



GL Hearn

Part of Capita Real Estate

North West Leicestershire Local Plan Examination

North West Leicestershire District Council

Response to HEDNA Representations

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Contents

Section	Page
1 INTRODUCTION	3
2 HEDNA PROCESS AND STATUS	3
3 OVERVIEW OF THE HEDNA'S FINDINGS ON OAN	4
4 DEMOGRAPHIC NEED	6
5 ECONOMIC-LED HOUSING NEED	9
6 AFFORDABLE HOUSING NEED AND MARKET SIGNALS	22
7 UNMET HOUSING NEEDS AND DISTRIBUTION OF HOUSING PROVISION	24
8 EMPLOYMENT LAND NEED	25

LIST OF FIGURES

FIGURE 1: TRAVEL TO WORK AREAS AND ADMINISTRATIVE GEOGRAPHY	12
FIGURE 2: EMPLOYMENT BY AREA IN NORTH WEST LEICESTERSHIRE (2011 CENSUS)	14
FIGURE 3: DISTRIBUTION OF EMPLOYMENT IN NW LEICESTERSHIRE, 2011	15
FIGURE 4: EAST MIDLANDS GATEWAY SFRI AREA OF INFLUENCE	16
FIGURE 5: EXISTING BUS SERVICES SERVING SFRI	17
FIGURE 6: COMMUTING TO EAST MIDLANDS AIRPORT AND ENVIRONS	18
FIGURE 7: INDEXED FLOORSPACE AND GVA CHANGE BY REGION	29

LIST OF TABLES

TABLE 1: EMPLOYMENT GROWTH CAGR, PLANNED GROWTH SCENARIO 2015-31	11
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1 INTRODUCTION

- 1.1 North West Leicestershire District Council submitted its Local Plan to the Secretary of State in October 2016. The submitted plan's evidence base on housing need included the *Review of Housing Requirements* report prepared by JGC ("the JGC Study" HO/01) together with the *2014 Leicester & Leicestershire Strategic Housing Market Assessment* (HO/03). On employment land requirements, it included the *PACEC Employment Land Study* (EC/04) and *Leicester & Leicestershire Strategic Distribution Study* (EC/02). Examination hearings were held in early January 2017.
- 1.2 The Leicester & Leicestershire local authorities published the Housing & Economic Development Needs Assessment (HEDNA) on 27th January 2017. North West Leicestershire's Local Plan Examination is underway. The Local Plan Inspector has given representors the opportunity to comment on the HEDNA and its findings.
- 1.3 A number of representations have been submitted regarding the HEDNA. The purpose of this report is to consider the representations received, and where appropriate provide supporting information to aid understanding of the HEDNA methodology and explain its findings. It has been prepared by GL Hearn. It also addresses where appropriate differences in approach between the HEDNA and the JGC Study.
- 1.4 Whilst the HEDNA presents evidence on development needs through to 2031 and 2036. The Local Plan is based on a 2011-31 plan period; and the commentary herein therefore uses this timeframe.

2 HEDNA PROCESS AND STATUS

- 2.1 The HEDNA has been prepared by a consultancy team comprising GL Hearn, Justin Gardner Consulting (JGC) and Oxford Economics. It provides a consistent, objective assessment of the need for housing and follows the approach contained within Planning Practice Guidance. It has been commissioned by the nine local authorities in Leicester and Leicestershire (including the Leicester City Council and Leicestershire County Council) together with the Leicester and Leicestershire LEP (LLEP).
- 2.2 The HEDNA is intended to inform the preparation of a non-statutory Strategic Growth Plan covering the Leicester and Leicestershire Housing Market Area (HMA), which will in due course provide an agreed distribution of housing provision between authorities. It is also intended to inform and support local plans being progressed in advance of the Strategic Growth Plan. Its preparation, or the timing

of its release, was not influenced by the timeframes for the North West Leicestershire Local Plan Examination, but is related to the programme for the Strategic Growth Plan and need by authorities across Leicestershire for evidence to inform plan-making. The commitment of authorities across the HMA / FEMA to meet development needs is set out in the Statement of Cooperation issued alongside the HEDNA report.

- 2.3 The preparation of the HEDNA has involved consultations with a range of stakeholders. This included a Stakeholder Event in June 2016 to discuss the methodology and workshops with local economic development officers, the LEP and County Council. As set out in Appendix 8 to the HEDNA Report, the Stakeholder Event in June 2016 was attended by a range of representatives from the development industry and local authorities outside of the HMA. Estate and letting agents were also engaged in the study (see HEDNA Appendix 9). An event was held on 9th February 2017 to explain the HEDNA findings and was attended to by a range of stakeholders.
- 2.4 There has been a formal sign-off process for the HEDNA. It has been agreed by an Officer Working Group, a Strategic Planning Group made up of senior officers from the local authorities and a Members Advisory Group, including member representatives from each of the local authorities and the LLEP.

3 OVERVIEW OF THE HEDNA'S FINDINGS ON OAN

- 3.1 The HEDNA follows the approach outlined in Planning Practice Guidance on *Housing and Economic Development Needs Assessments* to identifying the objectively assessed housing need (OAN).
- 3.2 The starting point is the latest official demographic projections from ONS/ CLG, which are 2012-based. These (as published) indicate a need for 314 dwellings per annum (dpa) in North West Leicestershire, 2011-31 (Table 13).¹ These are then re-based to take account of population growth between 2014-15 based on ONS 2015 Mid-Year Population Estimates, with the need rising slightly to 336 dpa.
- 3.3 The HEDNA however considered that a 10 year migration scenario would provide the most robust assessment of the demographic need for housing given short-term variability in migration trends at a local authority level, and the potential for recessionary influences on trends over the 2008/9 – 2014 period feeding into the 2014-based SNPP. This resulted in an increase in housing need across the HMA, and for North West Leicestershire showed a need for 386 dpa. It results in additional net in-migration to the District relative to the SNPP.

¹ Including an allowance for vacant and second homes

- 3.4 Expected economic growth was assessed by Oxford Economics, as part of the consultancy team working with GL Hearn. The conclusions are based on a Planned Growth Scenario which captures both baseline growth (based on past trends) and adjustments to take account of local economic drivers or planned investment, including major employment sites. For North West Leicestershire, the upward adjustment from baseline growth particularly reflected jobs growth expected to arise from the East Midlands Gateway Strategic Rail Freight Interchange (“the SFRI”). The result is an expected growth in employment of 13,000 in North West Leicestershire between 2015-31 (with a total of 16,700 over the 2011-31 plan period as a whole, taking account of job growth which has occurred 2011-31).
- 3.5 In relating growth in employment to population, the HEDNA took outputs from the Oxford Economics model on a residence-basis, taking account of commuting interactions between local authorities based on 2011 Census data (this is described further below). It considered three alternative sets of assumptions on changes to economic participation – from the Office of Budget Responsibility (OBR), Experian and Oxford Economics – taking the set in the middle of this range (Experian) and applying their assumptions on future changes in participation to the 2011 Census baseline. The resultant economic-driven assessment of housing need was for 481 dpa in North West Leicestershire.
- 3.6 The analysis of market signals pointed to a mixed picture for North West Leicestershire, key findings being:
- The district has the lowest land values in the HMA, which are 40% below the national average (excluding London). The PPG identifies that land values provide direct information on the shortage of land.
 - North West Leicestershire has lower house prices than other Leicestershire authorities (albeit prices in the City are lower); and has seen long-term price growth which has been on a par with regional or national trends. There is no evidence of a widening of price differentials.
 - The lower quartile house price ratio is consistent with the national average across England, and below the HMA average. Similarly rental affordability is on a par with the national average.
- 3.7 Affordable housing need was also considered, with a net need identified from 199 households per annum requiring financial support to meet their housing need (Table 39). On the basis of 27% affordable housing provision, notionally 737 homes per annum would be needed to meet the affordable housing need in full.²
- 3.8 In drawing conclusions, the HEDNA considered the affordable housing need and market signals evidence together. It concluded that there was an evidential basis for upwards adjustments to the demographic need in all local authorities in the HMA; but that adjustments to meet the affordable need in full were not realistically deliverable. This would equate to a level of housing provision twice that shown in the demographic analysis at an HMA level (and 90% above for North West

² This is the equivalent analysis to Table 40, covering the 2011-31 period

Leicestershire). In simple terms, there are likely to be insufficient people and households to occupy this aggregate scale of additional housing; nor would it be deliverable.

- 3.9 The HEDNA also noted factors as to why caution should be applied in interpreting the affordable housing need evidence, as described in Paragraphs 7.34 – 7.43. This includes that the affordable modelling includes supply-side factors (which other elements of OAN calculations do not); and includes not just newly-forming but existing households who if moved would release a property for another household.
- 3.10 On the basis of the evidence, it concluded that a 10% upward adjustment from the demographic need (386 dpa) to improve affordability would be appropriate, responding to the evidence of market signals and of affordable housing need. This was on the basis that whilst there was a clear case for adjustments to improve affordable housing delivery, the market signals evidence presents these areas as being the more affordable parts of the HMA. The 10% upward adjustment thus particularly reflected the affordable housing evidence. Applied to the demographic need, this resulted in a 424 dpa.
- 3.11 As the demographic need together with adjustment to improve affordability was below the economic-led need, the economic-led need provided the basis for defining the OAN, which the HEDNA concluded was 481 dpa for North West Leicestershire (2011-31). This higher level of housing provision to meet economic growth, would deliver both additional market and affordable housing relative to the demographic-based need.

