

Supporting Dorset's Economic Growth – Future Housing Provision



Report of study

Three Dragons with SQW and Parkwood Consultancy

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EXECUTIVE SUMMARY

Headlines

The Dorset economy can anticipate growth across a number of sectors, with a mix of higher and lower paid jobs. To facilitate this, there is a need to provide housing across the full price range and of different sizes and types of homes. Both market sale and private rented accommodation is relatively expensive and housing affordability is a key issue faced by the local community and for many employers, in retaining staff and recruiting from outside Dorset.

Addressing housing affordability and delivering housing growth will have to respond to a number of challenges including environmental constraints (e.g. the greenbelt in the east of Dorset), the relative lack of larger strategic housing sites, site ownership issues, examples of poor scheme viability, limited inward private rented sector investment and some limits on the capacity of local authorities and the construction industry.

There are potential actions that can be taken to accelerate housing delivery in Dorset and the LEP has an important role in facilitating these. Some of the package of actions will be more relevant for one part of Dorset than another. The package includes a strategic approach to maximising the potential of current and future funding opportunities, direct local authority intervention in the development process, use of public land, 'breaking up' larger stalled sites, intensification of development in key locations, encouraging the private rented sector, a strategic approach to tackling viability issues and increasing the capacity of the local authorities. In meeting future housing need, there is also the option of establishing large urban extensions or free standing new settlements. However, this would only address a small proportion of the future need and will require an extended timescale before delivery commences. Large scale developments will not be a solution on their own and the package of measures put forward provides a complementary Dorset-wide approach.

Context

Brexit brings significant uncertainty to housing sales and delivery. At the time of writing, there is no real consensus on its impact but many commentators foresee little direct long-term impact on the domestic housing market.

Government policy and funding had been moving away from providing Affordable Rented accommodation towards low-cost home ownership. However, the Autumn Statement signalled a shift

back to a more mixed approach to the funding of affordable housing coupled with new funding for affordable housing. The forthcoming Housing White Paper should further clarify the government's policy towards affordable housing provision.

The introduction of the voluntary Right to Buy for housing associations indicates an increased emphasis on the role of existing affordable housing in meeting the needs of lower income households with possible impacts on economic sectors reliant on lower wage labour.

Private rented sector accommodation (PRS) is an important element of housing provision in Dorset, particularly in Bournemouth and Poole. The evidence from employers shows the importance of providing attractive and affordable PRS accommodation (amongst other housing types) for mobile workers (including graduates) as well as meeting the needs of lower income households more generally. Institutional investment in PRS outside London is limited but Bournemouth/Poole offer possible opportunities to support future PRS development – if the right type of well-located sites can be found.

Self-build can provide additional opportunities for housing development, and may also help to attract aspirational households to an area if suitable plots are available.

The Dorset Economy and Housing

Dorset's economy is generally strong with a diverse range of industries and is thought to be operating at close to full employment. The combination of attractive villages and small towns and the liveliness of a large conurbation (Bournemouth and Poole) continue to draw people, and both Dorset's population and job numbers are projected to grow in the years to come. Projected job numbers are forecast to increase by around 45,000 (net) in the next twenty years. A significant share of this growth (around 75% - 80%) will happen in Bournemouth and Poole combined with East Dorset and Christchurch.

One of the challenges Dorset faces is that its population has proportionately fewer younger people than is typical for England, reflecting in part its appeal as a retirement destination. Sustaining the dynamism of its economy and satisfying the projected jobs growth generated by Dorset businesses is thus likely to depend to a significant degree on being able to attract working-age 'incomers' to Dorset.

Dorset businesses consulted for this project are struggling to attract such people to the area from outside Dorset and are already finding this a constraint on their enterprises' growth. While housing is only one of the factors that shapes this recruitment challenge – others include relative pay levels and the accessibility of employment sites by public and private transport – it is seen by businesses as an important one, and one that they are finding difficult to counteract.

These problems do not appear to be confined to particular industries or types of worker. The sectors often identified as priorities for Dorset include financial services, creative industries (which includes much of the tech sector), advanced manufacturing, the care sector, retail, tourism and leisure, and construction. Together these seven sectors account for 43% of total jobs in Dorset, and will drive a significant share of the projected employment growth in future. Although the circumstances of individual businesses differed, interviewees from businesses in these sectors reported experiencing recruitment and retention issues at all levels, from management/ executive positions to graduate and low-paid work. The availability and affordability of housing in Dorset was repeatedly mentioned as a concern in that context.

Some of these issues clearly reflect wider problems – housing is expensive across much of the south of England. Nevertheless, the affordability of housing was thought to be worse in Dorset than in surrounding counties such as Hampshire, Devon and Somerset.

Dorset Housing Market

There are about 355,000 dwellings in Dorset, of which 44% are in Bournemouth or Poole. Generally, dwellings are owner occupied although the proportion varies and Bournemouth is notable for its high proportion of private rented accommodation. Across Dorset, private rented dwellings make up a higher proportion of the stock than the Affordable Rented housing (18% compared to 11%).

Market homes are more expensive in Dorset than the England average, with Christchurch the most expensive and North Dorset the least. Based on standard measure of affordability none of the typically priced new dwellings in Dorset are affordable, even in the cheapest areas. Private rents are also more expensive in Dorset than the England average.

Housing Delivery

While there is some variation between local authority areas, housing delivery in Dorset is below the 'objectively assessed need' (OAN) and generally below plan targets. Only at the height of the housing boom have completions met the OAN housing target, and although delivery has recently improved, completions represent only about 66% of the Dorset OAN and about 80% of the combined local plan targets.

There has been reliance, especially in the urban south coast area of Dorset on bringing forward brownfield sites, either through major redevelopment or small scale intensification. There are few major urban extensions with the largest single site being in Gillingham (1,800 dwellings). Conversely there is a reliance in Dorset on small to

medium sized allocations adjoining existing settlements and windfall sites - particularly in the east of Dorset.

As local plans are rolled forward there will be a continuing need to identify new housing supply, with few easy options remaining. In the urban areas, intensification of development with higher density and potentially higher rise developments in carefully chosen locations could provide some but not all of the answer.

Constraints

There are a number of factors constraining housing development in Dorset. Most of these are shared with other areas in England with a strong housing market but Dorset is unique in being the only area in southern England having a greenbelt designation around its major urban area (the Poole/Bournemouth conurbation). Additional environmental designations further limit development opportunities across Dorset.

Other factors said to be holding back development are the lack of allocated sites in some areas where local plans are about to be updated, limited numbers of large-scale strategic sites and a large number of disparate small sites, ownership issues, strong competition for inward PRS investment and (national) policy impacts on affordable housing in rural locations. Poor development viability is a consistent issue which can hold back development of sites in the short and long term and reduce the capacity of schemes to provide affordable housing and other planning contributions.

Where local authorities have taken a lead in using their own land assets, housing development has increased. But little use has been made of other forms of direct local authority intervention e.g. use of CPO powers to overcome long-standing land ownership issues. A lack of capacity in some planning authorities is reported to have slowed some development but so too have capacity issues in the construction industry.

Actions

A package of actions is put forward to help speed up housing delivery in Dorset. Not all the actions are appropriate for all parts of Dorset and local councils, working with the LEP, will need to consider which actions they should pick up.

1 Greater public sector intervention

There are various ways in which local authorities can become directly involved in the development process, to help accelerate housebuilding rates and the provision of types of housing (e.g. affordable housing and private rent) that are local priorities. Options for greater public sector intervention include:

- Establishing local authority housing companies;
- Other forms of direct involvement e.g. through Joint Ventures with the private sector and/or housing associations (which can include use of surplus public sector land;
- Selective use of CPO¹s to 'unlock stalled sites;
- Promotion of Dorset as a place for good quality housebuilding.

Some of these actions require skills that are not traditionally associated with local authorities and which could be developed on a pan Dorset basis.

2 List of development-ready sites

The Dorset authorities have brought together a list of sites that are ready to develop but would benefit from public funding to support key infrastructure requirements. It is important that the list is regularly reviewed (say annually) so that it reflects strategic pan Dorset priorities, which align with the objectives of government/the Homes and Communities Agency (HCA) and can make best use of public funding which may become available at short notice. The LEP can play an active role in maintaining the list, including full knowledge of delivery barriers and the investment that will overcome these.

3 Making best use of existing and new funding mechanisms

Linked to action 2 above, it is important that Dorset has ready access to all the funding streams that can support new development. The LEP can be the hub for this - sharing knowledge of available funding with the development industry and local authorities.

4 Alternative approaches to large scale developments

Where there is a large site that becomes 'stuck' – either with or without planning permission – there may be a case for 'breaking up the site'. This would mean accepting more piecemeal development in the short term which would need to be balanced against longer term risks of an infrastructure deficit.

5 Making the best use of available land

Intensification of development on allocated and windfall sites is one of the ways to increase housing delivery (although it will not negate the need for new housing sites). Intensification can affect all types of

¹ Compulsory Purchase Order

development, including high density schemes in well located urban sites making use of taller buildings. Such urban schemes will be best suited to Bournemouth/Poole with options for styles of development e.g. courtyard style, single towers. Management arrangements (including car parking provision) for high density flatted schemes are an important element of their success.

6 Public sector land

The government is encouraging the release of public sector land through various routes. While the HCA has a central role in identifying and bringing forward surplus public sector land, there is also a potential role for the LEP in keeping up to date with all public sector disposals and ensuring that local authorities and the development industry are fully aware of what land is available.

7 Promoting the Private Rented Sector (PRS)

It is important to acknowledge the most likely places for investor led PRS will be Bournemouth/Poole and even here, the choice of location will be critical, with an emphasis on highly accessible town centre sites. Elsewhere, PRS will be developed by a range of different local landlords. Successful PRS can be supported by local authority planning and housing strategies which encourage quality PRS development including consideration of the different viability of PRS compared with market sale schemes.

8 Scheme viability and an informed client

Viability issues are said to be holding back development and holding down delivery of affordable housing. By building up capacity as informed clients, local authorities should be in a better position to assess development viability and decide on the trade-offs to be made in ensuring viable sites. This could include setting up an expert in-house team and producing a pan-Dorset viability SPD. To kick-start the process, the LEP should hold a 'viability summit'

9 Affordable housing and rural areas

There are particular issues associated with the delivery of affordable housing in rural areas. National policy allows authorities to seek affordable housing on all sites over 10 dwellings but in defined rural areas, to ask for commuted sum payments from sites of 6 to 10 dwellings. As a starting point, achieving a consistent approach across Dorset to the use of thresholds and commuted sums is important. For rural exception sites (RES), market housing can be allowed to cross subsidise the affordable housing and if, as recommended elsewhere, the Dorset authorities produce a Dorset development viability SPD, guidance on the approach to RES should be included.

10 Responding to needs of particular household types

Older households – most growth in the population over the next 25 years will be of older households. As local plans are reviewed, they will need to take into account issues of down-sizing and of provision of specialist housing for older people.

Under 35 year olds in need of affordable housing – providing shared housing to meet the needs of this group does not have a simple single solution. It requires co-ordinated action between the Dorset councils, local housing associations (or RPs)² and PRS landlords including the option of financial support for new schemes. The Sharers' Toolkit, provided by Crisis, will be a useful resource for this process.

Affordable housing for families – there is a trade-off between maximising the number of affordable units in a new development and providing more expensive family sized accommodation. Scheme viability and the availability of relets from the existing housing stock will be important in deciding the type of affordable homes to be required in new developments.

To tackle these and other housing policy issues it is recommended that a pan Dorset standing conference is set up (with housing authority, RP and developer representatives) as a forum to discuss and agree a strategic action plan.

11 Self and custom build homes

Making provision for self and custom built dwellings will provide new opportunities for households who want to pursue this option and will help support the small/micro builders and contractors in the construction industry. Examples of good practice in planning for self-build are already being produced (for example Teignbridge District Council has published a self-build SPD)³ and Dorset authorities should consider producing a similar document.

12 External policy changes

The government has announced that it will publish a Housing White Paper shortly – this may include further details of key external policy changes e.g. Starter Homes provision and the future of the Community Infrastructure Levy. When these (and any other) policy announcements are made, rapid responses will be required and a pan-Dorset approach will ensure emerging opportunities are maximised.

In any case, as a matter of priority, it is proposed that the LEP, in discussion with other public sector partners, consider current

² Registered providers

³ <http://www.teignbridge.gov.uk/mobile/CHttHandler.ashx?id=47452&p=0>

mechanisms, approaches and skills within their own organisations towards policy responses and funding bids and build on these to develop a coordinated strategy to maximise opportunity.

13 Capacity of the construction industry

An accelerated housebuilding programme will require more construction capacity in Dorset. The market for construction skills is very competitive and a tight labour supply can push up building costs. The LEP has a potentially critical role in working with local colleges and the development industry to facilitate the training of local people to enter the industry. Increasing development industry capacity should include modern building techniques, so that Dorset does not get left behind as government promotes accelerated construction on public sector land.⁴

14 Longer term options

As local plans in Dorset are reviewed, they will need to identify more land for future development which could include the consideration of further green belt releases as well as other greenfield developments. The current local government reorganisation could provide the opportunity for a more strategic approach that is able to look beyond some of the current local authority boundaries.

As part of the long-term solution to land supply, one approach could be to establish one or more 'garden village' style allocations. However, a development of a scale of 2-3,000 new homes would take a number of years to establish (say 5 to 10 years to first new homes) and then (on the basis of delivery in other successful large-scale developments) could only meet around 5-10% pa of the OAN each year. 'Garden villages' would be a useful contribution to the long-term housing supply but they are not the solution on their own.

⁴ See the Autumn Statement

Recommended Actions and Responsibilities

The options described above contain actions for a variety of organisations including the LEP. Recommended responsibilities are summarised in the table that follows.

Action	Lead	Support
Greater public sector intervention		
<i>Local authority housing companies</i>	LAs	LEP
<i>Other means of direct involvement in development</i>	LAs	LEP
<i>Other forms of intervention</i>	LAs	
<i>Promotion of Dorset</i>	LEP	LAs
List of development-ready sites	LEP	LAs
Making best use of existing and new funding mechanisms	LEP	LAs
Alternative approaches to large scale developments	LAs	
Making the best use of available land	LAs	
Public sector land	LEP	LAs
Promoting PRS	LAs	
Scheme viability and an informed client		
<i>Viability summit</i>	LEP	
<i>In-house capacity</i>	LAs	LEP
Affordable housing and rural areas	LAs	
Responding to needs of particular household types		
Older households	LAs	
<i>Under 35 year olds in need of affordable housing</i>	LAs	
<i>Affordable housing for families</i>	LAs	
Self and custom build homes	LAs	
External policy changes	LEP/LAs	
Capacity of the construction industry	LEP	FE
Longer term options	LAs	LEP

Over time, there will inevitably be new policy directions and funding and development opportunities that can benefit Dorset. The package of actions and responsibilities identified in this report are currently relevant but it will be crucial that the LEP and the Dorset local authorities are alert to these and respond rapidly and strategically.

1 CONTEXT FOR THE COMMISSION

1.1 The commission objectives are, in summary, to:

- Identify issues that employers in Dorset are facing in relation to their plans for growth;
- Examine local authority plans to deliver housing and identify the key barriers to delivering new houses;
- Review the thinking in the Dorset Devolution Expression of Interest and consider the extent to which current solutions are the right tools to deliver growth;
- Assess the likely effects in Dorset of the Government's Housing and Planning policy changes on the supply of housing necessary to support the DLEP's economic vision;
- Recommend options that could reasonably be considered to tackle the twin challenges of an ambitious devolution deal and the policy changes referred to above;
- Consider other potential changes to the approach to housing provision that could be made to better support accelerated economic growth.

1.2 The study employed a desk based review of national policy changes alongside an analysis of the local housing market, housing and planning policies and trends in housing delivery.

1.3 This was complemented by a wide-ranging series of interviews with the LEP itself, with (planning and housing) officers from all the Dorset local authorities and representatives of the Homes and Communities Agency (HCA).

1.4 We also consulted local businesses, housing associations (RPs) and developers active in Dorset. Interviews were undertaken with:

- Five RPs;
- 15 representatives of Dorset-based businesses and organisations⁵ through a combination of a business breakfast held at Bournemouth University and phone interviews;
- Six development industry representatives including national, regional and local housebuilders and those involved with the private rented sector. The sample of interviewees was drawn from information provided by the local authorities.

1.5 As is standard practice, one to one interviews were conducted in confidence and interviewees were assured that the views

⁵ We spoke to 12 people from 11 Dorset-based businesses, as well as two representatives of Bournemouth University and one from a housing association. Invitations to the business breakfast were widely circulated through the DCCI, while other interviewees were suggested by Dorset LEP.

they expressed would not be identified in the study report.
Annex 1 shows the discussions agendas used for the interviews.

- 1.6 The study team is grateful to all organisations and individuals that gave their time to contribute to the research.

2 EXTERNAL CHANGE

Brexit

- 2.1 Brexit will mean Brexit but beyond that there is no clear consensus amongst commentators on the short or longer term impacts on the economy generally or the housing market specifically.
- 2.2 Brexit is likely to re-shape the Dorset economy in some significant ways. For example, whichever form of Brexit the UK opts for (such as moving into the EEA), the agriculture and fisheries sector will find themselves outside the Common Agricultural and Fisheries Policies, which may create both risks and opportunities. The fall in the pound, if sustained, may help the tourism sector by creating greater demand for holidays in the UK, while any introduction of migration controls may affect the supply of labour to some of the more seasonal or low-paid industries.
- 2.3 The potential loss of 'passporting' rights to the EU may have a detrimental effect on the financial sector in Dorset, while the degree of access secured to the single market could have a significant effect on some of the more high-value manufacturing and services sectors. The general uncertainty around Brexit may negatively affect foreign inward investment, which has been the source of a number of Dorset's major employers.
- 2.4 Signals about the future direction of the housing market are equally mixed. Immediately after the Referendum, share prices of the major housebuilders fell sharply but they have rallied again indicating a regained confidence in the housing market. Similarly, house prices continue to rise⁶ but other indicators (e.g. the State of Trade Survey) suggest an anticipated reduction in construction workload⁷.
- 2.5 While a devalued pound may stimulate demand in the prime markets (notably London) from overseas investors, the bulk of the UK housing market is more likely to be affected by the availability and cost of mortgages⁸.
- 2.6 Uncertainty nationally is reflected in views of those in the development industry locally about the future strength of the Dorset housing market and the pace of housebuilding this will support. This highlights the importance of monitoring

⁶ For example, Nationwide in its August 2016 New Release reports a 0.6% monthly increase in house prices and a 5.6% increase over the year

⁷ Glenigan, BuildUK, Press Release 22 August 2016, "Build UK Members Less Confident After Brexit"

⁸ These arguments are summarised in a recent publication, 'The Impact on the Mainstream Market' Brexit briefing, Savills, July 2016

housebuilding activity very closely using 'early indicators' such as market sales and rental values, sales rates, planning application numbers and housing starts.

Other economic changes

- 2.7 Other policy changes may also have an effect. The relaxation of the caps on the number of students a university may allow ambitious, popular universities to grow their student numbers, creating opportunities for Dorset to expand its graduate base, while the national living wage should boost the spending power of some of Dorset's less well-off groups, but runs the risk of reducing the overall supply of low-paid jobs somewhat.

Shifting Emphasis of "Affordable Housing"

- 2.8 Government funding had been shifting from more traditional forms of affordable housing (such as Affordable Rent) towards low cost sale products. The SOAHP 2016 to 2021 Prospectus (published by the Homes and Communities Agency) stated that⁹,

"We are seeking bids that can form part of a Programme where 88% of homes built are for Help to Buy: Shared Ownership, 5% for homes for older, disabled and vulnerable people and 7% for Rent to Buy. The Programme complements other, related government initiatives, such as Starter Homes and the voluntary extension of the Right to Buy to housing associations."

- 2.9 The Autumn Statement (November 2016)¹⁰ signalled a shift back to a more mixed approach to the delivery of affordable housing and, in announcing an additional £1.4 billion to deliver an additional 40,000 housing starts by 2020-21, the government set out that it, *".....will relax restrictions on grant funding to allow providers to deliver a mix of homes for Affordable Rent and low cost ownership, to meet the housing needs of people in different circumstances and at different stages of their lives"*.
- 2.10 At the time of writing government priorities for the £1.4 bn are awaited. The Housing White Paper, due to be published shortly, is expected to provide further guidance on this and, importantly for Dorset, whether grant funding will be available for housing schemes which have market and affordable housing and rely on cross subsidy from the market housing.

⁹ The Homes and Communities Agency's Shared Ownership and Affordable Homes Programme

¹⁰ Autumn Statement 2016, Cmnd 9362

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/571559/autumn_statement_2016_web.pdf

- 2.11 It is also expected that the White Paper will say more about the role and operation of Starter Homes. Starter Homes were established in principle as an affordable housing product in the Housing and Planning Act 2016 with details to be provided in regulations, that are not yet to be published
- 2.12 Starter Homes are for first time buyers aged 24 to 39 years old but with no income qualification. It is anticipated that the discount on selling prices will be a minimum of 20% with a discounted maximum price of £250,000 in Dorset. This represents a full market value of about £313,000. Later in the report we consider incomes required to purchase a Starter Home and review how Starter Homes would contribute to meeting the needs of lower income households and addressing needs identified in the Strategic Housing Market Assessments (SHMAs) for Dorset. However, whereas Starter Homes may not meet local needs for affordable housing, they may prove to be attractive to lower income workers (e.g. moving from areas where house prices are less or university graduates taking their first jobs) and therefore be important in supporting employment growth.
- 2.13 Local authorities have a duty to promote the supply of Starter Homes through their planning functions. However, until DCLG publishes the regulations, it is not clear what level of discretion local authorities will have over the type (size) of scheme where Starter Homes are to be provided or the scale of that provision.
- 2.14 At the same time as government funding had been shifting towards funding low cost home ownership products, the income of housing associations is being reduced by one per cent a year to 2020/21, resulting in a c.12 per cent reduction in average rents by 2020/21. Our survey of Registered Providers (RPs) in Dorset reflects the national pattern and shows a link between the cut in income and fewer affordable homes being built. To continue to provide new Affordable Rent homes (including the renegotiation of existing planning agreements), RPs have been finding new ways to cross subsidise Affordable Rent and have been broadening the range of tenures they will develop, including more shared ownership and outright market sale.
- 2.15 In rural areas, the lack of grant for Affordable Rent has been having a big impact on delivery, especially on rural exception sites where it is less easy to cross subsidise schemes and whereas the development of shared ownership may be feasible it often does not meet the local need.
- 2.16 The impact of these differing pressures and shifts in priorities imply a future where RPs and local authorities will need to be

very alert to available funding opportunities across a range of affordable tenures. Maximising cross subsidy from market housing will continue to be important and the viability of mixed tenure schemes with rented affordable housing will remain challenging. The problems faced will be more acute in rural areas.

