

# **RESPONSE ON BEHALF OF IM LAND (ID 593) TO THE CHARNWOOD LOCAL PLAN EXAMINATION**

**Matter 10: Leicester and Leicestershire Housing and Employment Land  
Needs**



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Appendix 1 Leicester and Leicestershire Unmet Need Report

## 1 MATTER 10: LEICESTER AND LEICESTERSHIRE HOUSING AND EMPLOYMENT LAND NEED

This response has been prepared on behalf of IM Land (“IML”) in light of the change in the Council’s position and the new evidence base pertaining to unmet Housing and Employment Land Needs in relation to Leicester and Leicestershire. IML responded to the Regulation 19 pre Submission Local Plan consultation. Set out below is a summary of IML’s position on this matter in light of the additional questions posed by the Inspectors. In addition, a critique of the proposed approach is provided in a technical report appended to this matter statement (Appendix 1).

### Housing Need

- This matter focusses on evidence of housing need, which is presented over the wider sub-region of Leicester and Leicestershire (L&L). It is correct that this Examination consider the housing need and requirement for the L&L sub-region as the appropriate Housing Market Area (L&LHMA). Furthermore, the Examination is also the right forum to consider the legitimacy of the proposed mechanism for redistributing the already identified and agreed, as between the L&L LPAs but otherwise untested, unmet need arising from Leicester. The sub-regional evidence base is before this Examination and cannot be avoided in determining the soundness of this Plan. The role of the Examination should however remain focussed on matters concerning housing need, straying into supply for Charnwood alone. It will be for Examination of each of the respective plans, including Leicester, to consider supply related matters, and how this might affect the current identified shortfall.
- In terms of housing need, IML acknowledges the minimum housing need starting point figure for the L&LHMA set out in the HENA report in accordance with NPPF 61 is 5,713 dpa over the period 2020-2036 as per table 1 of EXAM 43.
- However, IML contend that the employment growth has not been duly considered as an adjustment to the minimum housing need (in some areas) as required by Paragraph 81 of the NPPF and paragraph : 2a-010-20201216 of the NPPG. Consequently, employment growth has only been considered as part of the process of redistributing shortfalls arising from Leicester, presented in Table 6.9 of EXAM45. IML contend that a logical set of steps has not been taken to establish the housing requirements across the L&LHMA first, before considering any redistribution from Leicester. This is important as all the L&L authorities are reliant on the same evidence base. The evidence indicates that minimum housing need should be adjusted in some areas, which has not been properly taken into account.
- IML contends that a reasonable and proportionate approach would be to apply an uplift to the standard method minimum housing need to account for economic growth in line with national policy and guidance. This approach has been endorsed as part of the Doncaster Local Plan in 2021, where the minimum Local Housing Need was significantly uplifted (from 585dpa to 920dpa) to allow sufficient levels of working age population to live in the area they work in, whilst meeting forecast job growth. When applying the adjustment this results in a figure of 6,071 dpa for the L&LHMA, which increases

the baseline position in a number of areas (Table 5.1 of EXAM45). Furthermore, this adjustment should be applied prior to the redistribution of need from Leicester and not after the initial (stage 1) redistribution as proposed.

### **Leicester's Shortfall & Redistribution**

- Turning to redistribution, when properly accounting for jobs-growth, IML contend that the adjustment (185 dpa) to NWL and Melton is not justified and should be discounted. In addition, other elements of redistribution should also be discounted on this basis, including the 37 dpa figure assigned to Melton and the 32 dpa assigned to Blaby, as these are also not justified. To be positively prepared a plan seeking to meet unmet needs from a neighbouring authority needs to accommodate them where it is practical to do so and is consistent with achieving sustainable development. The current proposals fail on both counts.
- The proposed redistribution is based on various stages, including 'functional relationships'. For the reasons set out in paras 3.2-3.5 of the attached technical report, the analysis of migration and commuting patterns is insufficient and should be revisited to take into account the pertinent factors identified. Therefore, IML contend that further consideration should be given to the functional relationship between constituent areas within the L&LHMA, rather than simply the physical immediate neighbour relationship to Leicester. This latter approach does not consider important functional relationships, such as strategic transport connectivity between Leicester and the District's/Borough's. It appears to IML that this would have been a reasonable factor on which to consider sustainable redistribution, however one absent from the options tested in the Sustainability Appraisal (Section 3 of EXAM47a). This would result in an adjustment to the redistribution across the L&LHMA which would have a strong bearing on the sustainability of the preferred approach.
- In terms of deliverability, IML does not agree with the proposed quantum of growth redistributed to certain areas, notably Hinckley & Bosworth as set out in Table 3 and 4 of EXAM 43. The approach proposed by IML, as set out in Sections 4 and 5 of Appendix 1 to this submission, would increase the provision to Hinckley & Bosworth, as part of a process that considers functional relationships, employment growth and deliverability. This approach would support a more sustainable distribution of unmet need across the L&LHMA as a whole and to reflect the land supply available in the Borough to accommodate higher levels of growth.
- The approach advocated by IML provides a clear and transparent basis for the redistribution which accounts for the relevant factors at the appropriate point in the exercise and is justified on the available evidence.

### **Employment Need**

- The decision to direct all of the 23ha of unmet employment need from Leicester to Charnwood is not soundly based. For the reasons set out below and in Appendix 1, the decision has not been informed by key evidence base, nor has it had regard to likely marketability considerations. Furthermore, what has been presented by the Council remains vague and indistinct. In particular little to no consideration

is given to the growth of the logistics sector within this important sub-regional economy and the relationship to the existing hierarchy of locations and strategic transport network.

***Qu. 10.1 What is the up to date position with the signing of the SoCG (Exam 43) by the Leicester and Leicestershire authorities (including the County Council)? Are there any implications for Plan preparation by the authorities and if so, what are they?***

- 1.1 For the Council and other authorities to respond.

**Issue 1 - The Assessment of Housing Need**

***Qu. 10.2 Is the HENA (Exam 44a) assessment of Leicester and Leicestershire's housing need from 2020 to 2036 (91,408 dwellings) based on a robust assessment of relevant factors? Are there any exceptional circumstances which would justify planning for a lower or a higher figure?***

- 1.2 No, the assessment of Leicester and Leicestershire's ("L&L") housing need is not based on a robust assessment of relevant factors.
- 1.3 Evidence in the HENA (Exam 44a, para 8.31) clearly states that the LHN figure will not provide sufficient homes to meet the expected growth in jobs in specific areas within the LLHMA based on the 'Growth Scenario'. The HENA notes that the Growth Scenario prepared by Iceni and Cambridge Econometrics has taken account of the November 2021 sub-regional Economic Growth Strategy (2021-2021) prepared by the Leicester and Leicestershire Local Enterprise Partnership ("LLPEP") (Paragraph 6.23 refers). This is a relevant consideration that should be taken into account in undertaking the HENA. However, no consideration has been given to the extent to which the minimum housing need figures based on the standard method should be uplifted to accommodate the forecast employment growth. On those forecasts, it is further noted that the Council has published the headline projection figures as part of the calculations. The actual forecasts themselves remain unpublished and so unavailable to the examination. The extent to which they cover all types of employment is therefore unknown. It is not possible to assess their adequacy or how this is reflected in the HENA, SoCG or the Plan. The Council should make available to the Examination ahead of the hearing sessions & we invite the inspectors to call for this information to be provided promptly.
- 1.4 The economic growth aspirations across L&L, including the Strategic Growth Plan (currently under review) hold continued relevance to the constituent members of the LLHMA who are preparing their own individual Plans. It is critical that the LHN for each respective area properly takes into account economic factors prior to any subsequent consideration of redistributing any unmet need. The approach in the HENA is not consistent with national policy (paragraph 81) advising that significant weight should be placed on the need to support economic growth and which supports, where justified, approaches to assessing need that reflect current and future trends and market signals. One such signal is future jobs growth across the area. Practice guidance (2a-010) also allows for

increases beyond the minimum housing need under the standard method in response to local growth strategies. If economic growth is not suitably planned for, there is a clear risk that labour supply locally will be insufficient to meet the needs indigenous to those areas, resulting in more commuting unsustainable travel patterns or, conversely, lower economic growth.

- 1.5 On this basis, as presented in Table 2.2 of the technical report accompanying this submission (Appendix 1), the analysis shows that the housing need that should be used as a basis for the redistribution exercise is 6,701 dpa for the LLHMA as a whole and not 5,713 dpa. This does not alter the unmet need for Leicester given no changes are proposed to Leicester's minimum need.

***Qu. 10.3 What implications, if any, do the levels of net migration in the 2018 Sub National Household Projections compared with the 2014 projections (on which the standard method is based) have for the standard method of assessing housing need for Leicester and Leicestershire? Is the use of an alternative internal migration assumption justified and if so, why? (Table 5.13)***

- 1.6 IML has no comment on this.

***Qu. 10.6 What are the implications, if any, of Charnwood having a 12% increase in population 2011-19 but a 9.2% increase in dwelling stock over the same period as indicated in the HENA (Table 5.16)? Does this point to a level of suppressed household formation which would justify an uplift in the level of need? Does this trend have any implications for the future distribution of development as indicated at paragraph 5.36 of the HENA?***

- 1.7 IML would simply point out here that any given increase in population does not always equate exactly to the increase in households. In any event, if household suppression is deemed to be a relevant factor sufficient to justify an adjustment to local housing need in Charnwood, this should be applied prior to redistribution of unmet need from elsewhere, in line with IML's position on employment-led housing need.

### **Issue 2 - The Scale of the Unmet Need for Housing**

***Qu. 10.7 Is the 18,700 dwelling figure a reasonable working assumption for Leicester's unmet need from 2020 to 2036 as set out in the Housing Distribution Paper (paragraph 3.7) (Exam 45) and the SoCG (paragraph 3.19), pending further testing through the Leicester Local Plan? Is it a reasonable basis on which to apportion the unmet need across the Leicestershire authorities?***

- 1.8 IML note that the information underlying this assumed supply in Leicester (20,721 dwellings, Exam 43, Appendix B) has not been published as part of this consultation exercise and so cannot be tested as part of this examination. Furthermore, the windfall allowance (2,400 dwellings) is not evidenced and so is not consistent with NPPF at para 71 which calls for compelling evidence.
- 1.9 Such matters can, however, be considered at a later time at the Leicester Local Plan examination, and should not impede in establishing a sub-regional housing requirement and distribution at this stage. The use of the 20,721 figure as proposed by IML presents a reasonable basis, which can be subject to a redistribution which results in a percentage split between the authorities.

**Qu. 10.9 If the scale of the unmet need of 18,700 dwellings changes as a result of the Leicester Local Plan Examination, how would this be addressed by the respective Leicester and Leicestershire local authorities under the Duty to Cooperate? What would the implications be for plan making in other authorities in the Housing Market Area?**

- 1.10 IML notes the final sentence of the SOCG states that; "*The process used for this review will be proportionate to the scale of the issue and should not cause undue delay to the preparation of Local Plans.*" The use of such phraseology is vague and does not explain what 'proportionate to the scale of the issue' actually means in practice.
- 1.11 Alternatively, once the proportional split is tested as part of this Examination a mechanism can be secured through an additional policy which commits the LLHMA authorities to maintaining the proportionate distribution, a policy which could be replicated across each of the Leicestershire plans coming forward.
- 1.12 This would mean that if, through the process of the Examination of the Leicester plan, the figure of unmet need was subject to a material change, there would still be a commitment to maintain the proportionate split unless a L&L authority could demonstrate it could not provide for the adjusted numbers. The SoCG could also be similarly amended with an agreed split in place, this process should be straightforward to undertake.
- 1.13 If, during the Examination of the Leicester Plan, it is found that the change is only limited, it may well be said that the change is immaterial. In such cases, it may be appropriate and proportionate to continue to rely on the existing figure of 18,700.

