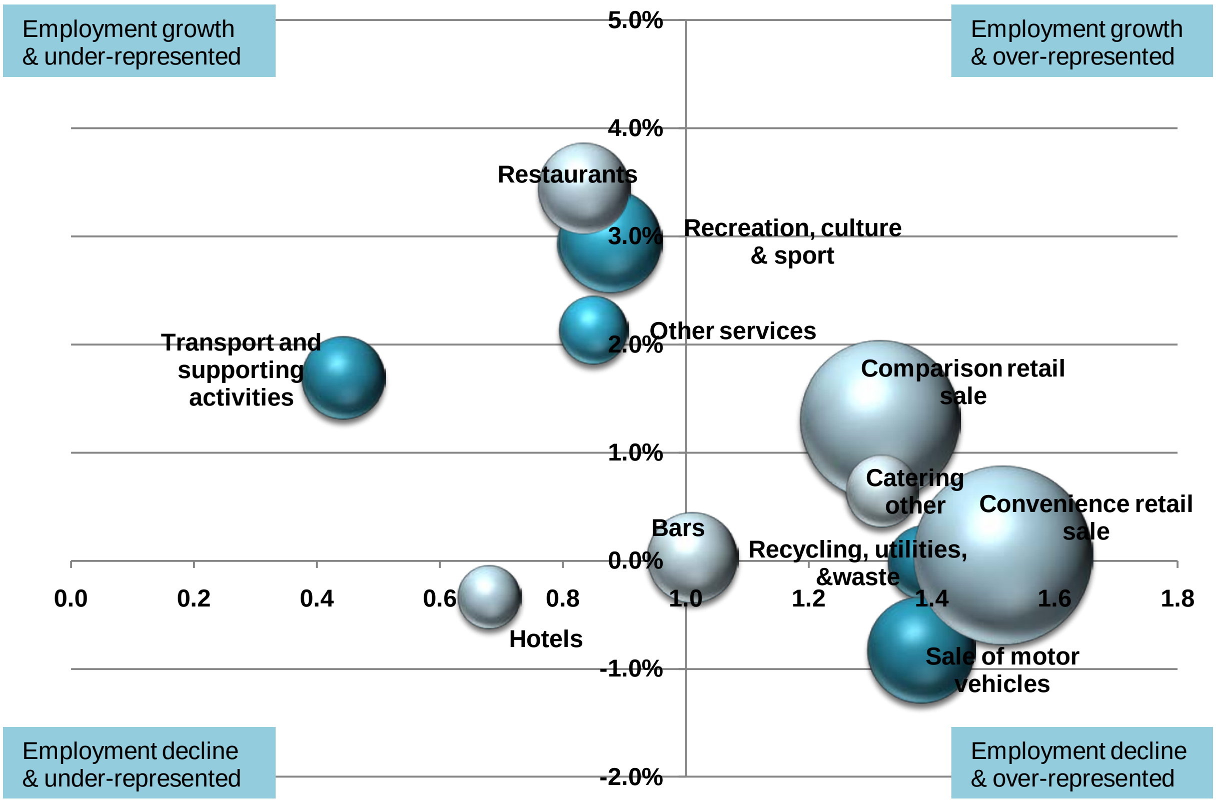



Figure 6 shows that the borough has been able to secure some of the nationally growing sectors, which makes its economy quite strong, however a number of other supporting service sectors are weaker and therefore may require some attention from policy makers. The Post and Telecommunications sector when drilled down to 4-digit SIC level reveals that Courier services and Telecommunications sectors have been growing nationally and therefore represent an opportunity that has not been developed in Taunton Deane. Vocational, higher, and other (including adult) education represents another opportunity for growth, perhaps, drawing on larger and stronger secondary education sector.

Tourism sector (Figure 7) attracts visitor expenditure to hotels, restaurants, bars, other catering, transport sector, recreation, culture, and sport, and retail sector, having some implications on recycling, waste, and utilities. Whilst the retail sector is well developed in the Borough, the underlying entertainment sector including tourist accommodation needs further boost.

All other things being equal policy should encourage those sectors which are growing nationally. This would include those sectors above the horizontal axis as they have the potential to continue growing and generate additional jobs in the economy. However, some of the sectors are under-represented heavily and their national decline is relatively small like, for example, Hotels. This sector was growing locally and given its location quotient of 0.7 it may still be useful for Taunton Deane to support its growth.

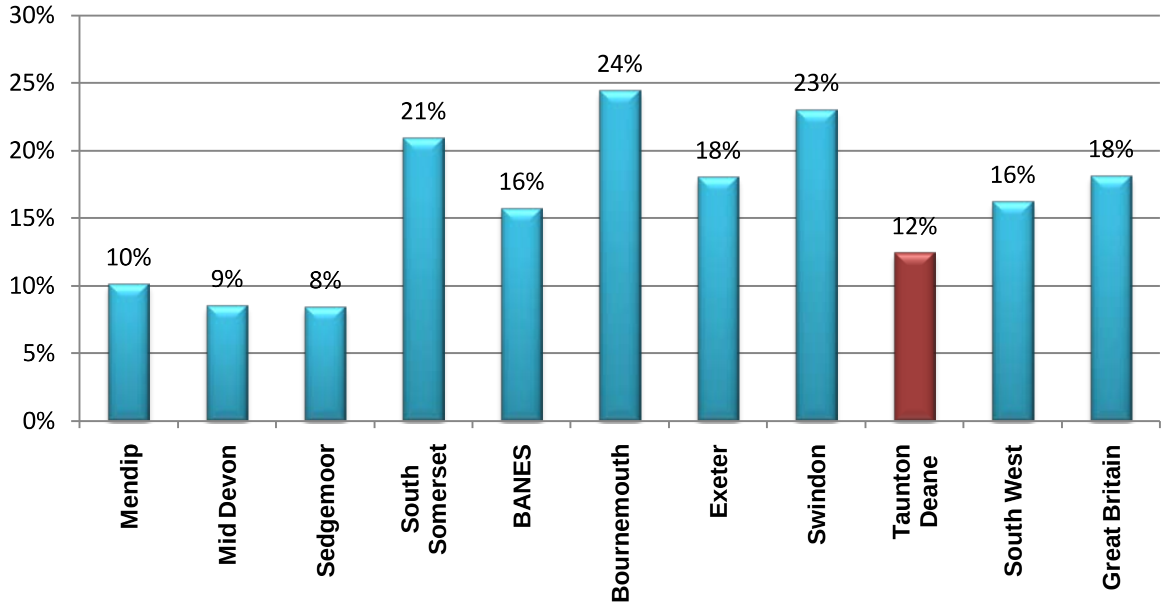
**Figure 7 Tourism sectors representation in Taunton Deane in 2008 by national (GB) annual growth in these sectors since 2008**




## *Knowledge-based employment is low in Taunton*

Knowledge-based sectors are considered to be key drivers of economic growth because they tend to have high and fast growing productivity relative to other sectors. Furthermore, they also contribute to higher productivity in the industries they serve by spreading technical progress and efficient business methods. However, these sectors are not necessarily an indicator of employment growth: rising productivity may translate into fewer jobs. Employment in knowledge based sectors is shown below.

**Figure 8 Employment in Knowledge-based Sectors, 2008**




Source: Annual Business Inquiry

In Taunton Deane, approximately 12% of employment takes place in knowledge-based sectors. This proportion is aligned to its neighbouring districts (except South Somerset). However, relative to other areas, this proportion is considerably lower. For instance, in Bournemouth and Swindon, knowledge based employment is around 23-24% of total jobs. In BANES and Exeter, it is 16% and 18%, respectively. The regional and national averages are also higher than Taunton – by 4 percentage points regionally and 6 nationally.

### *B-space employment*

We identify B space jobs using employee data[5] by specific sectors from the Standard Industrial Classification (SIC) 2003. Industrial jobs comprise manufacturing industries and parts of the construction industry, motor repairs/ maintenance and sewage and refuse disposal. Warehousing is occupied by a variety of transport and distribution activities which are widely spread across the Standard Industrial Classification. For offices we use the CLG (formerly ODPM) definition but include public administration and some temporary workers (within the labour recruitment sector).[6]

**Table 3 B-space Employment, 2008**

| | Office | Industrial | Warehousing | Total B-space | Non B-Space |
|---|---|---|---|---|---|
| **Mendip** | 14% | 14% | 7% | 36% | 64% |
| **Mid Devon** | 12% | 21% | 11% | 45% | 55% |

[5] Self-employment is not included

[6] The correspondence between sectors and types of space is not perfect and hence our definitions of office and industrial/warehousing jobs are approximations. However, they are the best approximations, developed through a series of employment space studies.

| | | | | | |
|---|---|---|---|---|---|
| **Sedgemoor** | 13% | 18% | 11% | 43% | 57% |
| **South Somerset** | 11% | 25% | 8% | 45% | 55% |
| **BANES** | 21% | 8% | 4% | 33% | 67% |
| **Bournemouth** | 27% | 5% | 4% | 37% | 63% |
| **Exeter** | 26% | 7% | 6% | 40% | 60% |
| **Swindon** | 22% | 17% | 11% | 50% | 50% |
| **Taunton Deane** | **18%** | **9%** | **5%** | **33%** | **67%** |
| **South West** | 18% | 14% | 7% | 40% | 60% |
| **Great Britain** | 21% | 13% | 7% | 43% | 57% |

Source: Annual Business Inquiry, RTP.

B-space employment in Taunton accounts for approximately 33% of overall employment in the District. This is the lowest proportion relative to all benchmarks except Bath and North East Somerset. In the South West, this figure stands at 38% while the national average of B space jobs is around 41%.

In the neighbouring areas, the B space employment level is generally quite high, mostly drawing from employment in industrial space. On the other hand, amongst the wider geographic comparators, B space employment is driven primarily by offices. The proportion of total B space jobs in these areas is marginally higher than Taunton and much greater at in Swindon, where B-space employment stands at almost 50%.

Taunton therefore is different from its immediate neighbours and exhibits a pattern similar to major employment centres like Exeter, Bournemouth, and Bath.

### *Non B-space employment*

We identify Non B-space jobs in the same way as B space employment using employee data[7] by specific sectors from the Standard Industrial Classification (SIC) 2003. The sectors are divided into use classes based on use class definitions and their best fit to them[8].

Non-B employment accounts for 67% (36,753 employees) of total employee numbers in Taunton Deane. A1 ‘Shops’ use class supports 15.3% of Taunton Deane’s employment, which is third highest proportion among all areas shown in Table 4 after Bournemouth and Mendip and higher than regional and national averages. Whilst this reveals the Borough as a shopping destination its tourism offer is weaker, which can be seen from the proportions of A3, A4, A5, and C1 Hotels employment.

Employment in C2 Residential Institutions is highest in Taunton Deane compared to all reference areas boosted by its strong health care and social care with accommodation sectors. D1 Non-Residential Institutions[9] employment is above the national average but below regional, perhaps due to limited employment in higher education, which is strong in such areas as Bath and Bournemouth. Mendip has the highest proportion of employment

[7] Self-employment is not included

[8] This is approximate as some of the sectors have two use classes corresponding to their activities (e.g. the education sector can appear in C2 and D1).

[9] Includes some C2 employment in education establishments with boarding and residential provision.

in this use class due to a very large primary and secondary education sector, larger than in Taunton Deane.

D2 Assembly and Leisure employment stands at 2.1% - very high compared to other areas -due to many sports facilities operating in the Borough.