4 DEMOGRAPHIC NEED

- 4.1 The HEDNA identifies a demographic-based need for 386 dpa (Table 13). This is based on a 10 year migration scenario, the modelling basis for which is described in Paragraph 2.26 of the HEDNA. It is 23% higher than the starting-point demographic need shown by the CLG 2014-based Household Projections (314 dpa).
- 4.2 The HEDNA conclusions on the demographic need at 386 dpa are relatively similar to those identified in the JGC Study (380 dpa), albeit that there are some differences in the modelling approach.
- 4.3 The JGC Study conclusions on demographic need were based on migration trends between 2001-14 with a 50% adjustment for unattributable population change (“UPC”). A midpoint between the

application of 'Stage 1' and 'Stage 2' headship rates was applied with an adjustment then made to the 25-34 age group. This resulted in a demographic need for 380 dpa.

- 4.4 The HEDNA has sought to take a consistent approach across the HMA. It has adjusted the migration assumptions in the 2014-based Sub-National Population Projections, updating these to take account of the differences between migration in the input period (2008/9 – 2014) and a 10 year period (2005-15). Stage 1 headship rates have then been applied for the reasons explained in Paragraphs 2.32 – 2.33 of the HEDNA, these being based on long-term trends since 1971.

Unattributable Population Change (UPC)

- 4.5 GVA argue in their representations that the demographic projections should be adjusted for UPC, suggesting in their analysis that international out-migration in young adults was overestimated; and that the age structure of UPC would potentially see a different migration profile and lower workforce growth.
- 4.6 UPC relates to the 2001-11 period. It relates to differences between data on the components of population change in the inter-censal period and the Census results.
- 4.7 ONS' own research is that UPC cannot be precisely attributed to different potential factors, such as migration recording or census inaccuracies. It outlines³ that:

The UPC is unlikely to be seen in continuing subnational trends as:

- *It is unclear what proportion of the UPC is due to sampling error in the 2001 Census adjustments made to MYEs post the 2001 Census, sampling error in the 2011 Census and/or error in the inter-censal components (mainly migration).*
- *If it is due to either 2001 Census or 2011 Census then the components of population change will be unaffected.*
- *If it is due to international migration, it is likely that the biggest impacts will be seen earlier in the decade and will have less of an impact in the later years, because of improvements introduced to migration estimates in the majority of these years.*

Therefore ONS propose that no adjustment be made in the 2012-based Subnational Population Projections for the unexplained component of population change in the revised population estimates series.

- 4.8 ONS has carried forward these conclusions into the 2014-based SNPP, which again do not include adjustments for UPC in the forward projections.
- 4.9 ONS outlines that if UPC is associated with errors in migration estimates, this is likely to have been biased towards the earlier part of the 2001-11 decade given improvements in ONS methodology for producing migration estimates. As the HEDNA is projecting migration trends from 2005 onwards,

³ ONS (Jan 2014) 2012-based SNPP for England – Report on Unattributable Population Change

there is no clear basis based on established sources of robust evidence (the test in PPG ID 2a-017-20140306) for making adjustments for UPC. The JGC Study in comparison was looking at trends since 2001, and therefore there was a stronger basis for including an adjustment for this factor.

- 4.10 GVA's suggestion that the evidence that international outmigration in young adults has been overestimated draws from an ONS report, authored by Mark Auckland and Neil Park, to which their representations refer. A key conclusion of this report was that:

"For some components, most notably international emigration, it has not been possible to make an assessment of their likely contribution to the discrepancy between the rolled forward and census based estimates. This reflects the absence of any data sources that can be compared to the published IPS based international emigration estimates."

- 4.11 ONS are clear that any errors which are associated with Census data (in either 2001 or 2011) will not be carried forward into the components of change (and there is therefore no basis for adjustment to migration estimates). There is no robust evidence to justify that an overestimate of international outmigration historically could not simply be a result of Census inaccuracies. No evidence is available to justify adjustments to migration.

Headship Rates

- 4.12 AHBF, Barton Wilmore and GVA have suggested that an adjustment should have been made to headship rates of younger households in drawing conclusions on the demographic need. What is important to understand here is the difference in the headship rates used in the HEDNA relative to the JGC Study.
- 4.13 The CLG produce two sets of household projection outputs which make different assumptions on headship rates. The Stage 1 household projections project household formation based on data from census data from the 1971 onwards with outputs for age, sex and marital status. The Stage 2 household projections consider household types based on just two data points – from the 2001 and 2011 Census.
- 4.14 The JGC Study modelling was based on the midpoint of Stage 1 and Stage 2 headship rates, where the Stage 2 headship rates, based on short-term trends, projected a notable fall in household formation amongst this age group. It was appropriate for the JGC Study to make a demographic adjustment to headship rates for the 25-34 year age group, as without this it would have been projecting a fall in headship rates for this age group.

- 4.15 When looking at the Stage 1 headship rates on their own – which are based on longer-term trends in household formation dating back to 1971 – there is no such basis for making an adjustment. The HEDNA uses the Stage 1 headship rates. These do not expect household formation amongst younger households to fall. GL Hearn considers this is the appropriate approach as it takes account of long-term trends and is consistent to that which CLG uses to derive outputs on total household growth.
- 4.16 It is notable that the GVA analysis differs in this respect. It appears to apply the Stage 2 household formation rates. Thus whilst there may be a basis for upwards adjustments to GVA's own analysis, or indeed to the JGC Study modelling, it is not the case that a similar approach should simply be applied to the HEDNA which already makes more positive assumptions on new household formation for younger households.
- 4.17 On the basis that GVA has applied the wrong set of headship rates to its base analysis, it is incorrect that a return to 2001 Household Representative Rates (HRRs) would imply an increased need from 481 to 530 dpa. The calculation here is simply wrong.
- 4.18 GVA's figures for changes in Black and Minority Ethnic (BME) young adults provide a partial and biased picture. Between 2001-11 the White British/Irish population of the district fell by 2,108 persons (19%); whilst the BME population (which includes White Eastern European) increased by 350 persons (112%). GVA's own modelling accepted an impact of changing ethnic dynamics on household formation amongst younger households. Increases in tuition fees and changes in benefits have also had clear impacts. An expectation of a return to household structures that existed in 2001 is simply unrealistic.

5 ECONOMIC-LED HOUSING NEED

- 5.1 The HEDNA expects jobs growth of 16,700 in North West Leicestershire between 2011-31 in its Planned Growth Scenario. There is a reasonable level of agreement on the scale of jobs growth among those making representations, including Barton Willmore and GVA. The Planned Growth Scenario includes upwards adjustments from the baseline growth of 10,900 jobs taking account of the East Midlands Gateway SFRI in particular; and some wider growth opportunities in the district.
- 5.2 There is a high level of consistency between the assumptions in the HEDNA and JGC Study. The JGC Study expected average annual jobs growth of 841 per annum, and modelled growth in residents in employment of 575 per annum to support this. The HEDNA figures over the same time period show

growth in employment of 833 jobs per annum, resulting in an increase in residents in employment in North West Leicestershire of 573 per annum.

- 5.3 From a review of representations, key differences between the parties hinge on the modelling approaches to commuting; and to economic participation rates.

Commuting: the modelling approach

- 5.4 The HEDNA approach to commuting differs from the JGC Study. The JGC Study applied a fixed commuting ratio of 0.86 to baseline jobs growth of 9,500. It then assumed that 50% of what it calculated as 7,317 jobs arising from the SRFI would be taken by people living in North West Leicestershire District on the basis that 2011 Census data showed 50% of jobs in the district were taken by people living beyond the district's boundary. The 50% figure was a broad brush assumption.
- 5.5 The HEDNA approach is different. It takes assumptions on commuting from the Oxford Economics Model. This uses 2011 Census data on commuting interactions between local authorities (the same Census data from which fixed commuting ratio in the JGC Study is derived) but additionally takes account of the relative expected economic performance of different areas.
- 5.6 It models residence based employment using a commuting matrix taken from the 2011 Census. This matrix shows where employed residents of an area worked, and where the workforce lives. Each available job is allocated to a resident of a given authority based on this commuting matrix.
- 5.7 What this means in practice is that employment growth in North West Leicestershire is expected to be drawn from a range of areas whilst part of the workforce in North West Leicestershire works in other areas.
- 5.8 **The modelling approach does not seek to change commuting relationships between areas:** the same proportion of the workforce is drawn from different local authorities as shown in the 2011 Census data. The proportions of commuting do not change over time – they are assumed to be the same at the end of the plan period in 2031 as they were in 2011. The modelling approach is not 'policy on.'
- 5.9 **However commuting flows in the Oxford Economics model can be influenced by differences in economic performance (the scale of economic growth) between areas.** It is these differences in economic performance between areas which influence the commuting changes which are expected.
- 5.10 The difference between this approach and the application of a fixed commuting ratio is that whilst in both cases there are expected to be commuting flows in and out; and the general patterns are

expected to remain consistent to those shown by the Census the Oxford Economics modelling takes into account expected differences in economic performance between areas.