### **Issue 3 – Apportionment of Unmet Housing Need**

**Qu.10.10 The Housing Distribution Paper (paragraph 7.3) (Exam 45) refers to the proposed distribution of the unmet need as an ‘interim arrangement’. What does this mean, is it justified and how would any changes to the evidence or other circumstances be dealt with?**

- 1.14 IML note paragraphs 1.1-1.2 of the HDP [Exam 45] outlining the purpose of the paper, which is to establish an 'interim' distribution of unmet need (from Leicester) to other parts of the LLHMA '*on a short-to-medium term basis*'. IML understands that the interim distribution is then intended to inform an update to the SOCG to allow the preparation of Local Plans to proceed, though also notes recognises the ambiguity of language used.
- 1.15 This approach creates considerable concerns surrounding deliverability and the level of contribution that would be accommodated through individual local plan reviews beyond Charnwood in the coming years. Consequently, this approach is unjustified, not positively prepared, and so is unsound.
- 1.16 National policy makes clear that plans are sound (positively prepared) if they are 'informed by agreements with other authorities, so that unmet need from neighbouring areas is accommodated where practical to do so...' (NPPF 2021, para 35). As IML are aware, the L&L authorities are in broad agreement on the interim distribution in the SOCG, with the exception of Hinckley & Bosworth

Borough Council (who apparently do not agree to their second apportionment figure of 85 dpa based on deliverability and reducing the risk of over-concentration, which should be discounted).

1.17 On this basis, the current position lacks sufficient clarity and certainty for local communities, landowners and stakeholders outside Charnwood (but elsewhere in the LLHMA).

**Qu. 10.11 Are the following factors set out in the Housing Distribution Paper a robust and logical basis for the apportionment of the unmet need of 18,700 dwellings to 2036:**

- ***the functional relationships between the respective Leicestershire authorities and Leicester City based on migration and commuting patterns;***
- ***balancing the provision of jobs and homes;***
- ***deliverability, based on potential supply, the rate of housing growth and adjustments to support a sustainable and deliverable distribution of development.***

**Are there any other relevant factors which should be taken into consideration?**

#### **Migration and commuting patterns – additional considerations**

1.18 Yes. In terms of functional relationships, IML presents its position in paragraph 3.2-3.14 of the technical review (Appendix 1). In summary, applying two variables (gross moves and commuting journeys to and from Leicester) risks under-representing the contribution that each L&L authority makes to the functioning of the local market across the area as a whole. In addition, employment development that has come forward since 2011, and which is likely to impact on commuting and migration patterns across the LLHMA, have not been taken into account in the published evidence.

1.19 IML therefore considers it appropriate to include the findings of this analysis as an additional scenario as part of the ‘blended average’ approach applied in the HDP (Exam 45). This is summarised in Table 3.3 of the technical report. This is consistent with other market areas, for example Coventry & Warwickshire.. Balancing the provision of homes and jobs

1.20 IML has reviewed the approach to redistributing unmet need to support employment growth in other areas, notably North West Leicestershire (“NWL”) and Melton. This is set out in paragraphs 2.23-2.31 and 3.16-3.20 of the technical review.

1.21 Consequently, as set out in Table 2.2 of this report, the adjustment for economic growth applied to NWL and Melton (as shown in Table 6.9 of the HDP), totalling 185 dpa, is not justified and should be removed from the redistribution calculations.

#### **Current Plan Targets, Potential Land Supply and Deliverability**

1.22 As explained in paragraphs 3.22-3.26 of the technical review, a 37dpa adjustment to Melton’s contribution based on its current adopted plan is not considered necessary o, is not justified and should be discounted from the redistribution calculation.

### Potential Land Supply

- 1.23 In relation to this factor, revisions are proposed to the initial contribution based on functional relationships (from 448 to 381 dpa) for Oadby & Wigston, this results in a change to the re-assigned unmet need figure (from -208 to -141 dpa) for O&W, as explained in Table 3.5 of the technical report. In IML's view, this results in a more sustainable pattern of development, consistent with national policy in accordance with NPPF Paragraph 35.
- 1.24 Table 3.6 of the technical review summarises the impact on the redistribution based on the various adjustments IML are proposing up to this point. As such, IML invite consideration by the Inspectors on this matter.

### Deliverability issues

- 1.25 IML has considered matters relating to deliverability in the context of the redistribution at paragraphs 3.34-3.50 of the technical report. IML is supportive in-principle of an approach that promotes a sustainable and deliverable redistribution of development across the LLHMA, and which avoid issues of spatial over-concentration in particular areas, as set out in IML's preferred approach in Table 3.8 of the technical report.
- 1.26 Nonetheless, IML does not support the proposed redistribution applied to Blaby (32dpa) at this stage [Exam 45, paragraph 6.21] for reasons given in the technical report (paragraph 3.46).

***Qu. 10.12 Is the proposed 1.4% 'cap' to the redistribution of housing provision justified as a general approach and in relation to Charnwood in particular? What effect does the 1.4% cap applied to Charnwood have on the redistribution of the residual unmet need across the other Leicestershire authorities?***

- 1.27 In principle, IML is not supportive of imposing a cap, but is supportive of an approach that would provide for a more sustainable equitable and consistent distribution in terms of stock growth rates. as shown in Table 4.1 of the technical report.

***Qu. 10.13 Have land supply, capacity and constraints issues been assessed in the apportionment of the unmet need? If not, how will these matters be addressed?***

- 1.28 No. However, these factors can, and should, be given consideration as part of the emerging Local Plan review processes for those areas concerned, starting with Charnwood because there is no other forum for considering these matters on a comprehensive basis.

***Qu. 10.14 What role will the review of the Strategic Growth Plan (EB/DS/6) have in the distribution of housing growth across the Leicester and Leicestershire Housing Market Area in the longer term?***

- 1.29 We acknowledge that the local plan period focused on here is up to 2036 whereas SGP is looking to 2050. Therefore, any review will presumably update the information post-2036 which would be relevant to any review of the local plans when they come forward at that time.

**Qu. 10.15 How has the SoCG Sustainability Appraisal report (Exam 47a) informed the apportionment of the unmet need?**

1.30 IML has reviewed the SOCG SA report [Exam 47a] and it is unclear how the SA has influenced or led to alterations in the redistribution process. This is because the 'HENa distribution' has formed one of the five distribution options 'tested' in the SA, rather than informing the final choice of 'option' taken forward in the June 2022 SOCG. IML recommends that the alternative assessment and redistribution presented here should be tested as part of ongoing work on the SA.

**Issue 5 – Apportionment of the Unmet Need for Employment**

**Qu. 10.23 Are the following factors set out in the Employment Distribution Paper (Exam 46) a robust and logical basis for the apportionment of the unmet need for 23 hectares of employment land to 2036:**

- **Location of authorities adjoining Leicester given their accessibility to the city and associated supply of labour (Charnwood, Blaby, Harborough, Oadby and Wigston);**
- **Proximity to the City, preferably adjacent to the existing urban area;**
- **Sites well connected to the City by A roads and ideally connected to the wider strategic network (A road/motorway network).**

1.31 Paragraph 83 of the NPPF sets out that planning policies should recognise the specific locational requirements of different sectors. The factors set out above are considered too vague to accurately reflect the needs of the Industrial and Logistics (I&L) sector. Further regard should be had to specific requirements such as accessibility to the strategic road network and multi-modal interchanges. This approach is consistent with the key locations for I&L development identified in the HENA Executive Summary (Exam 44b, paragraphs 2.6 and 3.12).

1.32 There is insufficient evidence within the HENA to demonstrate why consideration has not been given to the apportionment of some of the unmet need to authorities such as Hinckley and Bosworth that, even without a shared physical administrative boundary, clearly has a functional relationship with Leicester City through strong transport links.

**Qu. 10.24 Is meeting all of the unmet need for 23 hectares of employment land within Charnwood justified? Will it meet the need for different types of employment land in a choice of locations and promote sustainable patterns of development as required by paragraph 11 of the NPPF?**

1.33 The HENA does not contain a robust justification for why all the 23 hectares of employment land from Leicester City should be apportioned to Charnwood. This is particularly the case in the context of the existing oversupply within Charnwood, as set out in paragraph 1.4 of the Iceni Employment Distribution Paper (Exam 46). This existing oversupply would suggest that even if land is available, it is not seen as sufficiently attractive by the market to make it deliverable to secure employment in Charnwood.

***QU. 10.25 Should some of the unmet need be apportioned to any of the other Leicestershire authorities based on the factors outlined above?***

1.34 As set out in Appendix 1, it is considered unsound to seek to distribute the unmet employment land need before relevant evidence is available and has been tested. The evidence that is considered most relevant in this regard is the Strategic Transport Assessment, and the Strategic Growth Options and Constraints Mapping. Both are expected to conclude later this year.

***Qu. 10.27 Is the apportionment of all of the unmet need for employment land to Charnwood justified by the evidence and will this be effective in meeting the employment land needs of the Functional Economic Market Area as a whole? Does this allow for flexibility and choice?***

1.35 The key findings set out at page 64 of the HENA (Exam 44a) points to a case for strong demand based on “locational advantages”. Paragraph 2.6 of the HENA Executive Summary (Exam 44b) setting out that the main locations for industrial and distribution premises are those close to the M1, M42, M69 and A5 corridors. However, there is a risk that insufficient land will be provided in locations that are attractive to the market and will therefore be delivered.

1.36 The precise location(s) for the allocation of the 23 hectares is currently unclear, and no evidence to demonstrate that flexibility and choice will be offered. Taken together with the fact that all 23 hectares would be in Charnwood, it is inevitable that flexibility and choice for the market will be limited.

1.37 For these reasons, and those set out in Appendix 1, it is not considered that the apportionment of unmet employment land need to Charnwood has been justified.

# LEICESTER & LEICESTERSHIRE UNMET NEED REPORT - CHARNWOOD LOCAL PLAN EXAMINATION

on behalf of IM Land



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## REPORT

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## **EXECUTIVE SUMMARY**

This section provides a summary of the key points and issues identified based on the analysis set out in this report. The findings summarised here are in response to the Council's Housing and Economic Needs Assessment for Leicester & Leicestershire (HEN) [doc Exam 44a], and the subsequently proposed redistribution of Leicester's unmet need, as part of the Housing Distribution Paper [EXAM45] and the draft Statement of Common Ground [EXAM43].

### **The Scope of the Examination**

RPS is aware that through the Examination of the Charnwood Local Plan, consideration will need to be given to housing and employment needs that arise from outside of the Borough, drawing on the position in the Leicester and Leicestershire Housing Market Area (L&LHMA). more generally. This in of itself should not be a concern to the Inspectors, who are rightly entitled to interrogate this matter. A line does, however, need to be drawn, as the Examination of this Plan should not be expected to consider matters which extend into separate evidence bases of each local authority.

RPS observes that the housing need evidence underpinning the Charnwood plan covers the wider L&L HMA. This evidence draws upon national guidance in the form of the Standard Method to derive a figure of housing need across this area. The Council has furthermore considered how that Standard Method figure could be uplifted to account for economic considerations, including forecasts prepared by Cambridge Econometrics, linked to growth strategies prepared by the Local Economic Partnership. This Examination is again rightly placed to consider the robustness of this approach, and how that might inform the standard method across the sub-regional LLHMA..

What the Examination should not do is to stray into matters of strategy and housing & employment land availability and deliverability outside of Charnwood, notably at Leicester. Whilst IML recognises that the need and proposal for redistribution relies on identifying a supply for Leicester from which to ascertain a shortfall, ultimately, whatever the actual shortfall is will be a matter for the Leicester Local Plan Examination to determine. This does not mean however that the Leicester Local Plan needs to be Examined first and that until it is other local plans in the LLHMA can avoid meeting the already agreed unmet needs. The Inspectors here can indeed proceed with the information we have, and form a view on a sound redistribution metric to serve the L&L subregion.