**Table 4  Non B-space employment by use class, 2008**

| | A1 Shops | A3 Restaurants and cafés, A4 Drinking establ., A5 | C1 Hotels | C2 Residential institutions | D1 Non-residential institutions | D2 Assembly and leisure | Sui Generis |
|---|---|---|---|---|---|---|---|
| **Mendip** | 16.2% | 5.7% | 1.7% | 5.3% | 21.1% | 2.1% | 11.1% |
| **Mid Devon** | 11.2% | 4.6% | 1.2% | 5.3% | 15.3% | 1.8% | 15.0% |
| **Sedgemoor** | 12.7% | 5.8% | 1.1% | 5.2% | 17.1% | 1.1% | 13.0% |
| **South Somerset** | 13.1% | 3.8% | 0.6% | 8.0% | 13.6% | 1.5% | 11.5% |
| **BANES** | 12.9% | 5.6% | 2.0% | 10.0% | 19.1% | 1.7% | 14.5% |
| **Bournemouth** | 16.7% | 5.7% | 4.2% | 4.4% | 19.3% | 1.3% | 8.6% |
| **Exeter** | 11.3% | 3.5% | 0.6% | 10.3% | 14.2% | 1.3% | 17.1% |
| **Swindon** | 12.4% | 2.8% | 0.9% | 5.6% | 11.3% | 1.1% | 12.5% |
| **Taunton Deane** | **15.3%** | **3.8%** | **0.9%** | **13.2%** | **15.9%** | **2.1%** | **13.7%** |
| **South West** | 12.9% | 4.6% | 2.0% | 7.6% | 16.4% | 1.6% | 13.6% |
| **Great Britain** | 11.9% | 4.4% | 1.3% | 7.0% | 15.5% | 1.8% | 13.4% |

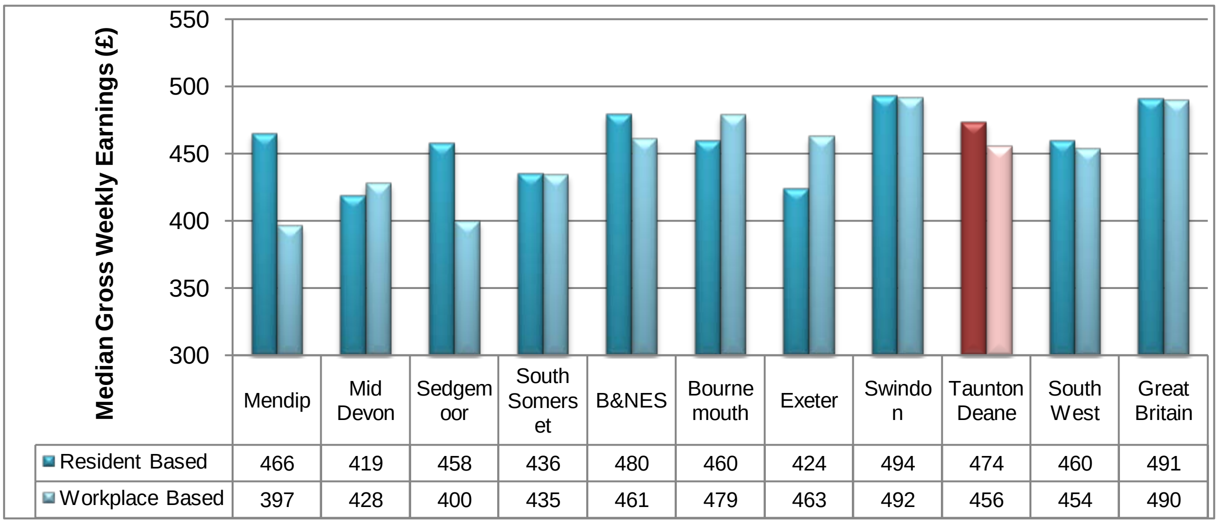
Source: Annual Business Inquiry, RTP.

## The Labour Market

### *Resident- and workplace-based earnings*

The graph below illustrates resident and workplace based earnings for Taunton Deane and the comparator areas.

**Figure 9  Resident- and Workplace-based Average Gross Weekly Earnings, 2009**

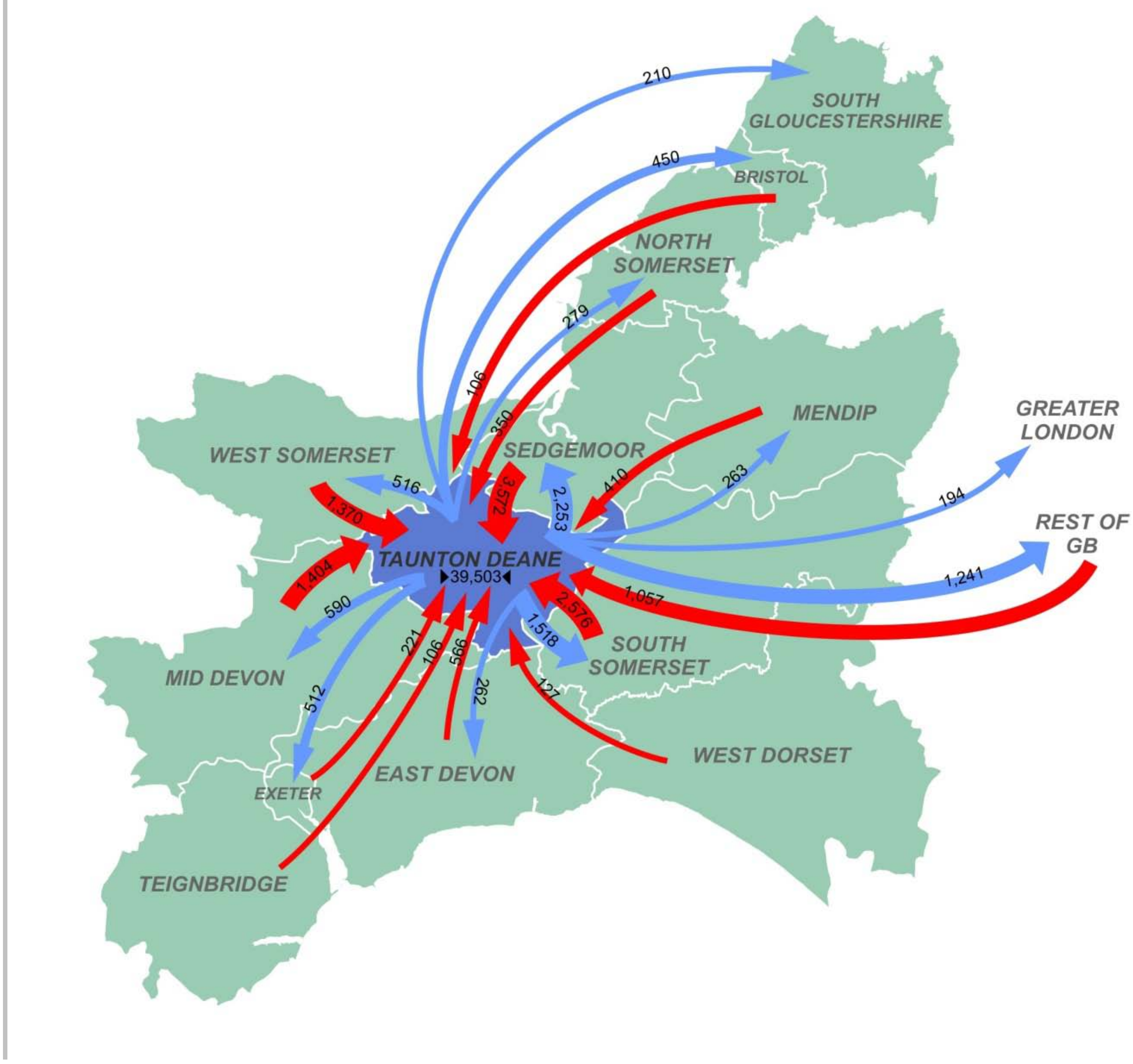



Source: Annual Population Survey

Resident-based earnings (£559) are noticeably higher in Taunton Deane relative to workplace-based earnings (£527). This suggests that residents commute outside Taunton in search of higher paying employment. Moreover, resident based earnings in Taunton are higher than the levels found amongst neighbouring districts; instead, it is more in line with BANES, Bournemouth, Exeter and Swindon. Workplace earnings, also, are higher in Taunton relative to neighbouring areas; however, they remain considerably lower than the levels found in the wider comparator districts.

## *Commuting pattern*

**Figure 10 Commuting Flows, Taunton Deane**




Source: Census, RTP

The most dominant commuting patterns are shown in the map above. They are also presented below in the table for clarity. Unsurprisingly, most of Taunton's out-commuting and in-commuting takes place amongst neighbouring local authorities, especially Sedgemoor and South Somerset.

### Table 5  Commuting Flows, Taunton Deane, 2001

| Residents of Taunton Out Commute to: | | | Workers in Taunton In-commute from: | | |
|---|---|---|---|---|---|
| **Destination** | **#** | **%** | **Origin** | **#** | **%** |
| Taunton Deane | 39,503 | 82.7% | Taunton Deane | 39,503 | 76.9% |
| Sedgemoor | 2,253 | 4.7% | Sedgemoor | 3,572 | 7.0% |
| South Somerset | 1,518 | 3.2% | South Somerset | 2,576 | 5.0% |
| Mid Devon | 590 | 1.2% | Mid Devon | 1,404 | 2.7% |
| West Somerset | 516 | 1.1% | West Somerset | 1,370 | 2.7% |
| Exeter | 512 | 1.1% | East Devon | 566 | 1.1% |
| Bristol, City of | 450 | 0.9% | Mendip | 410 | 0.8% |
| North Somerset | 279 | 0.6% | North Somerset | 350 | 0.7% |
| Mendip | 263 | 0.6% | Exeter | 221 | 0.4% |
| East Devon | 262 | 0.5% | West Dorset | 127 | 0.2% |
| South Gloucestershire | 210 | 0.4% | Bristol, City of | 106 | 0.2% |
| Greater London | 194 | 0.4% | Teignbridge | 106 | 0.2% |
| Rest of UK | 1,241 | 2.6% | Rest of UK | 1,057 | 2.1% |
| Total | 47,791 | 100.0% | Total | 51,368 | 100.0% |

Source: Census. 2001

The table below shows the commuting balance amongst Taunton and its benchmarks. Taunton has a negative balance indicating that there is a higher level of jobs in the area relative to resident workers; hence, net in-commuting takes place.  South Somerset and Swindon also have marginal net inflows, while the net balance in Exeter shows that a significant level of more jobs compared to resident workers exists.

On the other hand, neighbouring districts including Sedgemoor and Mid Devon exhibit net outflows of commuting, where total resident worker levels exceed locally available jobs.

### Table 6  Commuting Balance and Resident Retention Rates

| | Total Workers | Total Jobs | Net Balance | % Retained Resident Workers | % Jobs Absorbed by Local Residents |
|---|---|---|---|---|---|
| **Mendip** | 45,853 | 42,600 | 3,253 | 74% | 80% |
| **Mid Devon** | 32,679 | 26,848 | 5,831 | 68% | 82% |
| **Sedgemoor** | 47,880 | 40,953 | 6,927 | 70% | 82% |
| **South Somerset** | 70,467 | 71,635 | -1,168 | 83% | 82% |
| **BANES** | 76,724 | 73,228 | 3,496 | 74% | 77% |
| **Bournemouth** | 71,684 | 71,539 | 145 | 65% | 65% |
| **Exeter** | 51,367 | 71,179 | -19,812 | 82% | 59% |
| **Swindon** | 89,640 | 94,419 | -4,779 | 89% | 84% |
| **Taunton Deane** | 47,791 | 51,368 | -3,577 | 83% | 77% |

Source: Census, 2001

The table also reveals the retention levels of resident workers as well as the proportion of jobs that these retained workers absorb.  Taunton has a relatively high local job retention rate of 83%; this proportion takes up around 77% of the local jobs.  High retention and jobs take-up rates are also demonstrated by South Somerset and Swindon.  Despite a high retention level in Exeter, only about 60% of the jobs are taken up by local resident workers.

Retention levels are slightly lower in Mendip, Med Devon, Sedgemoor relative to Taunton and the other districts. However, in all these areas, local workers take up around 80% of the local jobs.

# APPENDIX 2

## Sector Definitions and Conversions to Space Requirements

## *Converting Employment to Business Space Requirements*

Using the employment sector forecasts, we translate jobs into demand for employment space by following three steps:

- Step 1: Sector-to-Space Mapping
- Step 2: Translating Employment into Demand for Space
- Step 3: Converting Floorspace into Land Area (Plot ratios)
    - To this end, there are three main areas where the assumptions are applied:
        - The definition of employment sectors and land use sectors
        - Employment density assumptions
        - Plot ratio assumptions

We look at each of these stages below.

