GL Hearn

Harborough Housing Requirements Study

Harborough District Council

Final Report

March 2013

Prepared by

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DATE	ORIGINATORS	APPROVED
March 2013	Nick Ireland Planning Associate Director	Graeme Tulley Planning Director

Limitations

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1 INTRODUCTION

1.1 Harborough District Council has recently started work on the preparation of a new Local Plan for the District. The Council has commissioned GL Hearn and Justin Gardner Consulting (JGC) to prepare this Housing Requirements Study in order to inform the development of the new Local Plan.

Context and Purpose of the Study

1.2 The Government published the National Planning Policy Framework (NPPF) in March 2012[1]. This sets out that local plans should be prepared on the basis that objectively assessed development needs (both for housing and other types of development) should be met, unless the adverse impacts of doing so would significantly and demonstrably outweigh the benefits when assessed against national planning policies as a whole. The starting point is that local plans should meet the full requirements for market and affordable housing in their housing market area.

1.3 Harborough falls within the Leicester and Leicestershire Housing Market Area (HMA). In 2011 GL Hearn and JGC worked with the local authorities across the HMA to prepare the *Leicester and Leicestershire Housing Requirements Study*[2]*.* This Study, the final report of which was published in September 2011, included various projections of housing requirements taking account of demographic trends and considering how this might relate to alternative scenarios for employment growth. It recommended that in clarifying what could be regarded as an objective assessment of development needs for housing, local authorities should consider further what level of economic growth is realistic to plan for in their areas and should bring the evidence in the Housing Requirements Study together with other evidence including information regarding land availability, infrastructure and development constraints.

1.4 This Study takes forward the HMA Housing Requirements Study. It updates demographic projections from those undertaken in 2011 to take account of more recent data, including information from the 2011 Census. It takes forward the recommendations of the HMA Housing Requirements Study in considering further potential future performance of Harborough District's economy and how economic growth in surrounding areas could influence housing needs in Harborough.

1.5 The Study also provides an initial assessment, based on the evidence currently available, of the potential availability of land for residential development in Harborough District and of

[1] CLG (2012) *National Planning Policy Framework*
[2] GL Hearn & JGC (2011) *Leicester & Leicestershire Housing Requirements Study, Final Report.*

potential strategic constraints which could limit the District's ability to meet its own housing needs. These are however issues which will need to be considered further as the preparation of the Local Plan progresses.

1.6 National policy continues to emphasise the importance of local authorities working together to plan for housing provision across the housing market area. Harborough District Council remains committed to working with the other authorities within Leicester and Leicestershire. Harborough District Council invited all of the authorities in the HMA to a meeting in December 2012 to discuss the context and scope to the preparation of this Study.

1.7 The authorities in the HMA are jointly discussing the potential to, and timescales for, updating the Strategic Housing Market Assessment (SHMA) for Leicester and Leicestershire which was prepared in 2008 and pre-dates the publication of the NPPF. This Study has been prepared so that it can be used to inform and help progress the update of the SHMA in due course. In the meantime it will help Harborough District Council to get started in assembling an evidence base for, and progressing the preparation of, a new Local Plan.

Report Structure

1.8 The remainder of this report is structured as follows:

- **Section 2: Context to the Study** – this reviews the basis of housing numbers in the East Midlands Regional Plan (2009) and policies in the adopted Harborough Core Strategy (2011). It summarises relevant findings from the Leicester and Leicester Housing Requirements which GL Hearn prepared in 2011 and policies from the National Planning Policy Framework. It also summarises a number of planning appeal decisions which have informed the Council's decision to prepare a new Local Plan.
- **Section 3: Demographic and Housing Market Dynamics** – this provides an overview of population and housing market dynamics in Harborough District, and compares this to conditions and trends across the Leicester and Leicestershire HMA and the East Midlands.
- **Section 4: Economic Growth Potential** – this section analyses the characteristics of the District's economy and examines its economic growth potential. This includes a review of economic forecasts for the District and the HMA prepared by Experian.
- **Section 5: Demographic Projections** – this section provides a more detailed assessment of the components and drivers of population change, including birth and death rates, migration and headship rates (which describe the proportion of the population which are a head of a household). It draws this together to set out a suite of linked projections for growth in the population, households and dwellings, and residents in employment. This is drawn together to provide an objective assessment of future housing requirements in the District to 2031.
- **Section 6**: **Land Availability and Strategic Development Constraints** – the report then goes on to consider the ability of the District to accommodate its housing needs. This section of the report assesses the potential supply of land which could be brought forward for residential development and the capacity of this and considers potential strategic development constraints in different parts of the District.
- **Section 7**: **Sub-Regional Dynamics** – next the report goes on to provide an initial consideration of sub-regional dynamics, exploring policies for housing provision in other

districts within the HMA to consider how this might influence the appropriate levels of housing provision to plan for in Harborough District to 2031.