### **LOCAL HOUSING NEED**

#### **Assessing housing need – baseline**

- RPS accepts that the geography of L&L represents a suitable Housing Market Area.
- RPS accepts the arithmetic for the minimum housing need for the Leicester & Leicestershire HMA (L&LHMA) presented as a starting point for defining the baseline on which to derive the redistribution of unmet need.

- Based on the latest evidence available, the minimum housing need starting point figure for the L&LHMA set out in the HENA report is 5,713 dpa over the period 2020-2036.
- However, RPS objects to the approach taken in the HENA which disregards the potential for uplifts to the standard method housing need baseline to reflect other relevant factors, notably consideration of employment growth strategies being progressed across the L&L area.

## **Accounting for employment growth in the assessment of housing need**

- National policy makes clear that significant weight should be afforded to supporting economic growth (NPPF 2021, paragraph 81), and that strategic policies should be informed by local housing need assessments which reflect current and future demographic trends and market signals (paragraph 60). Planning practice guidance (para 2a-010) also provides advice on how plans can respond to wider economic growth strategies in the assessment of housing need.
- Local evidence set out in the HENA (Table 8.5) points to there being an insufficient number of homes under the standard method to support predicted employment growth across parts of the L&LHMA (notably North West Leicestershire, but also elsewhere). However, the HENA concludes that there is no evidence to support an upward adjustment to overall housing need on economic grounds (stated at paragraph 8.22 of the HENA report).
- The reasonable and proportionate approach would be to apply an uplift to the standard method minimum housing need of 5,713dpa. This is shown in Table 2.2 of this report. The adjusted housing need baseline for the L&LHMA is instead 6,071 dpa.
- Therefore, RPS refutes the exclusion of any uplift to the minimum housing need for employment growth as set out in the HENA, which is not justified in light of the evidence and is also contrary to national policy and guidance.

## **APPROACH TO REDISTRIBUTING UNMET NEED**

The approach to redistribution of unmet need from Leicester is set out in the Housing Distribution Paper, Update June 2022 (HDP) [Exam 45]. The HDP outlines the stages followed in the redistribution process. RPS has reviewed these and raises a number of concerns with the approach.

### **Stage 1: Initial Redistribution based on functional relationships**

- Table 4.5 of the HDP summarises the initial redistribution based on 'functional relationship to Leicester'. The approach uses a 'blended average' across essentially two variables; gross migration flows and gross commuting flows between the LLHMA authorities and Leicester City. RPS broadly acknowledges this element of the approach. RPS notes the contribution assigned to Hinckley & Bosworth based on this factor is 9%, or 102 dpa, of the total unmet need. However, RPS would argue that this should only be the starting point and that other aspects of the functional relationship are relevant to this exercise.

- In this context, it is also important to consider the relative contribution, and thus significance, of each constituent LPA (excluding Leicester) in terms of the overall pattern of migration and commuting seen in recent years across the LLHMA as a whole, and not simply the relationship to Leicester. This can give an indication of the relative strength of each local authority area within the wider market area. Looking solely at Leicester could also mask or underestimate the wider role played by particular local authority areas.
- RPS has therefore carried out an analysis of migration and commuting patterns between area within the L&LHMA (excluding Leicester, which has already been assessed in the HDP). The findings from this analysis are set out in Table 3.3 of this report. This shows that the contribution for certain areas should be adjusted for example, in Hinckley & Bosworth, the proportion should be increased to 12.5%.
- Table 3.4 of the report illustrates how the adjusted relationship factors impact on the initial redistribution scores. For example, the contribution in Hinckley & Bosworth shows a moderate increase from 102 to 146 dpa. RPS considers this to be a reasonable adjustment and reflective of the wider consideration of migration and commuting patterns across the L&LHMA as a whole.

## **Stage 2: Aligning Homes and Jobs**

- In line with the stated approach on accounting for employment growth in the HDP (paragraph 5.3) the L&L authorities do not support an adjustment to the objectively assessed need (as an uplift to the standard method minimum figures) to address employment growth as part of housing need, but instead proposes to address this through redistribution of unmet need from Leicester. This results in 185 dpa being transferred from Leicester to NWL and Melton.
- RPS disputes this approach. RPS considers it more appropriate to take into account employment growth in the assessment of housing need **prior to** considering the redistribution of unmet need, as this will ensure that employment growth is addressed at source for a particular area is first established, rather than based on transferring need from elsewhere to address the additional need in those areas after the initial redistribution, as proposed in the HDP. This would align more closely with national policy and guidance on addressing economic growth as part of strategic policies.
- In light of this, the adjustment for economic growth in NWL and Melton (as shown in Table 6.9 of the HDP), totalling 185 dpa, is not justified and should be discounted from the redistribution calculations.

## **Stage 3: Plan Targets, Land Supply, and Deliverability**

### **Plan Targets**

- A specific redistribution of 37 dpa has been assigned to Melton, in order that the total housing figure for Melton aligns with the housing requirement it is already planning to deliver. For all other authority areas, this is not an issue. RPS disputes the inclusion of this redistribution factor given that the adjusted need figure for Melton (330 dpa) now exceeds current plan requirements (300 dpa) and so an upward adjustment to Melton's redistribution figure is not necessary.

- Accordingly, the adjustment of 37 dpa based on the current plan targets in Melton is not justified and should be discounted from the redistribution calculation.

### **Land Supply**

- This factor considers whether there are any areas impacted on by land constraints to the extent they are unable to take their redistributed need in full. This factor impacts on Oadby & Wigston (O&W) only. The HDP proposes that O&W cannot accommodate 208 dpa of its full apportionment (448 dpa) which will need to be met elsewhere within the L&LHMA.
- However, as part of the adjustments made to the redistribution to OW based on functional relationships, RPS has revised down the re-allocation back to Leicester from 208 to 141 dpa. This is explained in Table 3.5 of this report. The adjusted redistribution of 141 dpa that cannot be accommodated by O&W will need to be redistributed elsewhere in the LLHMA.

### **Deliverability**

- The HDP (at paragraph 6.19) proposes a ‘cap’ on housing stock growth (1.4%) over the plan period. In RPS view, there is no evidence to suggest that diverting unmet need (deferred homes) from one area to another is likely to lead to problems with, for example, market absorption or lead to unsustainable patterns of development, provided that growth is suitably planned for through the development plan process. Similarly, the scale of the unmet need is unprecedented in the LLHMA, therefore relying on past rates or ‘caps’ on stock growth should not, in RPS’ view, form the primary consideration in settling on a final redistribution across the L&LHMA, as envisaged in the HDP.
- That said, RPS would in principle support a redistribution of the unmet need to reflect a more ‘equitable’ share in the redistribution across the L&LHMA.
- In this regard, RPS agrees in principle with the L&L authorities (as stated at paragraph 6.21 of the HDP) to apply an adjustment in order to avoid spatial over-concentration of the unmet need. On this basis, RPS proposes an alternative redistribution to cater for the unaccounted need back from O&W. This increases the redistribution in certain areas, including Hinckley & Bosworth, as set out in Table 3.8 of this report.
- In addition, the HDP proposes a further apportionment of 32 dpa to Blaby for ‘net in-commuting’. RPS disputes this on the grounds it is not justified or necessary, as commuting has already been accounted for at earlier stages of the redistribution. On this basis, the 32 dpa adjustment should be discounted from the calculation.

## **Overall Summary of adjustments**

- Table 4.1 of this report summarises the overall effects on the redistribution of unmet need across the L&LHMA informed by the analysis carried out by RPS, and provides an update to Table 6.9 of the HDP.

- RPS considers the re-adjusted redistribution of the unmet from Leicester provides a more appropriate basis for redistributing unmet need than that put forward by the L&L authorities, because; it aligns with national policy and guidance on accounting for economic growth strategies, which the HDP does not; it provides a greater level of clarity, transparency, and thus simplicity, in overall terms and in particular with respect to the internal redistribution based on reductions applied in Oadby & Wigston (O&W), which the HDP does not; it results in a straightforward redistribution that also achieves a fair and equitable redistribution of need across the LLHMA as a whole in terms of stock growth rates (ranging from 1.3 to 1.6%), compared to the proposed approach set out in the HDP (at 0.9% to 1.6%).

In addition, RPS contends there are no clear factors relating to market absorption that would support the view that certain areas', for example Hinckley & Bosworth, would not be able to deliver enhanced levels of growth if suitably planned for through their respective Local Plan review processes. RPS therefore agrees with the synopsis in the HDP that Hinckley & Bosworth is capable of delivering higher levels of growth than currently being achieved, but suggests that the contribution towards delivery of the unmet need on the grounds of deliverability applied in H&B could be increased, which RPS suggests should be at least 94 dpa, not 85 dpa as put forward in the HDP.

## 1 INTRODUCTION

- 1.1 This report has been prepared on behalf of IM Land ('IML') who, with their related companies have both commercial and residential land interests in Leicestershire county. The purpose of the report is to provide a critique of the Leicester and Leicestershire ('L&L') authorities evidence on housing need [Exam 44a] and distribution of unmet need [Exam 45] that has informed the preparation of the Statement of Common Ground relating to housing and employment need [Exam 47a].
- 1.2 In this context, this report has been prepared to support the submission of responses to the matters, questions and issues ('MIQs') issued by the Planning Inspectorate regarding the unmet need issue in Leicestershire, which will inform the examination hearing session scheduled for October 2022. It is therefore appended to those responses and referred to in the answers to questions, where appropriate.
- 1.3 It is therefore respectfully requested that the Inspectors presiding over the examination of the Charnwood Local Plan ('CLP') give consideration to the analysis in this report as part of their deliberations and conclusions on this matter. It includes suggested changes to the Council's evidence base to inform suggested changes to the submitted local plan.

## 2 REVIEW OF HOUSING NEED EVIDENCE

- 2.1 This section provides a review of the latest evidence issued by the Leicester & Leicestershire authorities on the level of housing need across the Leicester and Leicestershire Housing Market Area (L&LHMA). The review focuses on the housing need assessment titled *Leicester & Leicestershire Housing & Economic Needs Assessment ('HENNA') Final Report April 2022, Updated June 2022*, prepared by Iceni Projects Ltd.
- 2.2 It is necessary to carry out a review of the HENA at the outset because the scale of housing need across the L&LHMA as a whole, and at the local authority level, has a critical bearing on the ability of individual authorities to address their own need, but also influences how far individual authorities can assist in accommodating the needs of neighbouring areas. Consequently, if the approach taken by the L&L authorities to assessing need is not correct then this will have implications for the approach taken to redistributing unmet need based on that assessment.

### Assessing Minimum Housing Need

- 2.3 The overall housing needs for the L&LHMA is set out in chapter 8 of the HENA.
- 2.4 The HENA provides a summary of the four steps that need to be followed in order to produce a housing need figure for the L&L area and the constituent authorities. These reflect the methodology for calculating minimum local housing need based on planning practice guidance ('PPG')<sup>1</sup>. A summary of the calculation is set out in Table 8.1 of the HENA (shown below).

**Table 2-1 Standard Method Calculations – Minimum Local Housing Need (T8.1, HENA 2022)**

	Leic-ester	Blaby	Charn-wood	Har-borough	H & B	Melton	NWL	O & W	L & L
Change in households (pa)	1,492	272	903	377	371	152	298	136	4,000
Affordability ratio (2020/1)	22%	25%	23%	42%	27%	52%	25%	38%	-
Initial need (per annum)	1,825	341	1,111	534	472	231	372	188	5,074
Capped	NA	NA	NA	NA	NA	NA	NA	NA	-
Urban uplift	35%	0%	0%	0%	0%	0%	0%	0%	-
Total need (per annum)	2,464	341	1,111	534	472	231	372	188	5,713

Source: Derived from ONS data

- 2.5 RPS notes the calculations in the HENA, including the figure for Hinckley & Bosworth (472 dpa) and does not seek to dispute the overall need figure of 5,713 dpa (dwellings per annum) at this time. Under these circumstances, **it is critical that the L&L authorities work together and take a**

<sup>1</sup> <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments#housing-need>

**positive and pro-active approach to dealing with the scale of need now facing the county over the coming years as part of this round of plan making.**

- 2.6 However, while RPS does not wish to challenge the arithmetic used in determining the minimum need figures shown above, RPS does object to the approach taken in the HENA re. the application of the Standard Method rather to considering potential adjustments to reflect other relevant factors, notably consideration of employment growth strategies being progressed across the L&L area. This is dealt with below.