### *Step 1: Sector-to-Space Mapping*

The starting point for any modelling process is the definition of land use sectors, which comprises office jobs, industrial and warehousing jobs and is often referred to as business or B-space jobs.

We translate jobs by sector into jobs by type of space, using sector-to-space mapping.

To identify these jobs we use a range of economic sectors based on the Standard Industrial Classifications (SIC'03), which are listed below. Broadly, our analysis assumes that offices (which include R&D) are occupied by financial and business services, a sub section of public administration, and publishing. Industrial space is occupied by manufacturing, sewage and refuse disposal, some parts of construction, and motor repairs and maintenance. Warehousing is occupied by a variety of transport and distribution activities.

We merge production and distribution space (industrial and warehousing) into one category, called "industrial/warehousing" because our experience suggests that data on the supply of space - such as CLG floorspace statistics and planning data on completions and commitments - do not distinguish accurately between industrial factories and warehouses. This is not surprising since production and distribution can generally operate in the same buildings and, furthermore, subject to size limitations, space can be transferred between production and distribution without planning permission.

**RTP Offices 2003 SIC**

*SIC 2003 class (4 digit)*

7460 : Investigation and security activities
7485 : Secretarial and translation services
7486 : Call centre activities
7487 : Other business activities not elsewhere classified
9111 : Activities of business and employers organisations
9112 : Activities of professional organisations
9120: Activities of trade unions
9132 : Activities of political organisations
9133 : Activities of other membership organisations not elsewhere classified
9211 : Motion picture and video production

9212 : Motion picture and video distribution

9220 : Radio and television activities

9240 : News agency activities

*SIC 2003 group (3 digit)*

221 : Publishing

741 : Legal, accounting, book-keeping and auditing activities; tax consultancy; market research and public opinion polling; business and management consultancy; holdings

742 : Architectural and engineering activities and related technical consultancy

743 : Technical testing and analysis

744 : Advertising

751 : Administration of the State and the economic and social policy of the community

753 : Compulsory social security activities

*SIC 2003 division (2 digit)*

65 : Financial intermediation, except insurance and pension funding

66 : Insurance and pension funding, except compulsory social security

67 : Activities auxiliary to financial intermediation

70 : Real estate activities

72 : Computer and related activities

73 : Research and development

**RTP Industrial 2003 SIC**

*SIC 2003 class (4 digit)*

5020: Maintenance and repair of motor vehicles

5040 : Sale, maintenance and repair of motorcycles and related parts and accessories

*SIC 2003 group (3 digit)*

222 : Printing and services activities related to printing

223 : Reproduction of recorded media

453 : Building installation

454 : Building completion

*SIC 2003 division (2 digit)*

15 : Manufacturing of food and beverages

16 : Manufacture of tobacco products

17 : Manufacture of textiles

18 : Manufacture of wearing apparel; dressing and dyeing of fur

19 : Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear

20 : Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials

21 : Manufacture of pulp, paper and paper products

23 : Manufacture of coke, refined petroleum products and nuclear fuel

24 : Manufacture of chemicals and chemical products

25 : Manufacture of rubber and plastic products

26 : Manufacture of other non-metallic mineral products
27 : Manufacture basic metals
28 : Manufacture of fabricated metal products, except machinery and equipment
29 : Manufacture of machinery and equipment not elsewhere classified
30 : Manufacture of office machinery and computers
31 : Manufacture of electrical machinery and apparatus not elsewhere classified
32 : Manufacture of radio, television and communication equipment and apparatus
33 : Manufacture of medical, precision and optical instruments, watches and clocks
34 : Manufacture of motor vehicles, trailers and semi-trailers
35 : Manufacture of transport equipment
36 : Manufacture of furniture; manufacturing not elsewhere classified
37 : Recycling
90 : Sewage and refuse disposal, sanitation and similar activities

**RTP Warehousing 2003 SIC**

*SIC 2003 class (4 digit)*

6024 : Freight transport by road
6311 : Cargo handling
6312 : Storage and warehousing
6321 : Other supporting land transport activities
6411 : National post activities
6412 : Courier activities other than national post activities
7482 : Packaging activities

*SIC 2003 division (2 digit)*

51 : Wholesale trade and commission trade, except of motor vehicles and motorcycle

### *Step 2: Translating Employment into Demand for Space*

To translate these employment forecasts into demand for space, we use the standard employment densities based on a 1997 study by Roger Tym & Partners for SERPLAN (Roger Tym & Partners for SERPLAN, The Use of Business Space: Employment Densities and Working Practices in South East England, 1997). These are as follows:

- Offices: 18 sq m per worker
- Industrial/warehousing: 35 sq m per worker, or

We prefer to use the densities above to the available alternatives because they are supported by a large and statistically rigorous survey. However, a more recent (albeit not statistically confident) survey by DTZ Pieda (2004) for SEERA found similar densities (18 sq m net for B1, 34 sq m for B2 and 41 sq m per B8). And similarly, Government Guidance on Use of Employment Densities (2001) offers a compendium of employment densities which also average around those reported above.

It is often asserted that employment densities are rising, especially in offices, because of changing working practices such as hot-desking, teleworking and homeworking, and increasing competitive pressure on corporate occupiers to use space cost-effectively. There is some evidence to support these views, with examples such as IBM and BP seeking ratios of 10-11 sq m per person, and the HM Treasury building refurbishment, which aims for a good, modern standard for use by the public sector, has around 8 sq m of space per job through use of flexible working patterns.

However, the view that office employment densities are rising overall – as opposed to rising in particular businesses or groups of businesses - is not supported by statistically reliable evidence so far. Indeed DTZ Pieda's recent study for SEERA concluded that employment densities have not changed significantly from those in the RTP SERPLAN study.

Certainly it is possible that the average office density will increase substantially in the future. But, on the evidence available to date, it would not be right to incorporate such an increase into our forecasts. Even if we wanted to create a contingent 'worst-case' scenario to explore the impact of a possible rise in densities, from the data available we would not know what size of increase we should test. Therefore, we use constant employment densities.

### *Step 3: Converting Floorspace into Land Area*

Planners have to make land allocations in development plans, which are normally controlled by site area (as opposed to floorspace) it is sometime necessary to translate floorspace into land. As a general 'rule of thumb' RTP adopts a 40% plot ratio, which is equivalent to 4,000 sq m per hectare. However, a sample survey covering recent development sites within Taunton Deane show an average of 25% (2,500 sq m per hectare) being developed. This suggests that the 40% ratio may be too high for Taunton Deane, and therefore we use the lower (25%) ratio because this is the local trend.

However, a 25% ratio is probably reasonable for most industrial and warehouse sites, but for offices densities it may be considerably higher, at some sites, especially in town and city centres. Therefore, where possible, the 25% ratio should be replaced by site-specific figures which take account of local circumstances.

## *Converting Employment to Non B-class Space Requirements*

TO ADD

# Future Housing Requirements

Taunton Deane Borough Council

# Locally based housing projections: 2008-2026

August 2010

fordham RESEARCH

# Foreword

This report is in the new spirit of Localism. It takes the published population and household projections, carried out nationally by the Office for National Statistics (ONS) and uses local data to make the projections more relevant to Taunton Deane.

Such forecasts are regularly produced at a local scale, but without the use of local household information on what is actually happening. The Strategic Housing Market Assessment (SHMA) of 2008 contains a household survey which provides the local data which is required.

Fordham Research has developed a new method of using this local data in conjunction with the ONS projections to produce more locally relevant figures.

## Acknowledgements

We are extremely grateful to Nick Bryant of the Borough Council for consistent support and the provision of as much information as he was able to find to support our work.

# Executive Summary

S1 This report summarises the results of an innovative project based on Localism. The new requirement to produce independent household estimates, with the abolition of the Regional Spatial Strategy (RSS), and the growth agenda sought by the Borough combined to encourage this.

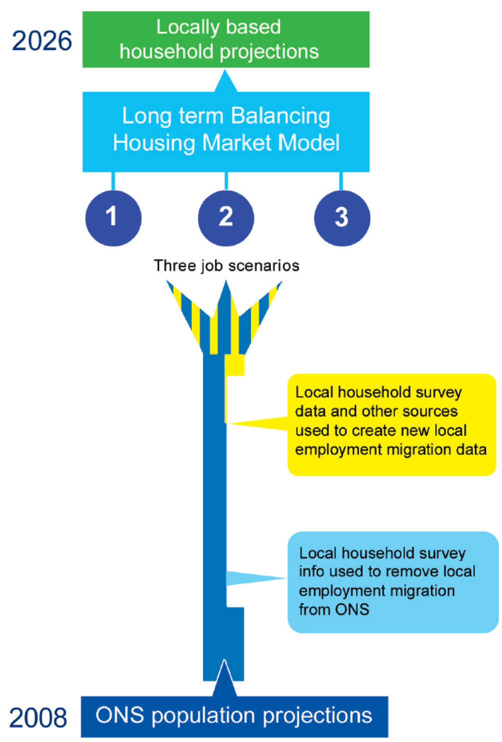
S2 Taunton Deane Borough Council asked us to examine the implications for future dwelling provision of three levels of job growth in the context of the abolition of RSS targets.

## Projection based on Localism

S3 The new approach derives from using local household survey data to produce local in-migration information. This is then combined with the existing ONS population and household projections to produce a much more locally based projection than has been available before now.

S4 The structure of the approach is described in the following diagram.

**Figure S1 Structure of the approach**




Source: Fordham Research (2010)

## Existing evidence on growth

S5 Taunton has been envisaged as a sub-regional growth centre for some time. It lies between the Bristol conurbation and Exeter with quite a wide catchment area in a region that is seeing quite rapid growth. The neighbouring town of Bridgwater also has growth aspirations, but its workforce and retail profile are more modest than Taunton's. Taunton has a clear advantage as a growth centre.

S6 Historical job growth rates are quite substantial: a growth rate of around 600 per annum was measured by Baker Associates in their report for the county and borough in 2005. At present Roger Tym associates are assessing job-led growth for the borough ('Taunton Economy Topic Paper' 2010). Their base projection 2006-2026 is for 11,000 new jobs.

S7 We were asked to consider job growth to 2026 of 11,000 (Scenario A); 15,000 (Scenario B) and 8,000 (Scenario C). Early analysis of the jobs-led dwelling requirements by Tym suggested an additional 14,000 new homes were required. The former Regional Spatial Strategy (RSS) target had been 22,000 new homes, and so clearly the difference warranted some examination.

## Existing evidence on housing markets and housing need

S8 Fordham Research carried out a Strategic Housing Market Assessment (SHMA) for four Somerset Councils including Taunton Deane which was published in February 2009. This suggested that on the basis of CLG defined housing need a target for affordable housing of 40% was justified across the Taunton housing market area, which includes Taunton Deane, Sedgemoor and West Somerset. Of this 40% and to best address the need, some 26% should be social rented and 14% intermediate. Intermediate housing is defined as priced between a social rent and market entry, which in practice means the bottom end of the private rented market. The Housing Needs Survey done for Taunton Deane at the same time, and specific to the borough, estimated a target of 45% of affordable housing to be justifiable.

## New model for local migration adjusted forecasts

S9 The main expected driver of growth in Taunton (which contains 81% of the population of the Borough) is in-migrants taking jobs within the area. This is where the local household survey can be expected to provide much more realistic information than the ONS projections which are based on broad regional and national factors.

S10 In effect we removed the in-migrant component of the ONS population projection and replaced it with one derived from analysis of the household survey. There was more to it than that, since we used other information such as evidence on employment change in the recent past, derived from estimated newbuild employment floorspace.

S11 We analysed both the turnover of existing jobs, and the likely impact of new jobs, based on the evidence of both employment and housing moves from the 2006-08 database provided by the 2008 SHMA.