- 5.11 The table below sets out a comparative analysis of the rate of employment growth in the different local authorities within the HMA over the period to 2031 in the Planned Growth Scenario. North West Leicestershire's economy is expected to see employment growth at twice the HMA (or regional or national) average and the highest rate of employment growth of the Leicestershire authorities. It is this that influences the increase in in-commuting expected within the HEDNA.

Table 1: Employment Growth CAGR, Planned Growth Scenario 2015-31

	CAGR 2015-31
Leicester UA	0.3%
Blaby	0.8%
Charnwood	0.6%
Harborough	0.8%
Hinckley and Bosworth	0.8%
Melton	0.5%
North West Leicestershire	1.2%
Oadby and Wigston	0.2%
HMA	0.6%
East Midlands	0.5%
UK	0.5%

Source: OE Forecasts

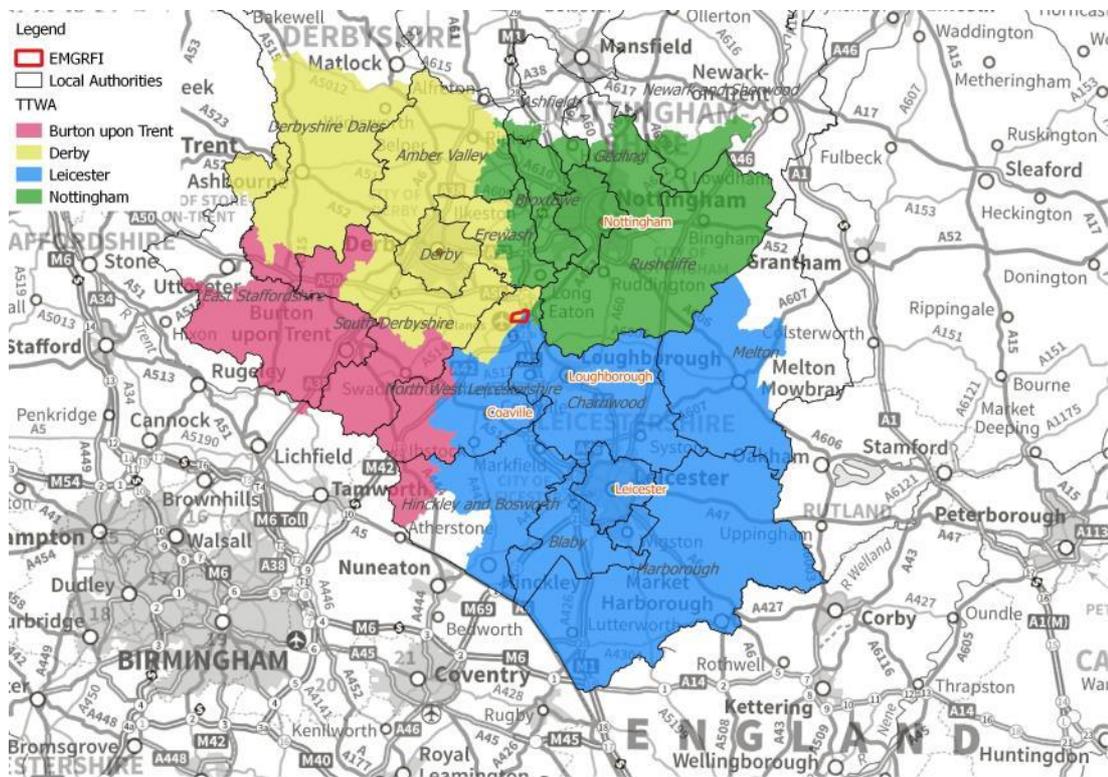
- 5.12 The implication of this strong relative economic performance is that net in-commuting to North West Leicestershire is expected to increase in net terms by 4,500. This sees the commuting ratio fall modestly from 0.80 to 0.77 in 2031.
- 5.13 The data presented by GVA in the letter from Craig Alsbury of 17th February 2017 for Leicester presents a partial (and really inaccurate) picture of what the HEDNA models. What the OE outputs show is net in-commuting to Leicester of 26,300 in 2015. This is expected to fall slightly to 24,200 in 2031. The net flow is influenced by Leicester's relative economic performance compared to a number of its immediate neighbours, particularly Blaby, which relates strongly to the Leicester Principal Urban Area. The HEDNA envisages employment growth in Blaby (1.1% pa to 2031) which is over twice that in Leicester (0.5% pa) in the Planned Growth Scenario (HEDNA Table 19).
- 5.14 If for instance Leicester, Blaby and Oadby and Wigston (as an approximation for the Leicester Urban Area authorities) are considered together, net commuting remains relatively stable. In 2015 it stood

at a net inflow of 23,500 persons. In 2031 it is modelled to be 23,200 persons. The change is equivalent to c. 20 persons pa.

Is it reasonable to expect commuting to change?

- 5.15 GVA's criticism seems to be that it is unsustainable to see an increasing commuting flow across the local authority boundary. Barton Willmore make a similar argument. To consider this it is necessary to understand the geography of employment (and employment growth) expected in North West Leicestershire; and its relationship to settlements in and beyond the district.

Figure 1: Travel to Work Areas and Administrative Geography

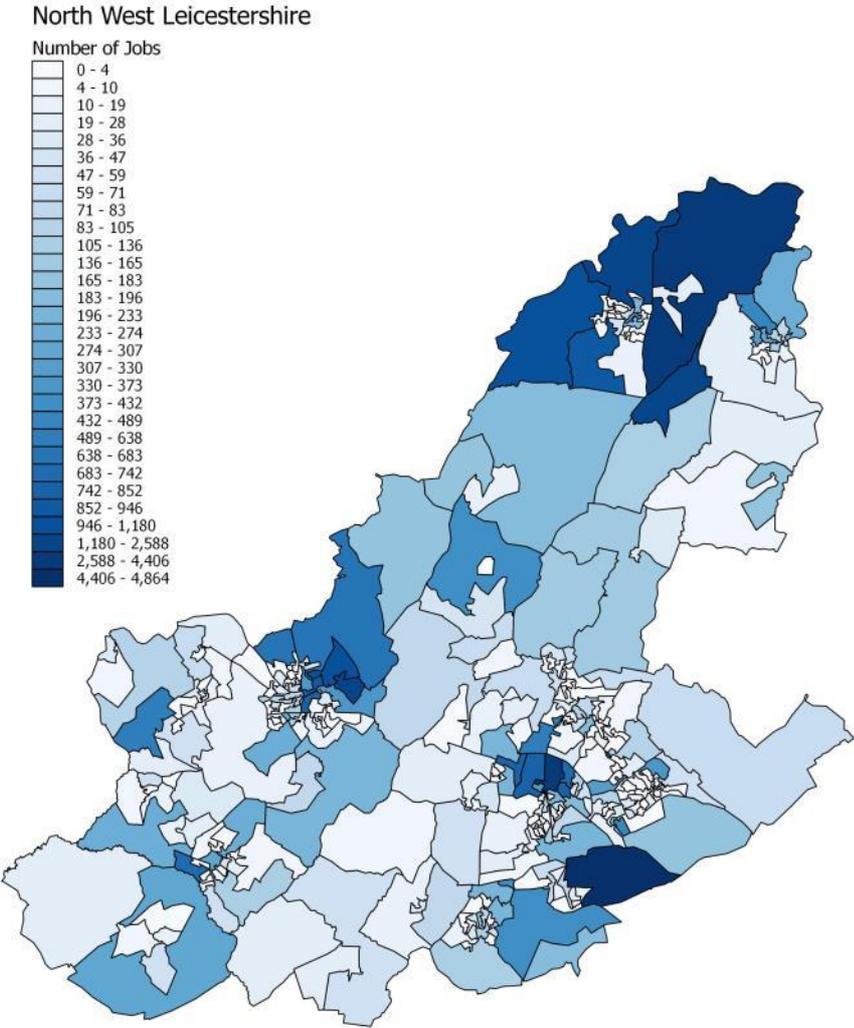


Source: 2011 Census

- 5.16 The HEDNA's analysis shows that North West Leicestershire District spans different travel to work areas (Figure 1) – those based on Leicester, Derby, Burton-on-Trent and Nottingham. Given that most people are expected to live and work within a travel to work area, it is reasonable on this basis to see significant cross-boundary commuting flows.

- 5.17 What the 2011 Census data shows is that 41% of people working in North West Leicestershire also live in the district, and that there are significant commuting interactions in particular with: South Derbyshire; Charnwood; Derby; Erewash; Hinckley and Bosworth; Leicester; and Nottingham.

Figure 2: Employment by Area in North West Leicestershire (2011 Census)



5.18 What can particularly be expected to influence commuting dynamics is employment growth occurring near to the district’s boundaries. Figure 2 shows the geography of employment in the district. It is clear that major employment locations include the Bardon area; and around East Midlands Airport/ Castle Donnington.

5.19 The table below further explains the distribution of employment in North West Leicestershire between sub-areas within the district, based on 2011 Census data.