### **Consideration of Appropriate Adjustments to Need**

- 2.7 The HENA (at paragraph 8.6) rightly reflects on the advice set out in the PPG, which makes clear that the standard method does not predict the impact that future Government policies, changing economic circumstances or other factors may have. It states<sup>2</sup>:

***When might it be appropriate to plan for a higher housing need figure than the standard method indicates?***

*The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore, there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.*

*This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:*

- *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
- *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*
- *an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;* (RPS emphasis)

- 2.8 As highlighted above, the Government supports those authorities that wish to plan for growth and recognises that the standard method is based on trends, which do not reflect changing economic circumstances which might point to the actual housing need being higher than the standard method

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<sup>2</sup> Paragraph: 010 Reference ID: 2a-010-20201216 Revision date: 16 12 2020

might otherwise indicate. This could include growth strategies being progressed at the local (or sub-regional) level, which might reasonably include local economic strategies.

- 2.9 Similarly, any such account that is taken of changing local circumstances that might point to the need to adjust upwards the minimum housing figure using the standard method should be undertaken prior to, and separate from, any consideration of how that adjusted need should be translated into a housing requirement in the development plan.
- 2.10 As will become apparent, the issues raised in the PPG on adjustments to the minimum need, as highlighted above, are of clear relevance to the approach taken by the L&L authorities to determining an appropriate housing need for the L&LHMA, and thus has implications for redistributing unmet need within the L&LHMA.
- 2.11 To do this, RPS has reviewed the approach taken in the HENA to addressing employment growth and the local strategies being taken forward to improve economic performance across the L&L area.

## **Trends and projections in employment growth – growth scenarios**

### **Future Economic Performance**

- 2.12 As part of the process of assessing development needs across the L&LFEMA (Leicester & Leicestershire Functional Economic Market Area), chapter 6 of the HENA provides an analysis of potential economic change based on consideration of two employment projections; projections provided by Cambridge Econometrics ('CE') termed 'Baseline Scenario'; and an alternative projection produced by ICENI in association with CE (as referenced at para 6.23 of the HENA) based on collaboration between CE and the Leicester and Leicestershire Local Enterprise Partnership (LLEP) on the development of an Economic Growth Strategy 2021-2030<sup>3</sup>, produced to consider sector growth opportunities across the study area and termed 'Growth Scenario'.
- 2.13 RPS notes the importance conveyed within the HENA (at paragraph 6.3) on economic factors as they relate to the L&LFEMA and the assessment of development needs across the area. This is broadly welcomed as employment factors are now given only modest consideration in the assessment of need as part of local plan preparation, largely as a result of the move away from the methodology for assessing need applied under the previous practice guidance. Nonetheless, RPS wish to highlight that the approach taken in the HENA to assessing alternative employment forecasts is linked to only forecasting house (Cambridge Econometrics) despite other forecasts being available (notably, Experian and Oxford Econometrics), and utilised as part of earlier stages of evidence generation such as the 2017 HEDNA. Furthermore, RPS notes that reference is made in the HENA to jobs projections, as summarised for 2020-2036 in Table 6.3, there is no reference anywhere in the HENA (or the supporting appendices) to detailed forecasts that lie behind the summary tables and graphs provided. As such it remains difficult for RPS, or others seeking to shape

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<sup>3</sup> Leicester & Leicestershire Economic Growth Strategy 2021-2030, Leicester and Leicestershire Enterprise Partnership Limited November 2021

the process to fully understand whether the inputs to the process are justified and robust. RPS strongly recommends that the full set of forecasts, by sector and local authority area, is made available prior to the hearing session with sufficient time for all parties to digest the information. At present, the provenance of the forecasts are, in effect, a fait accompli until they have been properly scrutinised as part of this examination process.

- 2.14 The rest of chapter 6 assesses the employment implications, notably labour demand (jobs), of the two growth scenarios for the L&LFEMA. We summarise this briefly below.

#### **Baseline Growth Scenario**

- 2.15 Table 6.2 of the HENA points to a predicted growth under the Baseline Scenario of c.26,900 jobs over the relevant study period (2020-2036), equating to a 0.3% compound annual growth rate ('CAGR') across the area. The analysis indicates that growth rates are strongest in Leicester, North West Leicestershire, Harborough, and Blaby; and weakest in Oadby & Wigston.
- 2.16 As recognised in the HENA (at paragraph 6.12-6.13) the baseline projections prepared by CE are based on past trends, which assume past relationships between areas and sectors will continue into the future. They do not reflect other factors that could affect future employment change at the local level, including changing e commerce, local economic strategies and recently committed development. They also assume that sufficient labour (workers) will be available to meet the projected increase in jobs in a particular area, therefore if labour supply is constrained (due to insufficient number of new and affordable homes being provided for in the area) then growth performance may be slower than anticipated and there may be less sustainable outcomes in terms of more commuting.
- 2.17 A projected growth rate of 0.3% under the Baseline Growth Scenario is therefore reflective of past performance, but does not take into account the wider economic aspirations for the L&LFEMA as outlined above. Analysis carried out by RPS (based on the calculation of CAGR using ONS data on total jobs<sup>4</sup>) indicates that this level of growth across the L&LFEMA is more reflective of recent trends (2015-2020), which suggests a 0.31% jobs growth over that period across the L&L authorities. However, over the longer-term (2000-2020) the growth rate was 1.15%, significantly higher than the recent trend would suggest. RPS would therefore advise caution against given too much weight to short-term trends where they differ so markedly to more longer-term indicators of change due to known volatility of short-term projections.
- 2.18 On this basis, RPS is broadly supportive of the use of alternative employment projections to help inform the assessment of development needs across the area, subject to addressing the concerns highlighted in paragraph 2.13 of this report.

<sup>4</sup> Jobs Density (Total Jobs), NOMIS

**Growth Scenario<sup>5</sup>**

- 2.19 As explained at paragraphs 6.22-6.23 of the HENA, the alternative growth scenario is informed by the objectives of the recently adopted LLEP Economic Strategy 2021-2030, the CE projections and other factors. Notably, this scenario recognises the importance of the university sector in promoting innovation and growth in key sectors, as well as reflecting the drive towards increasing GVA and productivity across the area.
- 2.20 Table 6.3 of the HENA quantifies the projection for job growth based on the Growth Scenario. This points to a predicted growth of c.63,200 jobs over the study period (2020-2036), equating to a 0.7% compound annual growth rate (CAGR) across the area. This is below the national average growth rate of 1.15% seen since 2000 and so considered to be a reasonable rate of growth over the period. The analysis indicates that growth rates would be strongest in Leicester, North West Leicestershire, and Blaby; and weakest in Oadby & Wigston. A growth rate of 0.7% is clearly more reflective of the economic ambitions for the area and is also closer to (albeit lower) than the longer-term past trends in jobs growth would indicate.
- 2.21 **RPS therefore agrees with the approach taken in the HENA to assess the housing implications of the Growth Scenario across the L&L authorities, provided the Growth Scenario is shown to be soundly-based.** RPS considers this analysis below.

**Overall Housing Need and Economic Growth**

- 2.22 Paragraphs 8.21-8.35 of the HENA consider the implications of the two employment growth scenarios for housing need across the L&LHMA. The HENA finds that, based on its own analysis (as recognised at paragraph 8.33), "...*upward adjustments to 'housing provision (relative to the standard method starting point)' should be considered in Blaby, Melton and North West Leicestershire...*". However, the HENA concludes here that this can and should be achieved through a redistribution of housing from Leicester, which is considered specifically in the Housing Distribution Paper (HDP), finding no evidence to support an upward adjustment to overall housing need on economic grounds (a point also asserted at paragraph 8.22 of the HENA). RPS disputes this position, as explained below.

**Inter-relationship with economic growth**

- 2.23 Under the section 'Homes-Jobs Alignment to 2036', Table 8.2 of the HENA provides an analysis of the number of jobs expected under the Baseline Growth Scenario for each authority area based on the total predicted growth of 26,900 jobs across the L&LFEMA. Table 8.3 then provides an analysis which quantifies the number of jobs which would be supported by the standard method figures for each area.

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<sup>5</sup> ONS (2022). Total Jobs; Leicester & Leicestershire between 2000 and 2020

- 2.24 When comparing the two outputs, the HENA highlights (at paragraph 8.27) evidence indicating that in one authority only, North West Leicestershire ('NWL'), more homes will be required to support the local economy under this scenario. Paragraph 8.28 of the HENA highlights that, under the Baseline Growth scenario, between 391-418 homes per year would be required in the District (which are drawn from Table 5.1 of the HDP). This compares to a minimum of 372 dpa under the standard method for NWL. A clear shortfall in provision of housing is therefore evident in NWL even under the very modest jobs growth rate of 0.3% which, as RPS has shown above, does not reflect the stronger long-term trends in jobs growth seen since 2000 and should not be relied upon as an indicator of future economic growth across the wider area.
- 2.25 The HENA goes on to consider the implications of the higher Alternative Growth Scenario for housing need across the wider area, in the sub-section 'Aspirational Economic Growth Scenario' (also referred to simply as 'Growth Scenario' elsewhere in the HENA).. Paragraph 8.29 of the HENA states the Growth Scenario '*aligns with the emerging Leicester & Leicestershire Economic Growth Strategy 2021-2030*'. Table 8.5 of the HENA provides the analysis broken down by L&L authority area. This shows that not only NWL, but Blaby and Melton should also consider an upward adjustment because housing need based on the standard method would be insufficient to support predicted employment growth in those areas. Notably, the analysis in the HENA indicates that the housing needed to support employment growth in NWL ranges between 535 and 589 dpa (up to 2041), whilst the HDP (at Table 5.1) indicates an even higher need between 552 and 606 dpa over the period 2020-2036.
- 2.26 National policy makes clear that significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development (NPPF 2021, paragraph 81). Suffice to say, RPS does not agree with the proposed approach to address these shortfalls by simply redistributing unmet need from Leicester, based on the following.
- Firstly, in preparing a 'jobs-led' projection of housing need, this involves (in simple terms) translating jobs into people, and then people into households, and then households into homes. Therefore, the economic-led housing need figures set out in Table 8.5 of the HENA, and Table 5.1 of the HDP, already accounts for the additional people required to fill those jobs (through increasing migration assumptions or from higher rates of in-commuting) and so to import homes (people) from elsewhere into these areas, through redistribution, would effectively result in double-counting the need for new households to move into the area, and is therefore unnecessary.
  - Secondly, redistributing need from outside these areas is simply transferring need, rather than addressing the additional need at source.
  - And thirdly, there is no evidence provided to demonstrate that the additional need cannot be met within the existing land supply available within those areas, or that any specific policies exist that would suggest the need should not, or cannot, be met local to where the need originates.

- Fourthly, to simply assume homes needed for Leicester City residents could be met by building homes in areas which need more homes to meet their own job projections is to conflate two separate issues which each need their own solution

2.27 Consequently, the results of the analysis provided in this section points to an additional adjustment stage that should be applied after the minimum local housing need has been calculated for each L&L authority area, and prior to any consideration of redistribution. RPS summarises the effects of the changes as they relate to each area below.