S12 An important assumption was that the growth would be 'commuting-neutral'. In other words the new population would largely live and work in the Taunton area. At present there is substantial in-commuting to jobs in Taunton from outside the Borough (about 5,000 in 2001). If this assumption were removed from our analysis, there would be little difference between our projections and the ONS ones. The ONS ones do not formally take account of the growth dimension but may in some way do so. But we would suggest that the no extra net commuting assumption (mainly likely to be inward) is reasonable since:

i) It is not likely that enough extra new dwellings would be created within easy in-commuting distance of Taunton but outside the Borough to house such large extra numbers

ii) It is in principle not desirable for general sustainability reasons to build in substantial net commuting assumptions.

S13 For both these reasons we suggest that our assumption is preferable.

## Results for overall dwelling requirements

S14 The results of this new local migration adjusted ONS projection are shown below:

**Table S1 Total new homes implied 2008-26 under 3 job growth assumptions**

| *Basis for projection* | *Mainstream household increase* | *Total new homes including 3% vacancy allowance* | *Requirement for new specialist accommodation* |
|---|---|---|---|
| A (11,000 new jobs) | 14,957 | 15,406<br>(15,000) | 1,536 |
| B (15,000 new jobs) | 18,039 | 18,580<br>(19,000) | 1,614 |
| C 8,000 new jobs) | 12,641 | 13,020<br>(13,000) | 1,476 |

This appears as Table 4.1 of the main text. It provides estimates of new homes for the stated numbers of job to be provided over the 18 years 2008-2026. Source: Fordham Research (2010)

S15 The R Tym jobs-led homes forecast for the 11,000 employment level is about 14,000, but this is based on the 2006 ONS population projection. We have used the 2008 ONS projection which shows some 18,000 fewer people in Taunton than the 2006 ones. There is no Taunton specific explanation for this big change, which also affects neighbouring districts. But we are bound to assume that the latest ONS projection is the most reliable.

S16 The forecast requirement for new homes with 11,000 new jobs is therefore 15,000.This figure assumes that all extra employment will be self contained within Taunton Deane, with no extra commuting to work in the Borough beyond what it happening now. There is at present significant net in-commuting. However it would not be very sustainable to assume this in future. Although ‘no extra in-commuting’ is clearly the most desirable outcome, it is not fully realistic: there is likely to be some extra in-commuting. We therefore suggest that a target of 15,000 new homes including the specialist accommodation is a realistic target.

## Use of the Long-Term Balancing Housing Markets model (LTBHM)

S17 The household forecasts produced in the above stage were then put into our existing LTBHM model which is designed to indicate the tenure and size mixes to be aimed at for long-term planning purposes.

S18 A key feature of the LTBHM is that it is designed to remove existing poor housing conditions (unsuitable housing) over a period. This assumption usually indicates more affordable housing, since there is typically a shortage of it. This shortage is endemic in the South West region, and Taunton is not an exception. Taunton is not as badly off as much of the region, but still shows a lower figure than the national proportion of 18% of affordable housing in the stock.

S19 In terms of size mix there is a clear distinction between market and affordable housing. In the former case about half of it should be three-bed to meet the demand, a quarter two-bed and most of the rest four-bed. In the affordable sector the focus is upon two-bed houses (43%) with three-bed houses still important (33%). But the remainder is split almost evenly between four-bed and one- and two-bed flats.

S20 The broad results can be summarised as follows. These conclusions clearly do not apply to the small specialist housing element, but to the mainstream newbuild.

**Table S2 Tenure and size mix of the newbuild based on Scenario A**

| | *Market* | *Affordable* |
|---|---|---|
| Current stock (SHMA 2008) | 86% | 14% |
| Tenure of newbuild | 74% | 26% |
| Size of newbuild: % 3 bed | 47% | 33% |
| Size of newbuild: % 2-bed house | 27% | 43% |
| Size of newbuild: % 1/2-bed flats and 4-bed | 26% | 24% |

This appears as Tale 5.2 of the main report. Note that these are rounded percentages based on Scenario A.

Source: Fordham Research (2010)

S21 Clearly these results are only broad indications for policy purposes. They do not take account of the varying requirements of different neighbourhood contexts. But their purpose is a long-term policy one at the Borough level. As such the combination of the new migration adjusted population projection and the LTBHM provide new insights into the future possibilities for jobs and homes in Taunton.

## Implications for affordable housing targets

S22 Analysis of household survey data for Taunton Borough carried out as part of the 2008 SHMA suggested an affordable housing target of 45%. As can be seen from the table above, the long-term projection to 2026 suggests that 26% of the housing would need to be affordable. Both calculations assume that the housing need is removed, but the housing need calculation (following the CLG Guidance) assumes that it is removed over five years. The present calculation assumes its removal over 18 years.

S23 There is a further complication in the LTBHM which is the removal of unsatisfactory housing conditions in the stock. This does not imply any extra dwellings, but rather a reorganisation and repair of some of them. Hence in terms of newbuild the main issue is the housing need target.

S24 An affordable target is not normally met fully in reality: it is just a target. The outturn proportion of affordable housing is usually at least 5% and often 10% plus lower than its face value. So if Taunton Deane followed the housing need suggestion and set a 45% target, it would probably achieve about 35% at best over the plan period. From the table below it can be seen that this would remove all the existing housing need over about nine years.

**Table S4 Years to reach tenure balance in Taunton Deane: Scenario A, different targets**

| *Possible affordable housing target* | *Theoretical time to reach tenure balance* |
|---|---|
| 20% | > 25 years |
| 25% | 20 years |
| 30% | 13 years |
| 33% | 10 years |
| 35% | 9 years |
| 40% | 7 years |
| 50% | 5 years |

Source: Fordham Research (2010)

S25 If the housing need were removed over 18 years (the table shows 20) then an outcome target of about 25% would achieve this. The implication might be a formal affordable target of 35%: about 10% more than the expected outcome.

S26 This is guidance for policy setting, not policy. It is hoped that this information will permit a policy debate within the Council which will result in an agreed affordable target.

## Conclusions

S27 The preferred jobs target is 11,000 for 2026. If there were no net in-commuting for the new jobs, this would imply about 15,000 new homes over the period. Although reality is bound to be less clear than such a simple assumption, it is the only sensible one in terms of coherent planning and sustainability.

S28 About 26% of this housing should be affordable if the aim is to remove all existing housing need over that period. The implied requirement is probably for about a 35% affordable target.

# Chapter Listing

# 1. Introduction

## Purpose of this report

1.1 This report embodies a novel approach to a familiar problem: forecasting the future numbers of households for longer term planning purposes. The reason for the new approach is that it is 'post RSS'. Only in late May 2010 did the Secretary of State for Communities and Local Government issue a statement indicating that he was minded to abolish Regional Strategies. Previous to this all local authority plans for future housebuilding were keyed to an annual figure which was the RSS target. As a result, there was no need to worry about what the future level of housebuilding was, at the Plan level, because it was set. Now it is not.

1.2 This is an entirely separate matter from the numbers of new dwellings which the housing market was actually delivering, which was affected in the recent period by the Credit Crunch. This had meant that RSS rates were not being achieved across the country. But that was not, in the planning context, treated as a major matter, since it was assumed that over a 20 year Plan period this was going to be a 'blip' in the upwardly rising market. Whether this was a sound view or not, it was firmly maintained by CLG.

1.3 But in the post RSS world a new issue has arisen. It is to construct a forecast for new housing that is based on something other than a largely top-down RSS figure for newbuild. The purpose of this report is to produce such a figure.

## Remit for the work

1.4 In essence the brief for this work is twofold:

i) To review the household projections in the post-RSS world

ii) To consider the implications of job growth of 8,000, 11,000 and 15,000 new jobs by 2026 for these household projections.

1.5 In carrying out the work it was intended that we should use detail on household characteristics and mobility that is held within the substantial database of the 2008 Strategic Housing Market Assessment (SHMA) which we carried out for the Council. This means that instead of looking at the period 2006-26 we will in effect be looking at 2008-26. However, we have taken the full job totals listed above, since the evidence from Roger Tym and Partners is that relatively few net new jobs were created in 2006-8. The full totals were therefore considered to arise 2008-2026.

## The circumstances of Taunton Deane

1.6 Taunton Deane, and in particular the county town of Taunton (about 81% of the total population of the Borough) has been envisaged as a sub-regional growth centre for some years. Work has been done to prepare for this growth, most recently a programme of masterplanning various sites around the town. The major site is at Monckton Heathfield just to the north.

1.7 Its nearest competitor centre is Bridgwater, in Sedgemoor district to the north. Bridgwater is a bit nearer to the regional centre of Bristol, but has a less skilled workforce and although the two towns overlap, Taunton has a much higher profile in the retail sphere. It clearly has better scope to attract more skilled jobs.

1.8 Partly because it serves quite a wide rural area and partly for historical reasons, Taunton is a net importer of workers. A net commuting inflow of about 5,000 was estimated in 2001. In relation to 'homes and jobs' this raises an issue as to whether some attempt is justified to narrow this gap, by building more homes than jobs.

1.9 The borough grew at about 757 workers per annum in the period 1995-2003. This clearly shows that growth rates of this order have been achieved in Taunton. Its attractive location within a growth region makes it likely that a growth agenda can be pursued in future.

## Localism

1.10 The other major change, in addition to the post-RSS world, is that 'Localism' has become a material planning consideration. This is fortunate in the present context. That is because it is not sensible to use the published household and population forecasts as the basis for the present work. Not only is there the jobs initiative, but also the complex interaction of migration and commuting to consider.

1.11 The Localism agenda has to do with what is in Europe called 'Subsidiarity': taking decisions at the lowest feasible level. In order that such decisions may be taken in a way that achieves the greatest local consensus, such decisions have to be based on evidence. The importance of evidence based policy has been a theme of the past decade. But Localism has given it further impetus.

1.12 This project uses the SHMA household survey (carried out by Fordham Research in 2008) as a major input. This is because such surveys contain data that is essential to producing a locally based and relevant future projection for new homes. Examples of why this is can be given in the form of a list of local information that is only obtainable from such household surveys:

i) Household income

ii) Household savings/debt

iii) Household wealth: mainly the equity held by owner-occupiers

iv) Information on past house moves

v) Information on planned future moves

vi) Information on employment and commuting patterns

1.13 This is just the bare bones of what is available from such surveys. No reliable alternative exists. It is always possible to deduce, from national data sources, rates of one kind or another which can be applied to national datasets to produce what may appear to be local information. Such attempts are doomed to be of poor quality. There is good evidence that the number of assumptions required to produce local estimates from national datasets has such a wide 'reasonable range' for each key variable as to imply that the results are in fact meaningless.

## Strategic Housing Market Assessment February 2009

1.14 This study, carried out by Fordham Research in 2008-9 covered Taunton Deane, Sedgemoor, South Somerset and West Somerset. It produced a wide range of detailed results and policy implications. For the present study the main ones are that a 40% affordable housing policy was justified by the examination of the housing needs situation, using the CLG needs model approach for the housing market area of the three districts. The Housing Needs Survey carried out for Taunton Deane at the same time considered that a borough-specific target of 45% of affordable housing was justified.

## Affordable Housing Viability 2008 and 2010

1.15 Fordham Research carried out 'deliverability' studies to complement the SHMA in 2008 with an Annex in 2010. The current, 2010, viability situation is that an affordable housing target of 20% across the Borough is the most that can be justified. However the Dynamic Viability procedure that is attached to this report will ensure that as and when the housing market recovers, the affordable target will rise with it. Clearly it cannot exceed 40% so long as the current SHMA findings remain valid.

## Tym and Partners: Taunton Economy Topic Paper

1.16 In parallel to this report, the council commissioned Tym and Partners to carry out a study of employment prospects for . This has resulted in a 'best estimate' of some 11,000 new jobs between 2006 and 2026. Their work is based on the 2006 ONS population and household projections. Our work (as explained in the next chapter) is based on the 2008 ONS projections. We were asked to consider job growth to 2026 of 11,000 (Scenario A); 15,000 (Scenario B) and 8,000 (Scenario C).

## Summary

1.17 CLG has asked all councils to reassess their housing growth targets in the light of evidence. New targets are required to replace the old Regional Spatial Strategy (RSS) ones.