- **Section 8**: **Conclusions and Recommendations** – draws the analysis together to provide an initial assessment, in advance of the preparation of a SHMA for the housing market area, of the level of housing development which Harborough District might look to plan for through its new Local Plan.

2 CONTEXT TO THE STUDY

2.1 This section of the report reviews the policy context to considering appropriate levels of housing provision, addressing the East Midlands Regional Plan, National Planning Policy Framework and Harborough District Core Strategy. It considers issues of consistency of the Core Strategy with the NPPF and the rationale for preparing a new Local Plan which in time will replace the Core Strategy. It also reviews the findings of the 2011 Leicester & Leicestershire Housing Requirements Study.

East Midlands Regional Plan

2.2 The East Midlands Regional Plan was published by the Government in March 2009. Three Cities Sub-Regional Strategy Policy 3 (SRS3) set out that provision for a minimum of 4,020 dwellings per annum should be made within the Leicester and Leicestershire Housing Market Area (HMA) over the 2006-26 plan period, of which at least 1,990 dwellings per annum should be within or adjoining the Leicester Principal Urban Area (PUA).

2.3 Policy SRS3 set out a housing requirement for provision of at least 350 dwellings per annum in Harborough District, of which at least 40 dwellings per annum (dpa) should be within or adjoining the Leicester PUA, including sustainable urban extensions as necessary. In the remainder of the District it set out that development will be located mainly at Market Harborough, including sustainable urban extensions as necessary.

2.4 The Leicester and Leicestershire Housing Requirements Study included, in Appendix 5, a synopsis of how the housing numbers in the Regional Plan were derived. We summarise here how the requirement for 350 dpa for Harborough was derived:

- **Options for Change Consultation** (Autumn 2005): the Regional Assembly consulted on a range of options for housing provision, which for Harborough varied from 370 – 600 dwellings per annum over the 2001-26 plan period. This compared to the Structure Plan requirement for 378 dpa. Harborough District Council expressed a preference for Options 2B or 2C, equivalent to between 470 – 500 dwellings per annum, at this stage. The L&L authorities collectively signed up to the Option 2B numbers (470 pa for Harborough) as part of the subsequent Growth Point bid to Government. At the L&L level, housing numbers were based principally on the 2003 ONS Population Projections and headship rates from the 2002 ODPM Household Projections.
- **Draft Regional Plan** (Autumn 2006): housing numbers at the L&L level in the Draft Plan had been updated to take account of the 2003 Household Projections. The housing distribution within the HMA by this stage had been refined, particularly reflecting initial work considering the potential for Sustainable Urban Extensions (SUEs) to the PUA and Sub-Regional Centres (SRCs). This work principally considered the potential for SUEs of 4,000 – 5,000 dwellings (as the level necessary to support provision of new secondary schools). This work concluded – considered against other options in the HMA – that strategic

development of this scale was not appropriate at Market Harborough, reflecting concerns over capacity of existing facilities, infrastructure pressures and the high level of committed development. A major sustainable urban extension to the east or south-east of the PUA was also rejected linked to concerns around the potential for new road links to support this, either north to the A46 or south to the M1, and how this would be funded. Extensions to the PUA to the north-east (Charnwood) and South-West (Blaby) were supported in preference. These factors, coupled with the rural nature of the District, the high build rate over the previous 10 years, and the existing Local Plan allocation for over 700 dwellings at Kibworth, were cited as reasons for reducing Harborough's housing requirement. Taking account of these factors the Draft Regional Plan proposed provision of 345 dwellings per annum in the District over the 2001-26 period. This was below the 2003 ODPM Household Projections for the District.