**Table 2-2 Standard Method Need for L&L authorities and RPS adjustments**

dpa	Leicester	Blaby*	Charnwood	Harborough*	H & B	Melton*	NWL*	O & W	L & L
Standard Method LHN - HENA 2022, Table 3.1	2,464	341	1,111	534	472	231	372	188	5,713
RPS Stage 1- Employment Growth Adjustment*	2,464	440	1,111	554	472	290	552	188	6,071

\* Economic-led Need figures taken from Housing Distribution Paper June 2022, Table 5.1, (using 'Census Commuting'-based projection) [Exam 45, page 14, column 5]

- 2.28 The implications of the analysis is that the adjusted standard method figure is slightly higher than the minimum figures presented by the L&L authorities. This doesn't impact on the unmet need from Leicester, which remains 1,169 dpa. It may, however, affect individual areas' ability to accommodate the proportion of need they currently assume to be taking as defined in the Statement of Common Ground.
- 2.29 The implications of the analysis set out in this section of this report, and consideration of other factors relevant to the redistribution of unmet need from Leicester, are discussed in more detail in the next section of this report.

### 3 REVIEW OF APPROACH TO REDISTRIBUTING NEED

- 3.1 This section of the report considers the three factors used in determining the redistribution of unmet need from Leicester, as well as responding to the suggested scale of unmet need which has been informed by current land supply estimates for the City. The analysis set out here is therefore in response to the HENA Housing Distribution Paper ('HDP') June 2022.

#### Stage 1: Distribution based on functional relationships

- 3.2 Table 4.5 of the HDP summarises the initial redistribution based on 'functional relationship to Leicester'. The approach uses a 'blended average' across essentially two variables; gross migration flows and gross commuting flows between the L&LHMA authorities and Leicester City.
- 3.3 Nonetheless, whilst these are relevant factors in assessing the strength of the functional relationship between Leicester and the other authorities in the L&LHMA, it is also important to understand the wider dynamics of migration across and between individual areas within the HMA. This is on the reasonable assumption that people may move multiple times for different reasons within the HMA over the years, rather than simply moving (from Leicester) to the recipient area and only living in that area without moving again.
- 3.4 Therefore, it is important to consider the relative contribution, and thus significance, of each constituent LPA (excluding Leicester) in terms of the overall pattern of migration and commuting seen in recent years across the L&LHMA, and not simply the relationship to Leicester. This can give an indication of the relative strength of each area within the wider market area. This will provide a fuller analysis of the relevant factors that should inform the initial redistribution to each local area.
- 3.5 In addition, it is worth pointing to also that there has been significant growth in employment in parts of the wider area, notably Hinckley & Bosworth, since the 2011 Census which is also likely to have an impact on migration and commuting patterns and job creation in the Borough, and so would not have been captured at the time. This includes employment development at Burbage (the new DPD Hub) which has contributed to 30,707 m<sup>2</sup> of floorspace<sup>6</sup>, which Hinckley & Bosworth Council describes as 'excessive' (see H&B ELA 2020/21 paragraph 3.6) but nonetheless has significantly increased employment opportunities available in the Borough. This is alongside other significant Class B employment development in Hinckley, notably at MIRA Technology Park, which has seen 5.157 m<sup>2</sup> completed since 2011, out of a total of 132,716 m<sup>2</sup> Class B employment floorspace to be built out the site (H&B ELA 2020/21 paragraph 3.12-3.14). These are likely to point to a stronger relationship in terms of commuting and migration between Hinckley & Bosworth and the wider HMA/FEMA, which is consistent with analysis set out below.

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<sup>6</sup> Hinckley & Bosworth Employment Land Availability Monitoring Statement 2020 – 2021, Table 2

## Gross Migration Flows analysis

- 3.6 This report therefore provides additional analysis covering the following related factors; Gross migration and commuting patterns between the L&LHMA authorities covering the three-year period 2017/18-2019/2020; this time period is consistent with the HENA timeframes. This excludes moves to and from Leicester as these have already been assessed in the HDP.

**Table 3-1 Gross Internal Migration Flows – L&LHMA – 2017/18 - 2019/2020**

	Bla	Cha	Har	H&B	Mel	NWL	OW	Total moves
Total Moves To and from 2018	5,889	3,642	2,559	3,199	799	2,315	1,839	<b>20242</b>
Total Moves To and from 2019	4,359	4,252	2,535	3,690	956	2,694	2,096	<b>20582</b>
Total Moves To and from 2020	3,643	3,435	2,260	2,978	732	2,270	1,760	<b>17078</b>
<b>Total Migration Flows 2017-2020</b>	<b>13,891</b>	<b>11,329</b>	<b>7,354</b>	<b>9,867</b>	<b>2,487</b>	<b>7,279</b>	<b>5,695</b>	<b>57902</b>
<b>% Gross Flows 2017-2020</b>	<b>24.0%</b>	<b>19.6%</b>	<b>12.7%</b>	<b>17.0%</b>	<b>4.3%</b>	<b>12.6%</b>	<b>9.8%</b>	<b>100.0%</b>

Source: ONS Migration data

- 3.7 The analysis has utilised similar data to that used in the HDP; ONS migration data (origins and destination) for the three years.
- 3.8 What this shows is that the migration dynamic for a number of authority areas, notably Hinckley & Bosworth, is much more pronounced (17% of moves were to and from the Borough) across the L&LHMA as a whole when compared to the gross moves to and from Leicester (in this case, 8%). This demonstrates the relative strength of certain authorities is masked when simply focusing on the relationship with the City. RPS therefore considers it appropriate to include the findings of this analysis as an additional factors as part of the ‘blended average’ approach applied in the HDP.

## Gross Commuting across the L&LHMA

- 3.9 RPS has also analysed commuting patterns based on census data, albeit the latest information dates from 2011. RPS has looked at this information to ensure consistency in approach with the HDP. This also excludes journeys to and from Leicester as these have already been assessed in the HDP
- 3.10 Table 3.2 provides a summary of the analysis for each LL authority area. This shows again that certain areas show a more pronounced commuting pattern that is masked when looking solely at the relationship with Leicester, including Hinckley & Bosworth, as well as other areas.

**Table 3-2 Gross Commuting Flows – L&LHMA – 2011**

	Blaby	Charnwood	Harborough	Hinckley and Bosworth	Melton	North Leicestershire	West Oadby and Wigston	Total
In commuting to LA	14,641	9,287	6,983	6,339	1,831	6,709	5,271	
% In commuting to LA	28.7%	18.2%	13.7%	12.4%	3.6%	13.1%	10.3%	
Out commuting from LA	9,173	10,489	6,523	9,944	2,807	7,093	5,032	
% Out commuting Flows from LA	18.0%	20.5%	12.8%	19.5%	5.5%	13.9%	9.9%	
Total Commuting Flows	23,814	19,776	13,506	16,283	4,638	13,802	10,303	102,122
% Gross Flows	23.3%	19.4%	13.2%	15.9%	4.5%	13.5%	10.1%	

Source: WU03UK - Location of usual residence and place of work by method of travel to work ONS Crown Copyright Reserved [from Nomis on 17 August 2022]

- 3.11 On this basis, RPS considers it appropriate to include the findings from this analysis as another relevant factor in determining the redistribution based on functional relationships across the L&LHMA.

### Updated ‘blended average’ based on Functional Relationships

- 3.12 Set out below (Table 3.3) is an update to the ‘blended average’ based on the functional relationship to Leicester and the two additional factors relating to area-wide migration and commuting patterns analysis.

**Table 3-3 Updated ‘blended average’ scores based on functional relationship**

%	Blaby	Charnwood	Harborough	H & B	Melton	NWL	O & W	Source:
Gross migration flows - Leicester	24%	25%	9%	8%	2%	4%	27%	T4.1, HDP
Gross commuting Leicester	29% -	24%	12%	9%	3%	5%	18%	T4.4, HDP
Gross migration flows - L&LHMA	24.0%	19.6%	12.7%	17.0%	4.3%	12.6%	9.8%	T3.1, RPS
Gross migration flows - L&LHMA	23.3%	19.4%	13.2%	15.9%	4.5%	13.5%	10.1%	T3.2, RPS
Revised Blended Average	25.1%	22.0%	11.7%	12.5%	3.5%	8.8%	16.2%	

<i>Blended Average</i>	27%	25%	12%	9%	2%	4%	22%
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- 3.13 The table above shows that the averages change across most authority areas (with the exception of Harborough) but which results in a more even distribution in overall terms. These updated averages can then be applied to provide a revised initial distribution of unmet need (Table 3.4), as shown below. The figure of 1,295 dpa for equates to 20,721 dwellings and reflects the total theoretical capacity in Leicester over the period (2020-2036) (Exam 43, Appendix B).

**Table 3-4 Revised Initial Redistribution based on Functional Relationships**

dpa	Standard Method LHN (adjusted)	Scale of Unmet Need	Functional Relationship factor	Initial Redistribution	Resultant Housing Need/Requirement
<b>Leicester</b>	2,464	1,169			<b>1,295</b>
<b>Blaby</b>	440		25.10%	293	733
<b>Charnwood</b>	1,111		22.00%	257	1,368
<b>Harborough</b>	554		11.70%	137	691
<b>H &amp; B</b>	472		12.50%	146	618
<b>Melton</b>	290		3.50%	40	330
<b>NWL</b>	552		8.80%	103	655
<b>O &amp; W</b>	188		16.50%	193	381
<b>L &amp; L</b>	6,071		100.00%	1,169	6,071

- 3.14 RPS now considers the second redistribution factor; aligning homes and jobs, in the next section of this report.

## Stage 2: Aligning homes and jobs

- 3.15 Chapter 5 of the HDP compare the standard method figures for different areas to the scenarios for potential employment growth and the associated economic-led housing need identified in the HENA report. Table 5.1 of the HDP provides a summary of the economic-led need for each L&L authority area, and highlights the issues facing North West Leicestershire, Melton, Blaby and (to a lesser extent) Harborough whose housing provision will be insufficient in supporting the predicted number of jobs using the standard method minimum housing figure (as shown in Table 4.5 of the HDP). This is recognised in the HDP (at paragraph 5.3) which states that an adjustment to housing provision in NWL and Melton is justified on employment grounds to support economic growth.
- 3.16 As explained in section 2 of this report, RPS considers it appropriate to take into account employment growth in the assessment of housing need for individual LPAs prior to considering the redistribution of unmet need from Leicester. This will ensure that employment growth for a particular area is addressed through the reviews of those relevant Local Plans. This is in preference to transferring need from elsewhere to address the additional need in those areas after the initial redistribution as proposed in the HDP, which conflates two separate matters.
- 3.17 Consequently, if employment growth is addressed as an uplift to the standard method minimum housing need, as set out in Table 2.2 of this report, then there is no need to apply any adjustment to support employment growth as part the redistribution of need. If the premise set out here is accepted, then **the adjustment for economic growth in NWL and Melton (as shown in Table**

**6.9 of the HDP), totalling 185 dpa, is not justified and should be discounted from the redistribution calculations.**

3.18 RPS now considers the final redistribution factor; deliverability and land supply.

### **Stage 3: Plan Targets, Land Supply, and Deliverability**

3.19 Chapter 6 of the HDP is broken down into three sub-sections dealing with matters relating to deliverability. These are:

- Current plan targets;
- Potential Land supply; and
- Adjustments to support deliverability.

3.20 Reference is also made here to 'localised market capacity to absorb growth' though this does not appear under a separate sub-section in the HDP.

3.21 RPS addresses each of these in turn.

#### **Current Plan Targets**

3.22 The HDP has sought to overlay adopted plan targets for the L&L authorities and the resultant residual housing requirements (as at April 2020).