Figure 3: Distribution of Employment in NW Leicestershire, 2011

	% Jobs (People-based)	TTWA
Ashby-de-la-Zouch	21%	Burton
Bardon	14%	Leicester
Castle Donnington/ EM Airport	33%	Derby
Coalville	26%	Leicester
Measham	5%	Burton

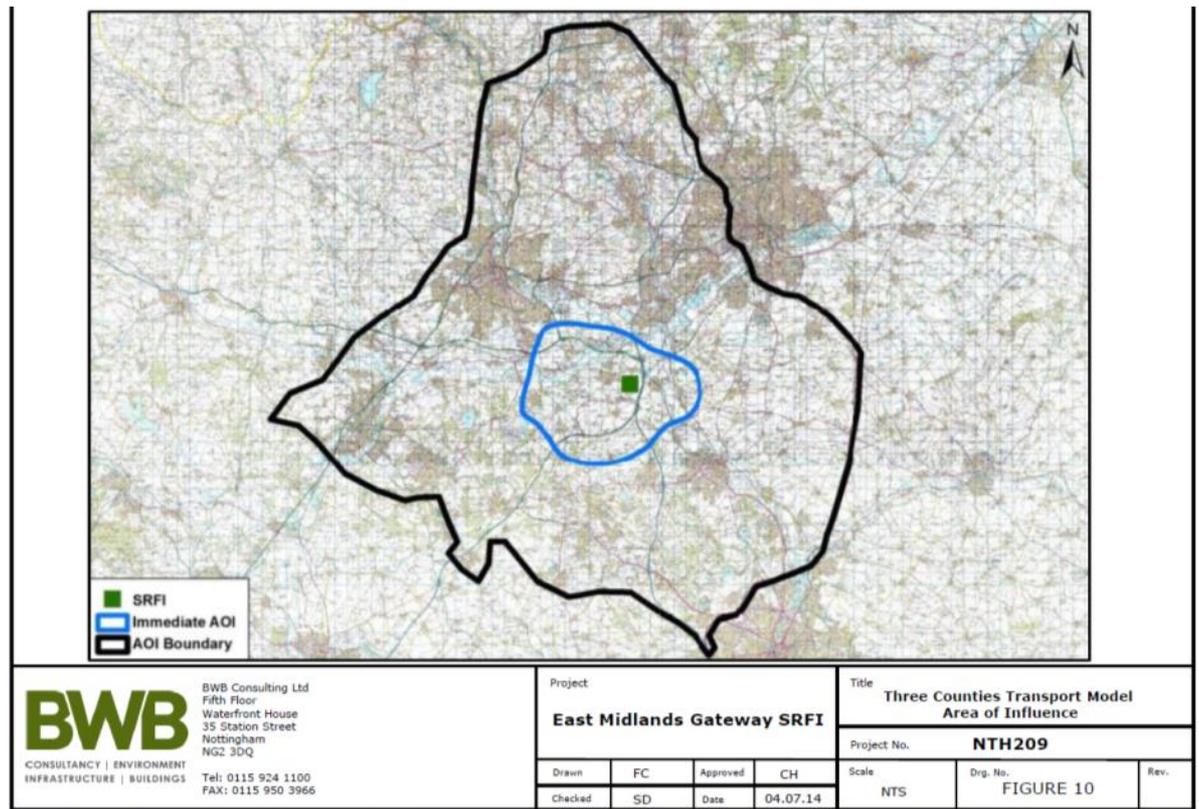
Source: 2011 Census

- 5.20 A finer grain analysis which we have undertaken shows 49% of jobs in the Leicester TTWA, 24% in the Burton-on-Trent TTWA, 23% in the Derby TTWA and 4% in the Nottingham TTWA.
- 5.21 These patterns influence the existing commuting ratio; which is a reflection of the geography of employment within the district. A net level of cross-boundary commuting is not necessarily unsustainable when employment areas within the district are nearer to major settlements beyond its boundaries than the key settlements within the district itself. This is the case for North West Leicestershire.
- 5.22 Moving forwards, employment growth near the boundaries of the district can be expected to influence commuting interactions. The main factors influencing commuting changes which are described in the HEDNA is the growth in employment at the East Midlands Gateway SFRI.
- 5.23 The SFRI adjoins M1 Junction 24 and East Midlands Airport. It is 15km from Loughborough, 21 km from Coalville and Derby, 22km from Ashby-de-la-Zouch and 25km from Nottingham. With major employment growth at this location, a modest proportion of the workforce can be expected to live in North West Leicestershire.
- 5.24 Chapter 4 of the Environmental Statement (ES) which formed part of the DCO application for the SFRI sets out that the completed scheme was expected to support 7,317 direct jobs (6,445 full-time and 872 part-time), with 2,294 jobs created at the initial stage of development (186,000 sq.m) with the remainder becoming available over subsequent years. It outlined that this equated to 6,881 Full-time Equivalent (FTE) jobs; and taking account of leakage, displacement and multiplier effects, the total net effect was expected to be of 6,688 FTE jobs across the Study Area considered.
- 5.25 The Study area was based on an Area of Influence (AOI) defined through the Transport Assessment which included 16 local authorities in total⁴, including the cities of Leicester, Nottingham and Derby.

⁴ Amber Valley, Ashfield, Blaby, Broxtowe, Charnwood, Derby, East Staffordshire, Erewash, Hinckley & Bosworth, Leicester, Melton, North West Leicestershire, Nottingham, Rushcliffe, South Derbyshire.

What analysis of Census commuting data shows it that there is already a significant commuting interaction between these authorities and North West Leicestershire highlighting the realism of the AOI.

Figure 4: East Midlands Gateway SRFI Area of Influence



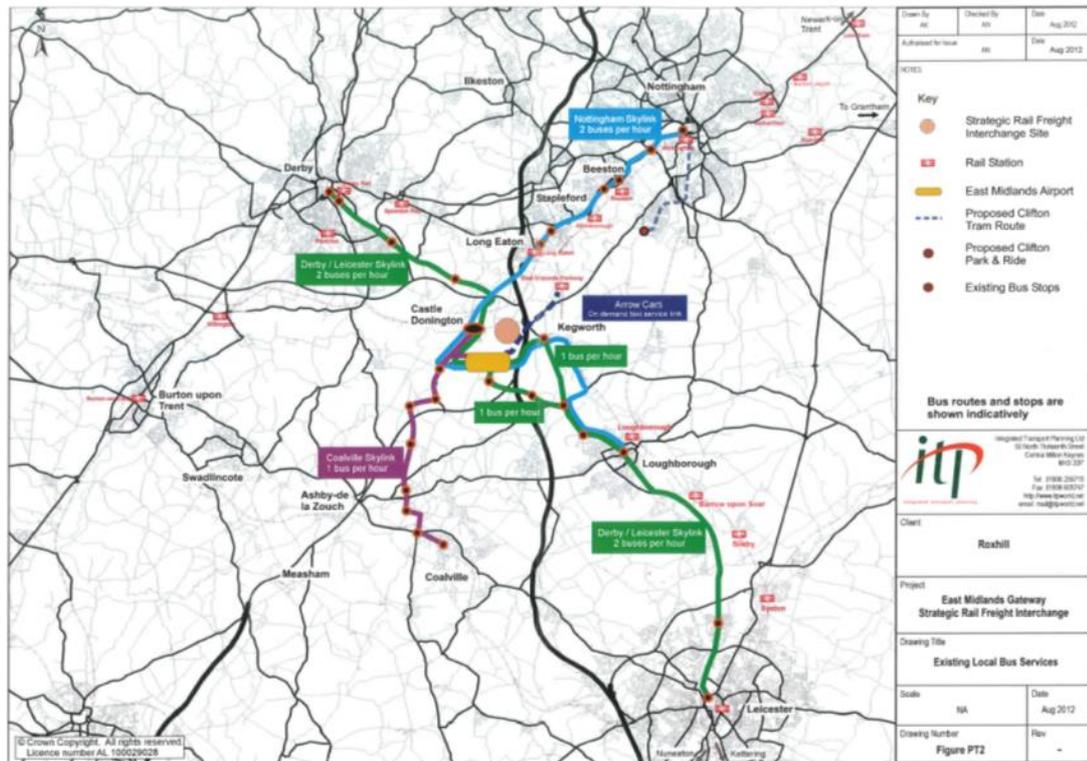
Source: DCO Application, Transport Assessment

- 5.26 The Examining Authority's Report outlined in Paragraph 4.14.3 that the scale of employment growth projected by the SRFI development and the consequences for labour supply and housing needs were identified by the Examining Authority as principal issues for the examination. It found (Para 4.14.34) that the applicant's assessment of job generation was credible.
- 5.27 The ES is clear at Para 4.11.6 that *"the implementation of a significant employment centre will alter the commuting patterns in the AOI. The public transport strategy for the EMG SRFI proposes to introduce diversions and extensions to bus services, as well as to increase the frequency of them (ES Appendix 13.23). Importantly these would provide transport links between the areas of highest population density and the proposals."*

5.28 A number of existing bus services run past the SRFI site, as shown below. The mitigation package associated with the SRFI envisages enhanced provision

- Phase 1: A new bus interchange at the entrance of the site and a new regular shuttle bus between the bus interchange and individual units within the SRFI.
- Phase 2: Extension of the my15 service from Ilkeston, Stapleford and Long Eaton to serve the SRFI.
- Phase 3: Extension of the my15 to serve Coalville, thus providing a route between Ilkeston and Coalville via the SRFI
- Phase 4: Reinstatement of an A453 bus service (after the completion of the A453 widening).
- Phase 5: Increased frequency of the Skylink services between Derby and Leicester and diversion of every other service via the A50.