1.18 Fordham Research was also asked to model the effects on new housing requirements of a range of job-growth scenarios developed by Tym and Partners in a parallel research project. They involve growth totals of 11,000 (main estimate), 8,000 and 15,000 new jobs

1.19 In order to address the various issues in the 'post-RSS' world Fordham Research has developed a new method of approaching household projections in situations like that of Taunton: where there is a job-led growth project as well as the normal demographic changes. The approach and its outputs are described in the following chapters.

# 2. Employment and migration

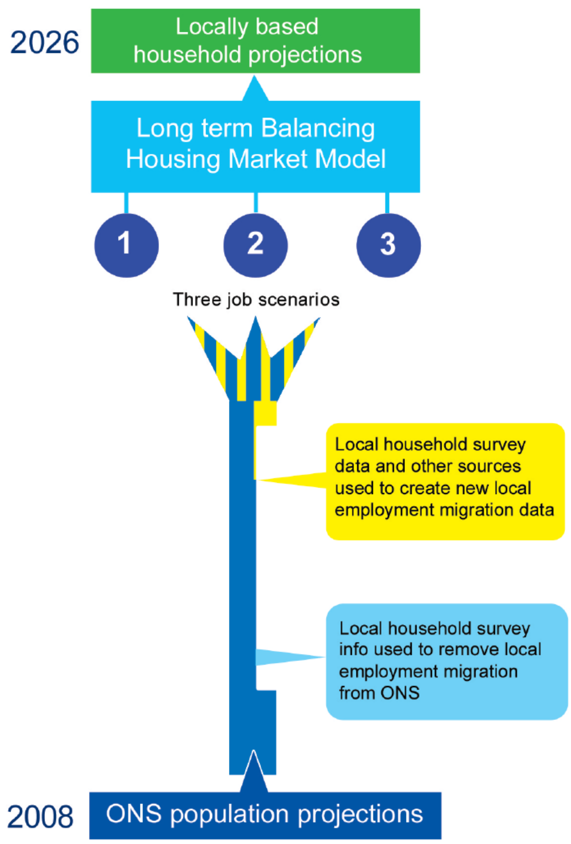
## Introduction

2.1 The aim of this study is to consider the possible impact of increasing levels of employment in Taunton Deane on the requirement for housing in the Borough to 2026. To produce a genuinely local forecast of the population and household consequences, it is important to use local data.

## Modelling approach

2.2 In order to model the results of employment scenarios on numbers, tenure and dwelling size requirements we have combined elements of ONS population projections with major elements of the household survey carried out as part of the SHMA in 2008 and other information to produce a local population and household projection. This can then be fed into a long-term housing market model to produce housing requirement figures. The process is illustrated by the diagram below:

**Figure 2.1 Structure of the approach**




Source: Fordham Research (2010)

2.3 The main driver of growth in the job scenarios is in-migration from other parts of the UK. The complex interactions which result in the eventual requirements of households for homes can best be modelled using the dynamic information that is contained within the household survey. This obtained information on household movements in the period 2006-2008.

2.4 The basic method is to modify the ONS population projections for Taunton Deane, by removing the existing component of employment-related migration, and replacing it with a component based on local employment projections. The rest of this chapter describes the detailed method by which this has been done, and the summary outputs of the model.

## The ONS projections used

2.5 We considered carefully whether to use the 2006-based or newly released 2008-based ONS population projections for the modelling work. Since the Plan period is 2006-2026, there might be an argument for using the earlier projections. In addition, these may have been used in other recent work carried out for Taunton Deane.

2.6 The 2008 projections are substantially lower than the 2006 ones. The decrease in the number of people projected for 2026 between 2006 and 2008 is about 17,900. There was no obvious reason for this: Taunton is in the South West, which is a growth region and is in a good position within that region.

2.7 In order to try to understand why there has been so large a reduction in the increased forecast of population we held detailed discussions with ONS and also considered a number of background papers on the subject, notably *'Improving migration and population statistics: overview of the package of improvements'* published by ONS in 2010.

2.8 On consideration, we felt that the latest projections contain the best current ONS view of the future and have adopted the 2008 figures, despite the large changes made from the 2006-based projections. The Council agreed with this position.

2.9 Hence this analysis uses the latest, 2008 based, projections from ONS published in mid-2010.

## The scenarios

2.10 We were asked by Taunton Deane Borough Council to consider three possible employment scenarios, covering the period 2008-2026:

- Scenario A – 11,000 additional jobs (610 per annum)
- Scenario B – 15,000 additional jobs (830 per annum)
- Scenario C – 8,000 additional jobs (440 per annum)

2.11 To provide evidence of the likely impact of these levels of additional job provision on the Taunton Deane population, we have used past evidence of links between employment and migration from the 2006-08 period. This period was chosen because of the availability of data from the Strategic Housing Market Assessment household survey, carried out in March/April 2008.

2.12 Rather than using a generic national approximation for the relationship between job generation and migration, this locally-sourced SHMA household survey data permits the use of information more accurately reflecting the local situation in Taunton Deane to be used.

## Linking employment to migration

2.13 The SHMA survey gathered a wide variety of information, including details of those households that had moved within the 2006-08 period, and the location of employment of household members. This allows estimates of the level of migration into the Borough motivated by household members gaining local employment to be produced. About 73% of gross population migration into Taunton Deane during 2006-08 was found to be caused by people moving into the area due to local employment, including other household members.

2.14 Because of the need to integrate this information (as will be seen at a later stage in this chapter) into the ONS population projections, base figures taken from the SHMA were adjusted to fit the gross migration level already shown by ONS projections. This was because although the SHMA data implied a significantly lower level of in-migration, unlike the ONS projections it could not assess out-migration, and so could not be used as a sole base. The result was to indicate a total gross inflow of 6,250 people each year.

2.15 The assumption has been made for the purposes of this study that the level of employment-related migration produced will generally be proportional to the number of jobs made available. It is important to include in this not only any brand new additional jobs created, but also jobs made available due to turnover in the jobs market. This would include existing jobs made available by people moving away from Taunton Deane, or leaving the labour market for retirement or other reasons.

2.16 While the turnover of local jobs cannot be measured directly using readily available data, it can be estimated for the purposes of the model by combining multiple data sources, including the SHMA household survey, Labour Force Survey, and ONS mid-year population estimates. By combining the result of this estimate with evidence provided by Taunton Deane Borough Council on the level of additional employment floorspace generation during this period, it is possible to estimate the total number of jobs made available during the 2006-08 period.

2.17 In addition, by comparing the net change in the number of jobs available from 2006 to 2008 (supplied by Taunton Deane Borough Council) with the change in the number of locally employed residents (from the sources above), it is also possible to produce an approximation for the number of additional commuters each year into Taunton Deane from outside the Borough. These are taken into account when producing estimates of migration caused by employment opportunities in the Borough, since ideally those working in the Borough would also live within the Borough, in the interests of sustainability.

2.18 The product of this series of calculations is a ratio, which links together the number of local jobs made available and the number of people migrating into the area for reasons of local employment. In the case of Taunton Deane, it was found that approximately 1.52 people moved into the Borough for each job made available in 2006-08. This would increase to 1.75 people if all the additional out-of-Borough commuters were instead housed within the Borough boundaries, holding commuting at the current level.

## An important assumption

2.19 The model assumes that the new jobs will not generate any in-commuting, in addition to that currently occurring in Taunton Deane, resulting in 1.75 people migrating into the area per job made available. This seems the most reasonable assumption, since the new homes and jobs are intended to match. Increasing commuting levels in line with job creation would face at least two significant problems:

i) It is not likely that enough extra new dwellings could be sustainably created within easy in-commuting distance of Taunton in neighbouring Local Authorities to house such large extra numbers.

ii) Increasing commuting would bring substantial costs for transport infrastructure, as well as having a range of social and environmental impacts. It is therefore in principle not desirable to build additional commuting into the model.

2.20 This assumed limitation on additional in-commuting is a major reason why the modified projections are considerably higher than those produced by ONS. The final population totals are shown below, both with and without changing the level of commuting. We have used the figures in the top row of Table 2.1 as the basis for the remainder of the analysis.

**Table 2.1 Modified population projections for 2026: increased employment**

| *Assumption* | *ONS projection* | *Scenario A** | *Scenario B** | *Scenario C** |
|---|---|---|---|---|
| Commuting curtailed | 122,900 | 136,900 | 143,900 | 131,600 |
| Increase in commuting continues** | | 124,000 | 130,080 | 119,431 |

* Fordham Research employment-based projections, rounded to the nearest 100 ** Continuing with 2006-2008 trend, from 2008 SHMA survey.

Source: Fordham Research (2010), ONS 2008-based population projections (2010). Please note that the ONS projection does not directly address the issue of commuting, so its figure is put between the two rows as a reference point.

## Creating a modified population projection

2.21 This ratio, and the other information gathered above, can then be used to produce a modified population projection for Taunton Deane. This is carried out by first removing the in-migration due to local employment from the original ONS projection. To do this, we assume that since the ONS projections are based on past trends, the total proportion of projected migration into the Borough attributable to local employment will be approximately the same as that recorded in the SHMA.

2.22 After subtracting this from the population projections, we add in modified figures for each job scenario, based on the ratio of 1.75 people moving into the Borough per local job made available, produced by the method outlined above. This assumes that all new requirements for housing generated by employment should be met inside the Borough.

2.23 Although we have now determined the total number of people expected to be in the Borough as of 2026 for each employment scenario, further detail is required to produce a comprehensive population projection useful for the purposes of predicting housing requirements. In particular, age bands are required to determine the type of housing this additional population might require. A breakdown of the in-migrant group into five year age bands can be obtained by considering the age distribution of those recorded in the SHMA survey as moving in to take up local employment in 2006-08.

2.24 An allowance has to be made for the fact that after 18 years, the age distribution of this group will be different to the time at which they arrive. This is done by dividing the new population into two-year cohorts and performing a simple forward projection, allowing for the ageing of the new in-migrants over time, and the likely birth rate that could be attributed to each five year age group, again based on data from the SHMA survey. This creates a form of cohort analysis in order to fully envisage the outcomes. Death rates were not included in the projection since the group of new in-migrants taking local employment are predominantly young, with few reaching retirement age during the period of the projection.

2.25 The resulting alternative population projections for the three job scenarios are shown in the table below. These projections are then used in the following chapter as inputs for the long-term market balance model, which considers the link between population and housing requirements.

| Table 2.2 Modified population projections for 2026: increased employment | | | | |
|---|---|---|---|---|
| *Age group, 2026* | *Standard projection* | *Scenario A** | *Scenario B** | *Scenario C** |
| 0 – 4 | 6,300 | 7,500 | 8,000 | 7,000 |
| 5 – 9 | 6,700 | 7,700 | 8,200 | 7,400 |
| 10 – 14 | 7,100 | 8,000 | 8,400 | 7,600 |
| 15 – 19 | 7,200 | 7,900 | 8,200 | 7,700 |
| 20 – 24 | 5,000 | 5,700 | 6,100 | 5,500 |
| 25 – 29 | 6,000 | 7,100 | 7,600 | 6,700 |
| 30 – 34 | 6,800 | 8,200 | 8,900 | 7,600 |
| 35 – 39 | 7,500 | 9,000 | 9,800 | 8,400 |
| 40 – 44 | 7,200 | 8,600 | 9,300 | 8,100 |
| 45 – 49 | 6,700 | 7,900 | 8,500 | 7,400 |
| 50 – 54 | 7,100 | 8,000 | 8,500 | 7,700 |
| 55 – 59 | 8,300 | 9,000 | 9,400 | 8,700 |
| 60 – 64 | 8,500 | 9,000 | 9,300 | 8,800 |
| 65 – 69 | 7,500 | 7,900 | 8,100 | 7,800 |
| 70 – 74 | 6,600 | 6,800 | 6,900 | 6,700 |
| 75 – 79 | 6,900 | 7,100 | 7,100 | 7,000 |
| 80 – 84 | 5,200 | 5,300 | 5,300 | 5,200 |
| 85+ | 6,200 | 6,300 | 6,300 | 6,300 |
| **Total** | **122,900** | **136,900** | **143,900** | **131,600** |
| **Base extra jobs** | **-** | **11,000** | **15,000** | **8,000** |

* Fordham Research employment-based projections, rounded to the nearest 100.