- **Final Plan** (2009): The housing numbers in the final plan took account of the updating of the housing requirement for the HMA to take account of the ODPM's 2004-based Household Projections, a slight adjustment to the distribution of provision within the HMA to take account of representations from Oadby & Wigston Borough (arguing for the increase in their figure from 55 to 90 dpa) and a rebasing of the housing requirement taking account of dwelling completions between 2001-6. The Final Plan set out a requirement for a minimum of 4,020 dpa across the L&L HMA, with at least 1,990 dpa within or adjoining the PUA. It set a housing requirement for Harborough of 350 dwellings per annum, of which at least 40 dpa should be within or adjoining the PUA.

2.5 It is important to note that the Regional Plan included a significant re-distribution mechanism within the HMA; with higher levels of housing provision (relative to demographically-driven need) in Leicester and Charnwood and lower levels in the other authorities in the HMA.

Harborough Core Strategy

2.6 Harborough District Council adopted an LDF Core Strategy for the District in November 2011. The Core Strategy covers the 2006-28 plan period.

2.7 Policy CS1 in the Core Strategy sets a housing requirement for the District for development of at least 7,700 dwellings over the 2006-28 plan period. This was in line with the requirements of the East Midlands Regional Plan. The overall framework for the distribution of this within the District is set out in Policy CS2.

Area	Housing Provision (2006-28)
Market Harborough (Sub-Regional Centre)	At least 3,300 dwellings
Leicester Principal Urban Area (PUA)	At least 880 dwellings
Lutterworth (Key Centre)	At least 700 dwellings
Broughton Astley (Key Centre)	At least 400 dwellings
Rural Centres & Selected Rural Villages	At least 2,420 dwellings

2.8 The housing distribution in the Core Strategy is based on the spatial strategy outlined in Policy CS1. The key components of this are:

- The main focus of development in the District being Market Harborough, but retaining the town's function as a historic market town and safeguarding its compact and attractive character. Strategic development north-west of Market Harborough is proposed to deliver at least 1,000 dwellings. Development should however maintain the separation between Market Harborough and the surrounding settlements of Great Bowden and Lubenham;
- Ensuring that development within or adjoining the Leicester Principal Urban Area is appropriate in scale and type to, and safeguards the identity of, the existing communities of Scraptoft and Thurnby/Bushby and does not undermine regeneration and development objectives in either Leicester City or Oadby & Wigston Borough. It continues to support the principle of Green Wedge designations and an Area of Separation to prevent the merging of settlements in these areas;
- Development of Lutterworth and Broughton Astley as Key Centres, with additional housing, employment, retail, leisure and community facilities. There is a particular focus on ensuring that housing growth in these areas is used to improve provision of services and amenities. Development in these areas should again maintain the character of settlements and the separation between Bitteswell, Magna Park and Lutterworth; and between Sutton in the Elms and Broughton Astley;
- Development of the rural centres of Kibworth, Fleckney, Great Glen, Billesdon, Ullesthorpe and Husbands Bosworth as a focus for rural housing, additional employment retail and community uses to serve the settlements and their respective catchment areas. These settlements are to be the focus for housing provision in rural areas.

2.9 The Core Strategy sets out that Market Harborough should be a key focus for development within the District. Provision of future housing is particularly envisaged to come forward through a strategic development area to the north-west of the town.

Leicester & Leicestershire Housing Requirements Study (2011)

2.10 The Leicester and Leicestershire Housing Requirements Project was undertaken during 2011. It included preparation of demographic projections for future housing requirements for the L&L Housing Market Area, its eight constituent local authorities and the Leicester Principal Urban Area (PUA).

2.11 The project involved detailed interrogation of demographic dynamics, and the development of projections based on past demographic trends and scenarios for future employment growth (based on 5% and 10% net growth in employment over the 2006-31 period). National demographic projections from CLG/ONS were also considered together with a projection based on past housebuilding rates.

2.12 The Study was intended to form a consistent evidence base across the HMA to inform the development of Core Strategies/ Local Plans. It was intended to be brought together with other sources of evidence, relating to land availability, infrastructure and economic growth potential; and considered and further tested through the plan-making process.

