

NORTH WEST LEICESTERSHIRE LOCAL PLAN – BACKGROUND INFORMATION

North West Leicestershire Core Strategy was withdrawn in October 2013 following advice from Planning Inspector regarding concerns about lack of evidence to support proposed housing requirements. It was agreed to prepare a new Local Plan going to 2031 with a view to getting to adoption as quickly as possible.

A [Strategic Housing Market Assessment](#) (SHMA) was commissioned for Leicester & Leicestershire Housing Market Area (HMA) and this was completed and signed off by all of the HMA authorities in 2014. The SHMA was based on 2011 Sub National Population Projections (SNPP) and also had access to some 2012 based midyear population estimates. A subsequent Memorandum of Understanding (MOU) for the HMA was agreed regarding housing numbers and provision up to 2028 (separate attachment). The SHMA and MOU were considered as part of Charnwood Core Strategy examination in 2015 and the Core Strategy was found 'sound' in September 2015.

For North West Leicestershire the SHMA and MOU identify the Objectively Assessed Need (OAN) as being 350 dwellings per annum for the period 2011-2031.

Both the SHMA and the MOU make it clear that it will be for individual authorities to determine whether they need to make any adjustment to the housing figures as part of their respective local plans by having regard to any local evidence.

We published a [draft Local Plan](#) for consultation in September 2015. As part of this we proposed a housing requirement of 535 dwellings per annum (2011-31) based on some internal work undertaken by officers (subsequent issues about the reliability of this were identified).

The principle reason for the higher housing figure was to take account of the fact that there was a planning application for a Strategic Rail Freight Interchange (SRFI) in the district which was going through the NSIP process. The Council supported the proposal. The number of jobs proposed to be created (about 7,300) was in excess of those forecast for North West Leicestershire in the latest economic evidence for the HMA included in a study prepared by the Public and Corporate Economic Consultants ([PACEC](#)) in January 2013. The PACEC study did not take account of the Strategic Freight Rail Interchange and so in order to ensure that a balance was maintained between jobs in the district and people of working age we proposed the higher housing requirement. It seemed to us that it would be inappropriate to support the proposal but to then ignore it when looking at our housing requirements, particularly having regard to advice in the Planning Practice Guidance on assessing Housing and Economic Development Needs. In addition, the Council was already in a position whereby more dwellings had been approved (or resolved to be approved) than the OAN. This suggested that the OAN was perhaps too low compared to what the market was anticipating. Furthermore, the SHMA did not take account of the 2012 SNPP and so there was a significant risk that an Inspector might consider that SHMA to be out-of-date.

In response to the consultation some of the HMA authorities raised concerns. Our understanding of their concerns are that:

- NWL had described the proposed housing figure to be used in the draft Local Plan as the Objectively Assessed Need;
- the figure being suggested in the draft Local Plan was not based on an agreed methodology and did not reflect the most recent SHMA figures or the numbers agreed in the MOU;
- The appropriate mechanism for identifying the basis for the objectively assessed need is within a strategic housing evidence base (a SHMA or HEDNA). Housing requirements are

derived from objectively assessed needs by taking into account local circumstances. The figure described by NWL as a 'new objectively assessed need' could not have been such a figure having relied on a strategic matter (the strategic rail freight interchange in this case) that should more appropriately have been considered within a strategic evidence base;

- the only robust way objectively assessed needs can be altered is by HMA authorities working together collaboratively on new evidence to replace the SHMA;
- The decision of NWL to change its objectively assessed need in September 2015 also has potentially significant implications for other HMA authorities as it implies NWL must be accommodating housing needs from elsewhere in the HMA. This scenario would unsettle the existing agreement set out in the MOU. It has been suggested that the higher housing requirement could impact upon the delivery of key housing sites in Charnwood Borough (although no evidence has been provided to date to support this).

