

South Gloucestershire Core Strategy - Further Main Modifications

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Dear Mr Crysell,

I would like to submit the following points for consideration:

They are split into two main sections. The first to apprise you of the reality of the situation at Airbus i.e. an insider's view and the second contains a few comments about the recent ONS revised housing demand predictions as it relates to the Core Strategy.

1. The Reality At Airbus

As you are probably aware, Airbus is a massive global company and deals with large Governments all round the world. They have many sites in many countries, many of which are relatively new when compared to the Filton site. Many of their sites are also situated on large industrial plots, which are a fair distance from built up areas. They are increasingly turning their attention towards Asia and the Americas, so sites like Filton are featuring less on their radar, in favour of areas where local and national governments are more than willing to encourage them with a very business friendly attitude.

Although this may sound crude, but imagine if you were the CEO of Airbus and were dealing everyday with powerful and business friendly Governments the world over and your product lines are valued in the hundreds of billions and had a life cycle of 50-100 years, which meant that this is the time period that you have to always be planning around.

With this in mind, what if you then found that one of your sites in a different country (Airbus is headquartered in France) was being squeezed by a tin pot local council, which actively encouraged the removal of its access to the air and was proposing to build a large residential area almost up to the edge of your 24/7 industrial complex, instead of doing what it could to promote a realistic business environment that could rival other areas that Airbus sites operate in?

Would you perhaps be more inclined towards the view that it would be far more cost effective in the medium to long term, to move the site's operations to one or more other sites that had a more receptive business environment and vacate the un-friendly area? Hint: This is already happening internally, since it became clear that there would be little future support from SGC or BAE.

Despite what you may have heard via Airbus' public comments and various vested interests that the situation at the Filton site is all rosy and will be for a long time yet, the reality is somewhat different.

Considering just the office based workers, a sizeable amount, possibly up to 50%, are transient workers i.e. are supplied by foreign agencies e.g. India-based Infosys, Airbus employees on secondment from other sites or freelance contractors who live elsewhere in the UK. These people only stay for short periods up to about 6 or 12 months, but quite often shorter periods than that, so are unlikely to ever consider buying a house in the area. Their salaries are also paid either in another area of the country or a different country entirely, so South Gloucestershire (South Glos) is unlikely to see the benefit of this money being spent in the local area.

South Gloucestershire Core Strategy - Further Main Modifications

The highly paid jobs, like the engineers and designers, are also now mainly provided by large outside suppliers, who are based elsewhere than South Glos. The contractors provided by these suppliers do not necessarily live in this area either, but just work here from Monday to Friday. So they live and their main spend is elsewhere too.

The rest of the employees are just normal office workers i.e. not highly paid, so will not be able to afford to buy houses with the kind of price tag that are already being built or are being proposed in the Cribbs New Neighbourhood.

Many of those that do live in the area and are highly paid are highly unlikely to be persuaded to buy the type of houses that are being built, for instance, in Charlton Hayes. They are more likely to want to live outside the motorway boundary, because of the better quality of life, despite any travelling problems. Well, wouldn't you, if you could afford it? I have spoken to both employees and contractors on this topic and this is a unanimous sentiment.

This is the direction in which large companies are going i.e. outsourcing as many operations and personnel as possible, so there are likely to be fewer people working for Airbus in the future who are either living in the area long enough or earning enough to consider a long term commitment like buying a house.

I understand that Rolls Royce operates in a similar way to Airbus i.e. outsourcing many of their operations and personnel, so the same situation would apply there too.

Major suppliers like GKN, although they may have a presence in the area, are based elsewhere, so they have no particular allegiance to the area. If Airbus decide it would be more cost efficient to move operations to their other sites, which is highly likely in the medium to long term, now it appears they will be forced to operate from inside a massive housing estate, rather than a dedicated industrial area, these major suppliers have the resources to follow Airbus to wherever the operations go and completely vacate South Glos too. The smaller suppliers would either have to downsize significantly to survive or go out of business, resulting in far fewer jobs in the area.

This would result in South Glos being mainly residential, with no major industry to provide highly paid jobs. The only employers left in the county would be medium to low paid retail and service sector jobs and a few regional insurance company offices. Is this the desired intention of the new Core Strategy, because it is likely to be the reality within 10-20 years?

South Gloucestershire Core Strategy - Further Main Modifications

2. ONS Revised Housing Demand Predictions

Table 430 in the AllTablesNonRegionalFinal__3_.xlsx spreadsheet (as shown in the image below), shows the increase in household demand for South Glos for the period 2011-2021 to be just 12,000, a reduction of 5,000 on the 2008 prediction.