2.13 The Study identified that a realistic and defensible assessment of housing need and demand based on the then current evidence would be for delivery of between 3,500 – 4,500 homes per annum across the L&L HMA (averaged over the 2006-31 period). The lower end of this range was based on achieving 5% employment growth (PROJ 4 in the Study). This was moderately below the trend-based economic forecast considered which projected 5.9% employment growth over the period considered. The higher end was based on past demographic trends (PROJ 1). It concluded that a positive planning framework would correspond to provision of between 4,000 – 4,500 homes, ensuring that housing provision did not constrain the ability of the sub-regional economy to achieve a level of economic growth above the baseline forecast.

2.14 The Study included a number of projections for housing requirements in Harborough District. The projections based on demographic trends indicated a housing requirement for between 448 – 477 homes per annum over the 2006-31 period. The higher end of this range (PROJ 1) was based on 10 year population trends in the District, with the lower figure reflecting the 2008 ONS/CLG Projections.

2.15 The economic-driven scenarios indicated a housing requirement of between 392 – 454 homes per annum based on achieving 5% and 10% employment growth over the 2006-31 period respectively. The Study recommended that in considering housing requirements at a district-level, local authorities should consider further what level of employment growth could be considered as realistic for their areas, taking account of the performance and prospects for their local economies.

2.16 The Study recommended that the economic and demographic projections; consideration of options for housing provision taking account of development constraints, stakeholder and community consultation and sustainability appraisal; together with on-going sub-regional working in accordance with the Duty to Cooperate, should inform levels of housing provision in individual districts and boroughs within the HMA.

National Planning Policy Framework

2.17 Since the adoption of the Harborough District Core Strategy in 2011, Government has published new national planning policies. In March 2012 the Government published the National Planning Policy Framework (NPPF)[3], which replaces most of the previous planning policy statements including PPS3: Housing.

2.18 The NPPF introduces a **presumption in favour of sustainable development**, whereby local planning authorities should prepare new Local Plans on the basis that objectively assessed development needs (both for housing and other types of development) should be met, unless the adverse impacts of doing so would significantly and demonstrably outweigh the benefits when assessed against the document as a whole.

2.19 The starting point is that Local Plans should meet the full requirements for market and affordable housing in their housing market area. Any under-provision is expected to be addressed through collaborative working with neighbouring authorities, and this is included within the tests of soundness for the plan. The shift of policy means that each local authority should seek to meet its own development needs, unless there are sound reasons why it cannot do so.

2.20 Strategic Housing Market Assessments (SHMAs) should be prepared which assess full housing requirements, including both the scale and mix of housing. The NPPF outlines that an SHMA should be prepared collaboratively where housing market areas across administrative boundaries. It should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period which:

- Meets household and population projections, taking account of migration and demographic change;
- Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
- Caters for housing demand and the scale of housing supply necessary to meet this demand.

2.21 The SHMA is intended to be brought together with evidence of land availability, from a Strategic Housing Land Availability Assessment (SHLAA).

[3] CLG (March 2012) *National Planning Policy Framework*

2.22 The authorities in the HMA are jointly discussing the potential to, and timescales for, updating the Strategic Housing Market Assessment (SHMA) for Leicester and Leicestershire which was prepared in 2008 and pre-dates the publication of the NPPF. The Harborough Housing Requirements Study has been prepared so that it can be used to inform and help progress the update of the SHMA in due course. In the meantime it will help Harborough District Council to get started in assembling an evidence base for, and progressing the preparation of, a new Local Plan.

2.23 The NPPF is supported by practice guidance issued by Government. The Government has recently completed a consultation on the findings of a *Review of Planning Practice Guidance.*[4] The review recommended the updating of guidance regarding the preparation of Strategic Housing Market Assessments and Strategic Housing Land Availability Assessments; and the preparation of new guidance on how to meet the requirements of the Duty to Cooperate which has been introduced by the 2011 Localism Act.

Planning Appeal Decisions

2.24 There are a number of recent planning appeal decisions relating to proposals for housing development within the District on the edges of the Leicester PUA which are relevant in considering the implications of policies within the NPPF.

Coles Nursery

2.25 This appeal was heard in July 2012 in relation to refusal of planning permission for 175 dwellings at J Coles Nursery, 624 Uppingham Road, Thurnby[5]. The key issues addressed were the effect of the proposed development on the character, appearance and function of the Green Wedge; and whether a 5 year supply of deliverable housing land could be demonstrated. The particular relevance of the appeal in relation to this report is in regard to the second issue.