10 dwelling threshold

- 2.17 Following a Court of Appeal decision on 11th May 2016 local authorities can no longer seek affordable housing or tariff style contributions on sites of 10 dwellings or less (with exceptions for certain designated rural areas where, 'local planning authorities may choose to apply a lower threshold of 5-units or less 'and for schemes of between 6 and 10-units should collect the contribution in the form of cash payments¹¹). The measure could result in additional small development sites coming forward but feedback from the Dorset authorities is that there are likely to be fewer opportunities to secure affordable housing.
- 2.18 The introduction of the threshold therefore is likely to be a challenge for delivery of affordable housing across the county and especially in rural areas where smaller sites can make up a high proportion of the supply of new dwellings.
- 2.19 It is worth noting that where authorities have an existing policy in an adopted local plan which seeks affordable housing on sites of 5 or fewer dwellings, they may still be successful in relying on their policy when assessing planning applications.
- 2.20 One other policy change recently introduced that affects the way affordable housing can be delivered in rural areas is to allow some market housing on rural exception sites i.e. small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Planning practice Guidance states that, "Small numbers of market homes may be allowed at the local authority's discretion, for example where essential to enable the delivery of affordable units without grant funding."¹²

Right to Buy (RTB)

- 2.21 There are mixed views amongst council officers and the RPs about the potential impact of Right to Buy for housing associations tenants. This is being introduced on a voluntary

¹¹ This applies to rural areas described under section 157(1) of the Housing Act 1985, which includes National Parks and Areas of Outstanding Natural Beauty. See Paragraph: 031 Reference ID: 23b-031-20160519 of the National Planning Practice Guidance for further details

¹² PPG – Annex 2 – Glossary - <http://planningguidance.communities.gov.uk/blog/policy/achieving-sustainable-development/annex-2-glossary/>

basis with details still being discussed between government and housing associations¹³.

- 2.22 The National Housing Federation states that, "It is a fundamental principle of the voluntary agreement that the Government compensates housing associations for 100% of the value of the discount on homes sold, and that these homes will be replaced by housing associations on a one for one basis nationally."¹⁴ RPs will need to develop policies about how replacement homes are to be delivered and about their approach to sales and it will be critical that local authorities in Dorset keep in close touch with local RPs to understand how policies on RTB are evolving and to consider the cumulative impact across Dorset.
- 2.23 It has already been noted that the RTB policy has resulted in a reluctance amongst some rural parish councils to support rural exception sites (fearing the early loss of new affordable homes through RTB in locations where market housing would not be permitted).

Welfare Reform

- 2.24 The impact of the removal of the spare room subsidy on new affordable housing is for housing associations to look to minimise the number of bedrooms in new homes but to maximise the size of the bedspaces provided so that, for example, they prefer a 2 bed 4 person to a 3 bed 4 person home. Providing 1 bed properties is less attractive as single people under 35 who receive housing benefit are expected to occupy shared accommodation (see 2.26 for a fuller explanation).
- 2.25 This contrasts with the Dorset local authorities which are more likely to want more 1 bed affordable properties, reflecting data from their housing registers and the Strategic Housing Market Assessments (SHMAs). The extract below from the SHMAs for west and east Dorset illustrates the point¹⁵.

¹³ For up to date details see NHF Briefing: Voluntary Right to Buy: scheme design, August 2016

¹⁴ NHF Briefing: Voluntary Right to Buy: scheme design, August 2016

¹⁵ Dorset-wide Summary Report of April 2015

Table 6: Recommended Housing Mix – Eastern Dorset HMA

	1-bed	2-bed	3-bed	4+ bed
Market	10%	45%	35%	10%
Affordable	35-40%	30-35%	20-25%	5-10%
All dwellings	20%	40%	30%	10%

Source: Eastern Dorset SHMA

Table 7: Recommended Housing Mix – Western Dorset HMA

	1-bed	2-bed	3-bed	4+ bed
Market	7%	33%	37%	24%
Affordable	39%	26%	19%	16%
All dwellings	17%	31%	31%	22%

Source: West Dorset and Weymouth & Portland SHMA (Part 2 report: Table 6.3)

- 2.26 There is a growing question about provision for single people under 35 years of age and whether they can rent self-contained homes in the future if they rely on housing benefit. From 2018 and for new tenancies, single people under 35 years of age will only be able to claim benefit for shared accommodation. Concerns about how provision can be made for this particular group of households in housing need have been raised by a number of the Dorset authorities with no single solution emerging from the research
- 2.27 Nationally, the government funded programme, Sharing Solutions, piloted, developed and promoted new models for establishing successful and sustainable sharing arrangements for single people in housing need. The programme was evaluated in March 2015¹⁶ and Crisis drew on the learning from the various models trialled to develop a Sharer's Toolkit for existing schemes in the voluntary and statutory sectors¹⁷.

Combined impact

- 2.28 The combined impact of the changes to the funding for affordable housing, RTB and Welfare Reform is to focus sharply on the way the current affordable housing stock is managed and who gets access to it and to recognise a future where new Affordable Rented housing is likely to be more difficult to achieve.

¹⁶ Evaluation of the Sharing Solutions programme, Elaine Batty, Ian Cole, Stephen Green, Lindsey McCarthy and Kesia Reeve March 2015

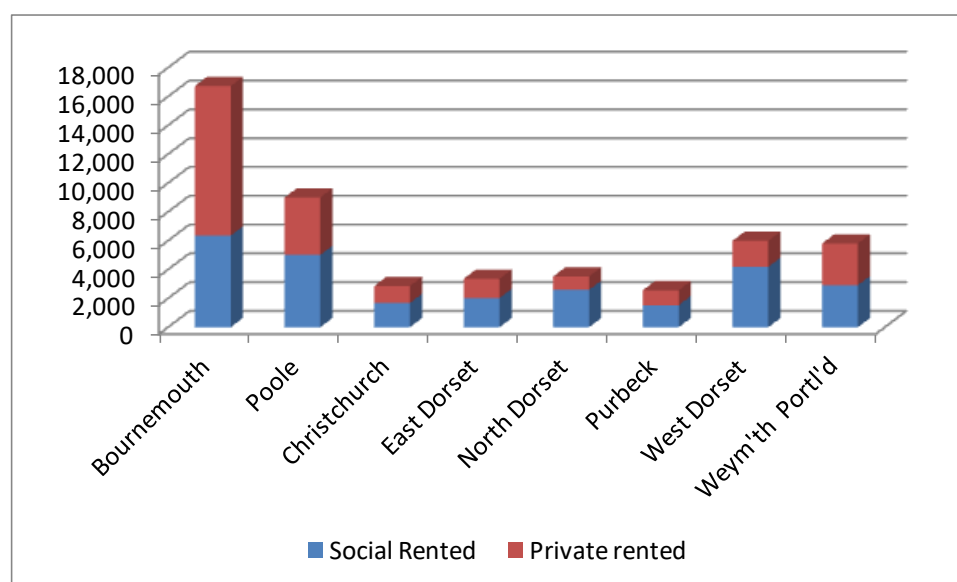
¹⁷ <http://www.crisis.org.uk/pages/sharers-toolkit-.html>

The Role of the Private Rented Sector

In meeting need for affordable housing

- 2.29 The feedback from Dorset businesses (reported in detail in chapter 4) links having a quality private rented sector to the labour mobility some businesses need, particularly those that rely on retaining local graduates and/or attracting new graduates to Dorset, and particular to the Bournemouth/Poole conurbation.
- 2.30 The private rented sector also provides the flexibility in the housing market to help meet the needs of lower income households outside the local authority/housing association stock. Of the 50,000 households claiming housing benefit across Dorset in May of this year, some 23,000 were in private rented accommodation. The chart below illustrates the importance of this sector across Dorset but particularly in Bournemouth and Poole.

Figure 2.1: Housing Benefit Claimants by Tenure – May 2016



Source DWP– Live Table - Housing Benefit Caseload Data

The PRS market and SDLT

- 2.31 While London remains the main location for large-scale PRS, the market for institutional investors is broadening. A recent publication by Savills listed 29 cities which, “..... represent some of the most attractive cities for investment in the rental market..”. Cities such as Manchester, Reading, Edinburgh and Bristol topped Savills list but Bournemouth was also in the list¹⁸. Savills are forecasting a 16.5% growth in rents outside London 2016 to 2020 which indicates potential for further investor led development of PRS in Dorset.

¹⁸ Savills Research, Spotlight Rental Britain, February 2016

- 2.32 However, PRS schemes are very sensitive to location and locations with a university and/or hospital nearby are examples of the type of place where PRS can work but the exact location of the scheme will matter equally. A recent publication by Chapman Taylor¹⁹ described successful PRS schemes as being in , ".....in urban locations, with local transport within walkable distance. Allowing for regional variations, a critical mass of 150 units or more is deemed ideal to guarantee return on investment, whether in one building or multiple buildings. Therefore PRS developments are generally medium to high density. Studies have shown that PRS is viable not only in London, but also in locations where there are strong employment rates and lower land values."
- 2.33 In addition, a location near to other facilities e.g. restaurants, and entertainment will tend to work well.
- 2.34 The range and type of facilities offered by a PRS development (e.g. on-site gym and cafe) and style of management input (e.g. does it include a concierge service) all affect the marketability of PRS and are reflected in rental levels and service charges.
- 2.35 There are examples in Dorset of specialist developer/landlords and of institutional investors funding bespoke rented schemes in Dorset but very much concentrated in Bournemouth/Poole.
- 2.36 Housing associations are also increasingly investing in PRS as part of their development portfolio, for example the recent announcement of a scheme by Radian of 113 apartments in Bournemouth on council owned land.
- 2.37 PRS developments of this type of scale and larger need to be seen as long term investments which may include the sale of units over the life of the scheme to ensure viability.
- 2.38 Away from Bournemouth/Poole, the PRS market is largely small scale and local. The 3% increase in Stamp Duty Land Tax (SDLT) for additional residential properties introduced in April seems to have provoked a spike in development pre-April but with an uncertain long term effect.
- 2.39 Some loan support for PRS is available from the HCA through the Home Building Fund²⁰.

¹⁹ Chapman Hendy, UK Residential: What is 'PRS' or 'Build to Rent' & how can developers capitalise on this opportunity, 2015

²⁰ Currently the Build to Rent fund - a fully recoverable investment where the government shares risk or bridges finance to help schemes to be built, managed and let.

Review of Community Infrastructure Levy

- 2.40 The government announced a review of CIL in November 2015. It is now expected that the results of the review will be announced in the forthcoming housing white paper.
- 2.41 The local authorities in the Dorset LEP area have either adopted CIL or are at some point in the process towards adoption. Clearly any major changes to CIL could impact on authorities' ability to raise funds for infrastructure but it is difficult to predict the outcome.

Promotion of self and custom build

- 2.42 Local authorities are required to grant "sufficient suitable development permission"²¹ of serviced plots of land to meet the demand based on their register of interested self-builders.
- 2.43 There may be opportunities for Dorset councils to identify and promote plots or groups of plots with a view to encouraging aspirational households into the area and providing opportunities for lower income households to become owner occupiers.
- 2.44 A previous HCA funding programme (the Home Builders Fund) provided short-term loans to small builders and community groups to help get land ready for housebuilding with the land then sold as individual plots to people looking to build their own home. Further similar funding may be expected in the future.

Other housing initiatives

- 2.45 There are a range of other initiatives and funding streams that form part of the government's agenda to stimulate housebuilding in the UK. These include the Rent to Buy pilot and the 'Unlocking the Land Fund' which is described by DCLG in the Fund's prospectus in March of this year as an invitation for, "*....Expressions of Interests from local authorities outside of London to form partnerships with the Homes and Communities Agency to use the Fund to acquire, assemble and de-risk land for quality starter home developments which can be built out by developers by 2020.*"
- 2.46 HCA is also charged with releasing its surplus land for development and publishes a list of landholdings that it expects to bring forward for development and/or disposal land quarterly. The current list (for 2016/17) does not include any residential sites in Dorset but the list is updated quarterly.

²¹ Housing and Planning Act 2016

Local Devolution

- 2.47 The government's localism agenda remains in place (at least for now) so Dorset may also have greater opportunities to control its own fate. A devolution deal is still under negotiation, while proposals for 100% business rates retention have been put out for consultation by the government. While these measures are in part intended to pass the burden of public spending on to local authorities, they also give local authorities the scope to try different approaches to address their challenges, and create further incentives to encourage a more successful local economy.

3 THE DORSET ECONOMY

Overview

- 3.1 This chapter explores aspects of Dorset's economy and population structure, and considers what projections of employment imply about the future shape of the economy. The chapter then turns to consider seven sectors that are important for Dorset's economy.

Dorset's population

- 3.2 Dorset's total population exceeds three-quarters of a million people. Of these, just under 60% are of working age. Among the working age population, 76% are in work.

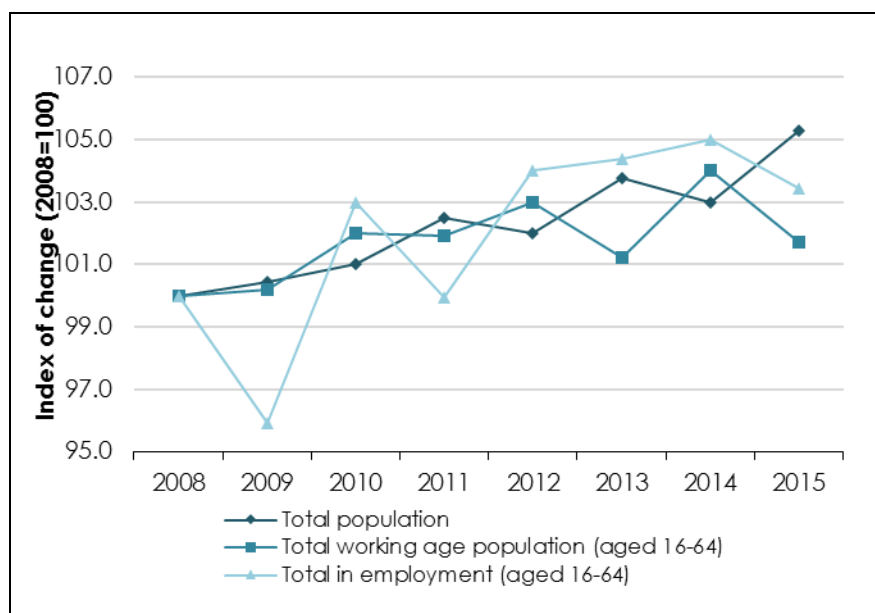
Table 3.1: Population statistics for 2015

	Total population	Total working age population (aged 16-64)	Total in employment (aged 16-64)	Employment rate (aged 16-64)
Dorset LEP area	765,700	455,200	342,600	76.3
England	54,786,300	34,669,600	25,382,100	73.8

Source: ONS population estimates (total population and total working age population) and Annual Population Survey (total in employment and employment rate, January to December figures)

- 3.3 Dorset's population has grown by around 5% since 2008. However, the growth in its working age population has been slower at less than 2%. These trends largely mirror what has occurred at an England level, where the total population grew by 6% between 2008 and 2015, while the working age population increased by just under 3%.

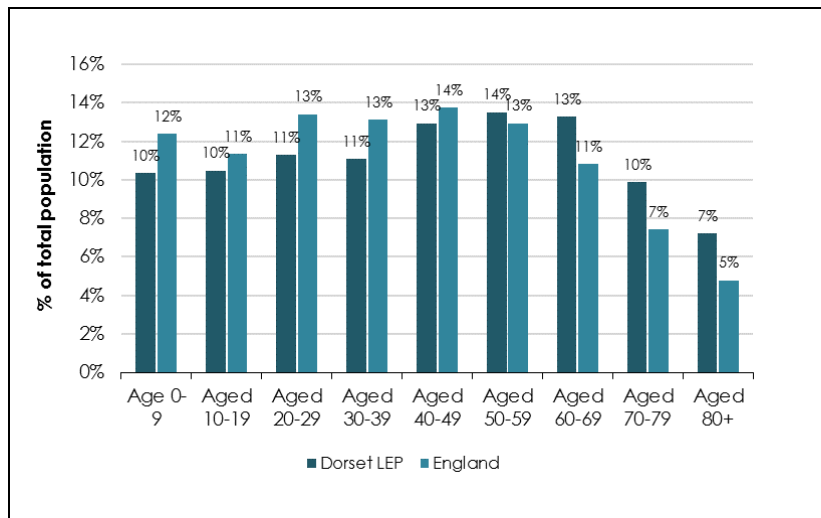
Figure 3.1: Index of change in population for 2008 to 2015 (2008=100)



Source: ONS population estimates and Annual Population Survey

- 3.4 Figure 3.2 below shows the age structure of the Dorset LEP area in 2015 compared with England's. Dorset's population is, on average, older. Approximately 17% of Dorset's population is aged 70+, for instance, compared with 12% across England.

Figure 3.2: Age structure of the population in 2015

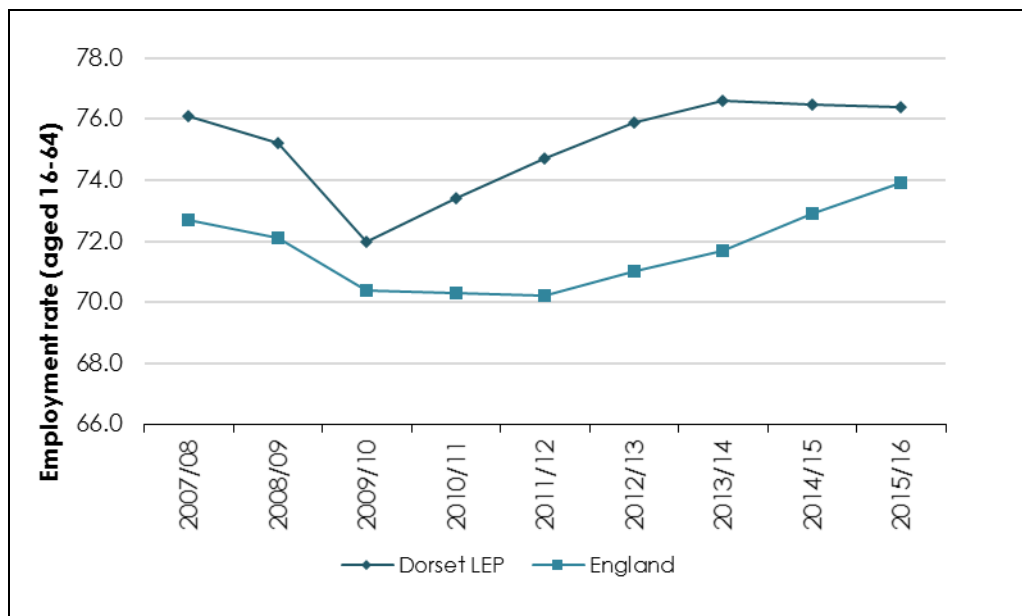


Source: ONS Population Estimates

- 3.5 ONS data also provide projections for population growth across the LEP area. Dorset's total population is projected to grow steadily year-on-year between 2014 and 2039, reaching nearly 884,000 by 2039 – a 16% rise on 2014 levels.

Employment in Dorset

- 3.6 As shown in Figure 3.3 below, the employment rate amongst people of working age (16-64) has historically been higher in the Dorset LEP area than in England overall: in 2015/16 Dorset LEP's employment rate was 76.4%, compared with 73.9% across England. The employment rate fell sharply in Dorset in the aftermath of the credit crunch, but quickly recovered. However, while the employment rate has been rising across England in recent years, it has been steady in the Dorset LEP area in the last couple of years.

Figure 3.3: Employment rate for population aged 16-64

Source: Annual Population Survey. Years are twelve month periods covering April to March

- 3.7 As the table below shows, half of employee jobs in the Dorset LEP area are found in Bournemouth and Poole. East Dorset and West Dorset account for a further quarter of jobs between them.

Table 3.2: Employee jobs by local authority district (three year average, 2012-2014)

Local authority district	Total employee jobs	% of Dorset LEP total
Bournemouth	77,800	25%
Poole	76,400	25%
West Dorset	46,200	15%
East Dorset	29,500	10%
North Dorset	22,800	7%
Christchurch	18,100	6%
Weymouth and Portland	17,900	6%
Purbeck	16,400	5%
Dorset LEP total	305,100	100%

Source: Business Register and Employment Survey. Figures rounded to nearest 100.

- 3.8 Enterprises in Dorset are slightly more evenly spread across the LEP area than employment, with Bournemouth, Poole and West Dorset all accounting for similar shares of enterprises. The three areas are home to over half (57%) of the LEP area's businesses.

Table 3.3: Total enterprises by local authority district (2015)

Local authority district	Total enterprises	% of Dorset LEP total
Bournemouth	6,045	20%
Poole	5,800	19%
West Dorset	5,390	18%
East Dorset	4,235	14%
North Dorset	3,435	11%
Purbeck	2,030	7%
Christchurch	1,875	6%
Weymouth and Portland	1,765	6%
Dorset	30,570	100%

Source: UK Business Counts

Future employment growth

- 3.9 In 2015, GL Hearn included a series of employment projections as part of their Strategic Housing Market Assessments (SHMAs) for local authorities in Eastern Dorset. These were based on two scenarios: a baseline position drawing on projections from Cambridge Econometrics (CE) and another drawing on local

knowledge. As the table below shows, between 2013 and 2033 eastern Dorset is expected to see the growth of approximately 43,000 additional jobs. Of these, approximately 25,000 (c. 58%) will be in Bournemouth and Poole.

Table 3.4: Jobs growth and change in resident workforce, 2013-33

	Change in jobs		Change in resident workforce	
	CE Baseline	Local Knowledge Scenario	CE Baseline	Local Knowledge Scenario
Bournemouth	12,179	12,825	12,909	13,594
Christchurch	2,524	2,594	2,356	2,422
East Dorset	7,166	7,295	7,980	8,124
North Dorset	5,135	3,557	5,313	3,680
Poole	11,738	12,886	10,208	11,206
Purbeck	2,989	3,872	2,998	3,884
Total Eastern Dorset	41,731	43,029	41,764	42,909

Source: GL Hearn 2015

- 3.10 Peter Brett Associates (PBA) carried out a similar analysis in 2014 for West Dorset and Weymouth & Portland. It used two scenarios: a baseline developed by Experian and another developed by themselves. Table 3.5 indicates that both scenarios show workplace jobs in West Dorset increasing by 1,600 to 1,700 jobs. The two scenarios show greater variance for Weymouth & Portland, though job growth there is very modest under both forecasts.