Source: Fordham Research (2010), ONS 2008-based population projections (2008)

2.26 It is worth summarising the overall population implications:

| Table 2.3 Summary of population change projections | | |
|---|---|---|
| *Projection* | *Total population* | *Population change 2006-2026* |
| Standard projection: 2008 | 108,600 | n/a |
| Standard projection: 2026 | 122,900 | + 14,300 |
| Fordham Scenario A (11,000 new jobs) | 136,900 | + 28,300 |
| Fordham Scenario B (18,000 new jobs) | 143,900 | + 35,300 |
| Fordham Scenario C (8,000 new jobs) | 131,600 | + 23,000 |

Source: Fordham Research (2010), ONS 2008-based population projections (2008)

2.27 Due to the innovative nature of the techniques used to reach these projections, the exact figures produced should be treated with caution. However, they are useful in illustrating the types of changes in the population that would be expected should the employment market in Taunton Deane expand, and provides broad indications of the probable magnitude of those changes.

## Summary

2.28 This chapter describes a new model for adjusting ONS population projections to produce local household projections. It focuses upon removing the existing in-migration assumptions and replacing them with ones drawn from the local household survey contained within the SHMA. This provides detailed information on employment and mobility over the period 2006-2008.

2.29 The results suggest considerably higher overall household numbers than the original ONS projections. This is chiefly due to the assumption that there is no net change in in-commuting. This assumption seems justifiable, since if in-commuting on the required scale were allowed, not only would it call for major urban development outside the district to provide homes for the employees, but would build in undesirably long commuting trips for the employees involved.

# 3. Long-term market balance model

## Introduction

3.1 This chapter develops the locally adjusted population projections generated in the previous chapter to produce implications for changes in the local housing stock. This employs our Long-Term Balancing Housing Markets (LTBHM) model.

3.2 It is important to consider newbuild housing from the long-term perspective because there is a lag in the planning system, which means that it is not possible to respond immediately to imbalances between the demand for accommodation and the supply response from the stock currently available. It is therefore desirable to consider the alterations required to the housing stock over the long-term to enable future action to be planned to cater for the prospective changes.

3.3 The model described below compares the current housing stock profile with the stock of housing that might be required in the future according to the three employment scenarios, using data from the SHMA household survey carried out in 2008.

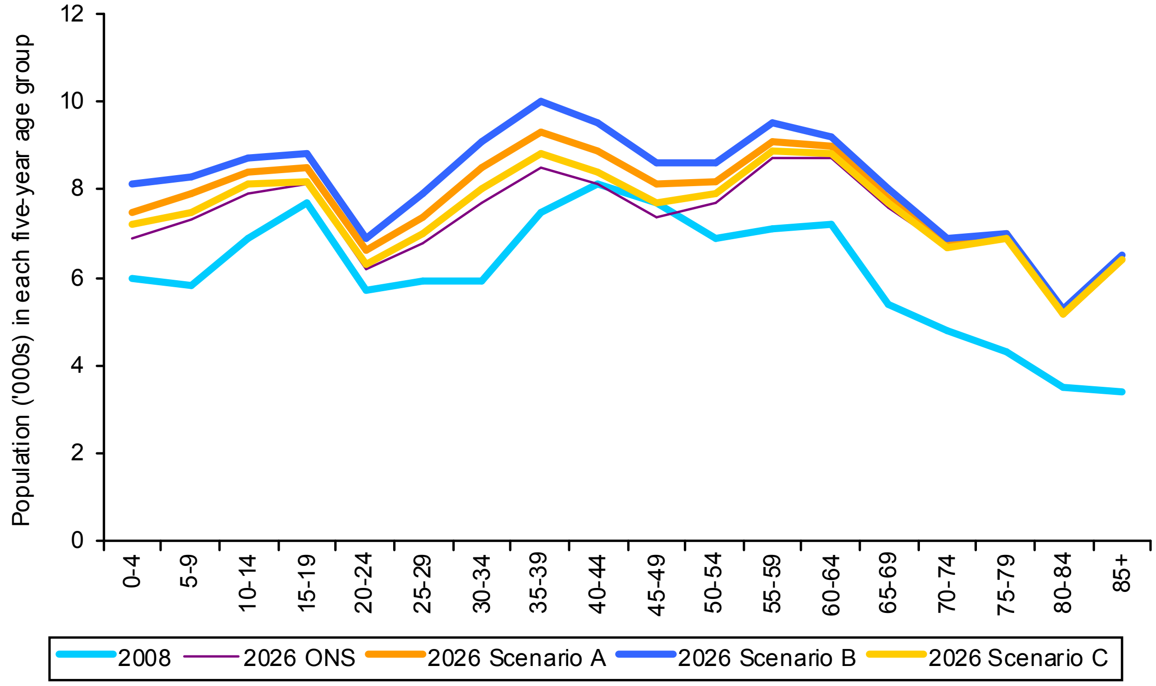
3.4 The purpose of the LTBHM model is to identify the new accommodation required to adequately house the future population in the Borough and in doing so to improve the housing market balance. This is a long-term goal; however the model is based on the assumption that it is better to move toward that goal than away from it. The information gained in the process on the nature of the imbalances in the market is also likely to be useful for housing and planning policy in both shorter and longer terms.

## Demographic projections

3.5 The locally adjusted population projections produced in the previous chapter indicate that the population within Taunton Deane, dependent on the level of employment generated, could increase by between 21.2% and 32.5% between 2008 and 2026 (an increase of between 23,000 and 35,300 people). Figure 3.1 shows the projected population within each five-year age cohort for each of 2008 and 2026.

3.6 The largest total change is expected to be in the number of people aged 55 and over, while the proportion of people aged 15-25 and 40-50 is unlikely to change significantly. These changes may have implications in terms of the proportion of economically active people living in the Borough.

**Figure 3.1 Forecast population profiles by age group in Taunton Deane, 2008 and 2026**




Source: ONS 2006-based sub-national population projections (2008), Fordham Research (2010)

3.7 These population projections have been applied to the household survey dataset to provide an estimated household profile for 2026. Before the accommodation requirements of the future population are calculated it is important to describe the approach used to create an accommodation profile adequate for each of these household types.

## Stock vs Flow models of future housing change

3.8 The LTBHM is a 'stock' model rather than a 'flow' model. Fordham Research has developed both, but the stock version is the more robust. The stock emphasis means that it deals in totals rather than differences. The outcome is that its results are much more accurate than flow based models. It does not take into account the likelihood that an individual household will move, or consider supply from turnover. That is the approach which generates error to the point of producing results that are more or less meaningless.

3.9 Instead, it considers the total stock in the area, and matches this to the stock that would be needed to house every household in the area adequately. It is assumed that the market (and social housing allocation system) will continue to function as now to allocate housing to the appropriate households.

3.10 The model projects forward from the current housing circumstances of existing households, so it avoids dealing in an 'ideal' allocation of housing to households. It incorporates the results of existing 'inefficiencies' in the market or allocation system (e.g. under-occupation by households whose children have left home) and assumes that these trends will remain largely unchanged into the future. There are some exceptions to this, intended to reduce the proportion of the population living in housing inadequate for their needs, as explained in the next section of this chapter.

3.11 The whole stock approach offers considerable advantages in terms of robustness and statistical reliability over flow-based models which attempts to estimate both likely demand and likely supply. Whether a household will move in the future (even in the short-term) is always subject to uncertainty, particularly in the current rapidly changing housing market; considering the stock as a whole leaves much less room for error.

3.12 The Long-term Balancing Housing Markets model developed by Fordham Research also fully integrates future expected demographic changes into the outputs; this is an advantage because when planning newbuild housing it is important to ensure that it is useful not just now but well into the future. Flows models can only predict future household moves for two or three years in advance, and may be heavily influenced by recent short-term trends. By incorporating the best estimates of future household growth for the area from population and household projections, the model here gives the Council an insight into the types of housing that could be useful to residents in the long-term.

3.13 It is worth noting that, in the interests of simplicity, and unlike the CLG Housing Needs model (CLG Practice Guidance 2007 Chapter 5) this model does not subtract any estimate of likely newbuild property. As a result, any new build housing that is to be (or has already been) constructed from the base date of the research (March 2008) forward can be counted as contributing to the total requirements produced by the model.

## Key criterion of the LTBHM

3.14 For the purpose of LTBHM, the housing market is considered 'balanced' if the local population (now or in the future) is adequately accommodated. It is therefore initially appropriate to assess the adequacy of the current accommodation to house the residents of Taunton Deane. This is determined through responses to the household survey. The procedure is summarised in the table below:

**Table 3.1: Basis for assessment of the suitability of housing**

A household is considered adequately housed currently unless:

(i) They are in unsuitable housing (as defined by CLG Guidance) and cannot resolve this unsuitability without moving to a different property
(ii) Their property is overcrowded (according to the bedroom standard)
(iii) They are living in ordinary housing when they state that they need to live in sheltered, supported, extra care or other similar specialist housing

In each of these cases the household is allocated to a property with characteristics more suitable for their needs, of a different size, type or tenure.

Also if a household plans to move soon because it is unsuitably housed (for reasons of size, cost, type or tenure) it is 'moved' to a dwelling that would remove the problem.

Some further adjustments are also made to remove over the long-term any undesirable elements of market imbalance that exist currently:

(iv) Households living in social rented accommodation that can afford market or intermediate accommodation are re-allocated to these tenures to ensure that the stock is being most appropriately and efficiently used.
(v) Households resident in the private rented sector on Local Housing Allowance (LHA) are assumed to move into the form of affordable accommodation that they can afford (intermediate or social rented). The private rented sector on LHA is not an adequate long-term equivalent to affordable housing. There is not the same security of tenure or, as survey data shows, quality of housing within the private rented LHA stock as within most of the social rented sector.

It should be noted that adjustment number (v) counts toward the inadequate housing totals. Because of the inclusion of this additional group (and those needing to move from ordinary to sheltered or other specialist accommodation) the numbers are higher than those considered in housing need or in (more narrowly defined) unsuitable housing by the CLG model. The difference between the housing need figure and the LTBHM one based on inadequate housing does not in general require newbuild housing: there should be little difference in that respect. The difference is in the need to adapt or improve the existing housing stock.

Source: Fordham Research 2010

## Implied requirements for change in Taunton Deane

3.15 The table below shows the proportion of each household type currently requiring alternative accommodation in order to be adequately housed. The table shows that some 6.3% of households are classified as inadequately housed currently. Lone parent households are the household group least likely to reside in adequate accommodation, with multiple pensioner households the most likely.

**Table 3.2 Types of households inadequately housed currently**

| *Household type* | *Number inadequately housed* | *All households* | *Proportion inadequately housed* |
|---|---|---|---|
| Single pensioners | 354 | 8,455 | 4.2% |
| Two or more pensioners | 50 | 5,856 | 0.9% |
| Single non-pensioners | 504 | 7,542 | 6.7% |
| Couple, no children | 351 | 15,901 | 2.2% |
| Lone parent | 802 | 1,906 | 42.1% |
| Two or more adults, one child | 447 | 4,573 | 9.8% |
| Two or more adults, two or more children | 605 | 5,367 | 11.3% |
| **Total** | **3,112** | **49,600** | **6.3%** |

Source: Taunton Deane household survey (2008), Fordham Research (2010)

## The meaning of LTBHM model outputs

3.16 The results of the model show the additional types and sizes of housing required by 2026. They focus on the mix of housing that would be required in 2026 assuming that the ONS projections are correct, and that households continue to require similar types of housing to what they require now. This seems reasonable: tastes change, but households of given size and financial capacity require much the same type of housing as they did 18 years ago, and we are forecasting the position 18 years hence.

3.17 The outputs presented here are not policy recommendations in themselves; but an intermediate stage on the way to policy. For policy purposes they must be viewed in conjunction with other information. Due to economic constraints, it is not always possible to address housing problems immediately: short-term priorities may sometimes differ from long-term aspirations. This issue is addressed in more detail in the last section of Chapter 5, in relation to varying affordable targets.

