The JSP fails the test of soundness because it fails to provide the right amount of housing in a sustainable way and fails to comply with the NPPF:

The JSP uses a mixture of the 2014 based SHMA data tables for household projections, and the 2015 LEP growth forecast produced by Oxford Economics (OE) for economic growth and employment data:

OE produced a baseline forecast, and two additional upside scenarios (Medium/high and High). The baseline economic forecast was for average growth for the region of 2.3% with medium/High scenario of 2.8% and high forecast of 3.2%. This produced employment growth of 47,200, 81,600 and 116,100 respectively. It is important to understand these 3 scenarios were not meant to be of equal likelihood; the medium / high scenario was allotted a 5% probability, and the High scenario a 10% probability.

In other words, the users of this forecast should take the Baseline forecast (which would have been better described as a ‘central forecast’) unless there is a special reason for choosing a much less likely, higher forecast. However, this is exactly what WEJA has done; they have used the medium/high forecast for employment growth and then arbitrarily added 1.1% (without explanation) to derive an assumption of employment growth at 82,500 from 2016 to 2036 (chapter 4, para 22).

We note that the same forecast also projected population growth, with household growth at 66,300 and high-side scenarios of 71,100 and 81,700. However, the JSP has ignored this and instead used the 2014 SHMA forecast for household growth, which produced a considerably larger housing increase of 88,200. This is the start point onto which the JSP has added 9,400 houses “in response to market signals”, plus some other minor adjustment, to derive an Objectively Assessed Need (OAN) at 97,800.

There is no explanation given as to why the OE forecast was thought good enough to assess the additional employment requirement, but not the housing demand. The extent to which the SHMA forecast is an outlier compared to any scenario the OE could derive is shown in the chart below:
We then turn to the forecast economic data itself, which has clearly moved on since 2015 when it was produced. To put it into context, the biggest downside risk was described in the OE forecast as being the outcome of the Greek negotiations; BREXIT had not even been considered a possibility at this stage! We have correspondence from OE as follows on this point: “The forecasts in the West of England work which you refer to where produced in September 2015 and are out of date. They do not reflect recent economic condition, particularly the referendum result to leave the EU. I’ve had a look at our most recent forecast for the area and the GVA and productivity forecasts are much weaker. The revisions to long term growth are the result of Brexit, lower global trade and lower productivity.”

Given that OE produced more than one scenario, we can extrapolate from that the impact of a change in economic growth on both employment and household growth. Our own research suggests that in the time between 2015 and the end of 2017 there is a universal downgrade of forecasts by about 0.8%. Given that OE prepared several scenarios based on different growth assumptions, we can extrapolate the approximate relationship between economic growth, employment increase, and household growth. From this we derive an approximate adjustment to the OE baseline forecast as follows:
Applying the ‘market signals’ adjustment to this figure would then produce a revised OAN of 69,500, which is a reduction of 28,300 houses.

We would also comment that this does not include the impact of forthcoming zero tolls on the Severn crossings that are likely to reduce the need for housing in the WoE JSP area due to better travel flexibility and lower housing cost options on the Welsh side of the river. This policy was only recently announced, and therefore this factor was not taken into consideration at the time the forecasts were produced.

In summary, not only has WEJA used a higher forecast for housing growth than even the highest scenario obtained from OE by the West of England Local Enterprise Partnership, but OE themselves have now commented that their own forecast is now unambiguously out of date. The forecast used by WEJA is fundamentally unsound and unsafe, producing an overestimate amounting to 1.6 times the total amount delivered by the combined Strategic Development Locations.

Paragraph 158 of the NPPF states that: “each local planning authority should ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. Local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals”

In our view, therefore, the JSP is in clearly and unambiguously in breach of the NPPF and should be regarded as unsound.

Q4. Please set out what modification(s) you consider necessary to make the Joint Spatial Plan legally compliant or sound, having regard to the matter you have identified at Q3 above where this relates to soundness. (Please note that any non-compliance with the duty to co-operate is incapable of modification at Examination.)

You will need to say why this change will make the Joint Spatial Plan legally compliant or sound. It will be helpful if you are able to put forward your suggested revised wording of any policy or text. Please be as precise as possible:

Chapter 4, Para 2 should be amended to state “The Spatial Strategy has been formulated to deliver the Objectively Assessed Need of 72,500 new homes, which is broadly in line with the Core Strategy”

Chapter 3, Para 3 should be amended to state “the Spatial Strategy supports the delivery of 24,000 jobs”

This change in the spatial requirement number needs to be updated throughout the document, and the entire section 7 (new strategic locations) be deleted.