3.23 The commentary in the HDP has not resulted in any adjustment to the initial distribution figures for each LPA, with the exception of Melton. In this case, the HDP (paragraph 6.3) argues that an upward adjustment is needed to reflect the recent adoption of the Melton Local Plan, which agreed an uplift to the plan target which created 'headroom to contribute to meeting unmet need from Leicester'. The HDP therefore proposes a 40 dpa increase on top of the initial redistribution figure of 260 dpa as stated in the HDP in order to align with the residual housing requirement of 300 dpa (3 dpa of which is assigned to support employment growth, and 37 dpa assigned to the plan target). This increases the redistribution figure for Melton to 300 dpa.

3.24 Whilst the general logic behind the adjustment is acknowledged, the basis for the adjustment is disputed. In simple terms, it is being assumed that the resultant housing need (260dpa) will not deliver the residual housing requirement, and therefore an uplifted needed. However, based on the analysis in this report (summarised in Table 3.4) RPS contends the housing need figure based on the standard method, and including redistribution based on functional relationships, for Melton is 330 dpa, and not 260 dpa as proposed (as stated in Table 4.5 of the HDP). This increases the housing provision figure for Melton from 300 to 330 dpa. This means that the adjusted figure exceeds the residual housing requirement and so, because of this, an upward adjustment to Melton's redistribution figure is not necessary.

3.25 The approach advocated here post-dates the housing requirement in the Melton Local Plan, which was adopted less than five years ago (October 2018) and was predicated on the previous PPG methodology for calculating objectively assessed housing need and was examined under earlier

national policy in place during 2018. Nonetheless, the approach here seeks to move away from the adopted Local Plan because the housing figure relied upon in the HDP for Melton (300dpa) would not provide for the minimum objectively assessed need for housing of the area, as well as any unmet needs from neighbouring areas (330dpa). This is contrary to national policy (paragraph 11b and footnote 6), which advises that plans should meet such needs unless specific policies in the NPPF indicate otherwise. No such evidence has been presented that would restrict Melton in providing for 330dpa up to 2036. Furthermore, the LPA can take decisions that depart from an up-to-date development plan, but only if material considerations in a particular case indicate that the plan should not be followed (paragraph 12). This is clearly a case where material considerations exist to justify such a departure. In doing so, a Local Plan for Melton based on 330dpa would make sufficient provision for housing (including affordable housing) in accordance with national policy (paragraph 20a).

- 3.26 On this basis, **the adjustment of 37 dpa based on the current plan targets in Melton is not justified and should be discounted from the redistribution calculation.**

### **Land Supply – Constrained Authorities**

- 3.27 The HDP then considers the likely quantum of land supply that could come forward to meet the standard method local housing need, and the resultant housing need based on redistribution, for each L&L authority area.

#### **Supply assumptions for Leicester City**

- 3.28 In terms of Leicester's unmet need, a key component is the predicted land supply and capacity in the City. Table 3.2 of the HDP highlights the current land supply in the City is 20,721 dwellings. This assumes that 8,456 dwellings will be delivered, in full, from emerging allocations in the draft Local Plan, the latest iteration (Regulation 18 stage) was consulted on during December 2020. However, it is unclear what evidence has been presented to demonstrate that all this component supply will come forward without any allowance for non-implementation or delays in delivering sites these as anticipated. This problem is alluded to at paragraph 3.8 of the HDP with reference to 'slippage / non-delivery' and the need for 'supply contingency'. Consequently, **the figure of 20,721 (and thus the unmet need figure of 18,700) cannot be confirmed until it is shown that all the supply component relied upon is deliverable over the period to 2036. This would need to be established as part of the emerging Local Plan review process in Leicester.**

#### **Constraints in other areas**

- 3.29 Table 6.5 of the HDP provides a comparison of 'potential supply' and 'emerging housing need' based on the final redistribution figures. This shows that only Oadby & Wigston (O&W) will be unable to meet the redistribution figures apportioned to it (448 dpa), with a shortfall of 1,708 dwellings over the period 2020-2036. Based on the adjusted housing need identified by RPS (381 dpa) the shortfall stills exists, albeit the shortfall is reduced to 634 dwellings.

- 3.30 The HDP (paragraph 6.12) asserts that O&W will only be able to support a housing target of 240 dpa when it comes to review its adopted Local Plan. If the standard method minimum figure for O&W is 188 dpa, the maximum contribution O&W can make towards the unmet need is 52 dpa. When compared to the unmet need of 260 dpa originally assigned to O&W, this results in redistribution back to Leicester of 208 dpa (as shown in Table 6.9 of the HDP).
- 3.31 However, RPS calculates the redistribution to O&W as being 193 dpa, not 260 dpa, a decrease of 67 dpa, resulting in a final housing need of 381 dpa. Using the approach above, this reduces the figure assigned back to Leicester to 141 dwellings (208 minus 67). The adjusted calculation is shown in summary below.

**Table 3-5 Adjusted need ‘back to Leicester’ from Oadby & Wigston**

O&W	HDP	RPS
LHN	188	188
Adjustment for Functional relationship	260	193
Initial distribution figure	448	381
Predicted Plan target	240	240
<b>Adjustment for Plan targets and land supply – back to Leicester</b>	<b>-208</b>	<b>-141</b>
Final contribution	52	52

- 3.32 The adjusted redistribution of 141 dpa that cannot be accommodated by O&W will need to be redistributed elsewhere in the L&LHMA. RPS has accounted for this in the final updated redistribution calculation set out in section 4 of this report.

### Summary of adjustments up to this point

- 3.33 It is helpful to pause at this point in order to bring together the range of adjustments proposed by RPS based on the preceding analysis. These cover the adjustments made to the standard method, changes to the initial redistribution based on functional relationships, employment growth, current plan targets and potential land supply. This is set out in the table below (Table 3.6)

**Table 3-6 Summary of adjustments to redistribution across L&LHMA (pre-deliverability stage)**

dpa	Leicester	Blaby	Charnwood	Harborough	H & B	Melton	NWL	O & W	L & L
Standard Method LHN	2,464	440	1,111	554	472	290	552	188	6,071
Amount to be redistributed from Leicester	1,169								

dpa	Leicester	Blaby	Charnwood	Harborough	H & B	Melton	NWL	O & W	L & L
Redistribution based on functional relationships		25.1%	22.0%	11.7%	12.5%	3.5%	8.8%	16.5%	
Additional dpa (of 1,169)	293	257	137	146	40	103	193	1,169	
Distribution based on Functional Relationship	1,295	733	1,368	691	618	330	655	381	6,071
Adjustments to support Future Economic Growth					0	0		0	
Adjustments based on Current Plan Provision and Land Supply					0		-141	-141	
Residual Distribution with Adjustments	1,295	733	1,368	691	618	330	655	240	5,931
Need to be re-assigned								141	141

### Approach to Support Deliverability

- 3.34 Paragraph 6.14 of the HDP describes the purpose of this stage in the basis for redistribution of unmet need from Leicester, which relates to the application of cross-checks on the market capacity to deliver the scale of growth envisaged by the initial and final redistribution for each L&L authority area. The HDP uses implied stock growth rates (using annual average rates) over the period to 2036 as the key indicator for market capacity across the LL&HMA.
- 3.35 In terms of deliverability, when looking at the L&L authorities preferred redistribution it is useful to understand the quantum of growth each authority is being asked to accommodate beyond their own indigenous need, as a measure of what can be considered sustainable in those areas.

**Table 3-7 Proportionate increase in growth compared to standard method – L&L authorities**

	Leicester	Blaby	Charnwood	Harborough	H & B	Melton	NWL	O&W	L&L
Standard Method LHN	2464	341	1111	534	472	231	372	188	5713
Proposed Redistributed Housing (dpa 2020-36)	1295	687	1189	657	659	300	686	240	5713
Increase from Leicester	-1169	346	78	123	187	69	314	52	1169
% Increase beyond LHN		101%	7%	23%	40%	30%	84%	28%	

- 3.36 This shows that certain areas, notably Blaby and NWL, will be required to deliver up to twice as much growth compared to the minimum need, with other areas showing much lower growth beyond their own needs. This is clearly a consideration in determining what is a sustainable redistribution across the L&LHMA.
- 3.37 Whilst RPS does not object to the use of implied stock growth rates in the assessment, care should be taken in how they are applied and the weight given to them. This is because it is reasonable to

assume, for example, that past growth rates will have been influenced to a great extent by the prevailing market conditions affecting housing supply at the time (notably the economic recession of 2008), but also the policy framework covering that period. Nonetheless, both the market and policy context at play in the past may not be an indicator of change in stock levels in the future, particularly where specific objectives would see stock increase for different reasons in specific locations i.e. to meet unmet needs from outside those areas. But, equally, the stock growth rate that is implied should be deliverable. This is recognised in paragraph 6.16 of the HDP.

- 3.38 Table 6.6 of the HDP summarises the stock growth implied by the redistribution adjusted for employment growth, plan targets and land supply, using the base stock figures at 2016 taken from Government statistics<sup>7</sup> projected forward over the plan period to 2036. The changes in stock when applying the redistributed housing figures annually ranges between 0.9% (Leicester) and 1.6% (Charnwood), with authorities such as Hinckley & Bosworth sitting in the lower range (1.0%). RPS assumes that part of the reason for the relatively lower growth rate implied in Hinckley is due in part to the delays in bringing forward the two SUEs at Barwell and Earl Shilton, which is reflected in the actual stock growth seen in Hinckley since 2001 (1%) and 2013 (1%) shown in Table 6.8 of the HDP. However, these two SUEs are showing signs of making progress after years of inactivity. RPS therefore does not place great weight on this lower past actual rates as being material to the consideration of future implied growth rates for the Borough. To the contrary, RPS considers that the relatively slower actual growth rate in recent years offers the potential for increasing delivery rates in Hinckley & Bosworth through the local plan review which is currently ongoing.
- 3.39 Set out below is a table (Table 3.7) showing the implied growth rates based on the adjusted standard method and redistribution (prior to deliverability) prepared by RPS. These are based on applying Compound Average Growth Rates (CAGRs) to a base stock figure taken for Government figures, consistent with the approach in the HDP. This is why they are described as 'implied'. RPS considers data on dwelling stock change (both actual and implied) is a relevant market signal and is thus a relevant and proportionate part of the evidence base. Consideration of such data, in principle, is therefore consistent with national policy (paragraph 31).

**Table 3-8 Implied Stock Growth Rates – RPS standard method and redistribution**

	Need	Total requirement	Stock Growth CAGR
Leicester	1,295	20,720	0.9%
Blaby	733	11,728	1.5%
Charnwood	1,368	21,888	1.6%

<sup>7</sup> Live Table 125

<b>Harborough</b>	<b>691</b>	<b>11,056</b>	<b>1.5%</b>
<b>H &amp; B</b>	<b>618</b>	<b>9,888</b>	<b>1.1%</b>
<b>Melton</b>	<b>330</b>	<b>5,280</b>	<b>1.3%</b>
<b>NWL</b>	<b>655</b>	<b>10,480</b>	<b>1.3%</b>
<b>O &amp; W</b>	<b>240</b>	<b>3,840</b>	<b>1.0%</b>

- 3.40 Overall, the implied rates above are broadly similar to the actual growth rates seen in other nearby areas since 2001, as shown in Table 6.7 of the HDP, are broadly reflective of past rates seen in Leicestershire as shown in Table 6.8, and are similar to the rates shown in Table 6.6 of the HDP. RPS therefore does not observe anything in the data that indicates the need to apply any limit in relation to future growth in dwelling stock rates across the L&LHMA based this analysis.
- 3.41 Nevertheless, the HDP (at paragraph 6.19) proposes a ‘cap’ on housing stock growth (1.4%) in order to “*...to avoid potential issues of overconcentrating development to a degree where issues of market absorption could potentially arise and limit the ability of local authorities to meet housing targets and/or result in unsustainable patterns of development...*” .
- 3.42 Whilst RPS has some sympathy with this approach, there is no evidence to suggest that diverting unmet need (deferred homes) from one area to another is likely to lead to problems with, for example, market absorption or lead to unsustainable patterns of development, provided that growth is suitably planned for through the development plan process. Similarly, the scale of the unmet need is unprecedented in the L&LHMA, therefore relying on past rates or ‘caps<sup>8</sup>’ on stock growth should not, in RPS’ view, form the primary consideration in settling on a final redistribution across the L&LHMA, as envisaged in the HDP.
- 3.43 That said, it is evident that the growth rates implied in the HDP, and by RPS, point to an uneven distribution (ranging from 0.9 to 1.6%), in particular for Hinckley & Bosworth, which has the lowest CAGR (1.0 or 1.1%) of any LPA with potential to accommodate any of the unmet need. **RPS would therefore, in principle, support a redistribution of the unmet need to reflect a more ‘sustainable’ share in the redistribution across the L&LHMA.**
- 3.44 The HDP has identified (at paragraph 6.21) a number of factors that might point to redistribution to support deliverability of the need, focusing on Blaby, Melton, NWL, and Hinckley & Bosworth. Based on this, the HDP proposes three additional adjustments; including, 32 dpa adjustment to Blaby (to ensure the 1.4% CAGR stock growth is not exceeded); 80 dpa adjustment to NWL; and 85 dpa adjustment to Hinckley & Bosworth (in order support sustainable economic growth in these areas, a

<sup>8</sup> As referred to in Paragraph 6.20 of the Housing Distribution Paper

balanced distribution of housing across the County, and avoid issues of spatial over-concentration whilst meeting (in the aggregate) the standard method local housing need across Leicester and Leicestershire).