Table 3.5: Workplace jobs in the West Dorset and Weymouth and Portland (2011-2031)

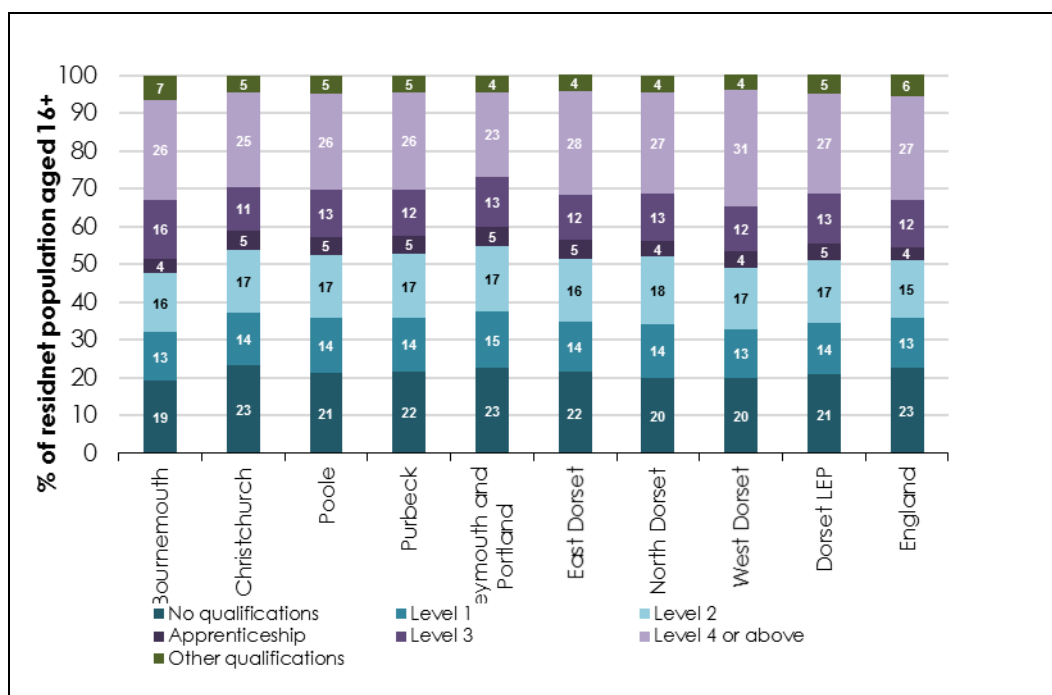
	2011 workplace jobs		2031 workplace jobs		Change (2011-2031)	
	Experian baseline	PBA	Experian baseline	PBA	Experian baseline	PBA
West Dorset	56,416	56,416	58,151	58,026	1,735	1,610
Weymouth & Portland	22,557	22,557	22,894	22,629	337	72
Total	78,973	78,973	81,045	80,665	2,072	1,682

Source: Peter Brett Associates, 2014

Qualifications profile

- 3.11 Dorset's population has improved its qualification levels since 2008, with the proportion who are without any qualifications falling²². Nevertheless, the rate of increase for the higher qualification levels has lagged behind the England average. Within the LEP area, the proportion of the population with Level 3 qualifications rose by 8.5 percentage points between 2008 and 2015, compared with a rise of 9.5 percentage points across England. Likewise, the proportion holding Level 4 qualifications in Dorset grew by 7.4 percentage points between 2008 and 2015, compared with a rise of 8.4 percentage points across England.
- 3.12 The qualifications profile of the LEP area as a whole is broadly in line with the England average. However, there are substantial variations between local authority districts in Dorset, as Figure 3.4 shows. Bournemouth has the best-qualified resident population of working age in terms of Level 3 and 4 qualifications. By contrast, Weymouth and Portland's working age population has the lowest percentage of high-level qualifications. It should be noted that this data draws on data from the 2011 Census but it is unlikely that the basic positions will have changed much since then.

Figure 3.4: Proportion of the resident population aged 16+ that has each level as their highest level of qualification



Source: 2011 Census

²² Annual Population Survey (2008-2015)

Vacancies and skills shortages

- 3.13 Data from UKCES's Employers Skills Survey 2015 suggests that vacancies are generally no worse in the Dorset LEP area than in England or the South West as a whole. However, the exceptions to this are Bournemouth and Poole. In both those localities some problems, such as skills shortage vacancies and hard-to-fill vacancies levels, appear to be more pressing.

Table 3.6: Reported vacancies, skills gaps and retention issues, 2015

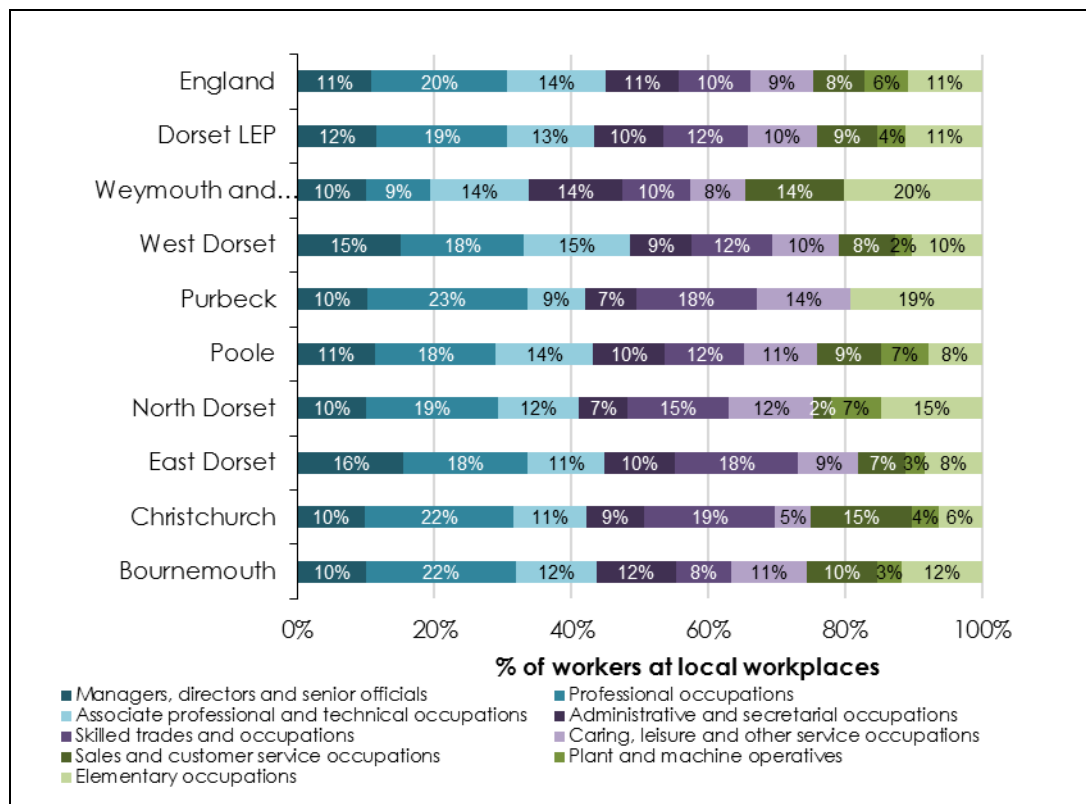
	Engla nd	South West	Dorset	Dorset (exc. B&P)	Poole	Bourn' mouth
Vacancies:						
Establishments with any vacancies	20%	18%	21%	18%	27%	24%
Have at least one vacancy that is hard to fill	8%	8%	10%	9%	14%	11%
Have a skills shortage vacancy (SSV)	6%	5%	7%	6%	11%	9%
Number of vacancies as a % of all employment	3%	3%	4%	4%	4%	4%
% of all vacancies which are SSVs	23%	24%	25%	26%	30%	26%
Skills gaps:						
% of establishments with any staff not fully proficient	14%	14%	14%	14%	16%	12%
Retention:						
Whether any jobs in which have difficulties retaining staff	8%	8%	7%	6%	9%	8%

Source: UKCES Employers Skills Survey (2015)

Occupational profile

- 3.14 The figure below shows that the occupational profile of the Dorset LEP area is also similar to the English average. Again, though, there are variations across the districts. East Dorset and West Dorset have the greatest proportions of their working population employed in managerial and director occupations (16% and 15% respectively), while Purbeck and Weymouth & Portland have particularly high proportions working in elementary occupations (19% and 20%).

Figure 3.5: The occupational profile of workers at local workplaces (2015)



Source: Annual Population Survey – workplace analysis

Employment structure by sector

- 3.15 Just over half of Dorset's employment is found in two broad sectors: 'public administration, education and health' and 'distribution, hotels and restaurants' (see Table 3.7). However, these are not necessarily the sectors in which Dorset is most strong relative to the rest of England. Location quotients indicate that the greatest concentration of employment is found in agriculture and fishing, though that sector currently employs fewer than 5,000 people in Dorset.

Table 3.7: Employment by industry (2015) for those aged 16-64

Sector	Dorset LEP area	Proportion of total employment	LQ relative to England
A Agriculture and fishing	4,900	1%	1.75
B, D, E Energy and water	3,800	1%	0.75
C Manufacturing	35,800	11%	1.10
F Construction	21,000	6%	0.86
G, I Distribution, hotels and restaurants	70,600	21%	1.13
H, J Transport and communication	21,300	6%	0.67
K-N Banking, finance and insurance etc.	56,200	17%	0.96
O-Q Public admin, education and health	102,300	30%	1.02
R-U Other services	21,300	6%	1.09
Total employment	337,200	100%	

Source: Annual Population Survey – Workplace Analysis

3.16 Within this broad picture there are also local strengths. Table 3.8 below shows the patterns of sectoral concentration at district/unitary area levels:

Table 3.8: Districts/unitary areas with relatively high concentrations of employment in a given sector

Sector	Districts with high employment concentration	Sector's proportion of district employment	Sector's proportion of Dorset LEP area employment
Agriculture and fishing	North Dorset	7%	1%
Energy and water	Weymouth/Portland	4%	1%
Manufacturing	East Dorset	16%	10%
	Poole	15%	10%
Construction	No concentration	-	-
Distribution, hotels and restaurants	Christchurch	32%	21%
	Weymouth/Portland	26%	21%
	West Dorset	25%	21%
Transport and communication	No concentration	-	-
Banking, finance and insurance	Bournemouth	26%	17%
Public administration, education and health	Purbeck	41%	30%
Other services	No concentration	-	-

Source: Annual Population Survey – Workplace Analysis

Travel to Work Areas

- 3.17 People's commuting patterns, however, are not determined by local authority boundaries. Travel to Work Areas (TTWAs) attempt to estimate the 'real' size of the local labour markets by taking into account the reality of commuting patterns in any locality. As a result, TTWA often cross administrative boundaries. Generally in a TTWA at least 75% of the area's resident workforce work in the area and at least 75% of the people who work in the area also live in the area²³.
- 3.18 Dorset is covered by seven TTWAs (based on 2011 Census data). A number of these cross traditional county boundaries, being focused around towns in Somerset (Yeovil) and Wiltshire (Salisbury).

Table 3.9: Travel to work areas that include parts of Dorset

TTWA Name	Number of component areas (LSOAs/DZs1/SOAs)	Number of residents in work	Number of jobs	Number of residents working in area
Blandford Forum and Gillingham	41	36,700	33,200	26,000
Bournemouth	212	159,600	152,400	119,600
Bridport	17	12,900	11,600	9,300
Dorchester and Weymouth	71	57,800	58,400	48,800
Poole	130	99,100	98,000	69,500
Salisbury	85	74,100	74,800	56,400
Yeovil	113	86,300	86,400	71,300

Source: ONS Census 2011 data, all numbers rounded to nearest 100

- 3.19 The data confirms that Bournemouth and Poole are the largest local labour markets, with around 160,000 and 99,000 jobs respectively.

Perspectives from specific sectors

- 3.20 The employment sectors set out above are relatively broad. They cover a wide range of activity, so it is useful to drill down further and focus on some of the key industries driving Dorset's economy.
- 3.21 In conjunction with Dorset LEP, seven sectors for further study were identified on the basis of:

²³ In practice the ONS makes exceptions to this definition for a number of TTWAs – more details can be found here: <http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/guide-method/geography/beginner-s-guide/other/travel-to-work-areas/index.html>

- their strategic importance of the sectors to the LEP – something which indicates that the sector is either important currently or has the potential to be important to the local economy in the future
- current employment levels
- forecast future employment levels

The seven were:

- Financial services and insurance
- Advanced manufacturing
- Care sector
- Construction
- Retail
- Creative industries
- Tourism and leisure

3.22 Dorset as a whole has approximately 328,000 jobs²⁴. Combined, the seven sectors account for nearly 43% of all these (as shown in the following table), highlighting their collective importance to the area.

Table 3.10: Contribution of the seven sectors to local employment

Sector	Total employment	Percentage of total employment in Dorset LEP
Financial services and insurance	14,322	4.4%
Advanced manufacturing	11,592	3.6%
Care sector	13,145	4.0%
Construction	16,677	5.1%
Retail	48,655	15.0%
Creative industries	8,876	2.7%
Tourism and leisure	27,010	8.1%
Key sectors combined	140,277	43%

Source: Hardisty Jones Associates using BRES 2014 data

3.23 The seven sectors listed are diverse, with a mix of some higher-paid and more productive sectors such as financial services and some more modestly-paid ones such as the care sector. Measured by location quotients (a way of assessing how Dorset employment levels compare with national ones in particular industries), Dorset is especially strong in advanced manufacturing, the care sector, tourism and leisure, and financial services. Only one of the priority sectors, creative industries, is less strong in Dorset than nationally, but this is a broad category – Dorset has a number of sub-sectoral strengths within this group, especially in media and creative

²⁴ Based on analysis in Hardisty Jones Associates (2016) *Key Sectors in the Dorset LEP Area*, p. 19

technologies, where Bournemouth has been recognised as having a nationally significant cluster.

- 3.24 The workforce characteristics of these seven sectors vary considerably. However, the larger employment sectors – retail, and tourism and leisure – draw on a sizeable base of medium or low skilled (and often modestly paid) workers. Both of these sectors have a high incidence of part time, seasonal and temporary work.
- 3.25 These industries are sometimes spatially concentrated. Bournemouth and Poole for instance, have a growing reputation as hubs for both financial services – major employers include LV and JP Morgan – and creative/ tech firms. These two sectors ‘export’ much of their product to the rest of the UK or overseas. By clustering together in the larger urban areas they are able to draw on the benefits of agglomeration.
- 3.26 Most of the other priority sectors (such as care and retail) typically serve local markets. As a result, jobs in these sectors tend to be spread more evenly across the Dorset, close to the local customer base.
- 3.27 Looking ahead, some of these sectors are projected to see significant employment growth in the next two decades, with construction, care, and tourism and leisure leading the way. Even the two that are not expected to see growth – advanced manufacturing and retail – will still remain major sources of local employment and hence are likely to remain strategically important to the LEP.

Table 3.11: Projected employment growth for 2013-33

Sector	Projected change 2013-33	Percentage
Financial services and insurance	2,955	21%
Advanced manufacturing	-643	-6%
Care sector	4,606	35%
Construction	10,324	62%
Retail	-3,027	-6%
Creative industries	682	9%
Tourism and leisure	8,217	31%

Source: Hardisty Jones analysis using Dorset County Council forecasts based on Cambridge Econometrics LEFM

- 3.28 It is worth noting that the highest rates of projected job growth will therefore come in some of the more modestly paid sectors.
- 3.29 More detailed descriptions of the priority sectors are included in Annex 2, where a range of national and local evidence is explored. The final table in this chapter summarises the geography of the sectors in Dorset, and offers some thoughts about their implications for housing. These are examined in more depth in the following chapter, which discusses the views of businesses.

Table 3.12: Priority sectors and the impact of their geography

<i>Priority sector</i>	<i>Geography</i>	<i>Implications for housing provision</i>
Financial services	Mostly clustered in Bournemouth & Poole – including in some large foreign-owned operations	Relationship with London important. Bournemouth & Poole is a well-established hub. Mobile workforce, some quite well-paid. Housing may not be a major constraint (B&P has cost advantage compared with London)
Creative industries	Mostly clustered in Bournemouth & Poole, though with some in rural areas	Largely young workforce, willing to live in HMOs etc. at start of their careers. They look for 'buzzy' places to live; proximity to universities often important for employers. 2 nd group – mid-career and stepping out of London while retaining clients/ reputation – commute from rural areas
Advanced manufacturing	Some large facilities in or close to the larger urban centres where commercial land is cheaper	Workers mostly have to work on site – less flexibility than in most other sectors to work from home. Often requires specialist skills. Competing for key skills in a national market – Dorset can be at a cost disadvantage compared with, say, the North or the Midlands
Care sector	Broadly distributed across Dorset	Relies on a local (and predominantly female) labour supply. Modestly paid sector but still requires people with certain skills and values – staff need to be trusted by clients.
Retail	Focused on urban areas but spread across such areas	Some similarities with care sector, but workforce pool is likely to be larger – able to draw on students and older workers, for example. More scope for automation/ online retail to replace workers.
Tourism and leisure	Quite broadly spread across Dorset	Relatively modestly paid, lots of part-time and seasonal work, and a user of migrant labour.
Construction	Focused on urban areas	Can be quite well-paid, but itinerant workforce – big construction projects will bus people around country as necessary. Smaller firms and 'one-man bands' will serve primarily local markets.

Summary

- 3.30 Dorset's current economic performance is strong in a number of respects. Its employment rate of 76% (in 2015/16), for example, is 2.5 percentage points higher than that of England overall. The rate has held steady in the last couple of years, suggesting Dorset is close to (or effectively at) full employment. Its qualifications profile is broadly in line with that of England, though it is improving a little less quickly than England's profile is. Its occupational profile too is similar to that of England's.
- 3.31 Population and employment projections suggest Dorset is expected to continue to grow. By 2039, its population is expected to have risen by 16% (from 2014's total) to nearly 884,000. However, Dorset's population is older than England's, with proportionately fewer 20-39 year olds and more over 60s than England as a whole.
- 3.32 Projected job numbers, meanwhile, are forecast to increase by around 45,000 (net) in the next twenty years. A significant share of this growth (around 55%) will happen in Bournemouth and Poole. Combined with East Dorset and Christchurch, this will be the location for 75%-80% of projected job growth in Dorset. Although job growth is projected across all local authority areas in Dorset, pressure to deliver new housing to support employment growth is much greater in the east of Dorset than the west.
- 3.33 This jobs growth will take place in a wide range of industrial sectors. Separate analysis suggests that financial services and the creative (and tech) industries, which are concentrated in Bournemouth and Poole, are expected to flourish, but other sectors, such as care, tourism and leisure, and construction are projected to see even faster employment growth. It is worth noting that care and tourism and leisure jobs in particular are widely dispersed across Dorset but mostly modestly paid.
- 3.34 The challenge for Dorset is to find ways to accommodate this projected jobs growth. Given that Dorset is close to full employment, and that it has below average numbers of children and young people (compared with England), much of this future jobs growth will need to be met by 'incomers', including students at its universities. However, as chapter 4 makes clear, businesses are struggling to attract people to the area from outside Dorset and are already finding this a constraint on their enterprises' growth.

3.35 Findings from this economic review have clear implications for housing:

- The projected 16% population increase 2014-2039 has clear implications for additional housing of all types. This is also reflected by the projected increase in employment, with many positions expected to be filled by incomers who will need accommodating.
- The skills shortage vacancies and hard to fill vacancies reported in Dorset (particularly Bournemouth & Poole) may reflect a lack of housing as well as other factors.
- The projected growth in employment in three of the seven priority sectors identified by the LEP (care, retail & tourism, with lower wage rates, part-time/seasonal/temporary employment) will require housing that staff in these sectors can afford.

4 VIEWS OF DORSET EMPLOYERS

Introduction

- 4.1 One of the triggers for the current study was a survey by the Dorset Chamber of Commerce and Industry (DCCI) that flagged up housing as an issue that was adversely affecting some local businesses. The implication was that by making it harder for them to recruit and retain staff, housing issues were constraining growth. It was therefore felt to be important to talk directly to a selection of key businesses to understand the effect of housing issues on their organisations.
- 4.2 We spoke with 15 representatives of Dorset-based businesses and organisations²⁵ through a combination of a business breakfast held at Bournemouth University and phone interviews. While this number cannot be considered a fully representative sample of Dorset firms, it included business-people from a range of sectors, and from both major employers and smaller ones.
- 4.3 The businesses contacted recognised that Dorset's problems were the problems of success. It has a growing economy, with close to full employment, and people continue to want to live and work there. 'Pull' factors include attractive small towns and villages but also the liveliness of Bournemouth and Poole. Almost all the businesses agreed that sustaining this success into the future would be a challenge. Meeting the growing demand for labour in these circumstances often implies attracting new workers to come into the area from outside.

Housing as a constraint on firm growth

- 4.4 Housing has been identified as a potential constraint on business (and hence economic) growth: a DCCI survey of its members found 25% agreeing that, *"the cost and availability of housing locally [is] presenting barriers to growth in your business"*, while a survey of tech firms in Bournemouth and Poole found 32% saying a low supply of affordable housing was a challenge for their future prospects.²⁶
- 4.5 Most of the businesses interviewed saw issues relating to housing as major challenges in recruiting and retaining staff, alongside pay levels and transport links. Some of the firms saw it as a factor that was constraining their current growth plans. A care sector employer, for instance, thought that there was

²⁵ We spoke to 12 people from 11 Dorset-based businesses, as well as two representatives of Bournemouth University and one from a housing association. Invitations to the business breakfast were widely circulated through the DCCI, while other interviewees were suggested by Dorset LEP.

²⁶ TechCity and Nesta (2016) *Tech Nation 2016: Transforming UK Industries*, p94

sufficient market demand to triple the number of staff employed in her company if it was able to find suitable people. An advanced manufacturing firm has enough work in its pipeline to increase its staff numbers by 50%, but is struggling to recruit sufficient people to work at its current site, so is looking at other sites, both in Dorset and outside. Another large firm said that a lack of suitable housing and parking near its Poole base were the two biggest problems it faced in terms of staff retention. The resultant turnover of staff was hampering its ability to follow through on its growth plans.

- 4.6 Virtually all the employers spoken to thought the situation in Dorset had worsened over the last two or three years. Some of this can be put down to the economic recovery after the financial crash that has resulted in a tighter labour market, but a number of employers felt the quality of workers had declined too (in terms of skills). One very large employer said it was receiving 2,000 fewer applications a year than was the case around five years ago. Some employers have recruited staff from elsewhere in the EU to fill the gap in low-skilled work, but such people were said to tend to live in shared houses or flats, and see their employment (and accommodation) as relatively short-term career options.
- 4.7 Firms and workers have adapted to these housing market realities in a number of ways. Some firms have devised schemes to help staff with their housing costs, and others are considering what they might do to make it easier for (potential) staff to relocate to Dorset. Among workers, young people are living at home for longer, and people are commuting further (though see later comments on this subject). However, some employers felt they were now reaching the limit of what such adaptations could do for their labour supply.

The differential impacts of housing on recruitment targets

- 4.8 The constraints imposed by housing costs were reported to be affecting many different sectors and jobs at all pay levels. The challenges for three groups in particular were raised.
- 4.9 Dorset is not an especially high wage economy. One interviewee said it has "*South East house prices with South West incomes*". This creates problems for **employers in low or modestly paid sectors** in particular. These are expected to see growth in the future but are already struggling to recruit. A care sector employer observed that the people recruited are generally young people still living at home or those who are second wage earners in their household – salaries in the sector are insufficient to be able to support a household in Dorset. The employer finds it almost impossible to attract people from

outside the area to come and work in Dorset - it is perceived by those who don't live there as the 'back of beyond', with poor transport links – something that is said to be especially true of rural Dorset locations. This is compounded by problems specific to Dorset. She noted, for instance, that military wives had been a valuable source of recruits for the care sector in the past – with the reduction in the number of military personnel in Dorset, this supply of labour has largely dried up.

