



Richard Bennett

Head of Planning and Regeneration
Charnwood Borough Council

Our Ref:

PINS/X2410/429/11

Date:

1 April 2014

Dear Mr Bennett,

Examination of Charnwood Local Plan: Core Strategy

- **Duty to co-operate**
- **Soundness in terms of the overall provision for housing**

1. Further to the initial hearing sessions held on 19 and 20 March 2014, I set out below my conclusions in respect of the duty to co-operate (Matter 1) and soundness in terms of overall provision for housing (Matter 2) and explain the implications for the examination.

Duty to co-operate

2. Whilst there are a number of cross-boundary issues, the overall provision for housing is of particular significance given patterns of commuting and migration, interrelationships in housing markets and the role that the Borough has had in accommodating growth on a sub-regional level. The Council accepts that Charnwood forms part of the wider Leicester and Leicestershire Housing Market Area (the HMA) and that overall provision for housing is a strategic matter.
3. Section 33A of the Planning and Compulsory Purchase Act 2004 (as amended) imposes a duty to co-operate in terms of the preparation of a development plan document as far as it relates to a strategic matter. The duty requires the Council to have co-operated in maximising the effectiveness of the preparation of the Core Strategy and in particular to have engaged constructively, actively and on an ongoing basis.
4. The Council has demonstrated a history of co-operation and joint working with the other authorities in the HMA in relation to strategic housing matters. Notable examples of this joint working are the 2008 Leicester and Leicestershire Strategic Housing Market Assessment (SHMA) and the 2011 Leicester and Leicestershire Housing Requirements Project (HRP). There have been clear and ongoing mechanisms for co-operation between authorities at both member and officer level.
5. I am satisfied that during the preparation of the Core Strategy, the Council has also shown a continued willingness, in principle, to plan positively for the housing needs of the wider HMA and specifically to address issues relating to the Principal Urban Area of Leicester. I am also satisfied that this was the Council's intention in continuing to plan for the level of annual housing growth set out in the now revoked East Midlands

Regional Plan (the Regional Plan).

6. The Council's ongoing positive approach to co-operation and collaboration is illustrated by the fact that in June 2013 it joined with the other authorities in the HMA to commission a new SHMA.
7. I deal below with the soundness implications of the Council's decision to submit the Core Strategy in advance of work on the new SHMA being completed. However, in terms of the duty to co-operate there is no specific requirement to have produced joint evidence on housing needs or to have reached agreement on the distribution of housing provision across the HMA. It is the actions of the Council in terms of co-operating with other relevant authorities which is critical to my consideration of the matter. I have also taken account of the representations made by these other authorities.
8. Although North West Leicestershire District Council had raised concern over the justification for the level of housing provision in the Pre-Submission Draft Core Strategy, this representation was subsequently withdrawn. As it stands therefore, none of the authorities in the HMA have expressed concerns over the level of housing provision in the Core Strategy and none have questioned the Council's compliance with the duty to co-operate.
9. Whilst it is regrettable that the work on the new joint SHMA was not completed before the Core Strategy was submitted, I appreciate the Council's motivation for seeking to have a plan in place as soon as possible. Taking all of the above factors into account and within the specific context which applies in this case, I am satisfied that the Council has engaged constructively, actively and on an ongoing basis in terms of overall housing provision and indeed other strategic matters. I conclude therefore that the Council has complied with the duty to co-operate.

Soundness in terms of the overall provision for housing

10. In order to be considered sound the Core Strategy must be positively prepared, justified, effective and consistent with national policy. The National Planning Policy Framework (NPPF) makes it clear that local plans should be based on adequate, up to date and relevant evidence about the economic, social and environmental characteristics and prospects of the area (Paragraph 158). Specifically in terms of housing, local planning authorities are expected to have a clear understanding of housing needs in their area and to prepare a SHMA to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The SHMA should identify the scale and mix of housing needed which meets household and population projections, taking account of migration and demographic change (Paragraph 159).
11. Paragraph 182 of the NPPF explains that local plans should be based on a strategy which seeks to meet objectively assessed development and infrastructure needs, including unmet requirements from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development.
12. Local planning authorities should use their evidence base to ensure that the local plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies in the NPPF (Paragraph 47). The need for joint working and collaboration where there are cross-boundary issues and where development requirements cannot wholly be met within individual local authority areas is emphasised (Paragraphs 178-181).