- 3.45 RPS provides a response to these matters below.
- 3.46 As set out in paragraph 6.21 of the HDP, the deliverability adjustment applied to Blaby appears to relate back to labour demand resulting from net in-commuting of workers into the District. However, as argued elsewhere in this report, commuting levels have already been taken into account as part the economic-led need projection and so is more appropriately addressed in an adjustment to the standard method calculation, and there is no evidence to show that providing more homes would result in lower net in-commuting, meaning a second adjustment is not necessary or justified. On this basis, the 32 dpa adjustment should be discounted from the calculation.
- 3.47 The HDP does not consider it reasonable or justified to make any further adjustment to the re-allocation in Melton. RPS agrees with this position, given the redistribution to Melton already addresses employment growth.
- 3.48 For Hinckley & Bosworth and NWL, the factors identified are of relevance but, in relation to NWL, again economic growth has already been accounted for at an earlier stage in the redistribution exercise, as shown in this report. Conversely, there has been no equivalent adjustment applied to the redistribution on employment grounds for Hinckley & Bosworth. On this basis, RPS does not consider the justification for making further adjustments to the redistribution to be as strong for NWL as it is for Hinckley.
- 3.49 Therefore, to ensure a sustainable redistribution of the remaining unmet need not yet accounted for from Oadby & Wigston (141 dpa), this should first be directed to Hinckley, with a residual directed to NWL. RPS considers a two thirds: one third split would be reasonable between the two areas. This would result in a broadly equal contribution, as shown below (Table 3.8).

**Table 3-9 Revised redistribution between H&B and NWL – deliverability**

Revised Adjustment for Deliverability (dpa)	H&B	NWL
Need including redistribution (pre-deliverability)	618	655
Re-assigned need from O&W (141 dpa), at 2/3 and 1/3 split	94	47
Redistribution based on deliverability grounds	712	702
Implied change in stock (CAGR, 2020-2036)	1.3%	1.4%

- 3.50 The revised redistribution of unmet need re-assigned to H&B and NWL can then be included alongside other adjustments applied elsewhere in this report, and which now accounts for all unmet need coming from Leicester. This is set out in full in the next section, alongside a consideration of the potential impacts from the adjusted redistribution presented here.

## 4 ALTERNATIVE APPROACH TO RE-APPORIONMENT OF HOUSING NEED

### Summary of adjusted redistribution

- 4.1 Set out below a summary table (Table 4.1) showing the overall effects on the redistribution of unmet need across the L&LHMA informed by the analysis in this report, and provides an update to Table 6.9 of the HDP.

**Table 4-1 Revised redistribution of unmet need showing adjusted re-apportionment across L&LHMA**

2020-2036 (dpa)	Leicester	Blaby	Charnwood	Harborough	H & B	Melton	NWL	O & W	L & L
Need (adjusted)	2,464	440	1,111	554	472	290	552	188	6,071
Amount to be redistributed from Leicester	1,169								
Stage 1: Redistribution based on Functional Relationships		25.1%	22.0%	11.7%	12.5%	3.5%	8.8%	16.5%	
Additional dpa		293	257	137	146	40	103	193	1,169
Distribution based on Functional Relationships	1,295	733	1,368	691	618	330	655	381	6,071
Stage 2: Adjustments based on Current Plan Provision and Land Supply						0		-141	-141
Residual Distribution with Adjustments	1,295	733	1,368	691	618	330	655	240	5,931
Implied Stock Growth (CAGR, 2020- 36)	0.9%	1.5%	1.6%	1.5%	1.1%	1.3%	1.3%	1.0%	1.2%
Stage 3: Final Adjustments to Support Deliverability		0	0		94		47		141
Proposed Redistributed Housing Provision (dpa 2020-36)	1,295	733	1,368	691	712	330	702	240	6,071
Implied Stock Growth CAGR	0.9%	1.5%	1.6%	1.5%	1.3%	1.3%	1.4%	1.0%	1.2%

- 4.2 Set out below is a comparison between the L&L authorities and RPS positions on the final redistribution.

**Table 4-2 Final Redistribution on unmet housing need - comparison (L&L authorities v RPS)**

Proposed Redistributed Housing Provision (dpa 2020-36)	Leicester	Blaby	Charnwood	Harborough	H & B	Melton	NWL	O & W	L & L
L&L authorities	1,295	687	1,189	657	659	300	686	240	5,713
RPS	1,295	733	1,368	691	712	330	702	240	6,071

## Observations on the adjusted redistribution

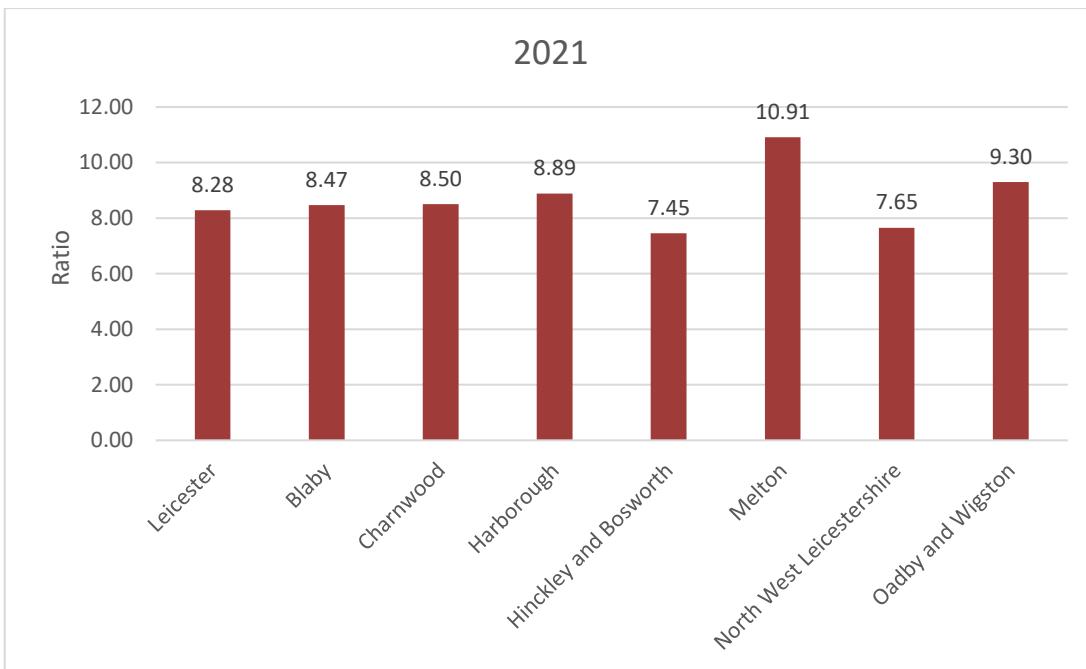
- 4.3 Based on the outputs from the analysis in this report, RPS makes the following observations. Firstly, when future employment need is properly accounted for as part of an adjustment to the standard method starting point, the starting point for redistribution increases from 5,713 to 6,071 dpa. This ensures that each Local Plan that is brought forward, beginning with Charnwood, can plan ahead on the basis that the number of new homes provided within each area are sufficient to support the projected increase in jobs at the local level based on the preferred economic-led growth scenario for the area, in accordance with national policy<sup>9</sup>. This is clearly a matter that should be addressed prior to considering of the ability of those individual areas to accommodate the need apportioned to them through the SOCG, as part of the development plan review process.
- 4.4 Secondly, as a result of the revised approach to supporting future economic growth in this report, a greater level of clarity and transparency is provided with respect to the internal redistribution based on reductions applied in Oadby & Wigston (O&W) shown above. This results in a straightforward redistribution from O&W to Hinckley & Bosworth and NWL that also achieves a sustainable redistribution of need across the L&LHMA as a whole.
- 4.5 Thirdly, the final adjusted redistribution of the unmet need across the L&LHMA (excluding Leicester and O&W) also provides for a more equitable and consistent distribution in terms of stock growth rates (ranging from 1.3 to 1.6%) compared to the proposed approach set out in the HDP (at 0.9% to 1.6%).
- 4.6 And fourthly, the revised growth rates are also broadly consistent with growth rates seen in across the L&LHMA in recent years (summarised in tables 6.7 and 6.8 of the HDP). This is reflected in the HDP (at paragraph 6.24), with particular reference to Hinckley & Bosworth, which recognises the '*...potential for the local market to absorb a higher rate of housing delivery...*' and supports the specific contribution of 85 dpa in the Borough. Some parties may wish to argue with this position, on the grounds that such an uplift is not achievable precisely because the local market is unable to absorb this increase in growth. No evidence has been presented to date showing that this additional growth cannot be, or is unlikely to be, delivered if suitably planned for through the local plan process.
- 4.7 An additional factor that has been overlooked in assessing how sustainable the redistribution might be is housing affordability. Figures presented in the HENA (see Table 4.1) indicate that certain areas, notably Harborough and Oadby & Wigston, are experiencing significantly high (median) house prices relative to Leicester and national levels more generally. In addition, rental values (median and lower quartile) for these areas are significantly above the levels across the County, region (see Table 4.8), alongside Blaby. In terms both house prices and rental values, the figures show that the cost of housing in these areas is also considerably higher compared to prices paid by residents in Leicester.

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<sup>9</sup> NPPF 2021, paragraph 20, 60 and 81

4.8 Similarly, price differentials across the L&LHMA feed through to housing affordability ratios. The figure below shows the latest ratios at 2021 (using residence-based affordability data issued by ONS) for the LL&HMA. RPS has used residence-based figures in order to indicate the affordability of housing impacting on each areas residents compared to households living in Leicester, who are the source households that need to be homed in other parts of the L&LHMA.

**Figure 4-1 Housing Affordability (prices) across the LL&HMA, 2021**



Source: ONS, Table 5c (resident-based affordability ratios)

- 4.9 The figures show that residents living in Harborough and Oadby & Wigston, as well as other parts of the L&LHMA, are experiencing greater pressures in terms of buying property compared to residents of Leicester. Notably, only residents of Hinckley & Bosworth (followed by North West Leicestershire) exhibit lower income to price multiples compared to Leicester.
- 4.10 This data shows that in broad terms providing housing for people from Leicester in areas such as Harborough, Melton and Oadby & Wigston, is likely to be unattainable for those moving out of the City, as they will be priced out of these housing markets. In light of this, greater consideration should be given to directing households from Leicester to areas, including Hinckley & Bosworth, where the cost and affordability of housing is more closely aligned and therefore likely to be more easily accessible to incoming households. This is a key consideration that should be taken into account by the L&L authorities as part of fixing the redistribution of unmet need to individual local authority areas.