4.10 **Firms that look to recruit in national markets** (either for specialist skills or for senior management expertise) report facing different but related problems. Even in sectors or job positions that pay relatively well, bringing in skilled people from outside Dorset is hard. An advanced manufacturing firm, for instance, said that most of those it looks to recruit from elsewhere are based in similar firms in the Midlands and the North. While such people can afford to buy, they face having to settle for less in Dorset than they currently have at any given price point – they have to 'downsize'. This works the other way too – the firm reported that it is losing people with sought-after skills to firms in the North and Midlands on quality-of-life grounds. Tech firms too noted that recruiting older people from outside the area to come to Dorset is challenging.

4.11 The challenges facing **young people in the digital tech sector** (a fast-growing sector in Dorset) are somewhat different. From our discussions, firms in the sector appeared less concerned about housing *per se*. They felt young people were often able to find a solution of some kind if they wanted to stay in the area after graduation (such as sharing with friends), though they knew university students who had wanted to stay in Bournemouth but been unable to do so. For the tech firms, the big challenge in recruitment is the allure of London with the range of jobs it offers. However, Bournemouth and Poole are attractive, lively places that are able to counteract this to some degree. Although house prices are high in Bournemouth and Poole, one tech employer noted that younger people are not generally looking to buy property – for them, the issue is the nature of the private rented sector. Young people face high rental fees that can be hiked every six months, making it difficult to achieve a stable housing situation. In Bournemouth in particular, where much of this industry is clustered, there is also considerable competition for flats and shared houses from students at the growing universities. A better-quality PRS offer would be helpful, in one employer's view. Most young people have given up on the idea of owning their own house, but now even renting is becoming hard.

Commuting and housing stock

- 4.12 One potential remedy for these types of problems is commuting. If people can live in cheaper areas and are willing to tolerate long journeys, that would allow firms to address some of the labour shortages they face.
- 4.13 However, Dorset firms reported that this was not an effective solution. This is partly a consequence of geography. One interviewee commented that the largest conurbation in Dorset, Bournemouth/ Poole/ Christchurch, is on the coast, and thus has only half the hinterland of a similarly-sized town inland. Furthermore, housing in its hinterland is at least as expensive as in the conurbation itself. This was compounded by poor transport links across the county. While Bournemouth and Poole can be reached from Southampton, for instance, it is more difficult to get to them from Weymouth and Portland. There is limited scope for people to live in (cheaper) west Dorset and commute to east Dorset to work. (Indeed, south-east Dorset's labour market seems to be more closely integrated with south Hampshire's than with the rest of Dorset.) Public transport is especially poor, creating difficulties for firms whose working patterns require shift work, for example.
- 4.14 This would suggest that if local economies are to be sustained and allowed to grow further, their demand for housing will largely have to be met locally. (One manufacturer with a facility in Weymouth and Portland commented that 80% of its staff lived within six miles of the facility.) A number of the businesses spoken to for this research expressed concern that the housing stock being built in their localities was insufficient in terms of numbers and was not suitable for the sort of people they were looking to employ. New build tends either to be high-end, and hence unaffordable for most workers, or flats, which do not suit families, who are usually looking for houses. As a result, many of the staff of these firms are now renting. Even the existing stock did not necessarily suit those workers who could afford it; a firm based in Christchurch noted that town's stock was relatively old and arguably less appealing to younger people.
- 4.15 Other aspects of the local housing market may also be having an impact – one employer observed that Dorset is a popular place for buy-to-let landlords, and that this has taken cheaper properties off the market. The second homes market is also strong in some parts of Dorset, such as Swanage. Finally, the green belt around Bournemouth and Poole has tended to push housing development out of the conurbation into neighbouring

authorities, but with people often commuting back into Bournemouth and Poole.

- 4.16 One manufacturing company summed up his case thus:
"...access to affordable housing is the key, and this is true across the board in Dorset, from starter homes to executive housing".

Reflections

- 4.17 It is important to acknowledge that housing issues were generally identified by Dorset businesses in the context of wider challenges relating to recruitment and/or retention. Sometimes skills gaps or shortages were mentioned that were "explained" by housing, but other factors were frequently in play. For example, some of the skills gaps or shortages seen among Dorset employers are also widely recognised at a national level (e.g. recruitment difficulties in the care sector); it would be unwise to conclude that they are solely a consequence of Dorset's particular housing situation. Equally, the point might be made that challenges relating to recruitment and retention could be eased by an increase in wage levels. Some firms and organisations might struggle to compete with a higher cost base but, in some instances at least, an appropriate response might be increased automation and a reduced headcount, easing the demand for housing and leading to productivity gains in Dorset's economy.

Summary

- 4.18 There are many factors that shape the nature of a local labour market. The relationships between these factors are extremely complex, and often vary from sector to sector. The interviews completed in the course of this study suggested that businesses do identify housing provision as a factor that affects recruitment and retention. These impacts are reported by businesses across the pay scale and in both the 'to buy' and 'to rent' sectors, though in different ways. Whilst acknowledging that businesses' narratives reflect their own particular vantage point – and that other explanations are possible – those who are responsible for decisions about the patterns of housing supply in Dorset should be aware of the concerns expressed by businesses.

5 DORSET HOUSING MARKET

Introduction

- 5.1 The review of the housing market describes the profile of the current stock, the trends in the tenures represented and the market values found, highlighting the main differences between parts of Dorset.

Housing Stock - Number and Type of Dwellings

Size of the stock

- 5.2 Dorset Local Authorities (LAs) and Unitary Authorities (UAs) have a total of 354,340 dwellings in 2015. Bournemouth and Poole have almost half of the dwellings (44%). Purbeck and Christchurch are the authorities with the fewest dwellings.

Table 5.1: Dwelling stock in Dorset 2015

	Dwelling Stock	% of Dorset stock	Increase 2009-15	% increase 2009-15
Bournemouth UA	87,930	25%	3,540	4.2%
Poole UA	67,370	19%	1,490	2.3%
Christchurch	23,570	7%	660	2.9%
East Dorset	39,420	11%	700	1.8%
North Dorset	31,320	9%	1,440	4.8%
Purbeck	22,450	6%	610	2.8%
West Dorset	50,580	14%	1,900	3.9%
Weymouth and Portland	31,700	9%	1,020	3.3%
Dorset LAs	199,040	56%	6,330	3.3%
Bournemouth & Poole UAs	155,300	44%	5,030	3.3
Dorset Total	354,340	100%	11,360	3.3%

Source Live Table 100 DCLG

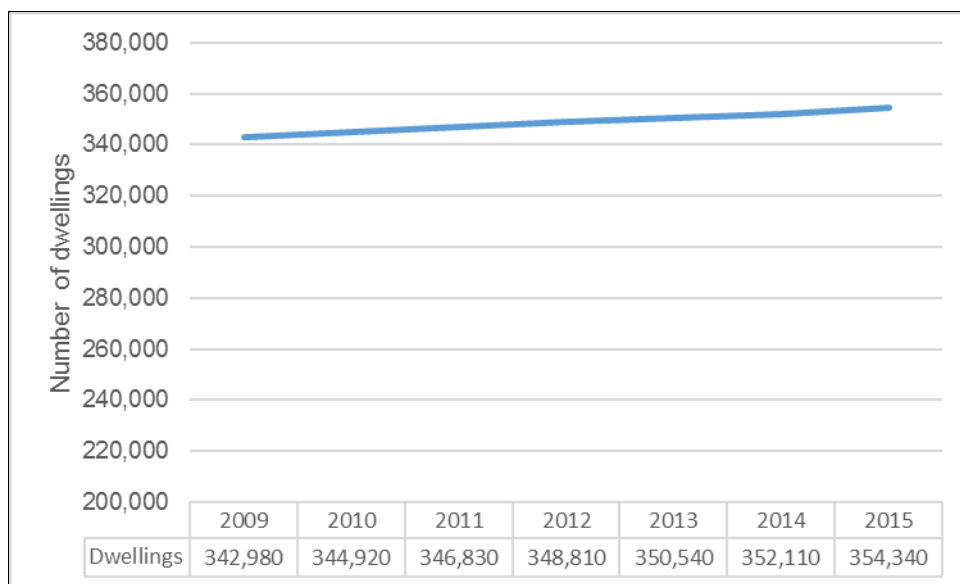
- 5.3 Since 2009 the number of dwellings in Dorset has increased by 11,360, an average of 1,890 per annum. The overall increase is a 3% change since 2009, although there are some clear variances between the different authorities in Dorset:

- The largest proportion growth has been in North Dorset, with a 5% increase in dwellings since 2009, followed by Bournemouth, with a 4% increase.

- Poole and East Dorset have the smallest proportional growth since 2009, with around 2% increase in dwellings between 2009-2015.

5.4 The increase in the number of dwellings in Dorset (3.3% between 2009-2015) is less than the increase in the number of dwellings in England (3.7% between 2009-2015).

Figure 5.1: Change in Dorset dwelling numbers 2009-2015



Source Live Table 100 DCLG

Dwelling Type

- 5.5 In comparison to the average split of dwelling types in England, there are more detached houses in Dorset, particularly in East Dorset where 61% of dwellings are detached.
- 5.6 Bournemouth stands out as the location in Dorset with a large proportion of flats, with half of total dwellings as flats. This is higher than all of the other authorities in Dorset (the next highest is Poole with 28% of dwellings as flats). Weymouth and Portland has a higher than average proportion of terraced dwellings and all of the authorities have a lower proportion of semis than the England average.

Figure 5.2: Dwelling Types in Dorset

Source Census 2011

Tenure

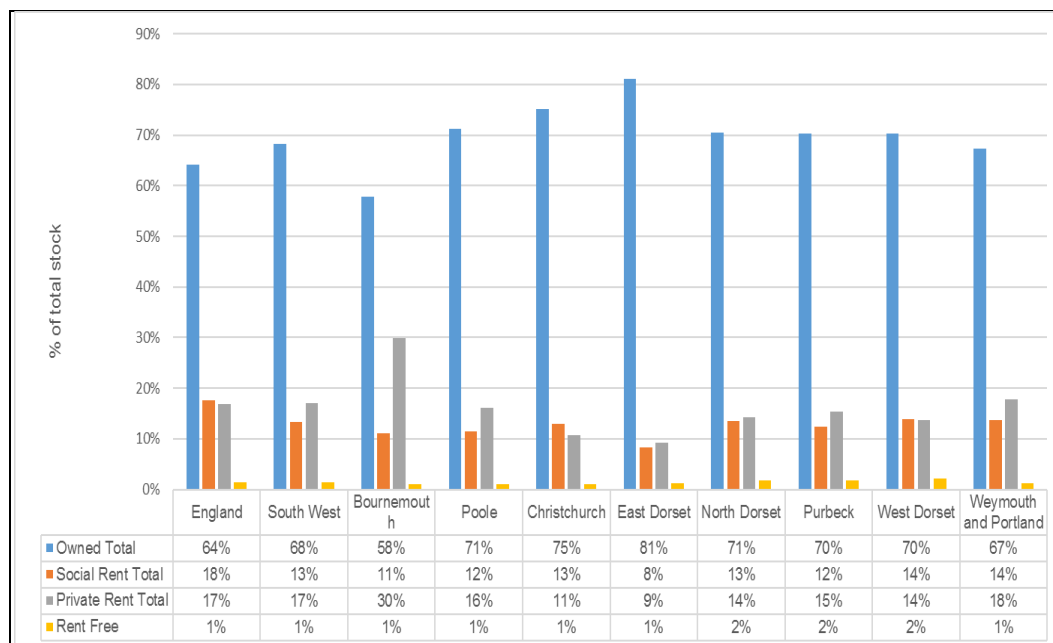
5.7 In 2011, across Dorset 69% of dwellings are owned, higher than the England average and in line with the South West average²⁷. Within Dorset, all local authority areas except Bournemouth have higher levels of owned stock than the English average, and the proportion of social rented dwellings is less than the England and SW averages. In addition:

- East Dorset has more than 80% privately owned;
- The proportion of private rent dwellings across Dorset is 18%, close to the England and South West averages. However, this varies considerably between the different Dorset authorities with 30% of dwellings in Bournemouth privately rented (probably linked to the high proportion of flats in Bournemouth), compared to 9% of dwellings as private rented in East Dorset (which has the highest proportion of detached houses);
- Generally, the proportion of private rent dwellings is higher than the proportion of social rent dwellings, with the exception of Christchurch;
- The proportion of social rent dwellings is highest in West Dorset and Weymouth and Portland.

²⁷ Census 2011

- 5.8 Compared to 2001, the level of privately owned stock has decreased across Dorset from 75% to 69%, with broadly similar changes seen across England and the SW. Within Dorset, private rent dwellings have increased from 20% to 30% of the total in Bournemouth.

Figure 5.3: Dwellings by tenure



Source Census 2011

Affordable housing

- 5.9 There are approximately 40,000 affordable dwellings in Dorset, of which 22% are in Bournemouth and 18% are in Poole²⁸. The Dorset proportion of affordable housing in the two UAs is less than the proportion of all housing (40% compared to 44% of all dwellings).
- 5.10 Bournemouth and Poole have Local Authority-owned stock which has remained fairly constant in number since 2009 (Bournemouth has around 5,100 dwellings and Poole around 4,600). Other Dorset authorities do not hold social housing stock.
- 5.11 There were approximately 30,000 dwellings managed by Housing Associations in Dorset in 2015, with a 5% increase since 2009. Between 2011 and 2012 there was a decrease in housing association dwellings in Poole (and to a lesser extent in East Dorset and Weymouth and Portland), and then a general increase in Housing Association dwellings since then.
- 5.12 As well as council houses and housing association dwellings there are also other public sector dwellings. The data indicates that there were 1,160 other public sector dwellings in 2015,

²⁸ Live Table 100 DCLG

compared to 2,400 in 2009. The main change was the reduction in the figures for other public sector housing in Poole and it is not clear whether this was a real change or a data issue²⁹.

- 5.13 Within Dorset the largest proportion and absolute change in affordable housing (excluding "other public sector housing") was in North Dorset, which had an increase in affordable housing stock of 437 dwellings (12% increase) between 2009 and 2015. This compares to the County-wide increase of 3% in the number of affordable dwellings between 2009 and 2015.

Table 5.2: Affordable housing stock in Dorset 2015

	Affordable Housing Stock*	% of Dorset Affordable housing stock	Change 2009-15	% change 2009-15
Bournemouth UA	8,680	22%	431	5%
Poole UA	7,320	18%	-97	-1%
Christchurch	2,540	6%	74	3%
East Dorset	3,200	8%	-26	-1%
North Dorset	4,670	12%	437	12%
Purbeck	2,900	7%	30	1%
West Dorset	6,550	16%	271	4%
Weymouth and Portland	4,240	11%	102	2%
Dorset LAs	24,100	60%	888	4%
Bournemouth & Poole UAs	16,000	40%	334	2%
Dorset Total	38,940	100%	1,222	3%
*Includes council housing and housing association housing only – excludes "other public sector housing"				

Source Live Table 100 DCLG

Market House Sales and Prices

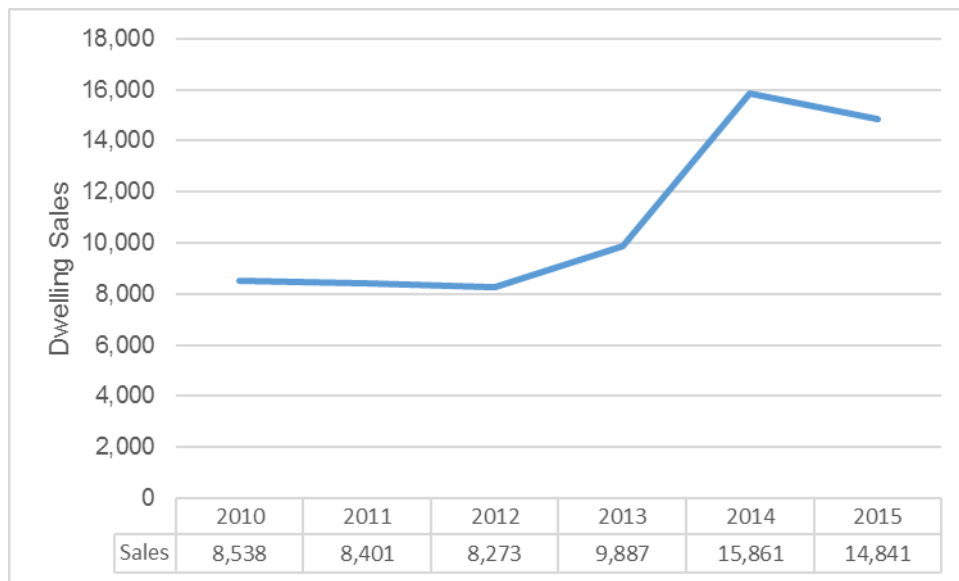
Market Sales

- 5.14 Between 2010 and 2012 there were approximately 8,500 private dwelling sales per annum in Dorset. During 2013 this rose to almost 10,000 and almost 15,000 in 2015. Whilst it is not clear what level of sales will be in 2016 it is clear that there has been a substantial increase in market activity over the last 2 years compared to the preceding period.

²⁹ DCLG notes relating to this data suggest that there can be issues with figures for other public sector housing

5.15 The sales recorded by Land Registry make up 4% of the housing stock in Dorset, and within this there is a slightly greater level of activity in the north and east of the County than the west (4.1%-4.5% of stock sold in 2015 compared to 3.4%-3.7%). The largest proportional change in the volume of sales 2010-2015 has been in Poole, Christchurch and East Dorset (sales in 2015 over 100% greater than in 2010); while the least change has been in Weymouth and Portland (with the 2015 sales 23% above the 2010 sales).

Figure 5.4: Volume of sales



Source Land Registry. Includes new and existing stock.

Table 5.3: Volume of sales by authority

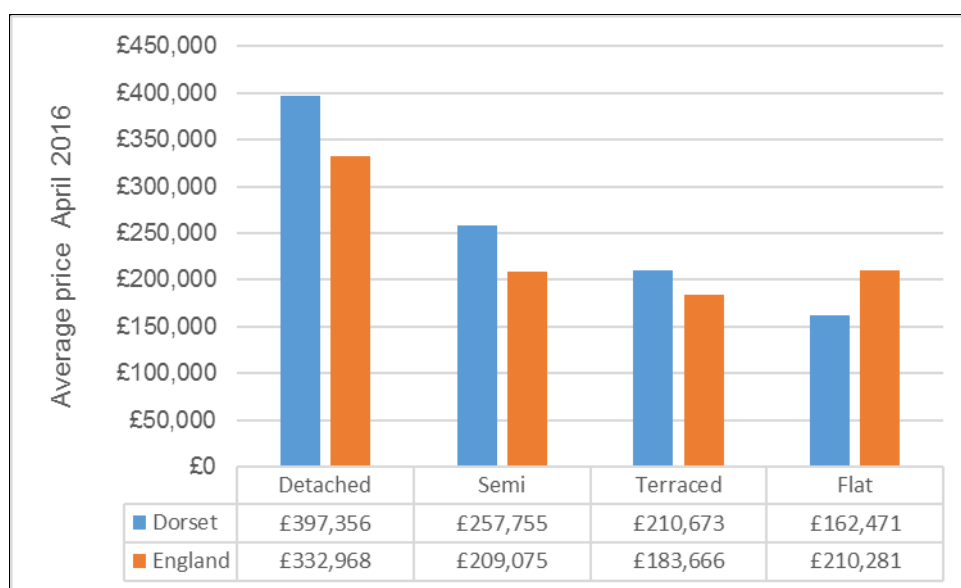
	2010	2011	2012	2013	2014	2015	Sales as a % of stock	% change in sales 2010- 2015
Bournemouth	2,349	2,423	2,294	2,823	4,154	3,953	4.5%	68%
Poole	1,296	1,244	1,255	1,436	3,148	2,987	4.4%	130%
Christchurch	490	516	494	546	1,046	1,076	4.6%	120%
East Dorset	848	848	858	971	1,893	1,737	4.4%	105%
North Dorset	782	752	755	845	1,406	1,281	4.1%	64%
Purbeck	430	407	408	472	799	767	3.4%	78%
West Dorset	1,510	1,427	1,357	1,751	2,085	1,861	3.7%	23%
Weymouth and Portland	833	784	852	1,043	1,330	1,179	3.7%	42%
Dorset total	8,538	8,401	8,273	9,887	15,861	14,841	4.2%	74%

Source Land Registry. Includes new and existing stock.

House Prices

5.16 In Dorset in April 2016 the average house price was £271,700, compared to the English average of £224,700³⁰. Average Dorset house prices are higher than the England average for all dwelling types except flats.

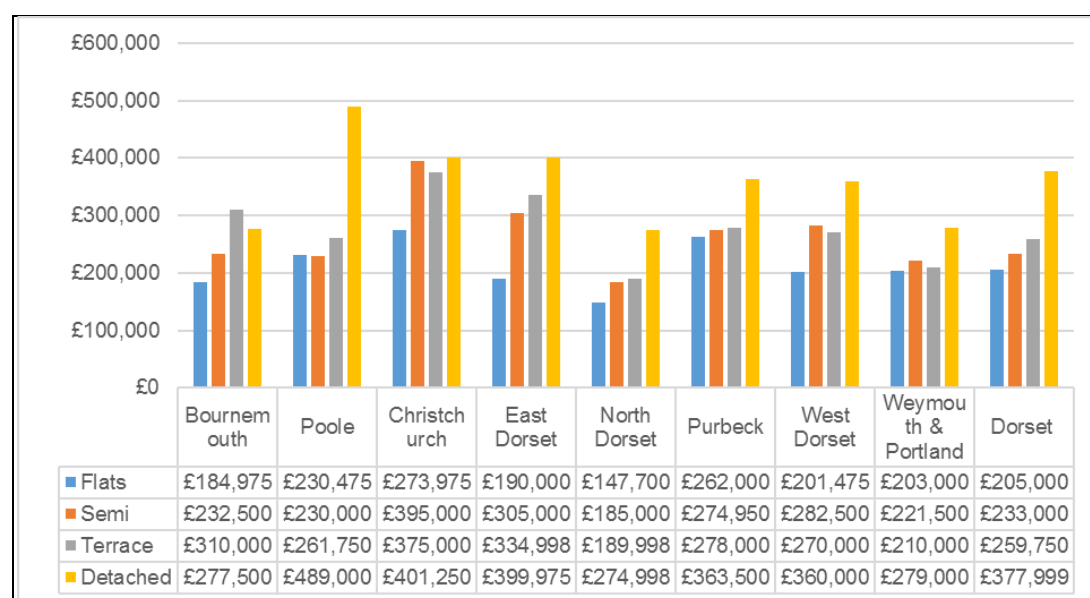
³⁰ Land Registry House Price Index, new and existing stock.

Figure 5.5: Average House Prices in Dorset and England

Source Land Registry. Includes new and existing stock.

New build prices

- 5.17 The median price of new build housing in Dorset in 2014/15 was £239,950, varying between £205,000 for flats to £378,000 for detached houses³¹.
- 5.18 Within Dorset there are clear differences in values and these depend on the dwelling type.