13. The planned provision of an average of 790 houses per year is essentially based on the level of annual housing growth for Charnwood set out in the now revoked Regional Plan. The housing provision figures within the Regional Plan were derived from 2004 based household projections and then adjusted to take account of the strategy of urban concentration and regeneration.
14. The 2008 joint SHMA focussed on the type of housing required and affordable housing needs. It did not in itself identify the scale of overall housing needs of the Borough or the HMA.
15. The 2011 HRP took account of 2008 based household projections and identified a range of scenarios for housing requirements for each authority within the HMA and the Leicester Principal Urban Area. It also identified a range of housing provision for the HMA as a whole. Whilst the figure of 790 houses per year falls within the overall range of scenarios identified for Charnwood, it was not specifically identified in any of the individual projections. It is below the trend projection (PROJ 1) of 885 houses per year.
16. In terms of the HMA as a whole, a very broad range of 3,500-4,500 houses per year was identified with provision of 4,000-4,500 houses per year considered to represent a positive planning framework. I appreciate that the Regional Plan provision of 4,020 houses per year in the HMA falls within the range identified, however it is at the bottom of the range identified as a positive planning framework.
17. In any case I have a number of significant concerns in respect of the use of the HRP as an evidence base for the Core Strategy. Since its publication, key data has emerged from the 2011 Census and updated population and household projections. The HRP does not reach clear and specific conclusions in terms of the appropriate level of housing provision in the HMA or individual authorities and it was not followed up by discussions/agreements regarding the distribution of housing growth across the HMA. I consider that it does not provide an up to date and robust evidence base to conclude that the provision of 790 houses per year in Charnwood is appropriate in the context of the housing needs of the HMA as a whole.
18. Turning to the Charnwood Housing Requirements Study (the HRS) published in October 2013; this was produced after the Council had decided on the level of overall housing provision and published the Pre-Submission Draft Core Strategy. Whilst it takes account of up to date information, including the 2011 based interim household projections, I have some concerns in relation to the methodology, particularly the assumptions on migration and the approach to unattributable population change and the relationship with the jobs growth target in the Core Strategy. Fundamentally though, the HRS only considers the housing needs of Charnwood. Whilst some analysis of how the figure of 790 houses per year would accommodate in migration from Leicester City and elsewhere is undertaken, there is no assessment of the housing needs of the HMA as a whole or the role of Charnwood in accommodating them. The scope of the HRS is therefore inconsistent with Paragraph 159 of the NPPF.
19. Taking all of the above into account, I consider that the Core Strategy is not based upon an up to date and robust assessment of the housing needs of the HMA. It is not clear how such needs will be met and if there will be unmet needs from authorities that will have to be accommodated elsewhere within the HMA. There is not an effective basis to determine what role Charnwood should have in meeting the needs of the HMA and what the appropriate level of housing provision should be to achieve this.

20. As it stands, the Core Strategy has not been positively prepared, it is not justified or effective and it is not consistent with national policy in respect of overall housing provision. It is therefore not sound.
21. In reaching this conclusion I have given careful consideration to the benefits of having an adopted plan in place as soon as possible. However, these do not outweigh the need for a plan which is based on up to date evidence and sound in terms of housing provision.
22. The new SHMA and subsequent co-operation and joint working between authorities which is planned could potentially address these concerns. I am satisfied that there is a genuine commitment on behalf of all of the relevant authorities to undertake and complete this work and to attempt at least to reach agreement on a distribution of housing across the HMA. I also note that significant progress has already been made, with the first phase of work on the SHMA expected to be published by the end of April 2014.
23. With this in mind I am prepared to consider a suspension of the examination to enable joint working on the SHMA and housing distribution to be completed. The Council and other participants at the initial hearing sessions, including the other HMA authorities, agreed that although some benefit would be gained from the publication of the technical work on the SHMA, the issue of overall housing distribution and therefore the role of Charnwood in the HMA could only be addressed properly and effectively following further joint working and co-operation between authorities. I share that view although this clearly has an effect on the length of suspension necessary.
24. The alternatives to a suspension would be that I proceed with my report, reaching the conclusion that the Core Strategy as submitted is not sound and recommending non-adoption, or that the Council chooses to withdraw the Core Strategy.
25. You will be aware that the Procedural Practice Guide on Examining Local Plans suggests that a suspension of more than six months would not generally be appropriate. On the other hand I note that the Council estimates that joint working on housing distribution within the HMA will take at least until March 2015 to be completed. Whilst I appreciate the need for further technical work such as transport modelling and the potentially difficult nature of discussions between authorities, I consider that this would be too long a period to suspend the examination. It is clear that in addition to Charnwood, other authorities preparing or reviewing plans would benefit from an early resolution of the issue of housing needs and distribution. The work on the SHMA has been underway for some time and the key technical assessments of housing need are due to be published imminently. I consider that a suspension of approximately nine months would be reasonable under the circumstances.
26. I must stress that a suspension of the examination to allow work on the SHMA and housing distribution to be completed does not guarantee that I shall ultimately reach the conclusion that the Core Strategy is sound in this respect. You will also appreciate that there are a number of other issues of soundness which I will wish to pursue when the examination is resumed.
27. A suspension of the examination would need to be on the basis of a clear explanation of the work to be undertaken and a commitment to the timetable involved, noting my point about the overall timescale above. I would need to be kept informed of progress and receive key information such as the report on the first phase of the SHMA.

28. I would be grateful if you could confirm the Council's position via the Programme Officer as soon as possible. Should the Council wish me to suspend the examination, I would then seek to agree a clear work programme and timetable, along with mechanisms for providing updates and reviewing the situation.
29. A copy of this letter and the Council's response should be placed on the website and made available on request. The Programme Officer will be notifying the participants for the initial hearing sessions directly.

Yours sincerely

Kevin Ward

INSPECTOR