Figure 5: Existing Bus Services serving SRFI



5.29 The site would thus be served by public transport services connecting it to Derby, Long Eaton, Beeston and Nottingham, Loughborough, Leicester and Coalville. Increased services to Derby, Leicester and Loughborough could be expected; as well as reduced journey times to Derby.

5.30 In considering housing provision, the ES considered housing supply in North West Leicestershire, South Derbyshire, Derby, Broxtowe, Nottingham, Gedling, Charnwood and Rushcliffe. It identified

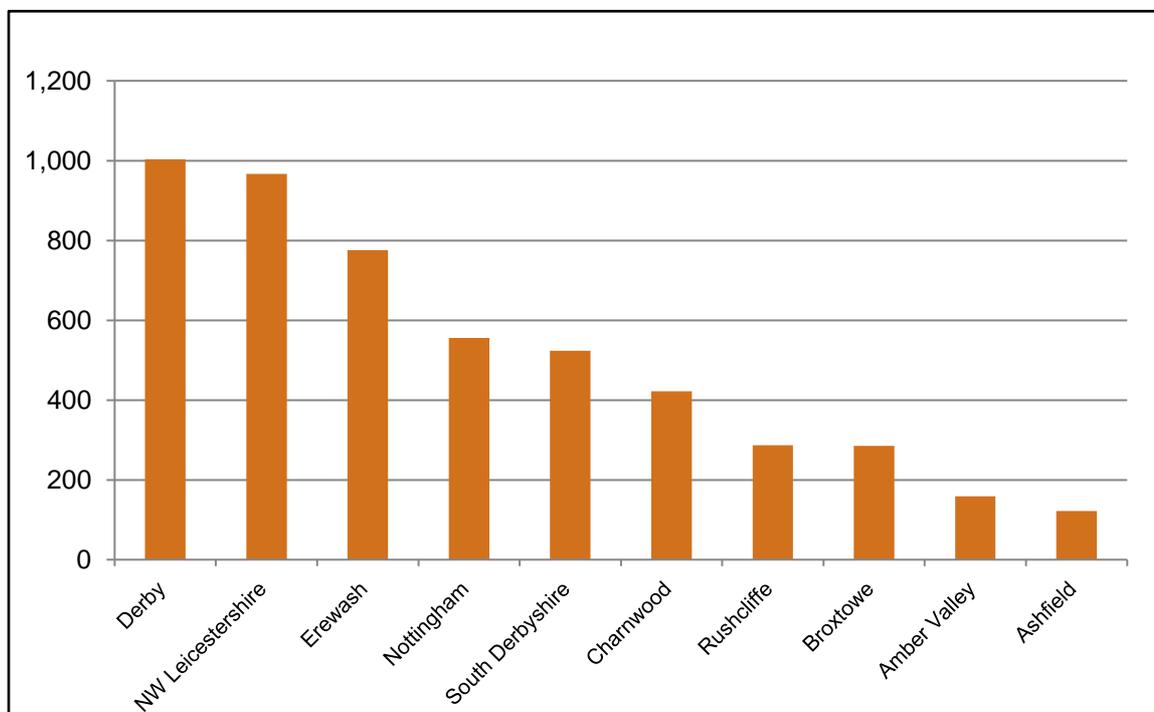
that across these authorities a minimum of 81,000 new dwellings would be delivered (including 9,700 in North West Leicestershire to 2031⁵). Looking at North West Leicestershire more specifically, the ES outlined the following in Paragraph 4.9.23:

“The housing development targets in North West Leicestershire have been projected taking into account the additional employment land such as that at the application site. If a robust assumption is made that 20% of employees at the SFRI seek to move into the area, this equates to 1,462 properties, or about 20% of the additional housing that would be developed in the AOI. It is considered that the planned level of future housing would be adequate to meet any additional demand from the proposal which is part of the planned growth in the area. Taking into account the future increase in housing supply, impact on housing demand will be negligible.”

5.31 The DCO process thus expected around 20% of the SFRI workforce to be drawn from North West Leicestershire, as the JGC Study set out.

5.32 To consider the reasonableness of this further, we have analysed commuting flows to East Midlands Airport and environs. The SFRI site sits in this area. The 2011 Census data showed commuting flows from a range of areas to employment in this location. The largest flow (15%) was from Derby. 14% of the workforce was drawn from North West Leicestershire. This supports the assumptions in the DCO evidence.

Figure 6: Commuting to East Midlands Airport and Environs



Source: 2011 Census

⁵ Based on the withdrawn Core Strategy

- 5.33 It is clear that a similar commuting pattern from an adjoining site would see its workforce drawn from a range of areas. On this basis it is reasonable to expect the commuting ratio to change.
- 5.34 The evidence in front of the Examining Authority in respect of the SRFI DCO was that the implementation of this significant strategic employment scheme would alter commuting patterns. The Secretary of State accepted this, concluding that the scheme would be unlikely to lead to significant additional housing requirements in the locality.
- 5.35 The Secretary of State's conclusions (Para 39) were that:
- 39. The Secretary of State agrees with the Examining Authority that the applicant's assessment of job generation during construction and operation is credible. According to this assessment, the development would be likely to have a minor beneficial effect on employment during construction (generating an average of 688 jobs per year) and a major beneficial effect at the regional level during operation (creating 7,272 new jobs). He agrees also with the Examining Authority that the generation of employment **would be unlikely to lead to substantial additional housing requirements in the locality**; and that the health and well-being impacts of the project would be broadly neutral. The Secretary of State accordingly agrees with the Examining Authority that there would be significant benefits from the proposed development in terms of potential employment creation, and he attaches considerable importance to this factor in coming to a decision on this application (ER 4.14.1-36, 5.1.37-40). (our emphasis added)*
- 5.36 The issue of whether there is expected to be a substantial impact of the SRFI proposals and job creation associated with them on housing need has thus been considered by the Examining Authority and Secretary of State. It was a main issue identified by the Examining Authority. It is an issue which has been considered; and on which the Secretary of State has drawn conclusions – that it would not be expected to lead to substantial additional housing requirements in the locality. The evidence before the Examining Authority was that the scale of the scheme and its location would alter commuting patterns and this has been accepted. This means that the commuting ratio for North West Leicestershire can be expected to fall.
- 5.37 The expectation that the SRFI will alter commuting patterns is entirely reasonable set against the evidence, given its location at the edge of the district; at the boundary of the Leicester, Nottingham and Derby TTWAs; and its public transport accessibility.
- 5.38 Bus services from the location already connect it to Derby, Long Eaton, Beeston and Nottingham, Loughborough and Leicester (all with 2 buses per hour) and Coalville (1 per hour). Increased frequency of services to Derby, Loughborough and Leicester, Ikeston, Stapleford and Long Eaton as well as Coalville will be delivered through the development; with reduced journey times expected on some routes.

- 5.39 The application of a fixed commuting ratio in modelling housing need (as proffered by some representors) is inappropriate, for the following reasons:
- It fails to acknowledge the commuting interactions affecting the district, including the way in which different parts of the district fall within three Travel to Work Areas.
 - It fails to acknowledge the geography of employment growth, whereby major employment growth is expected at the SFRI which actually falls within the Derby TTWA, a different Travel to Work Area to North West Leicestershire's main settlements.
 - It fails to acknowledge the public transport connections which are available, and are due to be enhanced through delivery of the SFRI.
 - It inherently assumes that most of the workforce for the SFRI will live in settlements to the south-west of the site. Given the accessibility of the location, which adjoins the M1, and the public transport connections which will be available, this is entirely unrealistic.
- 5.40 We would also note that the application of a fixed commuting ratio (as suggested by some representors including GVA and Barton Willmore) means that the balance between workers and residents in work in the district is held constant; but that numbers of in-commuters to the district increases.

Is there a Duty to Cooperate Issue?

- 5.41 Some objectors have gone on to suggest that by assuming that there is some increase in commuting from outside of the HMA, there is a risk of an unmet housing need as these authorities are not providing the additional housing needed to accommodate the additional workers. There is no basis in this.
- 5.42 The DCO evidence base showed that across the AOI there were 49,000 individuals out of work; and that a significant proportion of the jobs could be taken by existing residents moving into employment.
- 5.43 The Derby HMA's housing needs evidence (prepared by GL Hearn) shows a surplus of available labour compared to jobs growth within this HMA (comprising South Derbyshire, Derby and Amber Valley districts). The OAN for the Derby HMA has been defined through the 2013 SHMA and 2014 Sensitivity Analysis. The modelling work indicates that this would support workforce growth of 21,950 persons over the 2011-28 period. This significant exceeded forecast employment growth, totalling 6,500 over this period, indicating a significant potential pool of surplus labour. Both the conclusions on economic growth and housing need have been tested through the South Derbyshire and Derby Local Plan Examinations, and found sound.