Figure 5.6: Median new build house prices in Dorset

Source Land Registry

- 5.19 The median price for new build detached houses in Poole is £489,000, the highest in Dorset. It is likely that this relates to a combination of limited new build and some very high seafront

³¹ Median values are used to reduce the impact of outlying prices

values (22% of the 79 new build detached sales in Poole 2014-15 were over £1m). Outside Poole, Christchurch and East Dorset had the highest median prices for new build detached houses at around £400,000. These locations also had the highest values for semi-detached and terraced houses; and Christchurch had the highest values for new build flats. Values in North Dorset are lower than the other areas in the County.

Market Sales Affordability

5.20 Affordability can be gauged by comparing new build prices with wages rates. This is driven by the variation in prices (as discussed above) and the difference in wage rates in different locations.

- Overall the larger the dwelling the less affordable it will be, so detached houses are generally less affordable than flats³²;
- For flats the most affordable location is North Dorset and the least affordable are Christchurch and Purbeck;
- For terraced houses North Dorset and Weymouth & Portland are the most affordable; and Christchurch and East Dorset are the least affordable;
- For semi-detached houses North Dorset and Poole are the most affordable; and Christchurch, East Dorset and Purbeck are the least affordable;
- For detached houses Bournemouth, North Dorset and Weymouth & Portland are the most affordable; and Poole, Christchurch and East Dorset are the least affordable (note the discussion about the exception prices for some Poole houses above).

5.21 Overall the main affordability issues are found in Christchurch and East Dorset.

³² Generally semi-detached housing is more expensive than terraced housing but during the data timescale there has been the development of some relatively cheaper semis and relatively expensive terraces

Table 5.4: Income/price ratio (new build)

	Flats	Terrace	Semi	Detach- ed
Bournemouth UA	7.4	12.4	9.3	11.1
Poole UA	8.2	9.3	8.2	17.4
Christchurch	10.9	14.9	15.7	15.9
East Dorset	7.4	13.0	11.8	15.5
North Dorset	6.2	8.0	7.8	11.6
Purbeck	9.2	9.7	9.6	12.7
West Dorset	8.1	10.9	11.4	14.5
Weymouth & Portland	8.6	8.9	9.4	11.8
Median new build house prices 2014/15 (Land registry price paid data)/median annual earnings 2014/15 (ASHE)				

Source Three Dragons based on Land registry price paid data and ASHE

5.22 In terms of absolute affordability, the standard measure is the income required for an 80% mortgage to a maximum of 3.5 times annual wage. By this measure none of the median priced new build dwellings are affordable even in the least expensive parts of Dorset.

Table 5.5: Median annual wage and wage required for 80% mortgage

	Median annual wage 2014/15	Flats - income required for 80% mortgage at 3.5x annual wage	Terraces - income required for 80% mortgage at 3.5x annual wage
Bournemouth UA	£31,819	£42,280	£53,143
Poole UA	£31,209	£52,680	£52,571
Christchurch	£30,035	£62,623	£90,286
East Dorset	£29,122	£43,429	£69,714
North Dorset	£25,852	£33,760	£42,286
Purbeck	£30,727	£59,886	£62,846
West Dorset	£29,545	£46,051	£64,571
Weymouth & Portland	£26,403	£46,400	£50,629

Source Three Dragons based on VOA data and ASHE

Starter Homes

- 5.23 At the time of writing further details are awaited from DCLG about the introduction of Starter Homes, which will be market housing sold at a 20% discount and available solely to first time buyers aged under 40. The upper price limit for starter homes outside London is £250,000 (i.e. with an open market value of just under £313,000). These homes will be delivered on brownfield land not allocated for housing, or instead as replacement for traditional affordable housing on standard residential schemes.
- 5.24 70% of the flats sold in Dorset during 2014/15 were priced under £250,000, along with 45% of terraces and 63% of semi-detached³³. Only 12% of detached houses were under the threshold.
- Flats in Christchurch and Purbeck were least likely to fall below the threshold, followed by flats in Poole.
 - All of the flats in North Dorset were below the threshold, along with most of the flats in Weymouth & Portland and Bournemouth.
 - Almost none of the terraced houses in Christchurch, East Dorset and Purbeck fell below the threshold, whilst almost all of the terraces in North Dorset and Weymouth & Portland did.

Table 5.6: Proportion of market flats and terraced housing below £250,000 2014/15

	Flats	Terraces	Semis
Bournemouth	78%	33%	77%
Poole	53%	42%	59%
Christchurch	44%	0%	22%
East Dorset	81%	6%	4%
North Dorset	82%	90%	100%
Purbeck	45%	35%	50%
West Dorset	70%	34%	25%
Weymouth & Portland	70%	80%	91%
Dorset	70%	45%	63%

Source Three Dragons based on Land Registry Price Paid Data

³³ As noted above, generally semi-detached housing is more expensive than terraced housing but during the data timescale there has been the development of some relatively cheaper semis and relatively expensive terraces.

- 5.25 While there are already dwellings priced below the starter homes threshold, affordability remains an issue. The income required to purchase a dwelling priced at £250,000 with a 20% deposit and a mortgage of 3.5 times income would be £57,140, which is substantially above median incomes which range from approximately £26,000 in Weymouth & Portland and North Dorset, to about £31,000 in Bournemouth and Poole. Starter homes would need to be priced at c.£130,000 to fall within the affordability of people on median incomes.

Private Rent

Rent levels

- 5.26 Median private rents in Dorset are generally higher than the rents across England for one and two bedrooomed dwellings. Within Dorset, the highest rents are Christchurch, East Dorset, Poole and Bournemouth, with lower rents in North Dorset and Weymouth & Portland.

Table 5.7: Private rents in Dorset

	Median annual rent	
	1 bed	2 bed
Bournemouth UA	£7,140	£9,000
Poole UA	£7,200	£9,000
Christchurch	£7,500	£9,180
East Dorset	£7,200	£9,360
North Dorset	£5,700	£7,320
Purbeck	£6,900	£8,340
West Dorset	£6,300	£7,800
Weymouth and Portland	£5,940	£7,800
England	£6,600	£7,200
South West	£6,300	£7,800

Source VOA March 2016

Locations for Private Rent

- 5.27 The locations that may have the potential for private rental schemes in Dorset are:
- **Bournemouth** – Town centre-Boscombe, Holdenhurst Road, eastern Charminster³⁴

³⁴ Based on existing proportions of people in rented accommodation

- **Dorchester** – North of Poundbury; around the railway station (Brewery Square) and Charles Street³⁵
- **Weymouth & Portland** – Weymouth Harbour, Weymouth seafront, and Lodmoor³⁶

Private Rent Affordability

- 5.28 The standard measure of rent affordability used is that annual rent exceeding one third of the median annual salary³⁷ can be considered unaffordable. Within Dorset rented one-bedroomed dwellings generally are affordable against this measure, but two bedroom dwellings in Bournemouth, Christchurch and East Dorset are not. Rented three-bedroom dwellings are not affordable against this measure.

Table 5.8: Affordability of Private Rent in Dorset

	Rental costs as a proportion of income		
	1 bed	2 bed	3 bed
Bournemouth UA	29%	36%	47%
Poole UA	26%	32%	39%
Christchurch	30%	36%	48%
East Dorset	28%	36%	44%
North Dorset	24%	31%	38%
Purbeck	24%	29%	35%
West Dorset	25%	31%	38%
Weymouth and Portland	25%	33%	40%
Median Rental costs exceeding a third of median income are considered unaffordable			

Source Three Dragons based on VOA data and ASHE

Housing Need

- 5.29 The overall requirement for affordable housing across Dorset is 2,601 dwellings per year, with the majority required for social/Affordable Rent. The authorities with the largest absolute requirement are Bournemouth, Poole and East Dorset.

³⁵ Based on information from Weymouth & Portland Borough Council

³⁶ Based on information from Weymouth & Portland Borough Council

³⁷ E.g. Private Rent Watch Report 1: Analysis of local rent levels and affordability, 2011, Shelter – considers median rents of 35% of median full-time salary as unaffordable

Table 5.9: Affordable Housing Requirements in Dorset

Area	Net annual affordable housing requirement
Bournemouth	958
Christchurch	191
East Dorset	263
North Dorset	146
Poole	660
Purbeck	149
West Dorset	104
Weymouth & Portland	130
Total	2,601

Source 2014 Strategic Housing Market Assessment Western Dorset, 2015 Strategic Housing Market Assessment Western Dorset

- 5.30 The 2014 Strategic Housing Market Assessment (SHMA) for Western Dorset³⁸ provides information on the need for new market and affordable housing in West Dorset and Weymouth and Portland. 234 affordable dwellings per year are required in Western Dorset.

Table 5.10: Housing need in Western Dorset

	West Dorset	Weymouth & Portland
New housing required to 2031	9,915	2,700
Owner occupied	72%	36%
Private rent	10%	35%
Shared ownership	2%	1%
Social/Affordable Rent	16%	28%
Type of housing required for owner occupied	Two, three and four bedroom	Two, three and four bedroom
Type of housing required for private rent	One and two bedroom	One and two bedroom
Affordable housing need per annum (reflecting local housing market)	104	130
Affordable housing need type of tenure	Shared ownership and Affordable Rented	Shared ownership and Affordable Rented

Source 2015 Strategic Housing Market Assessment Western Dorset, Summary

³⁸ Strategic Housing Market Assessment, 2014, PBA and HDH; covering West Dorset and Weymouth and Portland

- 5.31 The 2015 Strategic Housing Market Assessment (SHMA) for Eastern Dorset³⁹ provides information on the need for new market and affordable housing in Bournemouth, Christchurch, East Dorset, North Dorset, Poole, and Purbeck. 2,367 affordable dwellings per year are required in Eastern Dorset. The report also refers to the need to increase housing provision in East Dorset, North Dorset and Purbeck to support economic growth. This is a function of an older population which is expected to move into retirement over the 2013-33 period.
- 5.32 The SHMA indicates that some affordable housing need is currently being met through lettings in the Private Rented Sector (PRS), with households supplementing their income with Local Housing Allowance (2,726 households annually in Eastern Dorset).

Table 5.11: Affordable Housing Required in Eastern Dorset

Net annual affordable housing requirement	2,367			
	1-bed	2-bed	3-bed	4+ bed
Market	10%	45%	35%	10%
Affordable	35%-40%	30-35%	20-25%	5-10%
All dwellings	20%	40%	30%	10%
% Intermediate	25%			
% social/Affordable Rent	75%			

Source 2015 Strategic Housing Market Assessment Eastern Dorset

- 5.33 There were approximately 8,400 households on the housing register in Dorset in 2015. This total is considerably less than the households on the register between 2009 and 2014, when the annual total was between approximately 21,000 and 24,000.
- 5.34 Within these figures there are different patterns by authority:
- There has been a gradual overall fall in the household on the register in Bournemouth
 - There has been a dramatic fall in the households on the register between 2014 and 2015 in the other areas in Dorset

³⁹ Strategic Housing Market Assessment, 2015, GL Hearn; covering Bournemouth, Christchurch, East Dorset, North Dorset, Poole, and Purbeck

Table 5.12: Households on the Housing Register 2009-2015

								Change 2009 to 2015	
	2009	2010	2011	2012	2013	2014	2015	Nos	%
Bournemouth	6,925	7,732	8,047	9,425	3,177	4,122	3,782	-3,143	-45%
Poole	3,698	3,908	4,103	1,475	4,100	5,516	946	-2,752	-74%
Christchurch	2,450	1,635		2,120	2,365	2,229	208	-2,242	-92%
East Dorset	2,365	2,169		2,937	3,128	2,986	294	-2,071	-88%
North Dorset	1,051	1,120	1,240	1,242	1,159	1,362	635	-416	-40%
Purbeck	1,333	1,552	1,804	788	1,894	2,241	514	-819	-61%
West Dorset	2,313	2,351	2,883	1,307	2,271	2,503	945	-1,368	-59%
Weymouth and Portland	3,349	3,874	4,206	1,646	2,601	2,690	1,031	-2,318	-69%
Dorset	23,484	24,341	22,283	20,940	20,695	23,649	8,355	-15,129	-64%

Source DCLG Live Table 600

Housing Benefit

- 5.35 There were approximately 50,000 Housing Benefit claimants in Dorset in February 2016, of whom about half were in the population centres of Bournemouth and Poole. Across Dorset, 53% of Housing Benefit claimants were in social rented accommodation and 47% were in private rented.
- 5.36 Within Dorset the proportion of claimants living in private accommodation was highest in Bournemouth (62%) and Weymouth & Portland (50%); and lowest in North Dorset (27%) and West Dorset (30%).

Table 5.13: Housing Benefit Claimants

	All HB claimants	Social rented sector	Private rented sector	% in private rented
England				
South West	351,899	214,234	137,653	39%
Bournemouth UA	16,908	6,419	10,490	62%
Poole UA	9,113	5,060	4,053	44%
Christchurch	2,871	1,694	1,175	41%
East Dorset	3,408	2,039	1,365	40%
North Dorset	3,531	2,594	937	27%
Purbeck	2,572	1,516	1,050	41%
West Dorset	6,044	4,236	1,809	30%
Weymouth and Portland	5,936	2,977	2,960	50%
Dorset	50,383	26,535	23,839	47%

Source DWP 2016

5.37 Data from 2014 shows that around 25% of housing benefit claimants were in employment, with the highest proportions in Poole (30%) and Purbeck (29%). The proportion of claimants in work is slightly higher than the England and South West averages.

Table 5.14: Proportion of Housing Benefit claimants in work 2014

	% of claimants in employment (2014)
England	23.8%
South West	24.2%
Bournemouth UA	25.4%
Poole UA	29.5%
Christchurch	25.9%
East Dorset	26.0%
North Dorset	26.1%
Purbeck	28.6%
West Dorset	26.0%
Weymouth and Portland	25.5%

Source DWP

Affordable Rent

5.38 The July 2016 weekly Local Housing Allowances are split into the two Housing Market Areas covering Dorset.

Table 5.15: Local Housing Allowance rates (per week)

	One Bedroom	Two Bedrooms	Three Bedrooms	Four Bedrooms
Bournemouth UA	£123.58	£153.02	£188.79	£253.15
Poole UA	£123.58	£153.02	£188.79	£253.15
Christchurch	£123.58	£153.02	£188.79	£253.15
East Dorset	£123.58	£153.02	£188.79	£253.15
North Dorset	£105.94	£136.93	£161.10	£200.09
Purbeck	£123.58	£153.02	£188.79	£253.15
West Dorset	£105.94	£136.93	£161.10	£200.09
Weymouth and Portland	£105.94	£136.93	£161.10	£200.09

Source VOA

Second Homes

5.39 Across England second homes form 1% of dwellings, and this rises to 3.2% in Dorset. Within Dorset the locations with the highest proportion of second homes are Purbeck and West

Dorset and the percentage of second homes here are well above the national average and may well, from our experience of the second home market, mask particular settlements with significantly higher proportions of second homes.

- 5.40 North and East Dorset have relatively low proportions of second homes (although there still may be individual settlements where this is issue), with East Dorset below the national average. In absolute terms, Bournemouth has the highest number of second homes, followed by West Dorset.
- 5.41 By comparison, Cornwall also has relatively high proportions of second homes, unlike Wiltshire which has below the national average.

Table 5.16: Second homes

	All dwellings	Second homes	% of second homes
England	23,653,120	245,324	1.0%
Bournemouth	88,933	3,166	3.6%
Poole	67,808	1,627	2.4%
Christchurch	23,701	769	3.2%
East Dorset	39,609	265	0.7%
North Dorset	31,390	464	1.5%
Purbeck	22,197	1,630	7.3%
West Dorset	49,953	2,592	5.2%
Weymouth & Portland	31,438	984	3.1%
Dorset	355,029	11,497	3.2%
Cornwall	263,537	13,981	5.3%
Wiltshire	211,201	1,610	0.8%

Source Council Tax records 2015

Summary

Stock

- 5.42 There are approximately 355,000 dwellings in Dorset, with 44% of these in Poole and Bournemouth. The make-up of the stock varies significantly between different parts of Dorset
- In the more 'rural' parts 'family' dwellings dominate (semi and detached properties).

- Flats and terrace houses (typically the smaller and cheaper units) are more concentrated in Bournemouth and Poole – in Bournemouth, half the stock is flats.

Tenure

- 5.43 Over two thirds of homes in Dorset are owner occupied but the headline rate masks significant variation across Dorset with, again, Bournemouth and Poole being different from other areas in Dorset. Private rent (PRS) accounts for 30% of dwellings in Bournemouth compared with 18% for Dorset as a whole.
- 5.44 The percentage of social rent is in the low teens across the Dorset authorities but when other forms of affordable housing e.g. shared ownerships are included, there are a total of 40,000 affordable dwellings in Dorset or about 11% of the total stock. But this is less than the PRS sector, emphasising the importance of private rent for the Dorset housing market.
- 5.45 So both in scale and composition, the Dorset housing market is really two housing markets with a quite different structure in Bournemouth and Poole compared to elsewhere in the county and future analysis and housing policy should take this into account.

Affordability

- 5.46 Employers have commented through this research that affordability of housing is affecting their ability to recruit the employees they need and that this can apply to a range of types of workers (including graduates but also older workers moving from lower value areas).
- 5.47 The income required to buy a new terrace in North Dorset is £42,300, in Bournemouth it is £53,100 and in Christchurch (with the highest prices) it is £90,300. This compares with Dorset median wages between £26,000 to £32,000 depending on the local authority.
- 5.48 The new Starter Home initiative, with maximum sale prices of c.£313,000 and a discounted price of £250,000, would be readily available across Dorset although for people on median wages most dwellings at £250,000 are not affordable. But again, it is worth noting that full details of the scheme are awaited.
- 5.49 The cost of private renting is not significantly less than buying. Renting a one-bedroom dwellings is generally affordable for those on average incomes but two bedroom properties in Bournemouth, Christchurch and East Dorset are not. Rented three-bedroom dwellings are not affordable for households on average incomes. This reinforces comments from employers,

that employees with families may find it particularly difficult to find affordable family accommodation in Dorset.

- 5.50 However, and especially for young single and couples, sharing a PRS property is a more realistic option to reduce costs and private rent tenants can claim housing benefit to help meet housing costs.

Second Homes

- 5.51 Across England second homes form 1% of dwellings but in Dorset this rises to 3.2%. The average percentage is much higher in Purbeck and West Dorset but there will be other parts of Dorset which also have a high percentage of second homes.

6 HOUSING DELIVERY

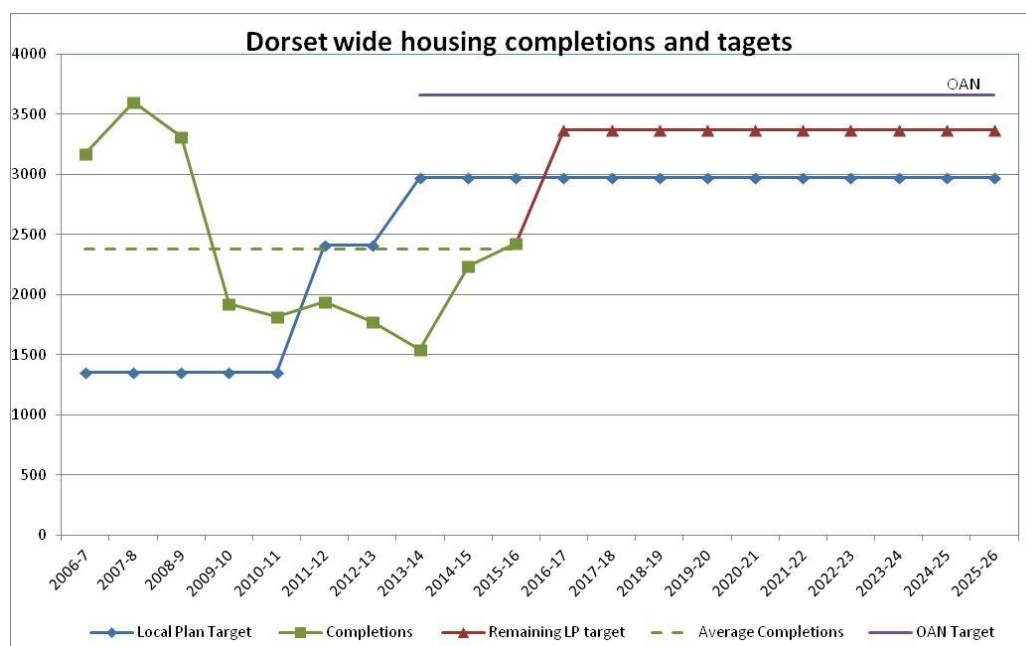
Introduction

- 6.1 Housing delivery across Dorset is considered in terms of current housebuilding rates against targets and the tenure of the housing being delivered. This chapter also considers the types of housing sites being allocated and how this may be impacting on delivery.

Housebuilding rates compared

- 6.2 The following chart compares housebuilding rates in Dorset with the sum of the Dorset local authority local plan targets and objectively assessed housing needs⁴⁰ The OAN is an important figure as it forms the basis for assessing whether an area is providing sufficient housing and is material in plan reviews

Figure 6.1: Housing Completions versus Targets – all Dorset



Source Dorset LPAs

- 6.3 The important trends to highlight are that:

- In only one year in the last 10 years have completions met the current OAN for housing. This was in 2007 at the height of the housing boom;
- There is a huge step up in completions required (around an additional 1,300 dwellings annually) to meet OAN figures;
- Following national trends, completions started to recover in 2014 but even by last year they represented only 66% of the

⁴⁰ Note that data for 2015/2016 completions for half the local authority areas has not been provided – to enable comparison the average completion figure has been used where data is currently missing.

Dorset OAN and about 80% of the combined local plan targets.

- 6.4 This level of delivery can be compared with performance in other similar locations and the point is made that Dorset delivery rates against targets are not exceptional but other areas are closer to meeting their targets. In some locations we have needed to make estimates based on available data and percentages in the table should be treated as broad estimates rather than exact figures.

Table 6.1: Estimate of completions in 2015/16 as percentage of OAN⁴¹

South Cambridgeshire	90%
Brighton	39%
Swindon	54%
Gloucester	97%
Plymouth	70%

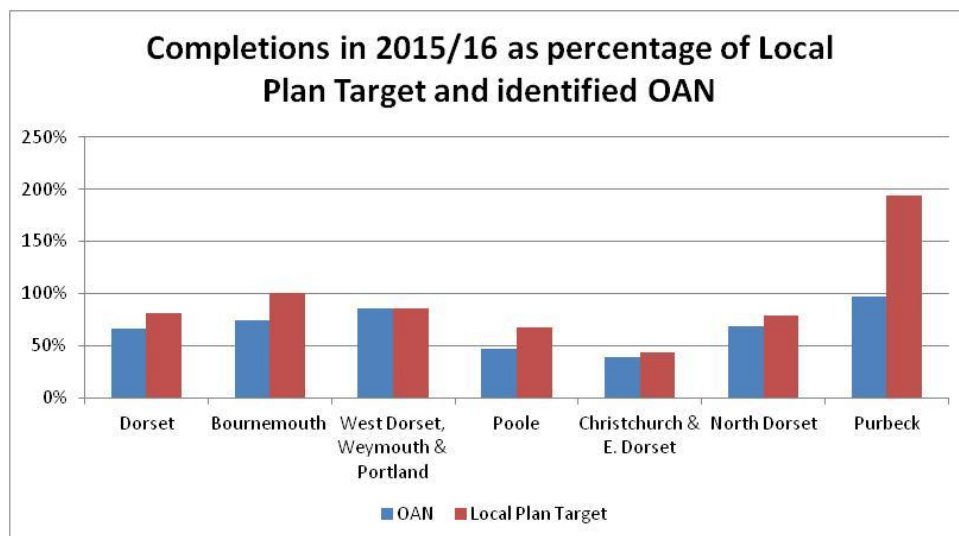
Source Various, including local authority Annual Monitoring Reports, Local Plans, SHMAs and specific OAN estimates

Housebuilding rates at local authority level

- 6.5 There are different ways to compare housebuilding rates between authorities and there are always dangers in taking a snapshot of one year but to simplify the picture, the following table shows completions in 2015/16 as a percentage of OAN. Some of the completion data is provisional. Annex 3 sets out the targets in detail and the timetable for local plan reviews across Dorset.

