

Charnwood Local Plan Examination
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Mr R Bennett
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Southfield Road
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18 November 2022

Dear Mr Bennett,

Charnwood Local Plan Examination – Leicester and Leicestershire Housing and Employment Land Needs

We would like to thank the Council, Mr Kemp and the staff at Loughborough Town Hall for the efficient and effective arrangements made at the hearing session on 25 and 26 October 2022 and we also acknowledge the contributions from the Council's team and all other participants, including the Leicester and Leicestershire local planning authorities.

As we indicated at the hearing session and as set out in our letter of 10 August 2022 (Exam 42b), we are writing to set out our initial findings in relation to Charnwood's apportionment of Leicester's unmet need for housing and employment land. The detailed reasons for our findings will be in our final report, but we set them out broadly here to make clear our position on the issue of unmet need and to inform the range of matters that need to be completed at the next hearing session.

The points set out in this letter have been informed by our consideration of the evidence base including the Housing and Employment Needs Assessment (HENA) (Exam 44a) and accompanying documents, the responses to our Matters, Issues and Questions in the Matter 10 hearing statements and the discussion at the hearing session on 25 and 26 October 2022. We emphasise that our findings are based on the evidence before us which has been submitted to the Charnwood Local Plan Examination. It does not, therefore, prejudice the testing of the local

housing need figure or the employment land need within the Plans of the other Leicester and Leicestershire authorities as they come forward.

Unmet Need for Housing

Based on all that we have read and heard at the hearing session, and in so far as it relates to Charnwood, we see no reason to disagree with the HENA's conclusion that the standard method establishes a minimum local housing need of 91,408 dwellings across the Housing Market Area (HMA) to 2036.

The implications of the initial results of the 2021 Census and the Office for National Statistics 2018 based Sub-National Household Projections for Charnwood do not indicate any exceptional circumstances to deviate from the 2014-based figures which are incorporated into the Standard Method. In Charnwood's case, a further uplift to support economic growth is also not justified since the standard method would support sufficient growth in the workforce to support jobs growth in the baseline economic projections.

The HMA authorities are at various stages of Plan making. There is a degree of uncertainty about the deliverability of allocated housing sites in both the Leicester City Local Plan and the Plans of the other HMA authorities, and therefore the precise scale of unmet need across the HMA cannot be precisely established at this time. However, we consider that waiting for further clarity on this matter would lead to considerable delays in Plan making and would lead to further delays in the housing delivery which is necessary to address needs that exist now. Further, we do not consider that the Examination should wait for the outcome of the Strategic Transport Assessment and Strategic Growth Options and Constraints Mapping which are underway to inform the review of the Strategic Growth Plan to 2050 (EB/DS/6) and which may trigger the need for a Plan review.

Based on the evidence at this stage and pending further testing of housing delivery through the Leicester Local Plan Examination, we consider that a figure of 18,700 dwellings represents a reasonable working assumption for the scale of Leicester's unmet housing need from 2020 – 2036.

Policy DS2 of the submitted Plan sets out a review policy which refers to the now published SoCG. It has, therefore, been overtaken by events and a main modification to the policy will be necessary for soundness. The flexibility of the Charnwood Local Plan to respond to changing circumstances and therefore the scope of any main modification to Policy DS2 will be a matter for testing at the next hearing session.

The Apportionment of the Unmet Housing Need

The Planning Practice Guidance (PPG) does not advise how unmet need should be distributed across an HMA. The factors that have informed the proposed distribution of the unmet need set out in the Housing Distribution Paper (Exam 45) appear to be a logical and reasonable starting point for the apportionment of Leicester City's unmet housing need between the HMA authorities. The functional relationship between Charnwood and Leicester City which is underpinned by high levels of commuting and inter-dependency for jobs would support a 1.6% increase in Charnwood's housing stock, a figure which is supported by some representors. However, that level of stock growth would require a delivery rate of 1,400 dwellings per year (dpy), compared with average completions of 1,055 dpy from 2016 – 2021.

Whilst the evidence indicates that stock growth of 2.1% has been achieved in other parts of the East Midlands, we cannot be certain that the circumstances in those locations including the policy framework, market conditions, infrastructure and funding are comparable with the situation in Charnwood.

To some extent, the reference to a 'cap' in the Housing Distribution Paper implies a constraint on housing delivery, whereas the approach set out in the Paper is seeking to achieve a realistic and equitable distribution of the unmet need. We consider that the use of a 'headline' figure of 1.4% stock growth to inform the distribution of the unmet need represents a realistic approach in the case of Charnwood. We acknowledge that the 'manual adjustments' applied in paragraph 6.23 of the Housing Distribution Paper are not agreed by Hinckley and Bosworth Borough Council, however we consider that the resulting shortfall of 85 dpy to meet overall need is a matter that should be addressed by the HMA partners on an ongoing basis under the Duty to Cooperate and does not have implications for the soundness of the Charnwood Local Plan.