Employment Growth 2011-15

- 5.44 GVA's representation comments that the HEDNA models housing need associated with employment growth from 2015 forwards, rather than 2011. It does this as there is robust information available, from ONS Mid-Year Population Estimates, on population change over the period from 2011-15. It is therefore not necessary to predict demographic changes: available data can be used.
- 5.45 The economic scenarios are modelled adjusting the future level of migration to support workforce growth on the basis that future economic performance. GL Hearn considers that this is a robust approach. It is consistent for instance with the modelling approach used by Barton Willmore in its evidence to the Examination.

Economic Participation Rates

- 5.46 The JGC Study modelled changes to economic participation by considering how the economically active population of working age and of pensionable age was expected to change.
- 5.47 The HEDNA approach was to consider and contrast forecasts for economic participation from the Office for Budget Responsibility, Experian and Oxford Economics. It is a robust approach which considers different sources of data.
- 5.48 Whilst it would be robust to take a consistent view from the forecaster (Oxford Economics) on employment growth and labour force participation, the HEDNA takes a more cautious approach – adopting the Experian assumptions which sit in the middle of the three. These issues are considered in Paragraphs 5.18 – 5.28 in the HEDNA. HEDNA applies Experian forecasts for age and sex-specific changes in economic participation to the 2011 Census baseline for North West Leicestershire.
- 5.49 Analysis we have undertaken has shown that the application of the Experian economic participation assumptions resulted in a virtually identical scale of housing need to the JGC analysis.
- 5.50 Details of the Experian assumptions, and a comparison of these to the OBR rates are provided in Appendix B to this document.
- 5.51 GL Hearn is aware that the Office for Budget Responsibility (OBR) economic activity assumptions have been accepted in ‘Longbank’ s.78 decision; but it is important to note that this argument has been rejected by inspectors in other instances.⁶

6 AFFORDABLE HOUSING NEED AND MARKET SIGNALS

- 6.1 The HEDNA has provided an up-to-date analysis of market signals, together with detailed benchmarking compared to comparable authorities (HEDNA Appendix 3).
- 6.2 The analysis of market signals pointed to a mixed picture for North West Leicestershire, key findings being:
- The district has the lowest land values in the HMA, which are 40% below the national average (excluding London). The PPG identifies that land values provide direct information on the shortage of land.
 - North West Leicestershire has lower house prices than other Leicestershire authorities (albeit prices in the City are lower) and has seen long-term price growth which has been on a par with regional or national trends. There is no evidence of a widening of price differentials.

⁶ See for instance Land East of Main Road Bicknacre APP/W1525/W/15/3129306 and Main Road, Great and Little Lees APP/W1525/W/15/3121603

- The lower quartile house price ratio is consistent to the national average across England, and below the HMA average. Similarly rental affordability is on a par with the national average.
- 6.3 Affordable housing need was also considered, with a net need identified from 199 households per annum requiring financial support to meet their housing need (HEDNA Table 39). On the basis of 27% affordable housing provision, notionally 737 homes per annum would be needed to meet the affordable housing need in full.⁷ The scale of affordable housing need is relative similar to that in the JGC Study (212 dpa) which was based on the 2014 SHMA.
- 6.4 In drawing conclusions, the HEDNA considered the affordable housing need and market signals evidence together. It concluded that there was an evidential basis for upwards adjustments to the demographic need in all local authorities in the HMA; but that adjustments to meet the affordable need in full were not realistically deliverable. This would equate to a level of housing provision twice that shown in the demographic analysis at an HMA level (and 90% above for North West Leicestershire). In simple terms, there are likely to be insufficient people and households to occupy this aggregate scale of additional housing; nor would it be deliverable.
- 6.5 The HEDNA also noted factors as to why caution should be applied in interpreting the affordable housing need evidence, as described in Paragraphs 7.34 – 7.43. This includes that the affordable modelling includes supply-side factors (which other elements of OAN calculations do not); and included not just newly-forming but existing households who if they moved would release a property for another household (with therefore no impact on overall housing need).
- 6.6 On the basis of the evidence, it concluded that a 10% upward adjustment from the demographic need (386 dpa) to improve affordability would be appropriate, responding to the evidence of market signals and of affordable housing need. This was on the basis that whilst there was a clear case for adjustments to improve affordable housing delivery, the market signals evidence presents North West Leicestershire as being one of the more affordable parts of the HMA. **The 10% upward adjustment thus particularly reflected the affordable housing evidence.** Applied to the demographic need, this resulted in a 424 dpa.
- 6.7 GL Hearn's analysis recognises that that the scale of affordable housing need is very sensitive to the relationship between housing costs and incomes and that an increase in market housing delivery which improves market affordability will reduce the affordable housing need. It is clear that the affordable housing needs evidence on this basis – which is in effect influenced by the cost/income relationship at the point in time of the assessment – needs to be treated with a significant degree of caution.

⁷ This is the equivalent analysis to Table 40, covering the 2011-31 period

- 6.8 It is clear that the HEDNA has considered the affordable housing need in deriving its conclusions, and makes upwards adjustments for it. The conclusions in the HEDNA of an OAN of 481 dpa represents a 53% upward adjustment on the demographic starting point (the 2014-based Household Projections). This scale of upward adjustment will support delivery of additional market and affordable housing. It results in an OAN which is a significantly above longer-term delivery trends which have averaged 369 dpa over the last decade and 403 dpa over the last 20 years.
- 6.9 GL Hearn notes that GVA in particular argue that a higher adjustment is warranted by the evidence. We can find no clear basis for this conclusion, and note that GVA's own analysis recommended that a 15% adjustment based on the affordable needs and market signals evidence was appropriate at a housing market area level: there is no evidential basis in their evidence for why in comparison a higher adjustment would be warranted (such as GVA's minimum 47% suggestion) in North West Leicestershire.

7 UNMET HOUSING NEEDS AND DISTRIBUTION OF HOUSING PROVISION

- 7.1 A number of representors raise questions regarding housing distribution, and potential issues of unmet need from Leicester and Oadby and Wigston.
- 7.2 The Joint Statement of Cooperation between the Leicester and Leicestershire Authorities outlines that there is sufficient theoretical capacity within the HMA to meet the HMA's objectively assessed housing need. It indicates that whilst based on a simple comparison between evidence on land supply from commitments and SHLAAs, there are potential land supply constraints in Leicester and Oadby and Wigston; further testing will be required by the respective authorities through their Local Plan process. At the current time, no local authority within the HMA has identified and quantified an unmet housing need.
- 7.3 The local authorities have collectively agreed a process for agreeing the distribution of housing provision between authorities in the HMA - through the preparation of a Strategic Growth Plan. The Joint Statement of Cooperation identifies that the preparation of this is not anticipated to be completed until the end of 2017/ early 2018. It is also clear that should the Strategic Growth Plan identify a significant change which would require local authorities with adopted plans to re-consider the amount of housing and employment land, then this would trigger an early review or partial review of the affected plan(s) to address this issue.

- 7.4 For the purpose of this examination, in the absence of clarity regarding whether there is an unmet need from other authorities, the scale of it, or work to consider jointly where any unmet need is best met, it would be both premature and very difficult in practical terms to make provision for this at the current time. It is simply not possible to establish what a fair proportion of an unknown unmet need from other areas might be.
- 7.5 WYG suggest that given the economic growth strategy in North West Leicestershire it should receive a relatively high proportion of any additional housing. In our view there are a likely to be a range of considerations and options for assessing the distribution of housing development - including issues relating to environmental constraints, land availability, market capacity/ strength and infrastructure provision/ feasibility - which are issues which the preparation of the Strategic Growth Plan is addressing.

8 EMPLOYMENT LAND NEED

- 8.1 The HEDNA provides a comprehensive analysis of future employment land needs. It does not deal with land supply. Section 3 provides an analysis of economic and labour market dynamics. Section 4 considers future economic growth potential. Section 10 provides an analysis of property market dynamics. These are brought together in Sections 11 and 12 which quantify future needs for B-class employment land.
- 8.2 The conclusions drawn take account of different forecasting approaches, as recommended in the PPG. For office floorspace (Use Classes B1a and B1b), they take account of both econometric forecasts and past take-up trends, resulting in a need for 45-46 ha of land. For the industrial sector, the econometric forecasts showed a decline in employment in manufacturing, with a contraction in employment by 18% (1,400 jobs) forecast in North West Leicestershire over the plan period. The HEDNA however concluded that there was unlikely to be a direct correlation between this and floorspace, and therefore drew conclusions based on past take-up (using gross completions data). for North West Leicestershire this indicated a need for 3.3 ha of land (compared to -8.8 ha based on the economic model). For small-scale B8 floorspace, past completions indicated a need for 16.8 ha of land to accommodate warehouses of < 9,000 sq.m. The need for strategic B8 warehousing has been assessed in detail through the Leicester and Leicestershire Strategic Distribution Study (EC/02), and the HEDNA draws on this, and as yet unpublished work undertaken by MDS Transmodal and GL Hearn to review and update this.

- 8.3 A number of representations have been made in relation to the need for employment land in the district. The two main set of comments came from Regeneris on behalf of St Modwen and from JLL on behalf of IM Properties. In particular they raise questions around:
- The local need for strategic distribution land within NW Leicestershire;
 - An underestimation of the need for smaller B8 land.
- 8.4 In this document we have focused particularly on dealing with comments in relation to the assessment of need, as opposed to supply-side issues or the supply/ demand balance for employment land.