⁴¹ Completion rates for this period may be affected by an issue about the way student accommodation was counted. This may affect some of the percentages shown. We have discounted other examples where the issue of how student accommodation is counted raised doubts over the reliability of the comparison.

Figure 6.2: Completions in 2015/16 as percentage of Local Plan Target and OAN



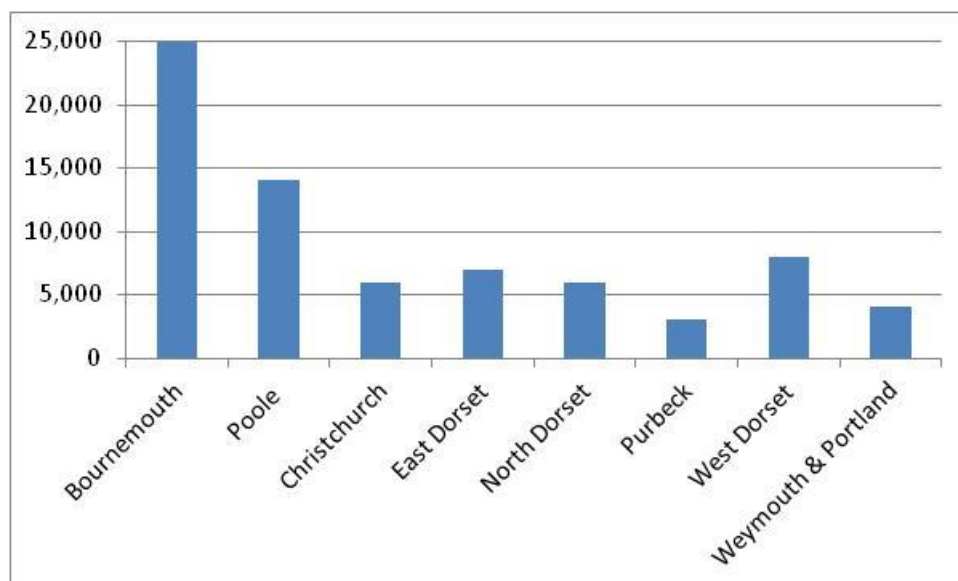
Source Dorset LPAs

- 6.6 In no authority did completions exceed the OAN but in Purbeck and Bournemouth, completions exceeded the Local Plan target.

Trends in household growth

- 6.7 The latest government households projections (2014 to 2039), published in July indicate continued growth in household numbers through to 2039. Across Dorset, the projections indicate an additional 73,000 households or about 3,200 per annum. The growth in households is focused on Bournemouth and Poole as illustrated in the figure below.

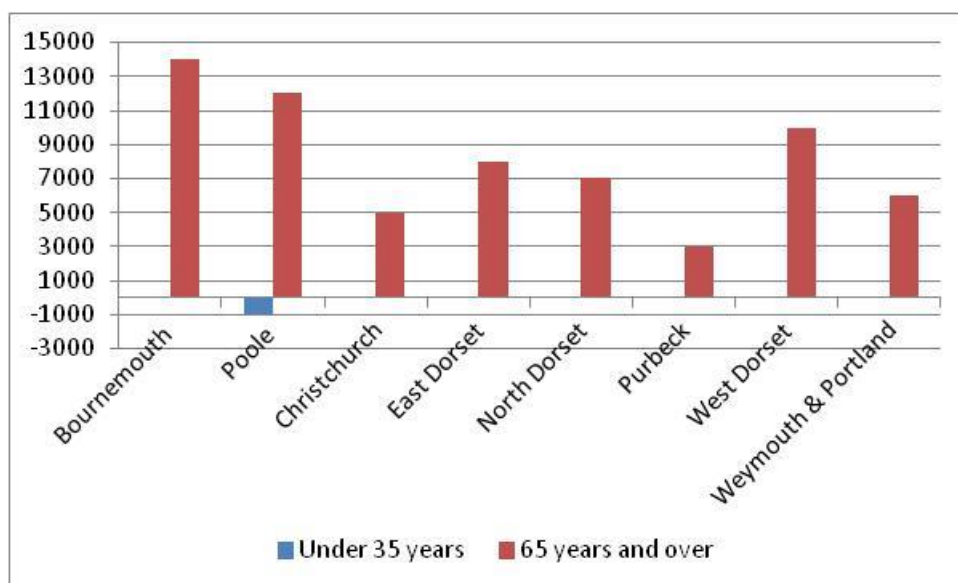
Figure 6.3: Additional households by local authority, 2016-2039



Source DCLG Table 406: Household projections by district, England, 1991- 2039

- 6.8 The projections will be taken into account when local authorities review their local plans and the above figures are not presented as a view about the appropriate rate for future housebuilding. Indeed, there is considerable debate about whether the projections will need to be revised in light of Brexit although it is pointed out that the projections already assumed lower rate of in migration than previous projections. Either way, though, the projections indicate that Dorset will need to continue to plan for new housing well into the next two decades.
- 6.9 The projections also show that much of the growth will be in older households. This is illustrated in the following chart which shows the projected change in household numbers 2014 to 2039 (the data is only available for this 25 year period) for two broad age groups - under 35 years and those aged 65 years and older.

Figure 6.4: Additional households – under 35 years and 65 years and older - by local authority, 2014-2039



Source DCLG Table 414: Household projections by age & district, England, 2014- 2039

- 6.10 While the number of younger households is broadly static, the number of older households shows significant growth – with a projected increase of about 1,000 extra older households per annum in Bournemouth and Poole alone.
- 6.11 These trends raise issues about appropriate policy responses that would assist households wanting to 'down size' as well as for households needing additional care. It reinforces earlier findings about the likely need for a larger care sector with anticipated employment growth in the sector.

Size of sites

- 6.12 In striving to meet the current local plan targets it is clear that there has been reliance, especially in the urban south coast area of Dorset on bringing forward brownfield sites, either through major redevelopment or small scale intensification. Also noteworthy is the lack of any major urban extensions (1,000 plus) currently planned other than Gillingham (1,800 dwellings) and Christchurch (at 950 dwellings just below the 1,000 dwelling threshold we have adopted). By contrast there is a reliance on small to medium sized allocations (mainly 100 to 400 dwellings) adjoining existing settlements and windfall sites.
- 6.13 Housing supply in some parts of Dorset is relying heavily on small sites - both in some urban and some rural areas – e.g. in East Dorset/Christchurch and Bournemouth around 30% of dwellings permitted in the last couple of years are on sites of 10 or fewer dwellings, the percentage is even higher in Weymouth and Portland (over 40%) but lower in authorities with more large-scale greenfield sites (e.g. nearer 20% in West Dorset).

Affordable housing

- 6.14 All the Dorset authorities have planning policies geared to delivering a high proportion of affordable housing to meet the needs identified in recent SHMAs. Targets vary from 25% to 50% with 35/40% being a typical Dorset target. Annex 4 provides a summary of the current policy position for affordable housing.
- 6.15 Whilst each authority does have policy to seek affordable housing there are varying degrees of success as to securing the affordable housing. The following table sets out the level of affordable housing secured across Dorset over the past 10 years as well as the number of completions to show what proportion of housing has been completed and classed as affordable housing.
- 6.16 However, delivery across Dorset is well down on the targets other than in the years 2009 – 2011 when overall completions rates were at their lowest and there was significant grant available to help sustain the housing market during the recession.

Table 6.2: Affordable Housing Delivery

	2006 -07	2007 -08	2008 -09	2009 -10	2010 -11	2011 -12	2012 -13	2013 -14	2014 -15
AH completions	560	750	700	780	670	350	310	280	540
Market completions	2,613	2,849	2,614	1,145	1,148	1,589	1,464	1,267	1,700
Total	3,173	3,599	3,314	1,925	1,818	1,939	1,774	1,547	2,240
% AH	18%	21%	21%	41%	37%	18%	17%	18%	24%

Source Dorset LPAs

Summary

- 6.17 Dorset authorities are collectively not delivering the housing to meet their OAN targets as set out within their respective SHMAs and which reflect both demographic change and employment growth. There are questions as to whether the OAN will continue at the current projections, given external influences such as Brexit, however as it stands Dorset has a significant gap between delivery and identified need.
- 6.18 However, the current suite of local plans largely pre-date the latest OAN figures and so were not intended to meet this target. But the adopted local plan targets to which local authorities are currently working (and which are lower than the OAN figures) are themselves not being met in all but two of the Dorset authorities. There will need to be a significant step up in delivery to meet the OAN figures, which will first require identification of new development opportunities as local plans are reviewed.
- 6.19 The low delivery rates are also affecting delivery of affordable housing which is also lower than plan targets. However, lower delivery rates of affordable housing are not solely related to overall supply. There are a number of other factors that are discussed elsewhere in this report.

7 CONSTRAINTS ON HOUSING DELIVERY

Similarities with rest of the country

- 7.1 Housing delivery in Dorset faces many of the same challenges found across England and, as highlighted earlier, delivery rates in Dorset are below local plan targets and well below the Objectively Assessed Need – although Dorset's performance is not unlike similar places in southern England.
- 7.2 Neither the Dorset local authorities nor the development industry identified a single issue to explain why the pace of development is below target. This chapter of the report explores the range of issues that have emerged from the research noting that, in the experience of the authorities, the issues are familiar from other areas which are under pressure to deliver more housing.

Constrained development opportunities

- 7.3 Environmental constraints limit options for development and although there are no immediate concerns over land supply, additional sources of land will need to be identified shortly as local plans are rolled forward and the 'easy to develop' land options run out.
- 7.4 Nevertheless, the constrained development opportunities have been picked up by the development industry as a current issue. Developers report that there is an underlying issue with the availability of land for housing around some parts of Dorset, particularly Bournemouth/Poole/East Dorset because of greenbelt/ heathland designations and flood risk. They point out that greenbelt designations are not found anywhere else south of London (although elsewhere in the South West there is a greenbelt around Bristol/Bath). In this respect Dorset is unusual.
- 7.5 Combined with the need for more housing, this is said to be pushing up the value of land within the greenbelt while building beyond the greenbelt (although with lower land values) leads to more commuting back into the conurbation and, as noted earlier, employers report road congestion as one of their concerns. At face value, this suggests further reviews of the greenbelt will be required to provide land for housing to address the needs of the pressured housing market in the east of Dorset (where most employment growth is forecast to occur).
- 7.6 Furthermore, it is also reported that the availability of windfall sites is decreasing (partly as the best such sites have now been developed) and this will begin to constrain development. It is

also clear that without the continued availability of a range of site sizes, not all of the development industry will be able to continue delivering housing in Dorset.

- 7.7 Dorset has been relying on a mix of medium sized greenfield/brownfield allocated sites (as well as small windfall sites) and this has limited the scope for major public investment which tends to focus on the largest strategic allocations.

Barriers to delivery on allocated sites

- 7.8 Where allocated sites in Dorset are making slow progress, there can be a number of reasons for this and land ownership issues are often put forward as the main cause (e.g. absentee land owners, multiple land owners needing to reach agreement etc.).
- 7.9 The lack of progress on some large sites can produce a drag on the rest of the market, reducing confidence in successful development at a local level.
- 7.10 Some sites also require new infrastructure and this comes at a cost but there are no major items of infrastructure (at least currently identified) that are required to open up substantial sectors of new development land.

Viability issues

- 7.11 Scheme viability is reported generally to be a limiting factor in Dorset. New developments that need to deal with issues of contamination and/or require new infrastructure to tackle a site specific issue can run into viability constraints. This is somewhat surprising given the generally strong values found in Dorset, particularly in the east of the County, although in some locations (notably Poole and Bournemouth) brownfield sites can have relatively high current use values which impacts on viability. This will be the case especially where existing residential development is being intensified. In some town centre sites development may need to include costly items such as underground car parking.
- 7.12 Other planning requirements can increase development costs (e.g. meeting local design standards) and there is a viability trade off to be made between these and other local authority objectives e.g. maximising affordable housing.
- 7.13 Assessing viability relies on the assessment of many factors and is open to interpretation. When this is left with external advisers, councils may feel reluctant to press a particular case.
- 7.14 Viability issues also help explain the difficulties in delivering affordable housing up to target levels. To meet local housing

needs, authorities may want affordable housing (social/Affordable Rented) but, with the constrained funding available to RPs and rent restrictions, this has viability implications that are likely to worsen rather than ease. RPs and developers reported both reduced offers for affordable housing and/or switching to intermediate sale or rent products where possible.

- 7.15 Where RPs can find land, they are increasingly in a position to cross subsidise their own schemes. The impact of Starter Homes on the mix and type of affordable housing that will be provided in the future is uncertain but this may help scheme viability but lead to further downward pressure on providing rented affordable housing.

Range of dwelling types

- 7.16 The range of dwelling types across Dorset is an asset in retaining and attracting businesses. However, employers are concerned that there is sufficient good quality PRS options available to meet the aspirations of young graduate recruits.
- 7.17 PRS is also serving a role in meeting the need for affordable housing that the local authority/RP sector cannot provide. Attracting PRS investor interest to Dorset (and Bournemouth/Poole in particular) and to compete with opportunities in London and elsewhere will require the right sites and without barriers to development.
- 7.18 The local authorities require a range of size of Affordable Rented units including those suitable for families (3 and more bedrooms). These are proving difficult to provide because of their additional costs which impact on the viability of mixed tenure schemes.
- 7.19 Although not raised as a specific issue by developers or the local authorities, the forecast growth in older households should be reflected in the future mix of dwelling types provided. This does not have a direct impact on the Dorset economy (other than through the influence on where additional care services will be needed) however, it does imply that future developments will need to include a different mix of dwelling types than in the past.

Rural issues

- 7.20 In rural parts of Dorset, the introduction of the 10 dwelling threshold limits options for providing affordable housing in rural settlements. This is limiting the opportunities to provide affordable housing in rural areas – which can provide housing

for lower income households providing local services (e.g. care and retail).

- 7.21 Opportunities for rural exception sites are themselves constrained, as reported by RPs, by a lack of suitable sites and a lack of grant for social/Affordable Rent housing. Typically the local need is for social/Affordable Rent but shared ownership or outright sale housing is needed to make a scheme viable. Furthermore, for shared ownership, restrictions around who can occupy the housing and staircasing to full ownership can make shared ownership less attractive as both RP and purchaser can find it difficult to borrow. These issues are not unique to Dorset but are limiting what can be done in rural areas to meet local housing needs, with no simple solutions.

Local authority capacity

- 7.22 The development industry and RPs report that there have been delays in progressing planning applications in some parts of Dorset due to the capacity of local authority planning departments, operating under reduced budgets. Delays can sometime result from a lack of viability experience both of local authority officers and some planning committee members. This can affect delivery of affordable housing as RPs try to switch from less viable affordable housing types (e.g. social/Affordable Rent) to more viable shared ownership but are not supported by the local authority in doing this.

Construction industry capacity

- 7.23 As housebuilding rates have picked up over the last year or so, skills shortages in the industry have emerged with a consequent impact on build costs. This was noted as a Dorset issue by developers and RPs we interviewed. Labour shortages are confirmed as a regional and national issue by the Construction Industry Training Board which, in a recent publication, explicitly linked this to housebuilding outputs, *".....labour shortages could continue to impact the ability of housebuilders to raise volumes, at least in the short term."*⁴² The CITB is forecasting an increase in construction employment of about 26,000 jobs 2016 to 2020 – implying strong competition for Dorset in attracting and retaining construction workers.

⁴² CITB, Industry Insights, Construction Skills Network, Forecasts 2016-2020, 2015

8 FUTURE OPTIONS

Package of options

- 8.1 In supporting Dorset's economic growth, we have identified two overarching housing issues. The first is to deliver sufficient new homes to match current local plan targets and then, longer term, the objectively assessed need which reflects demographic and economic growth requirements. The second is to provide the wide range of types of new homes and at costs that meet the needs of the existing population and supports the labour mobility employers are seeking.
- 8.2 In planning for the future, demographic projections show that most of the population growth will be concentrated in east Dorset and will be of older households.
- 8.3 To tackle these two overarching issues (and other more detailed points raised during the research) we have identified a suite of actions. There is no single mechanism that will tackle Dorset's housing problems on its own and the options identified will not be equally suited to all parts of Dorset. In responding to this report, the local authorities and LEP will need to consider which options to pursue and where.
- 8.4 Inevitably the options have risks and we identify where these are apparent today. There is, though, a risk in not taking suitable actions to speed up housing delivery and provide the right platform for economic growth.

1 Greater public sector intervention

- 8.5 Increasingly local authorities that want to accelerate housing delivery in their area (including more affordable housing) are becoming directly involved in the development process and do so through a number of different mechanisms, depending on local circumstances and aspirations.

Local authority housing companies

- 8.6 A direct means of intervention for local authorities is by setting up their own housing companies. The Localism Act 2011 provided the mechanism for this by allowing councils to trade for profit in any activity, through a company. It is reported that some 50 such council housing companies have been established to date and although their structure and governance arrangements vary, they typically share the objectives of:
- Increasing the supply of homes and meet wider housing demand;
 - Creating realisable capital assets;

- Retaining control of development housing mix through the planning process and design standards;
 - Retaining control of the development and construction process;
 - Generating long term revenue for the authority.
- 8.7 Council housing companies can develop market sale and rented housing – the latter not being subject to the right to buy. They can provide a mix of housing types including sub market and market rent.
- 8.8 In Dorset, the Bournemouth Development Company is established along this model (although pre dates the Localism Act). It is public-private partnership between Bournemouth Borough Council and Morgan Sindall Investments Ltd (on a 50/50 basis) and is developing sites around the town centre.

Other means of direct involvement in development

- 8.9 An alternative to local housing companies if for authorities to make greater use of scheme-specific joint ventures (where a local authority is involved and with HCA funding sought to derisk the early stages of development) and other forms of 'development partnership'.
- 8.10 Poole Borough Council is already committed to such projects and has, for example, in the past year delivered an affordable housing scheme of 17 units in partnership with a local housing association on its own land.
- 8.11 In the future, as councils and other public sector organisations work more closely together there could be a number of opportunities, such as asset swaps or joint provision of services that could present further surplus land to be brought into a JV.
- 8.12 This could also include bidding for future housing zone status in the right locations as well as pan-Dorset discussions with the HCA about their longer-term involvement in Dorset across a range of both greenfield and brownfield development.

Factors to take into account

- 8.13 Setting up a housing company or entering joint ventures or similar may not be a suitable route for all councils in Dorset but the options available should be actively explored. Key questions to address in doing so include:
- What can the council achieve (as a housing company or through a JV or another delivery vehicle) that the private sector cannot?
 - What assets does the council have (land, buildings, funding etc) that it can use to support development?

- What is the council's appetite for commercial risk – especially if it wants to develop market housing?
- Is the council looking for a long term investment or short term returns?
- What commercial skills does the council need to acquire to set up a commercial operation?
- Are there alternatives to a company structure that will give the council what it wants to achieve?

8.14 Councils may choose to work together to form JVs or to set up housing companies or other partnership arrangements - achieving economies of scale and skills. The LEP can have a role sharing good practice, in working with the HCA to maximise available funding and in ensuring that local housing companies and like mechanisms are able to bid into the same public funds as can other land owners/developers.

Other forms of intervention

8.15 Most housing, though, will be delivered by the private sector on sites developed commercially. Local authorities can still play a role in working with developers on key sites to ensure scheme requirements are fully understood and barriers to development addressed wherever possible. This may require a different skill set from traditional planning and housing expertise.

8.16 But there may still be instances where the use of CPO powers to unblock sites where ownership issues are stalling development should be considered. It is recognised that this can be a lengthy and costly process and should only be used on a very selective basis and not entered into lightly.

8.17 Use of CPOs would require additional expertise to deliver and, if this were shared across Dorset, would be more cost effective and strengthen knowledge of when CPO is appropriate and how it operates. Changes to the legislation affecting CPO were introduced in the Housing and Planning Act 2016 with further changes proposed by government through the Neighbourhood Planning Bill, highlighting the importance of expert advice if CPOs are to be employed.

Promotion of Dorset

8.18 The role of Dorset councils in accelerating housing development could also encompass promoting Dorset as an area for development, to attract interest from the widest possible range of potential developers.

2 List of development-ready sites

- 8.19 The Dorset authorities have previously brought together lists of sites that are ready to develop but would benefit from public funding to support key infrastructure requirements. It is important that this list is regularly reviewed (say annually) so that it reflects strategic pan Dorset priorities, which align with the objectives of government/HCA . Sites in the list should be 'shovel ready' and the funding they require clearly identified and potential benefits defined so that Dorset can take full advantage of new funding streams that might become available in the future.
- 8.20 Through recent discussions with the HCA in another area it was made clear that government departments can have an underspend in their capital expenditure programmes and seek projects and workstreams to fund at very short notice. To access this funding the HCA look for projects that had certainty and clearly defined areas of work that would benefit from funding. The main drive was to either increase overall housing numbers, including affordable housing or to increase the pace of development. The timescales can be very tight to make a submission, usually 2-4 weeks and spending has to be committed before the end of the financial year. To achieve this, the successful authorities will be those that have a clear list of projects and an understanding of how best to utilise public funding to deliver the government's objectives.
- 8.21 It is recognised that there is an issue with smaller sites (say below 200 dwellings) which traditionally have not attracted funding to unlock infrastructure constraints and tend not meet government/HCA funding priorities. However, delivery in some Dorset authorities relies heavily on such sites. Identifying suitable packages of small sites could be a way to overcome this. However, this option has been considered before but without success. Nevertheless, it is recommended that the option is revisited with the HCA to explore how packages that match HCA priorities can be put together. For example is there an infrastructure project that will unlock more than one site, or free up expenditure elsewhere.
- 8.22 The LEP can play an active role in maintaining an up to date list of priority sites which includes full knowledge of delivery barriers and the infrastructure investment that will overcome these. The LEP can then liaise with the HCA, to ensure that Dorset presents a strategic approach for planned funding programmes or to take advantage of 'late notice' funding.