3.18 The model provides longer term objectives as to mix of tenure and size of dwelling. The analysis is carried out at the Borough level. Clearly there are many neighbourhoods within any district which require different treatment. This has to be borne in mind when considering the figures which follow: they are broad brush ones at the Borough level, rather than a template for more specific localities within it.

3.19 As a footnote, it is worth pointing out that negative figures in a given cell do not imply a requirement for demolition. All that they mean is that there is a surplus of that particular type and size of dwelling.

3.20 With that summary explanation, the following tables provide the outputs for the three job-led scenarios.

## Tenure of housing required: Taunton Scenario A

3.21 Table 3.3 below shows the best fit tenure profile in the Borough in 2026 (if all households are to be adequately housed).

**Table 3.3 Best fit tenure profile 2026: Scenario A***

| *Tenure* | *Number of households* | *Percentage of households* |
|---|---|---|
| Market | 51,882 | 83.0% |
| Intermediate | 1,805 | 2.9% |
| Social rented | 8,822 | 14.1% |
| **Total** | **62,509** | **100.0%** |

* Excluding sheltered housing, nursing homes etc.

Source: Fordham Research (2010)

3.22 The following table shows the tenure profile required by households resident in the Borough in 2026 in comparison to the tenure profile at the base date of the survey. The difference between these two distributions is the change required to the housing stock over this period.

3.23 The table indicates that for the remaining period to 2026, around 74% of new dwellings should be market accommodation, around 16% social rented dwellings and around 10% intermediate housing, making a total of 26% affordable housing.

**Table 3.4 Tenure of new accommodation required: Scenario A***

| *Tenure* | *Tenure profile 2008* | *Tenure profile 2026* | *Change required, 2008-2026* | *% of change required* |
|---|---|---|---|---|
| Market | 40,790 | 51,882 | + 11,091 | 74.2% |
| Intermediate | 302 | 1,805 | + 1,503 | 10.1% |
| Social rented | 6,460 | 8,822 | + 2,362 | 15.8% |
| **Total** | **47,552** | **62,509** | **+ 14,957** | **100.0%** |

* Excluding sheltered housing, nursing homes etc.

Source: Fordham Research (2010)

3.24 In addition, there is a long-term requirement for specialist housing, such as sheltered or supported housing. The ability of the model to analyse this type of housing is limited, due to the unusual ways in which households pay for this housing, for example through equity release or through contributions from other family members. In addition a general household survey tends not to fully represent the needs of the most vulnerable households, who find it difficult to participate in surveys generally. The tenure split shown below should therefore be treated with caution.

| Table 3.5 Tenure of new specialist accommodation required: Scenario A | | | | |
|---|---|---|---|---|
| *Tenure* | *Tenure profile 2008* | *Tenure profile 2026* | *Change required, 2008-2026* | *% of change required* |
| Market | 594 | 1,340 | + 746 | 48.5% |
| Affordable | 1,453 | 2,244 | + 791 | 51.5% |
| **Total** | **2,048** | **3,584** | **+ 1,536** | **100.0%** |

Source: Fordham Research (2010)

3.25 The model is able to also provide detail on the size of new dwellings required within each of the three tenures. This analysis is presented in the following section.

## Size of housing required within each tenure: Scenario A

3.26 The table below presents the size of market accommodation required by households resident in the Borough in 2026 in comparison to the size profile recorded in the sector currently. The quantity of newbuild housing required to move the housing stock from the current size profile to the 'ideal' 2026 profile is also presented. The table shows that 62.5% of new market dwellings should be three or four bedroom properties, with only a small requirement for one bedroom housing (9.4%). Three bedroom houses alone make up 47.0% of the total requirement.

| Table 3.6 Size of new market accommodation required: Scenario A* | | | | |
|---|---|---|---|---|
| *Dwelling size* | *Size profile 2008* | *Size profile 2026* | *Change required, 2008-2026* | *% of change required* |
| One bedroom | 1,951 | 2,995 | + 1,044 | 9.4% |
| Two bedroom flat | 1,676 | 1,827 | + 151 | 1.4% |
| Two bedroom house | 7,621 | 10,590 | + 2,969 | 26.8% |
| Three bedrooms | 18,614 | 23,824 | + 5,210 | 47.0% |
| Four or more bedrooms | 10,929 | 12,645 | + 1,716 | 15.5% |
| **Total** | **40,790** | **51,882** | **+ 11,091** | **100.0%** |

* Excluding sheltered housing, nursing homes etc.

Source: Fordham Research (2010)

3.27 This analysis can be repeated for affordable housing and is presented in the table below. It shows that the majority of the long-term requirement for this type of housing is for mid-size dwellings, with 79.2% for two and three bedroom housing. Two bedroom houses alone make up 42.6% of the requirement.

| Table 3.7 Size of new affordable accommodation required: Scenario A* | | | | |
|---|---|---|---|---|
| *Dwelling size* | *Size profile 2008* | *Size profile 2026* | *Change required, 2008-2026* | *% of change required* |
| One bedroom | 1,511 | 1,864 | + 353 | 9.1% |
| Two bedroom flat | 1,235 | 1,368 | + 133 | 3.4% |
| Two bedroom house | 1,485 | 3,132 | + 1,648 | 42.6% |
| Three bedrooms | 2,320 | 3,604 | + 1,284 | 33.2% |
| Four or more bedrooms | 211 | 659 | + 448 | 11.6% |
| **Total** | **6,762** | **10,627** | **+ 3,865** | **100.0%** |

*Excluding sheltered housing, nursing homes etc.

Source: Fordham Research (2010)

## Tenure of housing required: Scenario B

3.28 This follows the same pattern as for Scenario A. Although the numbers are naturally bigger, it shows the same, market led, tenure profile as Table 3.2.

| Table 3.8 Best fit tenure profile 2026: Scenario B* | | |
|---|---|---|
| *Tenure* | *Number of households* | *Percentage of households* |
| Market | 54,416 | 83.0% |
| Intermediate | 1,892 | 2.9% |
| Social rented | 9,282 | 14.2% |
| **Total** | **65,591** | **100.0%** |

* Excluding sheltered housing, nursing homes etc.

Source: Fordham Research (2010)

3.29 Comparison with the base date, shown in the next table produces a slightly higher market proportion than the equivalent for the lower job Scenario A: 76% market for the additional housing rather than 74% (Table 3.4). But this still implies about a quarter of the new housing being affordable, which is much higher than the 16% of the stock which it represented in 2001. This is not surprising given the overall 'balance' intention of the model.

| Table 3.9 Tenure of new accommodation required: Scenario B* | | | | |
|---|---|---|---|---|
| *Tenure* | *Tenure profile 2008* | *Tenure profile 2026* | *Change required, 2008-2026* | *% of change required* |
| Market | 40,790 | 54,416 | + 13,626 | 75.5% |
| Intermediate | 302 | 1,892 | + 1,590 | 8.8% |
| Social rented | 6,460 | 9,282 | + 2,822 | 15.6% |
| **Total** | **47,552** | **65,591** | **+ 18,039** | **100.0%** |

* Excluding sheltered housing, nursing homes etc.

Source: Fordham Research (2010)

3.30 The final table in the sequence shows the requirement for specialist housing, with the same caveats as stated for Scenario A. In this case the market housing requirement is very slightly lower than for Scenario A.

| Table 3.10 Tenure of new specialist accommodation required: Scenario B | | | | |
|---|---|---|---|---|
| *Tenure* | *Tenure profile 2008* | *Tenure profile 2026* | *Change required, 2008-2026* | *% of change required* |
| Market | 594 | 1,363 | + 768 | 47.6% |
| Affordable | 1,453 | 2,300 | + 846 | 52.4% |
| **Total** | **2,048** | **3,662** | **+ 1,614** | **100.0%** |

Source: Fordham Research (2010)

## Size of housing required within each tenure: Scenario B

3.31 The size mix for the predominant market housing is similar to Scenario A: nearly half of it should be three-bed, a quarter two-bed and most of the remainder four-bed. There is only about an 11% demand for one- or two-bed flats.

| Table 3.11 Size of new market accommodation required: Scenario B* | | | | |
|---|---|---|---|---|
| *Dwelling size* | *Size profile 2008* | *Size profile 2026* | *Change required, 2008-2026* | *% of change required* |
| One bedroom | 1,951 | 3,166 | + 1,215 | 8.9% |
| Two bedroom flat | 1,676 | 1,930 | + 254 | 1.9% |
| Two bedroom house | 7,621 | 11,139 | + 3,519 | 25.8% |
| Three bedrooms | 18,614 | 24,975 | + 6,361 | 46.7% |
| Four or more bedrooms | 10,929 | 13,206 | + 2,277 | 16.7% |
| **Total** | **40,790** | **54,416** | **+ 13,626** | **100.0%** |

* Excluding sheltered housing, nursing homes etc.

Source: Fordham Research (2010)

3.32 In terms of affordable housing there are similar patterns between the two scenarios. Compared with market housing there is more demand for two-beds (41%) still a good deal for three-bed (a third) but more like a balance between four-beds and one- and two-bed flats. This illustrates the different expected family sizes in the two forms of tenure.

| Table 3.12 Size of new affordable accommodation required: Scenario B* | | | | |
|---|---|---|---|---|
| *Dwelling size* | *Size profile 2008* | *Size profile 2026* | *Change required, 2008-2026* | *% of change required* |
| One bedroom | 1,511 | 1,980 | + 469 | 10.6% |
| Two bedroom flat | 1,235 | 1,449 | + 214 | 4.8% |
| Two bedroom house | 1,485 | 3,283 | + 1,799 | 40.8% |
| Three bedrooms | 2,320 | 3,766 | + 1,446 | 32.8% |
| Four or more bedrooms | 211 | 696 | + 485 | 11.0% |
| **Total** | **6,762** | **11,174** | **+ 4,413** | **100.0%** |

* Excluding sheltered housing, nursing homes etc.

Source: Fordham Research (2010)

## Tenure of housing required: Scenario C

3.33 As with the other two scenarios, and this is the lowest job growth one, the outcome for 2026 is again overwhelmingly market: 83% (including private rented). The figure of 17% affordable is slightly higher that the 2001 figure of 16%, but given the purpose of the model to remove unsuitable housing it is quite a modest increase.

| Table 3.13 Best fit tenure profile 2026: Scenario C* | | |
|---|---|---|
| *Tenure* | *Number of households* | *Percentage of households* |
| Market | 49,978 | 83.0% |
| Intermediate | 1,741 | 2.9% |
| Social rented | 8,474 | 14.1% |
| **Total** | **60,193** | **100.0%** |

* Excluding sheltered housing, nursing homes etc.

Source: Fordham Research (2010)

3.34 Again the overall change in stock required to 2026 is similar to the other scenarios: about 73% market housing but over a quarter affordable. This is of course much higher than the 2001 proportion of 16%, but required to improve the overall balance.

| Table 3.14 Tenure of new accommodation required: Scenario C* | | | | |
|---|---|---|---|---|
| *Tenure* | *Tenure profile 2008* | *Tenure profile 2026* | *Change required, 2008-2026* | *% of change required* |
| Market | 40,790 | 49,978 | + 9,188 | 72.7% |
| Intermediate | 302 | 1,741 | + 1,439 | 11.4% |
| Social rented | 6,460 | 8,474 | + 2,014 | 15.9% |
| **Total** | **47,552** | **60,193** | **+ 12,641** | **100.0%** |

* Excluding sheltered housing, nursing homes etc.