St Modwen/ Regeneris Representations

Distribution of Strategic B8 Land/ Floorspace

- 8.5 Regeneris have suggested a pro-rata distribution of the total B8 employment land need (361ha) based on the distribution of anticipated growth in B8 jobs within the Oxford Economic employment forecasts (41% in North West Leicestershire) should be undertaken. This is not appropriate and would be a policy-on position.
- 8.6 The HEDNA (and the specific evidence base regarding strategic logistics/ distribution floorspace on which it is based) are clear that the distribution of employment land provision for strategic B8 activities needs to be considered jointly by the Leicester & Leicestershire authorities. The market for strategic B8 activities extends beyond the District's boundaries, and it is appropriate to coordinate planning for this sector at the FEMA level, taking account of wider market dynamics and supply.
- 8.7 Growth in employment in this sector will be influenced by the availability and policy choices regarding future provision of good quality sites in commercially attractive locations. This is therefore something that requires cross-boundary considerations which NWL cannot do alone. These issues have been recognised and accepted in other local plan examinations, such as for North Warwickshire's Core Strategy.
- 8.8 Paragraph 11.28 in the HEDNA is clear that "*The HEDNA has not sought to prejudge future policy choices regarding the location of strategic B8 warehousing development, recognising the sub-regional nature of the market and the degree to which the spatial distribution of future growth will be influenced by land availability/ releases*".

Small-Scale B8 Need

- 8.9 The HEDNA projects needs for B8 floorspace in units of under 9,000 sq.m based on past completions over the period 2002/3 - 2015/16. It uses long-term trends in order to smooth out variations in take-

up at different stages in an economic cycle. Based on average historical take-up of 3,354 sq.m per annum, projected forwards, a need is shown for 16.8 ha of land. The conclusions drawn are based on this, and the market analysis set out in HEDNA Section 10.

- 8.10 Regeneris, on behalf of St Modwen, have put forward alternative take-up figures. However these are not specifically for small-scale B8 floorspace, but for B1c, B2 and small B8 floorspace together. As the Regeneris figure includes B1c/B2 take up, it is not a like -for-like comparison.
- 8.11 GL Hearn has run a similar analysis using the CoStar Focus database which shows deals (both sales and leases) of new-build B8 premises under 9,000 sq.m averaging 2,501 sq.m per annum between 2009 - 2015. This clearly demonstrates the influence of B1c/B2 take-up and shows that the HEDNA is evidently not under-estimating need for small-scale B8 floorspace.

Replacement of Land lost to Other Uses

- 8.12 Finally the Regeneris submission highlights that the HEDNA has not taken account of "replacement of land loss to other uses". This is correct and the HEDNA is clear about this. It is an Issue which has been addressed by the Council, in its Paper on "Implications for local plan arising from the publication of the HEDNA." The Council has reviewed historical losses/ changes of used, as well as considering the quality of existing employment sites. On this basis they identify sites which will potentially be redeveloped for alternative uses over the plan period. They identified 9 sites with a combined capacity of 25.8 Ha of which only 10.4 Ha are in employment uses. This is taken into account in considering the supply/demand balance.

JLL Representations

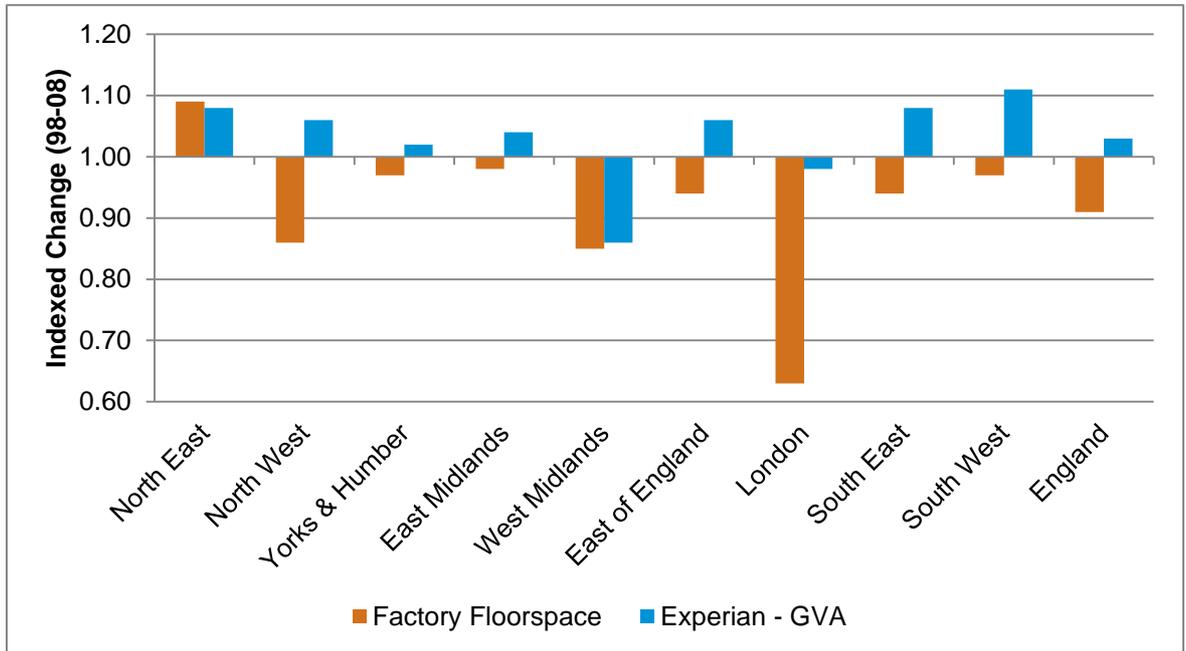
- 8.13 JLL on behalf of IM properties have identified three main concerns with the assessment of employment land needs within the HEDNA. These are:
- The evidence presented on take-up industrial (i.e. B1c/B2) is inconsistent with data on take-up provided in previous background papers by the Council and VOA evidence.
 - There is a disconnect between economic and market signals and the projected employment land requirement for the District, particularly in terms of the nascent manufacturing sector.
 - The requirement for strategic distribution land does not consider the latest market trends and drivers or the wider strategic need.
- 8.14 The evidence on take-up presented in the HEDNA reflects the latest data on industrial transactions from two leading commercial property databased (Co-star and EGi).
- 8.15 JLL in particular questions the forecast need for industrial (B1c/B2) floorspace/ land. To support their argument, JLL have provided evidence from the VOA in relation to the change in industrial floorspace

for the period 2000 to 2012. This cites floorspace growth of 548,000 sqm in the district over this period. However as noted by JLL themselves, this figure includes (and will in large part be driven by) growth in warehouse/ logistics floorspace which falls within a B8 use class.

- 8.16 To mitigate this JLL do try to net off the storage and distribution growth and identify a residual growth of 295,000 sqm over the same period. However, much of this residual growth will include wholesale B8 uses and commercial storage facilities which have seen significant growth in the District. It is therefore not appropriate to assume the residual are all B1c/B2 uses.
- 8.17 Furthermore the information provided within Enclosure 1 of the JLL submission presents data from 2000 which therefore pre-dates that used in the HEDNA trend-based forecasts. Interrogating the JLL Enclosure 1, of the 548,000 sq.m growth in 2000-12 period, around 247,000 (45%) took place in the first two years which is both now quite historic (over 15 years ago) and falls outside of the time period used in the HEDNA projections. This is a key reasons for the differences in the findings.
- 8.18 The JLL response highlights a renaissance in manufacturing within the Midlands. This is recognises and shown within the HEDNA, in terms of growth in GVA. However whilst the OE forecasts set out in the HEDNA show a growth in GVA, they also show a continuing fall in employment (albeit at a much slower rate than seen historically). Improving productivity is at the core of this relationship between growth in GVA and jobs.
- 8.19 There is no evidence of a link between GVA and floorspace demand either regionally or nationally. As set out in the figures below, we have collated floorspace data for factories and manufacturing GVA for the 1998 to 2008 period. The floorspace data comes from DCLG.⁸ The historic GVA data comes from data we have purchased from Experian. By indexing the historic change in each region and nationally we can provide a like for like analysis across different sized areas and between the two factors.
- 8.20 As shown in Figure 7 below, in only three of the ten areas examined floorspace and GVA changed in the same direction i.e. both positive or both negative. Both nationally and in the East Midlands, factory floorspace contracted while GVA improved. This demonstrates the improvements to GVA, which we anticipate within manufacturing sector in NWL, will not necessarily translate into a need for additional B2 floorspace. The long-term trend at the regional level (and indeed across the Midlands) is of a net contraction in industrial floorspace.

⁸ Table P407 - <https://www.gov.uk/government/statistical-data-sets/live-tables-on-commercial-and-industrial-floorspace-and-rateable-value-statistics>

Figure 7: Indexed Floorspace and GVA Change by Region



Source: DCLG and Experian.