3 Making best use of existing and new funding mechanisms

- 8.23 There are various government funding streams that provide support for residential developers including for smaller developments and are in addition to the Growth Deal funds overseen by the LEP.
- 8.24 In the Autumn Statement, the government announced the Housing Infrastructure Fund, *"....a new Housing Infrastructure Fund of £2.3 billion by 2020-21, funded by the NPIF and allocated to local government on a competitive basis, will provide infrastructure targeted at unlocking new private house building in the areas where housing need is greatest."*
- 8.25 This is in addition to the Home Builders Fund launched in October 2016 which provides loan finance to meet the costs of building homes or for necessary infrastructure. This funding programme could be of particular benefit for small and medium sized developers as *"... loans of £250,000 to £250 million are available with smaller loans considered for innovative housing solutions and serviced plots for custom builders."*⁴³
- 8.26 There are a range of other funding streams, that whilst not directly related to housing growth, may provide additional funding into development schemes that could help free up resource for other provisions such as affordable housing. An example of this would be the recent announcement from Department for Business, Energy and Industrial Strategy of a £320m fund to increase the number of heat networks being built. This could help free up funding that would, for example, have otherwise gone towards carbon reduction requirements in new housing schemes. These type of funding streams are often short lived and the LEP will need to keep abreast of them and be in a position to find projects and partners who could take advantage. One of the reasons a scheme such as Cranbrook in Devon has been so successful in both the number and pace of unit delivery has been the efforts of the local growth team in attracting public funding, such as this, and putting together a package to help deliver the development.
- 8.27 The other main funding programme of direct relevance to housing delivery is the HCA's Affordable Homes Programme

⁴³

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/558849/An_introduction_to_the_home_building_fund.pdf

and details are awaited of the bidding process for the funding announced in the Autumn Statement.

- 8.28 Across all the funding opportunities available, the important point is that Dorset maximises uptake of the funds that are available and shares knowledge between the LEP and the councils, taking a strategic approach to maximise access to available money.

4 Alternative approaches to large scale developments

- 8.29 Where there is a large site that becomes 'stuck' – either with or without planning permission – there may sometimes be a case for local authorities considering with the developer/land owner the option of 'breaking up the site'. This would mean accepting more piecemeal development rather than waiting for a single large scheme to be worked up and become viable.
- 8.30 On the plus side this would allow more viable elements of a large scheme to be developed quickly (providing early housing completions) and, with stronger viability, the potential to provide more affordable housing early on. On the negative side, later phases of development could be those with more costs to bear and requiring some form of funding support to provide necessary supporting infrastructure. For existing sites, it will be very much a matter for local judgement about the use of this option.
- 8.31 As local plans are reviewed and where large new sites are allocated, it will be important that they are planned so their scale is not a barrier to delivery.

5 Making the best use of available land

- 8.32 Intensification of development on allocated and windfall sites (without losing the range of new dwellings that will be needed to support economic growth) is one of the ways to increase housing delivery (although it will not negate the need for new housing sites). This can include working to achieve higher density generally – while remaining sensitive to local environmental considerations.
- 8.33 In the main urban areas there can be opportunities for much higher density schemes and greater use of tall buildings, especially in the Poole/Bournemouth conurbation with the PRS market in mind.
- 8.34 More higher rise/higher density development would need to be located carefully in relation to facilities and public transport and of such a scale to achieve critical mass. However, it does not follow that increasing the height of buildings will lead to

more viable development – viability of tall buildings depends on the exact relationship between values and costs (usually of flats) in particular locations.

- 8.35 Neither does higher density necessarily mean increasingly tall buildings with examples of other forms of high density development including courtyard style blocks and mixed height schemes. Different design solutions accommodate affordable housing in different ways.
- 8.36 The style of management of high density schemes also has a bearing on their success as well as service charges. For example, this may depend on whether there is a concierge service and/or other facilities e.g. a gym, provided on site.
- 8.37 In higher density developments the way the car is accommodated can become an issue and solutions such as the use of car sharing schemes and greater provision for cyclists are not always popular (although there are examples of how this can be achieved successfully from other UK cities - notably London). Other alternatives such as underground parking have an impact on viability.

6 Public sector land

- 8.38 The government is encouraging the release of public sector land through various routes e.g. the Land Development and Disposal Plan of HCA land. While the HCA clearly has a central role in identifying and bringing forward surplus public sector land, there is also a potential role for the LEP in keeping up to date with all public sector disposals and ensuring that local authorities and the development industry are aware of what land is available.
- 8.39 It is recommended that that the LEP take a lead in both monitoring and promoting a coordinated approach to public sector land disposal across Dorset. A task force or similar should be set up to investigate the opportunities and ensure that suitable sites are identified and that where necessary funding packages are brought forward to assist delivery.

7 Promoting PRS

- 8.40 The evidence from employers shows the importance of providing attractive and affordable PRS accommodation (amongst other housing types) for the mobile workforce – including graduates. The important investor market is still heavily focused on London but the right scale and location of scheme will work elsewhere although it is important to acknowledge the most likely places for investor led PRS will be Bournemouth/Poole and even here, the choice of location will

be critical with an emphasis on highly accessible town centre sites.

- 8.41 The criteria for successful PRS can be supported by local authority planning and housing strategies which encourage quality PRS development. An issue faced by PRS development is that yields achieved mean that they are seen as a long term investment – unlike typical sale housing. This is being recognised by planning authorities which can tailor policies to encourage quality PRS, while recognising the viability issues they face. Again London provides the main examples of this with, for instance, LB Wandsworth in its core strategy adopted in March including the following policy:

LB Wandsworth – Core Strategy Adopted March 2016 - Policy IS5

The Council supports the development of private rented sector housing and schemes offering a mixture of private and intermediate rented housing aimed at working households. Where developers are willing to enter into legal agreements securing such housing for local needs or lower to middle income households with security of tenure, any impacts on the market value of such developments will be taken into account in viability assessments.

- 8.42 In Dorset away from Bournemouth/Poole, there is unlikely to be suitable sites and strength of demand to attract institutional investors to PRS. But local housing companies (if established) may be able to take a different view on return and could be the vehicle to develop PRS where a straight commercial development would not happen. Examples of housing companies already established by councils indicate that PRS is being promoted as part of their development portfolios.

8 Scheme viability and an informed client

- 8.43 Viability issues have been raised extensively as holding back development and holding down delivery of affordable housing. By building up capacity as informed clients, local authorities should be in a better position to assess development viability and decide on the trade-offs to be made in ensuring viable sites.
- 8.44 There are various ways in which this could be achieved. One option would be to set up an expert in-house team. This is being done by the London Mayor but is also a model adopted elsewhere in the South West.

Plymouth City Council – in-house viability team

Plymouth City Council and their neighbouring local authority partners have recognised the need for consistent advice for informing discussions on viability matters. They have also identified the benefits of having an in-house team to deliver viability advice to support planning applications and in respect of their own property assets, which has enabled planning officers to have regular access to expert advice, enabling a greater understanding of the key issues throughout the planning team.

A further advantage is the removal of any potential or perceived conflict of interest that may result from using external consultants who may also act for a landowner. The City Council have established a team of three property experts who provide this service both to the City Council and its partners as well as further afield to other local authorities in Devon, when resourcing allows. It is understood that the service is cost effective and seen as a valuable resource within the Council

- 8.45 With or without an in-house viability team, viability expertise could be supported by a pan Dorset Viability SPD to set out 'ground rules', similar to the SPDs that have already been adopted e.g. in LB Southwark⁴⁴, LB Islington⁴⁵. Options that could be considered as part of the process includes the use of s106 agreements and review triggers/clawback for affordable housing; drawing on existing good practice.
- 8.46 The LEP can work with the authorities to build up capacity. This could be begun with a 'viability summit' bringing together appropriate housing and planning officers and councillors from across Dorset, along with representatives of the HCA, the DV⁴⁶ and the housebuilding industry. The output from the summit would be an action plan which can include preparation of a viability SPD as well as establishing a development panel which is a vehicle for regular discussions with the development industry on Dorset-wide development related issues. An example of how this panel can work is found in Cornwall.

⁴⁴

http://www.southwark.gov.uk/info/200151/supplementary_planning_documents_and_guidance/3914/development_viability_spd

⁴⁵ https://www.islington.gov.uk/planning/planningpol/pol_supplement/development-viability-discussion-paper-and-questionnaire

⁴⁶ District valuer

9 Affordable housing and rural areas

- 8.47 There are particular issues associated with the delivery of affordable housing in rural areas and the impact on house prices from second homes (particularly but not exclusively in Purbeck and West Dorset). National policy allows authorities to seek affordable housing on all sites over 10 dwellings but in defined rural areas, to ask for commuted sum payments from sites of 6 to 10 dwellings.
- 8.48 As a starting point, achieving a consistent approach across Dorset to the use of thresholds and commuted sums is important.
- 8.49 For rural exception sites (RES), market housing can be allowed to cross subsidise the affordable housing provide and if, as recommended elsewhere, the Dorset authorities produce a Dorset development viability SPD, guidance on the approach to cross subsidy on RES would be included.
- 8.50 It is acknowledged that there are limited examples of adopted policies that successfully use 'local connection' or 'main residence' criteria to ensure that market housing is occupied by people from the local community and not as second homes. Outside the national parks, the other most recent example is from the neighbourhood plan from St Ives in Cornwall and the policy is quoted below.

St Ives Neighbourhood Plan

In order to meet the housing needs of local people, bring greater balance and mixture to the local housing market and create new opportunities for people to live and work here, to strengthen our community and the local economy the St Ives NDP also supports the provision of full time principal residence housing. This is new housing which has to be used as the principal residence of the household living in it, but does not have the price controls that affordable housing does, or any local connection requirement.⁴⁷

10 Responding to needs of particular household types

- 8.51 Certain groups in the population require different housing solutions and difficulties in addressing their needs were raised during the research.

Older households

- 8.52 The most obvious group are older households which are expected to be the fastest growing group over the next 25

⁴⁷ St Ives Area Neighbourhood Development Plan 2015 – 2030 Submission Draft

years. This study is not the place to address this very broad issue in detail but as local plan reviews are taken forward, they will need to take into account issues of down-sizing and of provision of specialist developments for older people.

Under 35 year olds in need of affordable housing

- 8.53 Welfare Reform means that households in this group who cannot afford market accommodation will need to share accommodation to receive housing benefit. There is no ready solution and it is not apparent that housing associations will step forward to provide suitable shared accommodation. This means that under 35s will largely need to rely on private sector HMOs.
- 8.54 It is suggested that the Dorset councils come together with their local PRS landlords and housing associations to discuss the issue and consider which options are open to them and any financial support the authorities can offer to assist RPs with the additional management costs of providing good quality shared accommodation. The Sharers' Toolkit provided by Crisis will be a useful resource for this process.

Affordable housing for families

- 8.55 Larger family Affordable Rent units are required in some parts of Dorset as identified in the recent SHMAs. Larger units are more expensive to build and, if higher density developments are to be promoted, they may become more difficult to design into new schemes (although there are of examples of how this can be done successfully).
- 8.56 This becomes a challenge to the local housing authorities. There is a trade off between achieving the maximum number of affordable units in new schemes and securing the type of units most needed. Viability issues will be important in deciding on the best option but so too will be an understanding of turnover of existing stock and the number of family relets available in the area.
- 8.57 The approach and role of local RPs is equally important in deciding which option(s) to take up and establishing a pan Dorset standing conference with RPs would provide a forum to agree a strategic action plan to address this and other housing related issues (e.g. meeting the needs of under 35s).

11 Self and custom build homes

- 8.58 Making provision for self and custom built dwellings will provide new opportunities for households who want to pursue this option and likely will help support the small/micro builders and contractors in the construction industry. Self/custom build can provide a more affordable housing option for some households

although is probably less attractive an option for people moving to the area.

- 8.59 Local authorities now have a duty to hold a register of people who want to acquire a plot for a self/custom build home but they also are required to grant permission for enough serviced plots to match demand on their register. This has implications for Dorset's local plans which will need to review, and potentially revise, planning policies to ensure they plan for sufficient self-build and custom housebuilding plots.
- 8.60 Examples of good practice in planning for self build are already being produced (for example Teignbridge District Council has published a self build SPD)⁴⁸ and Dorset authorities should consider producing a similar document but will need to take self build into account in the joint working we have proposed to deal with viability issues.

12 External policy changes

- 8.61 There are external policy changes where the details explaining how the change will operate are still awaited (notably voluntary right to buy, Starter Homes provision and the future of the Community Infrastructure Levy). When there are further announcements, rapid policy responses will be required and a pan-Dorset approach will minimise the collected resources needed to assess the new information and to identify suitable responses.
- 8.62 The government is looking to invest in new development and infrastructure. The Autumn Statement and forthcoming Housing White Paper in particular are expected to announce a number of new policy initiatives, so Dorset needs to ready itself now in order to take advantage of the changing approach.
- 8.63 Often new policy announcements come with significant funding opportunities and those who are able to react positively to announcements will reap the most benefit. It has been proven that an awareness and close relationship with government bodies will lead to funding opportunities.
- 8.64 As outlined earlier, a collective response will demonstrate to government (and its agencies) that Dorset has recognised it has a delivery issue and is working together to increase the pace and level of new housebuilding. This in turn will allow it to respond quickly to funding opportunities and attract trial or vanguard status for policy initiatives.

⁴⁸ <http://www.teignbridge.gov.uk/mobile/CHttpHandler.ashx?id=47452&p=0>

- 8.65 As a matter of priority it is suggested that the LEP in discussion with other public sector partners consider current mechanisms, approaches and skills within their own organisations towards policy responses and funding bids and build on these to develop a coordinated strategy to maximise opportunity.

13 Capacity of the construction industry

- 8.66 An accelerated housebuilding programme will require more construction workers and, as noted in the previous chapter, the market for these skills is very competitive and a tight labour supply is pushing up building costs.
- 8.67 The LEP has a potentially critical role in working with local colleges and the development industry to facilitate the training of local people (school leavers and others) to enter the industry. It is recognised that the construction industry is already one of LEP's priorities but given the importance of housing delivery, it should become one of its top priorities.
- 8.68 There are various models of LEP actions but one from the south west is taken from the Heart of the South West which is working with the CITB. The CITB describes the initiative in the following terms:
- “CITB are working in partnership with the LEPs, employers and other key stakeholders to understand the skills market through co-designing, co-investing and co-delivering place based construction skills strategy that is evidence based on the demand for skills and the pipeline of supply of those skills “*
- 8.69 Increasing development industry capacity should include modern building techniques, so that Dorset does not get left behind as government promotes accelerated construction on public sector land.⁴⁹

14 Longer term options

- 8.70 As local plans in Dorset are reviewed, they will need to identify more land for future development. In deciding on the quantum of land the Objectively Assessed Need will be a guideline to the amount of land required. If more land than this were found, it would introduce greater competition in the land market and more choice of development schemes; land values could also be held down, making delivery of affordable housing more achievable.
- 8.71 Finding more land for development, particularly in the east of Dorset, will mean the consideration of further green belt

⁴⁹ See the Autumn Statement

releases and a strategic approach which could mean land being made available in one authority to meet the housing needs of another. These options are not easy and there will be local political issues. The current local government reorganisation could provide the opportunity for a more strategic approach that is able to look beyond some of the current local authority boundary issues.

- 8.72 As part of the long-term solution to land supply, one option will be to establish one or more 'garden village' style allocations (as urban extensions or free standing developments). However, a development of a scale of 2-3,000 new homes would take a number of years to establish (say 5 to 10 years to first new homes) and then (on the basis of delivery in other successful large-scale developments) could only meet around 5-10% pa of the OAN each year. 'Garden villages' would be a useful contribution to the long-term housing supply but they are not the solution on their own.

Recommended Actions and Responsibilities

8.73 The options described above contain actions for a variety of organisations including the LEP. Recommended responsibilities are summarised in the table that follows.

Action	Lead	Support
Greater public sector intervention		
<i>Local authority housing companies</i>	LAs	LEP
<i>Other means of direct involvement in development</i>	LAs	LEP
<i>Other forms of intervention</i>	LAs	
<i>Promotion of Dorset</i>	LEP	LAs
List of development-ready sites	LEP	LAs
Making best use of existing and new funding mechanisms	LEP	LAs
Alternative approaches to large scale developments	LAs	
Making the best use of available land	LAs	
Public sector land	LEP	LAs
Promoting PRS	LAs	
Scheme viability and an informed client		
<i>Viability summit</i>	LEP	
<i>In-house capacity</i>	LAs	LEP
Affordable housing and rural areas	LAs	
Responding to needs of particular household types		
Older households	LAs	
<i>Under 35 year olds in need of affordable housing</i>	LAs	
<i>Affordable housing for families</i>	LAs	
Self and custom build homes	LAs	
External policy changes	LEP/LAs	
Capacity of the construction industry	LEP	FE
Longer term options	LAs	LEP

8.74 Over time, there will inevitably be new policy directions and funding and development opportunities that can benefit Dorset. The package of actions and responsibilities identified in this report are currently relevant but it will be crucial that the LEP and the Dorset local authorities are alert to these and respond rapidly and strategically.

ANNEXES

ANNEX 1 – DISCUSSION AGENDAS

For businesses

Introduction - Dorset CCI survey suggested 25% of firms saw housing as a serious problem in relation to recruitment.....

Does your firm have difficulties in recruiting (and/or retaining) people?

What type of people (age, qualifications, location) do you generally look to recruit?

Are they locals, or do you recruit from further afield?

What do you think are the main drivers of those recruitment difficulties?

How significant a factor are housing costs in recruitment (if not mentioned specifically already)?

Are these problems worse for the type of people you are looking to recruit (e.g. young graduates)?

And are they worse in Dorset than in other parts of the country?

Have they got worse in Dorset itself over recent years?

How does your firm adapt to recruitment problems (e.g. flexible working, sub-contracting)

Is housing a constraint on the size or growth rate of your business?

Are your problems typical of the sector you are in? Are there specific issues affecting your sector?

What (on an ideal world) would make recruiting in Dorset easier? (e.g. cheaper housing, livelier environment).

Anything else you want to add?

For housing associations

Introduction -to discuss some of the issues that may be impacting on local delivery of housing generally and affordable housing in particular, including

- The impact on your delivery programme of recent national policy changes such as the 1% rent reduction, welfare reform measures, starter homes, increased funding for shared ownership

Other national trends and changes that may impact such as RP mergers, self-build, extension of Right to Buy, BREXIT

Any barriers to the delivery of (affordable) housing in Dorset

And what you see as opportunities that may be helping with delivery

Any changes in the demographic of your tenants and owners

Anything, in your experience, that is different about Dorset and that is affecting delivery

Developer interview checklist

Background

In what area(s) of Dorset do you develop?

Do you also develop outside Dorset and, if so, in what sort of areas?

Say over the last 3 years, how many new homes have you built in Dorset? And very approximately, how many homes have you built outside Dorset?

And in Dorset, what types of residential development do you typically undertake (e.g. flatted schemes, conversions, large-scale schemes)

The market

What is your view of the market in Dorset at the moment? Are values strengthening or weakening? Are different property types doing better or worse than others?

And similarly about any trends in build costs and the cost of finance?

And what about land values?

Ease of developing

How easy or difficult do you find it to develop in Dorset?

Why do you say that?

(If relevant) Is Dorset different in this respect from other areas you develop in?

Do you have sites for future development in mind in Dorset?

Is anything holding them back and, if so, what are the problems you are facing? (probe for viability issues, planning delays, reduced offer from HAs for affordable housing, need for a specific infrastructure item)

Others have said that viability issues can hold back development in Dorset – have you found this and why?

Is Dorset any different from other locations such as Devon, Somerset or Hampshire?

What do you think could be done to assist with the delivery of housing in Dorset?

Changing policy environment

Have you noticed any impact on your development programme from recent national policy changes such as the introduction of Starter Homes, support for self and custom build and reduction in incomes for housing associations? If so, what are those impacts?

Have you noticed any changes in the market since the EU Referendum and do you anticipate any with Brexit?

Any other points

Are there any other points about developing in Dorset you would like to mention?

PRS landlord/developer checklist

Background

In what area(s) of Dorset do you own/manage private rented housing?

How many units (approximately) do you own manage in Dorset (and any outside Dorset)?

If you want to expand your operation - do you develop your own PRS units or buy in on the open market or both?

The market

Where in Dorset is the PRS market most active?

What sorts of people rent from you – mainly families, mainly single people etc – and is this changing at all?

What is your view of the PRS market in Dorset at the moment? Are rental values strengthening or weakening? Are different property types doing better or worse than others? Is the profile of demand changing?

Ease of developing/acquiring stock

How easy or difficult do you find it to develop for PRS in Dorset?

Why do you say that?

How easy or difficult do you find it to acquire new units for PRS in Dorset?

Why do you say that?

Do you have opportunities for future development in mind in Dorset?

Is anything holding them back and, if so, what are the problems you are facing? (probe for viability issues, planning delays, need for a specific infrastructure item, lack of funding)

Others have said that viability issues can hold back development in Dorset – have you found this for PRS and why?

Is Dorset any different from other locations such as Devon, Somerset or Hampshire?

What do you think could be done to assist with the delivery of PRS housing in Dorset?

Changing policy environment

Have you noticed any impact on your operation from recent national policy changes including the welfare reform agenda, stamp duty changes? If so, what are those impacts?

Have these changes made it easier or harder to rent to tenants on housing benefit?

Any other points

Are there any other points about operating and developing PRS in Dorset you would like to mention?

ANNEX 2 - PRIORITY SECTORS

This annex uses a mix of national and local data sources to provide more detail on seven priority sectors for Dorset.

Financial services and insurance

Includes financial services and insurance activities, and activities auxiliary to these.

The national picture

- The sector employs 2.2 million in the UK, two-thirds of whom work outside London⁵⁰
- In 2015, the median annual wage in the sector was £34,219⁵¹
- The 30-39 year old age group accounts for 32% of jobs in this sector nationally while the 40-49 year old age group accounts for 28%⁵²
- A comparatively high proportion of workers in this sector are 'Managers, directors and senior officials' (18%). A further 29% are 'associate professional and technical' while another 29% are 'administrative and secretarial.'
- Home working is relatively high in the sector with 21% working either fully or partially based at home.⁵³
- The median number of paid hours worked is 35 per week. Of all those working in the sector, 13% work part time⁵⁴
- Future change in the sector is likely to be driven by, among other things⁵⁵:
 - Demographic change: ageing populations are likely to lead to higher demand for certain financial products e.g. pensions, life insurance
 - More 'individualised' provision as direct support from the state/ large companies declines (e.g. closures of final salary pension schemes)
 - Technological change
 - More sophisticated consumer behaviour (e.g. switching to index-tracker from managed funds).

⁵⁰ The CityUK (March 2016), *Key facts about UK financial and related professional services*

⁵¹ Annual Survey of Hours and Earnings 2015

⁵² Ibid.