For information purposes only, in respect of the first bullet point, it is accepted that paragraph 4.16 of the covering report to council on 15 September 2015 did refer to the figure of 10,700 dwellings as being the OAN. However, later on in the report (paragraph 4.19) refers to the need to "propose a higher housing requirement than that suggested in the SHMA and agreed as part of the MOU".

Since the end of the consultation in late November 2015, the Strategic Freight Rail Interchange has been granted consent. In addition, we have a very recent (January 2016) appeal decision in North West Leicestershire which casts significant doubt on the reliability of the SHMA (the decision itself is the subject of a legal challenge but not in relation to the housing requirements issue). This appeal decision, and in particular the Inspector's conclusions regarding the SHMA, has raised concerns for the HMA authorities and discussions are ongoing about how its impact can be minimised in terms of day-to-day decisions on planning applications across the HMA.

We have commissioned some independent work to look again at the issue of housing requirements and this work is in progress. The consultant (Justin Gardner) has been asked to assess the potential implications of the SRFI decision for North West Leicestershire in terms of the existing SHMA, but to also use more up-to-date information than was available for the SHMA including 2012 SNPP. Whilst this work is not yet complete what has been done is suggesting a higher figure for North West Leicestershire than the Objectively Assessed Need identified in the SHMA/MOU (although slightly less than that proposed in the draft Local Plan).

We have advised the other HMA authorities that this work has been commissioned and we have agreed to share the report with them.

As a Housing Market Area we have just commissioned a Housing and Economic Development Needs Assessment (HEDNA) to provide us with up-to-date housing and economic forecasts/figures. This is due to be completed in October 2016. There will then be a need for some form of MOU but the aim is to minimise the time between the completion of the HEDNA and the MOU being in place by undertaking some separate work in parallel to the preparation of the SHMA, possibly as early as the end of 2016. It remains to be seen how realistic these timescales are, particularly if the HEDNA identifies, in one or more authority, an OAN that cannot be accommodated within that specific authority area. This will require that all reasonable options have been considered in order to ensure that any distribution figure is robust enough to withstand scrutiny at examinations. This work will take time and any discussion regarding redistribution by its very nature is likely to be protracted.

We are currently proposing that we seek to get agreement from our Council on a publication version of the local plan at the end of June with a view to submitting the plan towards the end of September 2016. We are prepared to give a commitment in the plan to undertaking an early review to take

account of more up-to-date data regarding housing. Some of the other HMA authorities are suggesting that we should delay getting Council approval until the completion of the HEDNA (and possibly the new MOU) so that everybody across the HMA will be using the most up-to-date evidence in respect of housing and economic matters.

The concern we have is that such a delay the process may mean that we are not submitting until this time next year (at the earliest). As an authority without an up-to-date plan in place this is a great concern for us. We are committed to working with the other HMA authorities but equally we are concerned that moving at a slower pace not only leaves us vulnerable at appeals but we are also conscious of the government's aim of getting plans in place by early 2017. However, we recognise that this has to be a balanced against the provisions of the Duty to Cooperate. It is our view that we have complied with the Duty as well as the provisions of both the SHMA and MOU in that we have had regard to local evidence which suggests an uplift to the housing requirement in the Local Plan compared to the OAN set out in the SHMA and MOU.

We are seeking advice on:

- What is the most appropriate course of action to follow? To follow the programme outlined above or delay pending the outcome of the HEDNA and new MOU?
- If we were to follow the proposed programme what is the likelihood that an Inspector would recommend suspension of the examination to await the outcome of the HEDNA and new MOU? What is the likelihood that an Inspector would find the plan unsound because it was not based on an up-to-date HMA wide assessment?
- If we were to follow the proposed programme how great is the risk that Duty to Cooperate might be considered an issue by an Inspector at examination?
- If we were to delay would it be reasonable to seek a commitment from the other HMA authorities to complete the HEDNA and MOU by an agreed date? If this date was not met and we decided to push on in the absence of the HEDNA and MOU would this reduce the likelihood of an Inspector finding the plan unsound due to not being based on an up-to-date HMA wide assessment?