England		2011-based projections					2008-based projections				
Counties, London boroughs, unitary authorities and districts in England ^{1,2}		HHs 2011 (000s)	HHs 2021 (000s)	Total change in HHs (000s)	Average Change (000s)	Percentage change in households	HHs 2011 (000s)	HHs 2021 (000s)	Total change in HHs (000s)	Average Change (000s)	Percentage change in households
E0600025	South Gloucestershire UA	108	120	12	1	11	111	129	17	2	2

Assuming an average of one house per household, that calls into question the estimation that South Glos needs 28,355 houses by 2027.

The Core Strategy covers the period from 2006 to 2027. The ONS revised prediction covers the period 2011 to 2021.

To compare like for like, the ONS estimate should be extended to cover the same period as the SGC estimate:

12,000 for 11 years = 1,091/year

2006-2010 = 5 years

2022-2027 = 6 years

11 years x 1,091 / year = 12,001 (rounded to 12,000 for ease of calculation)

Therefore, 12,000 + 12,000 = 24,000, which means the 28,355 is an over estimate by 4,355.

Now, one must make allowances for the completion rate. SGC's own figures show a completion rate for the period 2006-2011 of 4,027, so:

4,027 / 5 years = 805 houses per year

The ONS figure of 24,000 for 2006-2027 show a completion rate of:

24,000 / 21 years = 1,143 houses per year

At the current SGC completion rate, there would be a maximum of:

805 x 21 = 16,905 houses built by 2027.

This shows not only a shortfall on their own estimate of:

28,355 - 16,905 = 11,450

but also a shortfall on the ONS estimate of:

24,000 - 16,905 = 7,095

To achieve the SGC estimate at the current rate of completion, it would take:

28,355 / 805 = 35 years i.e. the Core Strategy would have to run until 2048.

To achieve the ONS estimate at the current rate of completion, it would take:

24,000 / 805 = 30 years i.e. the Core Strategy would have to run until 2043.

Considering that there are only 13.5 years left of the Core Strategy period, even if the developers start building and completing right now, the figures show that they would need to be completing the following numbers of houses every year to achieve the target:

South Gloucestershire Core Strategy - Further Main Modifications

SGC estimate: $28,355 / 13.5 \text{ years} = 2,100 \text{ houses}$

ONS estimate: $24,000 / 13.5 \text{ years} = 1,777 \text{ houses}$

Both these figures are far higher than any completion rate yet seen, even in the boom times.

The total number of houses that could be completed at the current rate of completion is:

$805 \times 13.5 \text{ years} = 10,868$

Even assuming the rate increased to the ONS completion rate, the total number of completions would only be:

$1,143 \times 13.5 \text{ years} = 15,431.$

Again, well short of any prediction or estimate.

Clearly, the actual target that should be used in the Core Strategy should more closely reflect reality and be no more than what can be realistically achieved i.e. around 17,000 or, even if optimism is allowed to creep in, no more than 20,000.

Bearing in mind my comments above about the reality of how Airbus actually operates and the bleak predictions of the economy over the next 10 years, it shouldn't be too difficult to foresee that the current pervasive optimism that, if the houses are built, the people will come and that if Airbus says publicly that it will stay in Filton forever, then it must be true, even if SGC just sits back and offers nothing in the way of enticements, is somewhat misplaced.

All this put together must mean that the demand for houses is very likely to stagnate or fall for the majority of the period from now until 2027, especially if the majority that are being planned are seeming to be in the £300-400k+ price range. The ability of the developers to build enough houses to meet the excessive target and completion rate must also be called into question.

As both the estimated target and completion rate are clearly unachievable, given the evidence above, however unpalatable it may be to you, you have a duty to find this version of the Core Strategy unsound and to recommend that it be redesigned, at the very least based on the revised ONS figures.

To plough ahead regardless of the reality of the evidence must surely call into question the motives behind forcing this unworkable document through the approval process, which in itself must be reason to postpone the approval of the Core Strategy until an independent investigation into the reasons and way it was compiled can be carried out.

3. And just as a final thought

What would you like to reply to your Grandkids when they ask, "Grandpa what did you do in your career?"?

Would you like to say, "Well, one thing I did was approve the plans that destroyed a 100 year old industry and left the area far poorer than when I started."

Or would you prefer to say, "Well, I came to my senses just in time and saved the 100 year old local aerospace industry by forcing the local council to wake up and be realistic about the kind of environment that a global company really needs to operate in, instead of being complacent and assuming they would stay there forever, no matter how un-business friendly they were towards it."?

Yours sincerely,

Deborah Figg