⁵³ ONS Labour Force Survey – figures relate to the 'banking and finance, real estate & admin support services' sector

⁵⁴ Annual Survey of Hours and Earnings 2015

⁵⁵ Cited in Hardisty Jones (2016) *Key Sectors in the Dorset LEP Area*, p. 58

The Dorset context

- The sector generates 35% of the LEP area's GVA and employs almost 15,000 people⁵⁶. Locally, the sector has an employment location quotient of 1.3 relative to the UK⁵⁷
- Dorset employees in the sector tend to be well qualified with 40% of those operating in 'financial and insurance activities' holding a Level 4 qualification or above.⁵⁸
- There is a particular concentration of activity in Bournemouth and Poole, where the sector is dominated by a small number of large employers that occupy large premises. For instance, Bournemouth is home to J.P. Morgan with 4,000 employees and LV with 2,400. In Poole, Barclays employs 900 people
- Employment is forecast to grow by 2,955 between 2013 and 2033, a 21% uplift.⁵⁹
- London's financial institutions are two hours away from East Dorset meaning that there is scope for the movement of labour between the two areas
- Many of the jobs in Bournemouth and Poole focus on back office operations. Nevertheless, there is a growing effort among banks to shift more high value jobs to the area, exploiting the growing local skills base as well the cheaper office costs.⁶⁰ Further jobs are being created in 'fin-tech' with smaller tech companies also looking to exploit the cheaper costs and local talent pool.⁶¹

Advanced manufacturing

Traditionally, this sector includes activities such as the manufacture and repair of computer and electronic components, the manufacture and repair of transport equipment and vehicles, and the manufacture of medical instruments. Dorset LEP also considers marine technologies to be a subset of this sector.

⁵⁶ Cited by Dorset LEP at <http://dorsetlep.co.uk/invest-in-dorset/industry-strengths/financial-services/> (accessed 14 July 16)

⁵⁷ Location quotients (LQ) show the concentration of employment in an area relative to a comparator area (in this case the UK). An LQ greater than 1 indicates that within the Dorset LEP area, the concentration of employment in the sector is greater than the UK as a whole. An LQ of less than 1 indicates a lower concentration of employment than compared to the UK.

⁵⁸ Based on 2011 Census data

⁵⁹ Cited in Hardisty Jones Associates (2016) *Key Sectors in the Dorset LEP Area*, p. 17

⁶⁰

http://www.bournemouthecho.co.uk/news/12974764.FinTech_boom_Dorset_s_financial_services_and_digital_sectors_creating_hundreds_of_jobs/ (accessed 12 July 2016)

⁶¹ Ibid

The national picture

- In 2015, the manufacturing sector employed over 2.3 million people across the UK⁶² while engineering enterprises employ 5.4 million people nationwide⁶³
- Recent estimates place the median annual wage in the sector at £30,900⁶⁴
- Drawing on data for the 'manufacture of computer, electronic and optical products' as a proxy, 30% of employees in the sector are aged 40-49, 27% are aged 50-59, and 23% are aged 30-39
- 31% of workers in 'manufacture of electronic components and board' industry are classified as working as either 'Managers, directors and senior officials' or in 'professional occupations.' A substantial proportion of workers (26%) are classified as 'process, plant and machine operatives.'
- Across the manufacturing sector as a whole, levels of home working are low with 91% of workers in the sector saying they don't work at home at all⁶⁵.
- The median number of paid hours worked in the 'manufacture of computer, electronic and optical products' is 37.5 per week. Of all those working in the sector, 95% work full-time.
- Future change in the sector is likely to be driven by, among other things:
 - The need to meet low carbon policies and legislation
 - Improvements in transportation, including an increasingly competitive global civil aerospace sector

The Dorset context

- The sector employs around 15,400 people in Dorset and contributes £800 million to the Dorset economy.⁶⁶ Location quotients (LQs) show higher concentrations of employment in certain sub-sectors when compared to the national picture:
 - Manufacture of machinery and equipment: LQ of 1.3
 - Manufacture of computer, electronic and optical products: LQ of 1.5
 - Manufacture of other transport equipment: LQ of 2.6
- Dorset employees in manufacturing more broadly tend to have varying levels of qualifications. Just under a quarter (23%) have Level 4 qualifications although 11% have no qualifications.

⁶² Annual Survey of Hours and Earnings

⁶³ http://www.engineeringuk.com/EngineeringUK2015/EngUK_Report_2015_Interactive.pdf (accessed 12 July 2016)

⁶⁴ Cited in Hardisty Jones Associates (2016) *Key Sectors in the Dorset LEP Area*, p. 14

⁶⁵ ONS Labour Force Survey

⁶⁶ [http://dorsetlep.co.uk/invest-in-dorset/industry-strengths/advanced-engineering-and-manufacturing-\(-aerospace,-defence-and-marine-technologies\)/](http://dorsetlep.co.uk/invest-in-dorset/industry-strengths/advanced-engineering-and-manufacturing-(-aerospace,-defence-and-marine-technologies)/) (accessed 12 July 2016)

- There are particular concentrations of activity in Christchurch, Purbeck and East Dorset
- Major employers include Sunseeker International (with bases in Poole and Portland), Perenco (the offshore oil field in Wytch Farm), BAE Systems (Weymouth). RNLI lifeboat manufacture (Poole) and Siemens (Poole)
- Dorset employment in advanced manufacturing is forecast to fall by 643 between 2013 and 2033 – a 6% reduction⁶⁷
- Major local developments include the HCA owned former Winfrith Technology Centre which will be turned into a mixed use development, including a prestige business park centred on the high-tech and green industries. The Bournemouth Airport Masterplan also highlights the need for a business park on site.

Care sector

This primarily concerns adult social care, encompassing activity such as residential and non-residential nursing care, and wider care for the elderly and disabled.

The national picture

- In 2014, there were an estimated 1.48 million people working in adult social care, covering 1.18 million FTE equivalent jobs⁶⁸
- In 2015, the median annual wage in 'human health and social work activities' was £19,128
- Workers in this sector tend to be older. The 40-49 age group accounts for 28% of jobs in this sector nationally while the 50-59 age group accounts for 27%.
- Care workers tend to fall into two main occupational categories: 'professional occupations' (32%) and 'caring, leisure and other service occupations' (34%).
- Home working statistics are not available for the sector but the nature of care work means that most employees will not work from home
- The median number of paid hours worked is 35.8 per week. Of all those working in the sector, 37% work part time⁶⁹
- Future change is likely to be driven by:
 - demographic change, with an increasing share of the population aged 65+, and especially fast growth of numbers among the very old (85+).
 - Government priorities around the personalisation of adult care will change patient and service user expectations.

⁶⁷ Cited in Hardisty Jones Associates (2016) *Key Sectors in the Dorset LEP Area*, p. 42

⁶⁸ <http://www.skillsforcare.org.uk/Documents/NMDS-SC-and-intelligence/NMDS-SC/Analysis-pages/The-size-and-structure-Report-2015.pdf> (accessed 13 July 2016)

⁶⁹ Annual Survey of Hours and Earnings 2015

- Efforts to integrate health and social care programmes may lead to increasing numbers of people with ongoing, relatively complex health problems being treated in care homes rather than hospitals.

The Dorset context

- The sector employs approximately 13,145 people in Dorset with a location quotient of 1.6 relative to the national level.⁷⁰
- 62% of the workforce in Dorset has a relevant qualification in adult social care while around 55% of direct care workers in Dorset hold a Level 2 qualification or above in social care.⁷¹
- Dorset-based employment is forecast to increase by 2,955 between 2013 and 2033, a 35% uplift⁷²
- 15% of Dorset's care workers come from outside the UK⁷³
- Across Dorset, 51% of jobs are in residential settings while 34% are in domiciliary settings.⁷⁴

Construction

This covers activity related to construction and civil engineering.

The national picture

- There are approximately 2.9 million jobs in the UK construction industry. Construction also contributes nearly £90 billion to the UK economy, 6.7% of the total⁷⁵
- In 2015, the median annual wage in the sector was £27,632⁷⁶
- The largest concentration of construction employees by age is within the 40-49 age bracket, accounting for 28% of all UK construction workers. The 30-39 age group and the 50-59 age groups each account for 21% of employment
- In terms of occupations, the sector is dominated by 'skilled trades occupations' which represent 53% of all employment in construction according to the 2011 Census
- The median number of paid hours worked is 39.8 per week. Of all those working in the sector, the vast majority (87%) work full time

⁷⁰ Cited in Hardisty Jones Associates (2016) *Key Sectors in the Dorset LEP Area*, p. 17

⁷¹ <https://www.nmds-sc-online.org.uk/Get.aspx?id=/Research/Regional Reports/LA Summary reports/South West/Dorset Summary.pdf> (accessed 13 July 2016)

⁷² Cited in Hardisty Jones Associates (2016) *Key Sectors in the Dorset LEP Area*, p. 17

⁷³ <https://www.nmds-sc-online.org.uk/Get.aspx?id=/Research/Regional Reports/LA Summary reports/South West/Dorset Summary.pdf> (accessed 13 July 2016)

⁷⁴ Ibid, p. 8

⁷⁵ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/229339/construction-sector-infographic.pdf (accessed 13 July 2016)

⁷⁶ Annual Survey of Hours and Earnings 2015

- Future change in the sector is likely to be driven by⁷⁷:
 - Increased demand for new housing from a combination of a growing population and declining average household sizes.
 - The construction industry is sensitive to levels of economic growth. With the economy recovering following the financial crash of 2008, there is an expectation that more new construction projects will now come to the fore
 - Brexit-related uncertainty is already causing problems for housebuilders – it remains to be seen if this becomes a long-term problem for the sector.
- A further important trend has been the shift over the last decade from direct employment to self-employment and sub-contracting. This is likely to lead to greater mobility within the construction labour force

The Dorset context

- The sector employs 16,677 in the Dorset LEP area, 5.1% of the area's total employment. It has an LQ of 1.1, showing construction employment is slightly more concentrated than across the UK overall⁷⁸
- Qualification levels amongst Dorset construction sector workers vary. Some 13% of local construction workers have no qualifications. The proportion holding Level 1, 2, 3 or 4 qualifications respectively is 16-19% (according to 2011 Census data)
- Employment in Dorset construction is projected to increase considerably over the next 15-20 years. An additional 10,234 jobs are forecast between 2013 and 2033, an uplift of 62%⁷⁹
- However, there is currently reported to be a lack of basic skills and management skills in construction⁸⁰
- Future construction activity is expected to be clustered in Poole, Bournemouth and Christchurch in the east, and Weymouth and Portland in the west. According to the CITB⁸¹:
 - £466 million in commercial construction is planned across Dorset

⁷⁷ Cited in Hardisty Jones Associates (2016) *Key Sectors in the Dorset LEP Area*, p. 55

⁷⁸ Ibid p. 19

⁷⁹ Ibid. p.17

⁸⁰ Dorset LEP/ Dorset Employment and Skills Board *The Dorset Skills Plan 2014-2016*, p31

⁸¹ <http://www.citb.co.uk/documents/local%20information/lep%20pdfs/lep%20manifesto%20dorset.pdf> (accessed 13 July 2016)

- £591 million in new housing is planned across Dorset, including the repair of 4,600 homes in Poole valued at £206 million
- £141 million in public non-housing construction is planned across Dorset
- There will be £820 million in new infrastructure projects across the LEP area, including a £50 million materials recycling facility in Bournemouth.

Retail

This section considers both wholesale and retail trade (except trade in motor vehicles and motorcycles)

The national picture

- In 2015, 2.8 million people in the UK were employed in retail. The sector also accounted for 5% of total GVA in the UK⁸²
- The median wage in 2015 for those working in the retail trade was £12,747 while for those working in wholesale trade it was £23,953⁸³
- Retail trade workers tend to be younger with 31% of workers being aged 18-29 and 20% falling inside the 30-39 age bracket⁸⁴
- In terms of occupational breakdown, over half (52%) of retail trade workers are in 'sales and customer service occupations' while 17% are 'managers, directors and senior officials' (based on 2011 Census data)
- The median number of paid hours for those working in the retail trade is 30 hours per week and 37.5 hours per week for the wholesale trade. Of those working in either wholesale or retail trade, 40% work part time
- The future of the sector is likely to be shaped by amongst other things⁸⁵:
 - the rise in internet shopping (which may alter the mix of floorspace required by the sector)
 - advances in logistics and transportation
 - increasing use of technology in stores e.g. self-service check outs (which may affect the amount of employment required)

⁸² <http://www.retailconomics.co.uk/library-retail-stats-and-facts.asp> (accessed 13 July 2016)

⁸³ Annual Survey of Hours and Earnings 2015

⁸⁴ Ibid.

⁸⁵ Cited in Hardisty Jones Associates (2016) *Key Sectors in the Dorset LEP Area*, p. 60

The Dorset context

- Dorset's retail sector employs 48,655, accounting for 15% of total employment in the LEP area. Locally, the sector also has an LQ of 1.1⁸⁶
- Qualification levels within Dorset's retail workforce are not especially high. Amongst those in wholesale and retail trade (but including repair of motor vehicles and motor cycles), 12% have no qualification while 46% have their highest qualification at either Level 1 or Level 2⁸⁷
- Dorset-based retail employment is forecast to fall by 643 between 2013 and 2033, a 6% decline⁸⁸
- The following may present future opportunities to Dorset's retail sector:
 - Enhancements to the existing retail offer in Poole are planned in the *Poole Town Centre Supplementary Planning Document*, most notably through developments to the Dolphin Centre and areas in and around the High Street
 - Bournemouth Development Company's *Town Centre Vision* seeks to create new retail units and attractions as a way of regenerating Bournemouth's town centre⁸⁹
 - The Christchurch Town Centre Strategy (August 2015) sets out plans to revamp the town's high street⁹⁰
 - The Weymouth Town Centre Masterplan Supplementary Planning Document sets an objective to diversify the retail offer in Weymouth town centre⁹¹

Creative Industries

While definitions of this sector can vary depending on the research organisation involved, the DCMS's definition (perhaps the most widely used) embraces:

- Advertising and marketing
- Architecture
- Crafts

⁸⁶ Ibid p. 19

⁸⁷ Using 2011 Census data

⁸⁸ Cited in Hardisty Jones Associates (2016) *Key Sectors in the Dorset LEP Area*, p. 17

⁸⁹ <http://www.bournemouthdevelopmentcompany.com/about-us/fags/> (accessed 13 July 2016)

⁹⁰

<http://moderngovcbc.christchurchandeastdorset.gov.uk/documents/s4983/Town%20Centre%20Strategy%20Appendix%20n%201.pdf> (accessed 13 July 2016)

⁹¹ http://www.planvu.co.uk/wdwp/written/SPD_September_2015.pdf (accessed 13 July 2016)

- Design and designer fashion
- Film, TV, video, radio and photography
- IT, software and computer services
- Publishing
- Museums, galleries and libraries
- Music, performing and visual arts

The national picture

- The number of jobs in the creative industries (including both creative and support jobs), increased by 3.2 per cent between 2014 and 2015 to 1.9 million jobs. This was an increase of 19.5 per cent since 2011.⁹²
- The creative industries accounted for 1 in 17 (5.8%) of all jobs in the UK in 2015. While London has the largest share, creative industry jobs account for 5.6% of all jobs in the South West and 6.8% of jobs in the South East. Creative industry jobs in the South West grew by 32.5% between 2011 and 2015. Jobs in IT, software and computer services (the largest sub-sector in the South West); museums, galleries and libraries; and music, performing and visual arts all grew by c.50% or more in that time.
- More than half (59.9%) of jobs in the creative industries in 2015 were filled by people with at least a degree or equivalent, compared with 32.7% of all jobs in the UK
- In 2015, 1 in 11 jobs in the UK held by graduates was in the creative industries.
- In 2015, 91.9% of jobs in the creative industries were done by people in more advantaged socio-economic groups (NS-SEC 1-4), compared with 66.0% in the wider UK economy.
- Median pay in the sector is estimated at £32,000,⁹³ above the national median
- Future change in the sector is likely to be shaped by:
 - Digitisation of creative products, and the related disruption to business models
 - Need to develop digital/ technical skills to go alongside creative ones

⁹² This and subsequent data from <https://www.gov.uk/government/publications/creative-industries-2016-focus-on/key-findings>

⁹³ This and subsequent data from Hardisty Jones (2016). HJ uses a slightly different definition of the sector from the DCMS.

- Growth of a global middle class, especially in China, with a growing demand for creative and cultural content
- Brexit-related disruption to ease of exports to key markets (57% of creative industry exports in 2014 went to Europe)

The Dorset context

- Growth in employment in creative industries in Dorset was estimated to have been 16% (to 8,900) from 2009 to 2014. This was forecast to rise by a further 9% from 2013-33.⁹⁴
- Employment in Dorset's creative industries was estimated to account for 2.7% of all jobs (compared with 4.0% nationally on Hardisty Jones's calculations). The LQ was therefore 0.7, though some of the sub-sectors (e.g. museums and libraries) have LQs above 1.0.
- Dorset's has strengths around its two universities (Bournemouth University, with the largest film school outside London and the National Centre for Computer Animation, and Arts University Bournemouth)
- The Tech Nation report⁹⁵ identified Bournemouth & Poole as one of the UK's fastest-growing digital clusters, with an increase of 212% in new digital companies incorporated between 2010-13. This was led by app development agencies, and digital marketing and advertising companies. Social networks and access to talent were identified as the area's key strengths along with high quality of life.
- Co-working spaces available to startups include Nest Space and Factory Studios.
- Well known digital and creative businesses currently based in Dorset include Framestore, Outpost VFX, Amuzo Games, C4L, The Emerge Group, RedWeb and Bright Blue Day.
- Plans under development that may help enhance the appeal of Dorset to creative firms include a cultural quarter for Bournemouth based around the old Winter Gardens.

⁹⁴ Hardisty Jones Associates (2016) *Key Sectors in the Dorset LEP Area*

⁹⁵ TechCity/ Nesta (2016) *Tech Nation 2016: Transforming UK Industries*

Tourism and leisure

This sector covers activity including accommodation, passenger transportation, and leisure, sport and cultural activities.

The national picture

- In 2013, the UK tourism industry employed 3.1 million people with the sector being the UK's third largest employer, accounting for 9.6% of total employment. The sector also accounts for 9% of UK GDP⁹⁶
- Previous studies estimate the sector's median pay to be £13,800 per annum⁹⁷
- Almost 53% of workers in the industry work part-time, compared with a UK average of 27%⁹⁸
- The sector has an especially high proportion of young workers: 45% of hospitality and tourism businesses' staff are under 30 (compared with 24% in the UK workforce as a whole) ⁹⁹
- Drivers of future growth in the sector are likely to include¹⁰⁰:
 - Increased consumer and business confidence as the economy recovers from the 2008 financial crisis
 - Broader socio-demographic changes such as a greater number of more affluent and cash-rich/time-poor individuals in higher income groups
 - Brexit-related opportunities stemming from its wider economic impacts (e.g. a cheaper pound may make the UK a more appealing destination for foreign visitors while also encouraging more 'staycations').

The Dorset context

- Tourism and leisure employs approximately 27,000 people in Dorset, accounting for 8.1% of total employment in the LEP area. The sector also has an employment location quotient of 1.4 relative to the rest of the country¹⁰¹
- Tourism activity is especially strong in West Dorset, Purbeck and Poole which all have attractions such as heritage sites, family attractions and outdoor recreation sites. The wider county-

⁹⁶ http://www.tourismalliance.com/downloads/TA_369_395.pdf (accessed 13 July 2016)

⁹⁷ Cited in Hardisty Jones Associates (2016) *Key Sectors in the Dorset LEP Area*, p. 14

⁹⁸ http://www.tourismalliance.com/downloads/TA_369_395.pdf (accessed 13 July 2016)

⁹⁹ Ibid

¹⁰⁰ As cited in Hardisty Jones Associates (2016) *Key Sectors in the Dorset LEP Area*, pp. 60.-61

¹⁰¹ Ibid, p. 19

wide visitor offer includes cultural events and a growing local food produce industry¹⁰²

- Bournemouth accounts for almost a third of all visitor spending that takes place in the county¹⁰³
- Employment in the sector is forecast to grow by 8,217 between 2013 and 2033: a 31% uplift¹⁰⁴
- A Destination Management Plan for Dorset is in place and is likely to shape the future development of the area's tourism sector. Key points include:
 - Improving access to countryside attraction from existing urban attractions
 - Enhancing the area's accommodation stock
 - Encouraging new business starts in the tourism sector while also encouraging the young and unemployed to pursue tourism careers

¹⁰² Dorset LEP (prepared by The South West Research Company) *Tourism in Dorset: An overview of the importance and economic contribution of the visitor economy in Dorset* (2016)

¹⁰³ The Tourism Company (2014), *Dorset Destination Management Plan 2014-2018*, p. 8

¹⁰⁴ Cited in Hardisty Jones Associates (2016) *Key Sectors in the Dorset LEP Area*, p. 42

ANNEX 3– LOCAL PLAN TARGETS AND TIMETABLE

Local Plan Targets and Requirements

Local Plan	Local Plan Target (LPT)	OAN target and uplift required
Dorset	2,976 homes per annum	3,658 homes per annum 23% increase LPT
Bournemouth	730 homes per annum (2006 to 2026)	979 homes per annum (2013 to 2033) 34% increase on LPT
Christchurch and East Dorset	566 homes per annum (2013 to 2028)	626 homes per annum (2013 to 2033) 11% increase on LPT
North Dorset	285 homes per annum (2011 to 2031)	330 homes per annum (2013 to 2033) 16% increase on LPT
Poole	500 homes per annum (2006 to 2026)	710 homes per annum (2013 to 2033) 42% increase on LPT
Purbeck	120 homes per annum (2006 to 2027)	238 homes per annum (2013 to 2033) 98% increase LPT
West Dorset, Weym'th/Portl'd	775 homes per annum (2011 to 2031)	775 homes per annum in (2011 to 2031) 0% increase LPT

Local Plan Timetables

Local Plan	Plan period	Current status	Future review
Bournemouth	2006 - 2026	Adopted October 2012	TBC
Christchurch and East Dorset	2013 - 2028	Adopted April 2014	Started 2016 – adoption due 2019
North Dorset	2011 - 2031	Adopted January 2016	Commitment to early review, to be adopted in 2018
Poole	2006 - 2026	Adopted February 2009	Review currently underway, to be adopted in 2018
Purbeck	2006 - 2027	Adopted November 2012	Partial review currently underway, to be adopted 2017

West Dorset, Weym'th/Portl'd	2011 - 2031	Adopted October 2015	Commitment to early review, to be adopted 2021
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Three of the plans were prepared pre the Framework¹⁰⁵, with one adopted before the Framework was in force. These are clearly ageing plans and would probably not meet the current guidance in respect of meeting housing needs.

¹⁰⁵ National Planning Policy Framework – first published by government in 2012

ANNEX 4 - AFFORDABLE HOUSING LOCAL PLAN TARGETS

Local Plan	Proportion of AH sought	Site size where AH sought	Tenure guidance
Bournemouth	40%	None	To reflect local need, use most recent SPD guidance
Christchurch & E Dorset	Greenfield 50%; all other sites 40%	1	70% AR or social rented, 30% intermediate
North Dorset	Gillingham/ Sturminster 25%; Shaftsbury/ Blandford 30%; elsewhere 40%	11 dwellings and >1000sqm. 6-10 dwellings in AONB - financial contribution	70-85% AR, 15-30% intermediate
Poole	40%	6	70% AR, 30% intermediate housing
Purbeck	Swanage/ Coast sub-market areas /extensions to Lytchett Matravers and Wareham 50%; elsewhere 40%	2 dwellings (net increase) or >0.05 ha	90% SR/AR, 10% intermediate rent or purchase
West Dorset, Weymouth/Poole	Portland 25%; Weymouth and West Dorset 35%	2	Min 70% AR or SR, max 30% intermediate.

AR – Affordable Rent, SR social rent.