- 8.21 While we recognise the potential influence of wider investment such as that by Jaguar Land Rover, this does not imply a need for significant additional land for industrial development in every area across the wider region. Some recycling of land can be expected - as some manufacturing sub-sectors contract, whilst others grow.
- 8.22 JLL also criticises the HEDNA as providing "extremely limited" analysis on strategic B8 need. The detailed evidence base relating to this sector is set out in the Leicester and Leicestershire Strategic Distribution Study (EC/02). This Study has been updated, with the updated reports have only recently been published. These comprise "The Leicester and Leicestershire Strategic Distribution Study: Update and Refresh of Outputs and Conclusions, September 2016" and the "Wider Market Developments: Implications for Leicester and Leicestershire, February 2017". The latter report included input from GL Hearn⁹. These provide the specific evidence base for planning for strategic B8 development and address the issues raised by JLL. They provide in depth analysis to the strategic B8 market and should be read alongside the HEDNA.
- 8.23 The specific criticism levelled by JLL is that the report does not seem to take into account the areas strategic location on the M42 motorway or the wider strategic need and cross boundary issues with

⁹ Both studies can be found at http://www.harborough.gov.uk/directory_record/726/leicester_and_leicestershire_strategic_distribution_sector_study_-_november_2014

the West Midlands are simply not true. The MDS reports include detailed analysis of take up and availability trends nationally and by region including the East and West Midlands. The report also provided specific analysis on transactions in the wider and prime Golden Triangle. The wider Golden Triangle included the area bounded roughly by Milton Keynes, Birmingham and Nottingham.

- 8.24 Furthermore JLL also suggested that the HEDNA was too inward looking and that the methodology was *"to consider principally the need for replacement stock of existing warehouses within the FEMA"*. However the HEDNA clearly sets out at 11.4 (third bullet point) that the floorspace need relates to both replacement build and future growth in traffic.
- 8.25 JLL also suggested that consideration had not been given to market activity and drivers of market demand (e.g. increasing online retail). The updated strategic distribution evidence clearly does this. It identifies increasing activity in "big shed" transactions since 2011. The report attributed this to occupiers seeking economies of scale, including increased demand from retailers adapting to on-line shopping which has driven demand for strategic warehouses particularly in well accessible areas such as the Golden Triangle. Specifically in relation to the growth in on-line retail the MDS and GL Hearn work (Chapter 3 page 11) sets out that *"e-commerce or e-retailing has been grown substantially since 2010, and the East Midlands is attractive for both Regional and National Distribution Centres. Data reveals that over the last ten years the retail sector has accounted for 43% of all the transacted warehouse space nationally. The shift to online retail is well established and accounts for 14% of current retail sales nationally"*.
- 8.26 The original MDS Study (paragraph 2.36) also suggested that the high growth scenario is preferred as *"to a great extent, this situation is being driven by changes in the retail sector, and in particular the large growth rates for e-commerce"*The recent MDS work has included a review and refresh of the land-use forecasts undertaken for the Leicester and Leicestershire SDS. This concluded *"that they (the previous forecasts) still represent a robust forecast of expected future new-build rates across Leicestershire"*. And that *"the forecast figures should be viewed as minimum requirements going forward in order that a geographical spread of commercially attractive sites is always available across the county; it is not a maximum cap or target"*.
- 8.27 The previous forecasts took into account a wide range of factors including:
- Existing warehousing becoming functionally or physically obsolete;
 - Operators requiring additional floor space as a result of traffic growth; this being the result of general economic growth, company mergers/acquisitions and trends in wider society amongst other factors such as on-line retail; and
 - Changing market conditions resulting in the optimum location for warehousing changing.

- 8.28 MDS have also addressed the following issues alongside their likely impact on Leicestershire and its competitive position in the logistics market:
- Rail network and freight developments;
 - The position of East Midlands airport;
 - Government policy; and
 - Changes in the industry and technology
- 8.29 The MDS work also took into account the industry requirements that distribution and logistics occupiers seek in sites. The main criteria that affect the choice of location for distribution centres are the infrastructure facilities, proximity to market, land availability, labour supply as well as government and industrial support.
- 8.30 The HEDNA (Chapter 1) also provides a detailed review of the Leicestershire commercial property market looking separately at the office and industrial markets, the latter combining both factory (B2) and warehouse (B8) space. This includes the same data used by JLL. The chapter identifies that the largest amount of floorspace was transacted in North West Leicestershire: this totalled 767,000 sq m. The report also identifies that the largest growth was in very large industrial units of +50,000 sqm in North West Leicestershire. This included a 225,000 sq m distribution unit at Bardon Hill near Coalville. It also considered available supply.
- 8.31 It is clear therefore that both GL Hearn and MDS have taken account of wide range of national trends and local forecasts as well as industry specific requirements when determining the demand for distribution space within Leicestershire.
- 8.32 JLL also suggested that the HEDNA "takes no account of a wider strategic need and cross boundary issues with the West Midlands" in calculating need. They also cite North Warwickshire as an example authority which had "wider need." The Strategic Distribution Studies consider needs and demand drivers across the Golden Triangle. GL Hearn is well aware of cross-boundary issues, having worked on employment land issues for local authorities across Warwickshire. This understanding has influenced our inputs into the updated strategic distribution evidence base. We are not aware of an unmet need for strategic distribution space arising from North Warwickshire in a Duty to Cooperate context.

Appendices

APPENDIX A: COMPARISON BETWEEN EXPERIAN AND OBR PARTICIPATION RATES PAPER (FEBRUARY 2016)

APPENDIX B: COMPARING EXPERIAN AND OBR (NOV-15) ECONOMIC ACTIVITY RATE ASSUMPTIONS

This appendix seeks to set out differences between the assumptions on economic participation assumed by Experian and the Office for Budget Responsibility in its Nov 2015 Fiscal Sustainability Report.

Males

Comparing economic activity rates for males aged under 25			
	2014	2035	Change
OBR (16-19)	0.53	0.50	-0.03
OBR (20-24)	0.79	0.81	0.02
Experian (16-24)	0.66	0.62	-0.04

Comparing economic activity rates for males aged 25-54			
	2014	2035	Change
OBR (25-29)	0.92	0.89	-0.03
OBR (30-34)	0.94	0.91	-0.03
OBR (35-39)	0.94	0.90	-0.04
OBR (40-44)	0.93	0.88	-0.05
OBR (45-49)	0.92	0.89	-0.03
OBR (50-54)	0.89	0.86	-0.03
Experian (25-29)	0.91	0.91	0.00
Experian (30-34)	0.93	0.93	0.00
Experian (35-39)	0.94	0.94	0.00
Experian (40-44)	0.92	0.92	0.00
Experian (45-49)	0.93	0.93	0.00
Experian (50-54)	0.89	0.91	0.02

Comparing economic activity rates for males aged 55-59			
	2014	2035	Change
OBR (55-59)	0.82	0.81	-0.01
Experian (55-59)	0.82	0.89	0.07

Comparing economic activity rates for males aged 60-64			
	2014	2035	Change
OBR (60-64)	0.59	0.67	0.08
Experian (60-64)	0.58	0.80	0.22

Comparing economic activity rates for males aged 65-74			
	2014	2035	Change
OBR (65-69)	0.26	0.37	0.11
OBR (70-74)	0.12	0.14	0.02
Experian (65-69)	0.26	0.53	0.27
Experian (70-74)	0.12	0.20	0.08

Comparing economic activity rates for males aged 75+			
	2014	2035	Change
OBR (75-89)	0.04	0.06	0.01
Experian (75-79)	0.06	0.06	0.00
Experian (80-84)	0.04	0.04	0.00
Experian (85-89)	0.01	0.01	0.00

Females

Comparing economic activity rates for females aged under 25			
	2014	2035	Change
OBR (16-19)	0.51	0.49	-0.03
OBR (20-24)	0.71	0.70	-0.01
Experian (16-24)	0.64	0.61	-0.03

Comparing economic activity rates for females aged 25-54			
	2014	2035	Change
OBR (25-29)	0.77	0.75	-0.03
OBR (30-34)	0.78	0.75	-0.04
OBR (35-39)	0.79	0.77	-0.02
OBR (40-44)	0.81	0.81	0.00
OBR (45-49)	0.83	0.84	0.01
OBR (50-54)	0.80	0.81	0.00
Experian (25-29)	0.77	0.78	0.01
Experian (30-34)	0.78	0.79	0.01
Experian (35-39)	0.79	0.81	0.02
Experian (40-44)	0.81	0.83	0.02
Experian (45-49)	0.83	0.84	0.01
Experian (50-54)	0.80	0.82	0.02

Comparing economic activity rates for females aged 55-59			
	2014	2035	Change
OBR (55-59)	0.70	0.74	0.04
Experian (55-59)	0.71	0.79	0.08

Comparing economic activity rates for females aged 60-64			
	2014	2035	Change
OBR (60-64)	0.41	0.60	0.19
Experian (60-64)	0.42	0.70	0.28

Comparing economic activity rates for females aged 65-74			
	2014	2035	Change
OBR (65-69)	0.17	0.33	0.16

OBR (70-74)	0.07	0.12	0.05
Experian (65-69)	0.16	0.43	0.27
Experian (70-74)	0.07	0.15	0.08

Comparing economic activity rates for females aged 75+			
	2014	2035	Change
OBR (75-89)	0.02	0.04	0.02
Experian (75-79)	0.04	0.04	0.00
Experian (80-84)	0.01	0.01	0.00
Experian (85-89)	0.00	0.00	0.00