The PPG's list of circumstances where it is appropriate to consider whether actual need is higher than the standard method includes where an authority agrees to take on unmet need, which is the case for Charnwood and the other Leicestershire HMA authorities. Based on the proposed apportionments set out in Table 6.9 of Exam 45 and agreed in the SoCG, Charnwood's minimum local housing need figure to 2036 is, therefore, 1,189 dpy. However, whilst the HENA does not find a case for upward adjustments to overall housing need across the HMA, it recognises that there may be a case for considering some flexibility for specific Plans, including due to declining affordability.

Therefore, whilst the minimum local housing need is 1,189 dpy, that figure will be subject to further testing at the next hearing session as part

of Matter 4, taking into account local circumstances particular to Charnwood that are evidenced in the Housing Needs Assessment (EB/HSG/1).

The supply of sites and the delivery of housing land over the Plan period to meet the Plan's requirement form Matters 6 and 7 for the Examination. Based on our findings above, an increase in supply to meet Charnwood's local housing need plus Leicester's unmet need will be necessary. However, pending further testing of the housing requirement and the soundness of the proposed site allocations, the scale of the increase is still uncertain at this stage. In these circumstances, it would be prudent for the Council to consider the options for an increase in supply, but within the context of some uncertainty about the precise figure that will be needed.

Unmet Need for Employment

We consider that the HENA's assessment of Leicester and Leicestershire's employment land need, including in so far as it relates to Charnwood, is based on robust evidence and logical methods, including the use of the labour demand model for predicting future office floorspace needs and the use of gross completions to identify the need for B2/small B8¹ land. Informed by the HENA, the figure of 23 hectares in the SoCG represents a reasonable working assumption for the scale of Leicester's unmet need for employment land from 2020 – 2036, with the main need being for B2/small B8 land. The submitted Plan already includes provision to meet Leicester's unmet need for employment land, and the Council's position on meeting that need has not changed.

However, it is not clear which of the allocated employment sites in the Charnwood Local Plan make up the 23 hectares. Whilst business needs are 'footloose' and will not necessarily choose to locate in Charnwood if their needs cannot be met in Leicester, we consider that further evidence is needed to demonstrate that at least some of the allocated employment sites would meet the principles set out in the HENA Employment Distribution Paper (Exam 46). This would provide some assurance that the sites have at least a reasonable prospect of helping to meet Leicester's unmet need for employment. Those principles are a location adjoining Leicester, proximity to the City, preferably adjacent to the existing urban area and sites well connected to the City by A roads and ideally connected to the wider strategic network (A road/motorway network). We do not require a separate piece of work to address this and we would suggest that the Council can provide the necessary evidence as part of any response to our supplementary questions (see below). The employment land requirement and the supply of sites to meet that requirement will be tested as part of Matter 5 at the next hearing session.

¹ Defined as 9000 square metres or less in the HENA (Exam 44a)

Next Steps

We would invite the Council's broad response to the findings outlined above, particularly the minimum local housing need figure, in order that we can establish the direction of travel for the rest of the Examination. Pending the Council's response, we would envisage publishing a Guidance Note and supplementary MIQs which will:

1. Confirm the Matters 1 – 3 MIQs that were dealt with during the Week 1 hearing session;
2. Confirm the Matters 1 - 3 MIQs that were not dealt with during the Week 1 hearing session but which are still relevant and need to be covered following the Matter 10 hearing session;
3. In relation to Matters 4 – 9, set out any supplementary questions that may be necessary; and
4. Invite participants and the Council to respond to the supplementary questions, and if they consider it to be necessary, provide any updates to the hearing statements that they have already been submitted.

The Council's responses to the supplementary questions would be likely to be sufficient to provide any additional evidence or information that is necessary for the next hearing session, accompanied by a Technical or Topic Paper if that would be the most efficient format to present the required information.

On a separate matter, we would also draw the Council's attention to the judgement of 31 October 2022 in the case of *Lisa Smith v SSLUHC* [2022]², regarding the interpretation of the Planning Policy for Traveller Sites (PPTS) and the application of that policy to Gypsies and Travellers who have ceased to pursue nomadic lifestyles. We intend to ask the Council whether there are any implications for the Accommodation Assessment and the Plan as part of the Matter 4 hearing session, but we raise the matter now as an early indication.

If there are any queries on the contents of this letter, please let us know via Mr Kemp. This letter should be put on the Examination web site.

² EWCA Civ 1391

Other parties should please note that at this stage we are not seeking a response from anyone other than the Council on the matters covered in this letter.

Yours sincerely

Sarah Housden and Hayden Baugh Jones

INSPECTORS