Source: Fordham Research (2010)

3.35 In the case of the small number of specialist dwellings the proportions are about 50:50 as with the other scenarios.

| Table 3.15 Tenure of new specialist accommodation required: Scenario C | | | | |
|---|---|---|---|---|
| *Tenure* | *Tenure profile 2008* | *Tenure profile 2026* | *Change required, 2008-2026* | *% of change required* |
| Market | 594 | 1,323 | + 729 | 49.4% |
| Affordable | 1,453 | 2,201 | + 748 | 50.6% |
| **Total** | **2,048** | **3,524** | **+ 1,476** | **100.0%** |

Source: Fordham Research (2010)

## Size of housing required within each tenure: Scenario C

3.36 The size pattern of the market housing is almost the same as for the other scenarios: just under half three-bed, a 29% two-bed and the majority of the rest four-bed.

| Table 3.16 Size of new market accommodation required: Scenario C* | | | | |
|---|---|---|---|---|
| *Dwelling size* | *Size profile 2008* | *Size profile 2026* | *Change required, 2008-2026* | *% of change required* |
| One bedroom | 1,951 | 2,869 | + 918 | 10.0% |
| Two bedroom flat | 1,676 | 1,750 | + 74 | 0.8% |
| Two bedroom house | 7,621 | 10,176 | + 2,555 | 27.8% |
| Three bedrooms | 18,614 | 22,958 | + 4,344 | 47.3% |
| Four or more bedrooms | 10,929 | 12,226 | + 1,297 | 14.1% |
| **Total** | **40,790** | **49,978** | **+ 9,188** | **100.0%** |

* Excluding sheltered housing, nursing homes etc.

Source: Fordham Research (2010)

3.37 Again as found in the other scenarios, the size mix for affordable housing focuses on somewhat smaller dwellings: just under half two-bed, a third three-bed and rough balance between four-bed and one- and two-bed flats for the remainder.

| Table 3.17 Size of new affordable accommodation required: Scenario C* | | | | |
|---|---|---|---|---|
| *Dwelling size* | *Size profile 2008* | *Size profile 2026* | *Change required, 2008-2026* | *% of change required* |
| One bedroom | 1,511 | 1,777 | + 265 | 7.7% |
| Two bedroom flat | 1,235 | 1,308 | + 72 | 2.1% |
| Two bedroom house | 1,485 | 3,017 | + 1,532 | 44.4% |
| Three bedrooms | 2,320 | 3,481 | + 1,162 | 33.6% |
| Four or more bedrooms | 211 | 632 | + 421 | 12.2% |
| **Total** | **6,762** | **10,215** | **+ 3,453** | **100.0%** |

* Excluding sheltered housing, nursing homes etc.

Source: Fordham Research (2010)

## Summary

3.38 This chapter has used our LTBHM model to translate the overall population and household projections into tenure and size mixes. The overall numbers and tenure/size mixes are summarised in the next chapter.

# 4. General conclusions

## Background

4.1 This report has been written because of the new situation created by the abolition of the Regional Spatial Strategy, which provided newbuild housing targets for local authorities. This has permitted a new and more locally based approach which is embodied in this report.

4.2 It is rooted in the ONS nationally produced local population and household projections. However it replaces the non-local assumptions about in-migration with ones that are truly locally based. They are derived from the household survey carried out as part of the 2008 SHMA.

4.3 We developed a fairly complex analysis which replaces the 'standard' in-migration assumptions of ONS with ones based on actual local past behaviour. This should be a more reliable indication of what will happen. From this, and the three levels of job growth we created three new population and household projections.

4.4 We then put the output into our LTBHM in order to generate tenure profiles and dwelling size estimates for the changed population, as a guide to future policy.

## Conclusions on total new homes required

4.5 The former RSS target called for 22,000 new homes by 2026. However, the current job-led growth projections (Tym) suggest about 14,400 new dwellings are all that is required. The Tym calculations were based on the 2006 ONS projections which are some 18,000 people higher than the 2008 based projections used as the basis for this report.

4.6 The various levels of job growth we were asked to assume lead to the following implied dwelling requirements:

| Table 4.1 Total new homes implied 2008-26 under 3 job growth assumptions | | | |
|---|---|---|---|
| *Basis for projection* | *Mainstream household increase* | *Total new homes including 3% vacancy allowance* | *Requirement for new specialist accommodation* |
| A (11,000 new jobs) | 14,957 | 15,406<br>(15,000) | 1,536 |
| B (15,000 new jobs) | 18,039 | 18,580<br>(19,000) | 1,614 |
| C (8,000 new jobs) | 12,641 | 13,020<br>(13,000) | 1,476 |

Source: Fordham Research (2010)

4.7 The job forecasts are the starting point, and not the main focus of analysis here. However all three of the job growth rates are reasonably close to levels achieved around a decade ago (Table 2.12 indicates a rate just over 600 jobs per annum). The most relevant projection (A) implies 550 new jobs per annum so that it is within the historical trend. However it is recognised to be in part an aspirational target and hence the infrastructure planning and other work required to encourage its realisation.

4.8 As can be seen, the 11,000 job growth scenario implies 15,000 new homes under the substantially reduced 2008 ONS population projections. As commented earlier, we do not know which projection is better, but must assume that the latest ONS figures are the best educated guesses. To this 15,000 would be added some 1,500 units of specialist accommodation.

4.9 These figures assume that all extra employment will be self contained within Taunton Deane, with no extra commuting to work in the Borough beyond what it happening now. Although this is clearly the most desirable outcome, it is not fully realistic: there is likely to be some extra in-commuting. We therefore suggest that a target of 15,000 new homes including the specialist accommodation is a realistic target.

## Conclusions on tenure of the new housing

4.10 The three scenarios have big effects on the overall total of new dwellings required, but they all show very similar tenure and size profiles. Around three quarters of the new housing should be market and a quarter affordable. This would rectify the current imbalance where there is not enough affordable housing: a problem common to almost the entire South West Region. Hence the suggestion is that the newbuild should contain more of it. But the overwhelmingly young and earning character of the in-migrants greatly reduces the scale of the correction. It must be borne in mind that this mix would essentially remove unsuitable housing as a problem by 2026, so it is quite ambitious. But in Scenario A it would only require a 26% affordable housing target. This issue is discussed further in the final section of this chapter.

4.11 The present study has explicitly modelled the new population expected to be drawn in by the forecast new jobs. They are predominantly young, and are in work. The proportion of housing need among them is very small. Hence the 26% of affordable housing suggested for the newbuild will not only meet the housing need generated by that new population but will also address many of the housing problems experienced by the existing Taunton population.

4.12 The 74% of new housing proposed as market housing (Scenario A) is based on the affordability indicated by the household survey database as regards in-migrants and should therefore be a fair indication of the types and sizes of dwellings which they could afford.

## Conclusions on size mix

4.13 In terms of size mix there is a clear distinction between market and affordable housing. In the former case about half of it should be three-bed to meet the demand, a quarter two-bed and most of the rest four-bed. In the affordable sector the focus is upon two-bed houses (43%) with three-bed still important (33%). But the remainder is split almost evenly between four-bed houses and one- and two-bed flats.

4.14 The broad results can be summarised as follows. These conclusions clearly do not apply to the small specialist housing element, but to the mainstream newbuild.

**Table 4.2 Tenure and size mix of the newbuild (Scenario A)**

| | *Market* | *Affordable* |
|---|---|---|
| Current stock (SHMA 2008) | 86% | 14% |
| Tenure of newbuild | 74% | 26% |
| Size of newbuild: % 3 bed | 47% | 33% |
| Size of newbuild: % 2-bed house | 27% | 43% |
| Size of newbuild: % 1/2-bed flats and 4-bed | 26% | 24%` |

Note that these are rounded percentages based on Scenario A. Source: Fordham Research (2010)

4.15 This table is intended to give broad brush indications based on Scenario A, although all three scenarios were very similar. More detailed figures can be seen in the tables in Chapter 4.

4.16 Proportions of market and affordable housing and implications for affordable targets

4.17 It is worth discussing the meaning of the market/affordable housing balance in these figures. For reference, Report 2 of the SHMA for Taunton Deane, based on the same 2008 household survey as the present analysis, found that a target of 55% market housing and 45% affordable housing could be justified on the basis of the CLG's housing needs model.

4.18 The CLG model is based on a particular mode of calculation, which includes removing the existing backlog of housing need over five years. That is quite a demanding requirement. The LTBHM is looking at 18 years and using a slightly different criterion: the removing of unsuitable housing (as discussed in more detail in Chapter 4). So in broad terms the LTBHM is taking a much longer period for the removal of poor housing conditions. It is also looking at a larger total problem, since there are households in poor housing who do not fall into the CLG's definition of housing need. So the LTBHM is removing more housing problems than are envisaged in the CLG needs model.

4.19 The fact that nearly 83% of the new housing is projected to be market housing (Table 3.3) compares with 86% in 2008 (Taunton Deane HNS Report 2 Table S1). The 2008 figure of 86% contains just under 9% for the private rented sector. The social rented sector was therefore 14% in Taunton Deane in 2008. This is well below the national average of about 18%, and is in common with most of the South West Region, which has relatively low proportions of social rented housing.

4.20 The affordable proportion in the final 2026 housing mix in Table 3.3 is 17%, made up of about 3% intermediate and 14% social rented housing: a higher proportion of affordable housing than is now found in the total housing stock. Therefore the model is saying that providing 17% of the new housing as affordable, as compared with the current proportion of 14% will be enough to remove all foreseeable housing problems by 2026.

4.21 That this is 17% rather than a higher proportion is partly due to the fact that most of the in-migrants will be both employed and younger than the current average age for Taunton. Thus they will have much lower housing need. In the existing Taunton Deane population 46% are employed, whereas among the in-migrant population (based on 2008 household survey information) 55% are. This has strong implications both for the relatively low additional need for affordable housing and the relatively high proportion of market housing (it is worth reminding ourselves that 'market housing' includes both owner occupation and private renting. Councils cannot control that division, which is set by the market).

4.22 The final issue that requires consideration in this context is the period over which the housing problems are removed. This is assumed to be 18 years in the calculations in Chapter 3. The following tables show, for all three scenarios, what the implications are of different timescales of removal of the housing problems.

4.23 The following discussion will focus on Scenario A, the 11,000 jobs one, since that is the main one being examined by the Council and its other consultants.

| Table 4.3 Years to reach tenure balance in Taunton Deane: Scenario A, different targets | |
|---|---|
| *Possible affordable housing achieved target* | *Theoretical time to reach tenure balance* |
| 20% | > 25 years |
| 25% | 20 years |
| 30% | 13 years |
| 33% | 10 years |
| 35% | 9 years |
| 40% | 7 years |
| 50% | 5 years |

Source: Fordham Research (2010)

| Table 4.4 Years to reach tenure balance in Taunton Deane: Scenario B, different targets | |
|---|---|
| *Possible affordable housing achieved target* | *Theoretical time to reach tenure balance* |
| 20% | > 25 years |
| 25% | 17 years |
| 30% | 11 years |
| 33% | 9 years |
| 35% | 8 years |
| 40% | 6 years |
| 50% | 4 years |

Source: Fordham Research (2010)

| Table 4.5 Years to reach tenure balance in Taunton Deane: Scenario C, different targets | |
|---|---|
| *Possible affordable housing achieved target* | *Theoretical time to reach tenure balance* |
| 20% | > 25 years |
| 25% | 24 years |
| 30% | 15 years |
| 33% | 12 years |
| 35% | 11 years |
| 40% | 9 years |
| 50% | 6 years |

Source: Fordham Research (2010)

4.24 In Table 4.3 the effects of different levels of affordable target are shown. The left hand column shows the target level, and the right hand shows the period it would take to remove the housing need if that target were achieved. In practice affordable targets are rarely achieved: one can subtract 5% or 10% at least to indicate the likely outturn achievement.

4.25 The Taunton Deane household survey analysis had suggested a target of 45%. In terms of outturn this might be equivalent to 35% in Table 4.3 and therefore to removal of all housing need in nine years. This would be a considerable achievement. It may be more realistic to consider lower targets such as 30%, which might result in about 20%, which would mean that the housing need was indeed removed by the end of the Plan period in 18 years time in 2026.

4.26 The final point is to emphasise that Table 4.3 is showing housing need, not overall housing problems of the type addressed in the LTBHM methodology. However if the housing need were removed, over whatever horizon, by the target set, there should not be any need for extra house building. The wider problems that are addressed by the LTBHM do not involve extra house building beyond what the new population requires in terms of market and affordable housing. It would imply extra funding (public or private), in order to remove poor quality housing or to remodel existing dwellings to reduce or increase the number of rooms.