## Market Absorption

- 4.11 Market Absorption (“MA”) has gained increasing prominence in recent years, notably following the publication of the Letwin Review in 2018<sup>10</sup>, which examined the gap between housing completions and the amount of land allocated or permissioned in areas of high housing demand. One of the key recommendations of this review was the need for greater diversification in the range and location of sites to help increase overall build-out rates, and thus total delivery, across the country.
- 4.12 Build Out Rate (“BOR”), by definition, concerns the time it takes to deliver new sites to completion after a planning consent has been secured. It therefore covers the construction phase and is primarily related to the mix and type of dwellings that are constructed, the premise being that if a site (or sites) are delivering too many of the same type of dwelling in a particular area/locality then the numbers of home built will slow relative to demand in those areas, resulting in lower (slower) BORs over time.
- 4.13 Local data specific to Hinckley & Bosworth has been analysed, where available, as an example to assess whether market absorption is a problem that might suggest increasing delivery over and above local need may not be achievable. To do this, RPS has analysed the expected lead-in times and rate of delivery on large sites (defines as ‘Build Out Rate) based on local estimates used to inform the recent housing land supply statement, compared to delivery rates based on national surveys, notably the Lichfield ‘Start to Finish’ reports, as an indicator of any slowdown in delivery that might point to problems regarding market absorption at the local level.

## Local delivery and build-out rates

- 4.14 The table (Table 4.2) below shows the latest estimates of lead-in times from decision to completion of first dwellings, taken from most recent land availability statement issued by Hinckley & Bosworth Borough Council<sup>11</sup>. Alongside this is analysis on similar lead-in times for the initial construction phases taken from the *Start to Finish* report issued in 2020<sup>12</sup>

**Table 4-3 Comparison of local and national lead-in times for initial construction phase (to first completion)**

(in years)	HBBC (RLA)*	StF 2020**	HBBC (RLA)*	StF 2020**
	<100		>100	
From decision to first completion (Outline/RM)	1.2	2.0	1.3	1.7-2.3
From decision to first completion (Full)	1.41		1.41	

\*Figures taken from RLA 2021/22, Table 2 and paras 2.23-2.24

<sup>10</sup> Independent review of build out: final report, Ministry of Housing, Communities & Local Government and HM Treasury Published 29 October 2018

<sup>11</sup> Residential Land Availability Monitoring Statement 1 April 2021 – 31 March 2022, HBBC

<sup>12</sup> Start to Finish What factors affect the build-out rates of large scale housing sites? 2<sup>nd</sup> ed., Lichfields, February 2020

\*\*Figures taken from StF 2020, Figure 4 (defines as 'Planning to delivery period')

- 4.15 What this shows is that the delivery period from formal decision through the initial construction phase is broadly comparable at the local and national level and, in fact, is showing quicker completion on sites in Hinckley & Bosworth based on the Council's own figures. RPS contend that local construction data does not point to problems with the ability of the market to absorb new dwellings in the Borough.
- 4.16 Another relevant indicator for market absorption is how quickly sites are built out; the Build Out Rate (BOR). The table (Table 4.3) below again shows the comparison between local and national BOR estimates, as a possible indicator of issues in the time taken to deliver sites at the local level.

**Table 4-4 Build Out Rate estimates – Hinckley & Bosworth**

(dpa)	HB (RLA)*	StF 2020**
10 to 50	25	22
51 to 100	42	
100+	47	

\*Figures taken from RLA 2021/22, para 2.17

\*\*Figures taken from Stf 2020, Figure 7

- 4.17 What this shows is that expected build out rates for small to medium sites is higher at the local level, which does not point to any issues with market absorption amongst this category of sites. For larger sites (100+) the local rate is lower than the national estimate, however these are average figures suggesting that delivery rates are likely to be higher as sites increase in size, due to the presence of multiple outlets. Consequently, should larger, strategic be allocated for development then it is reasonable to assume that BOR would increase once sites are delivering at full capacity. In any event, 47dpa represents a relatively healthy rate of delivery and so in RPS' view this also does not point to any negative issues regarding market absorption locally.
- 4.18 Overall, based on the analysis above, RPS contends there are no clear factors relating to market absorption that would indicate an inability of Hinckley & Bosworth to deliver enhanced levels of growth if suitably planned for through the Local Plan review process. RPS therefore agrees with the synopsis in the HDP that Hinckley & Bosworth is capable of delivering higher levels of growth than currently being achieved, but suggests that the contribution towards delivery of the unmet need on the grounds of deliverability applied in H&B could be increased, which RPS suggests should be at least 94 dpa (not 85 dpa as put forward in the HDP).

## 5 EMPLOYMENT LAND NEED

- 5.1 This section of the report provides a response on the matter of employment land need and how the unmet need is proposed to be addressed by the L&L authorities.

### The apportionment of the unmet need for employment

- 5.2 The Employment Distribution Paper (EDP) (Exam 46) does not set out a robust and logical basis for the apportionment of the unmet need for 23 hectares of employment land across Leicestershire to 2036.

- 5.3 The following factors are set out at paragraph 1.8 of in the EDP to direct the apportionment:

*"It is considered appropriate for authorities adjoining Leicester to be considered for unmet needs in the first instance (Charnwood, Blaby, Harborough, Oadby and Wigston) given the accessibility to the city and associated supply of labour.*

*Sites should be located in good proximity to the City, preferably adjacent to the existing urban area.*

*Sites should be well connected to the City by road (A road) and ideally connected to the wider strategic network (A road / motorway network)"*

- 5.4 The factors are not exhaustive, too vague, repetitive and do not essentially consider the specific locational requirements of the modern day industrial and logistics ("I&L") sector (i.e. those business falling into the B2 and small B8 use class) as required by paragraph 83 of the NPPF, nor does it have regard to the paragraph 81 of the NPPF which is specific in stating that planning policies "should allow each area to build on its strengths..." i.e. there is no evidence to suggest in the Employment Distribution Paper that the I&L sector is a strength in Charnwood, unlike neighbouring authorities, for example Hinckley & Bosworth.

### Accessibility

- 5.5 Paragraph 83 of the NPPF states planning policies should make provision for storage and distribution operations in suitability accessible locations. It is currently unclear whether the surplus of employment land in Charnwood is suitably located in accessibility terms to accommodate the unmet need for 23 hectares of employment land.

- 5.6 To ensure the apportionment is directed to the appropriate location including in another borough / district, the following additional or precise accessibility factors should be considered:

- Direct access to the strategic road network (i.e. A5).
- Within a 10 minute drive-time to / from the motorway network (i.e. the M1).
- Access to existing and/or planned labour supply / workforce.
- Access to local and national consumer markets.
- Access to multi-modal interchanges (e.g. East Midlands Airport / East Midlands Gateway).

- 5.7 The factors listed above will ensure a sustainable pattern of employment development across LL FEMA. The Council must be able to demonstrate how the surplus of employment land in its administrative area meets the specific locational requirements of the modern day I&L sector especially if any surplus employment land exists, it is to provide for Leicester's unmet needs.

### **Authorities adjoining / within close proximity / well connected to Leicester**

- 5.8 There is no robust justification for why Hinckley & Bosworth borough has been excluded from the locational consideration of apportioning the unmet employment land need.
- 5.9 Even in simple consideration of the two reasons provided in the factors at paragraph 1.8 of the EDP, Hinckley & Bosworth borough, in particular its north-eastern extremity, is very accessible to Leicester City (via the A50 / Groby Road) and has an excellent labour supply well suited to the I&L sector.
- 5.10 It is acknowledged Hinckley & Bosworth borough does not strictly adjoin the administrative boundary of Leicester City given Charnwood borough and Blaby district lie between - but only to an extent of 2km separating the two authorities – this should not be reason for discounting Hinckley & Bosworth from consideration. Strategic road links exist, and Hinckley & Bosworth remains an authority within the functional economic market area and should be considered as an authority for apportionment of the unmet employment land need.
- 5.11 Hinckley & Bosworth Borough Council ("HBBC") is also preparing its own Local Plan Review which will span a plan period up to 2039. The Local Plan Review is still in the earlier stages of preparation and has not been submitted for examination. Therefore, there is ample opportunity for Hinckley & Bosworth to find deliverable sites for the Leicestershire-wide unmet employment land need.

### **Locating all of the unmet need in Charnwood**

- 5.12 It is currently not justified that all of the unmet employment land need of 23ha should be located within Charnwood.
- 5.13 Paragraph 1.17 and 1.18 of the EDP states:
- "Drawing the evidence together, Iceni consider that Charnwood is best able to suitably meet Leicester's unmet need in respect of the identified short/medium-term unmet need to 2036. This in particular reflects the existing quantitative over-supply position in respect of meeting the Borough's own needs; combined with the availability of employment sites and land which is close to the City and can contribute to delivering employment land which can service the needs of Leicester-based companies in the short/medium-term.*
- Locational considerations mean that the deliverability of sites (or indeed potential locations) in Charnwood is stronger;....."*
- 5.14 The first reason for apportioning all the unmet employment land need to Charnwood is because of an existing quantitative over-supply position. However, over-supply can occur in administrative areas, such as Charnwood, where there is low demand for B2 and small B8 sites. If, Charnwood was an area of high demand, it is very likely the surplus land will have been accommodated due to

the wider Leicestershire area generally being a county in high demand for operators in the I&L sectors. An oversupply position is a feature of a borough or district which is not attractive to the market.

- 5.15 The second reason given relates to the availability of employment sites although it is unclear whether, on the whole, the employment sites are deliverable in terms of suitability and achievability. It is currently unknown whether there is a reasonable prospect that B2 and small B8 will develop on the surplus land as proposed employment land allocations in the Charnwood Local Plan are subject to examination. This is especially pertinent as it is intended the surplus land will service the needs of Leicester-based companies in the short to medium term. Furthermore, the Employment Land Review (March 2018) [EB-EMP-2] recommends a control mechanism for loss of employment land to alternative uses especially for mixed use regeneration purposes. This casts doubt on the reliability of the supply in Charnwood, as it is anticipated some existing employment land supply will be regenerated, but not for employment use due to access and/or bad neighbour issues.
- 5.16 A locational reason is also provided which has been explored at paragraphs 5.5 and 5.10 of this note and it is considered there are other authority areas, such as Hinckley & Bosworth who can accommodate the unmet need in close proximity to Leicester City.

### **Leicestershire-wide evidence**

- 5.17 The distribution of unmet employment land need should not be apportioned until all key strategic matters as described in section 4.0 of the SOCG June 2022 are dealt with.
- 5.18 This is particularly true for Leicestershire-wide evidence which will support the distribution of employment land requirements, including the Strategic Growth Options and Constraints Mapping and Strategic Transport Assessment, which are due to be completed later this year.
- 5.19 Whilst in the context of housing need, but equally applicable to employment land need, paragraph 4.2 confirms the same view by HBBC. It states:
- "HBBC is of the view that the June 2021 SoCG was clear that the apportionment of unmet need would be informed by 4 pieces of work. Only two of these pieces have been completed, the HENA and the SA. Therefore, as reflected in this Statement, the apportionment is a starting point for testing and may be amended based on the completion of the Strategic Growth Options and Constraints mapping work and the Strategic Transport Assessment and the subsequently updated Sustainability Appraisal and the outcome of any local plan 'testing'"*
- 5.20 It is considered unsound to distribute the unmet employment land need before all relevant evidence has been prepared, issued and tested, particularly evidence which relates to a county-wide matter.