2.26 The Inspector raised questions regarding the inclusion of land east of Northampton Road, Market Harborough and land north of Scraptoft Campus within the five year supply in that planning permission had yet to be granted pending resolution of S106 agreements. She identified concerns regarding the likelihood of delivery of development at a former Kwik Save site in Northampton Road, Market Harborough; and of initial development at the Market Harborough Strategic Development Area (SDA) within the five year period. She concluded that a 5 year supply of deliverable housing land could not be demonstrated.

2.27 In regard to overall housing requirements, the Inspector commented in paragraph 23 that:

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[4] Lord Taylor of Goss Moor (Dec 2012) *External Review of Government Planning Practice Guidance*
[5] Planning Application Reference 11/01642/OUT. Appeal Reference: APP/F2415/A/12/2171036

"A September 2011 report by G L Hearn commissioned by local authorities in Leicestershire indicates that the objectively assessed housing needs are higher than those set out in the CS. And the Strategic Housing Market Assessment (SHMA) 2008 shows a shortfall in the provision of affordable housing. Taken together with the less than 5 year supply of housing sites, the relative weight to be given to the provision of housing is undoubtedly considerable"

2.28 However in this instance, the appeal was dismissed on the grounds that it would have a serious adverse effect in increasing the extent of merging between Leicester City and Thurnby, contrary to the aims of both Policy EV/2 in the Harborough District Local Plan (2001) and policies CS8 and CS15 in the Council's adopted Core Strategy.

Pulford Drive

2.29 This appeal was heard in May 2012 in relation to the refusal of planning permission for development of 128 dwellings at land to the east of Pulford Drive, Thurnby[6]. This appeal considered a similar set of issues to those in the Coles Nursery case, focusing on the effect of proposed development on the character and appearance of the countryside and on a designated Area of Separation; and issues relating to 5 year land supply.

2.30 The Inspector was the same as for the above appeal, and her conclusions regarding 5 year land supply replicate those above. In this instance she found that the adverse impact of development on the character and appearance of the wider rural landscape would be small, and that the existing degree of separation between Thurnby/Bushby and Scraptoft would be retained – with the site overall being relatively well contained.

2.31 In regard to overall housing provision, the Inspector commented in paragraph 28 in this case that:

"The introduction to Policy CS2 states that a fundamental objective of the CS is to meet strategic housing needs including the need for affordable housing. HDC's own evidence indicates that it is failing to meet the targets set out in the CS. The GL Hearn report of September 2011 commissioned by local authorities in Leicestershire indicates that the objectively assessed housing needs are significantly higher. In addition the CS by reference to the Strategic Housing Market Assessment (SHMA) 2008 notes that to meet affordable housing, 75 per cent of the annual housing requirement in the District would need to be affordable."

Relevance

[6] Planning Application Reference 11/01080/OUT. Appeal Reference: APP/F2415/A/11/2165170

2.32 The above appeal decisions highlight the importance of the presumption in favour of sustainable development in the NPPF.

2.33 The NPPF sets out that for 12 months from the publication of the NPPF, planning applications can be determined in accordance with local planning policies even if these are not fully compliant with the NPPF; but from March 2013 much less weight will be placed on local planning policies if they are not fully compliant.

2.34 The recent appeal decisions have highlighted that the *L&L Housing Requirements Study* indicated that the full housing requirements for Harborough District were higher than currently being planned for by the adopted Harborough Core Strategy.

New Local Plan

2.35 In December 2012, Harborough District Council determined to prepare a new Local Plan for the District. This will review strategic policies in the Core Strategy and allocate sites for development, although it will be more strategic than the 2001 Harborough Local Plan. It will cover the period to 2031.

2.36 This Study is intended to provide the Council with an ‘objectively assessed’ understanding of housing needs in the District to 2031 as required by the NPPF, and to factor into the assessment an awareness of local environmental and other development constraints including landscape capacity and the need to maintain the separation between settlements.

2.37 The timeframe for the preparation of the new Local Plan is:

- Consultation on draft Local Plan: October/November 2013;
- Submission to Secretary of State: March 2014;
- Examination: May 2014;
- Adoption: September 2014.

2.38 The Plan is expected to include a revised housing requirement to 2031 and set out both the distribution of this between major settlements and phasing over the plan period. It will allocate strategic sites and provide a criteria-based approach to determining applications for new development on the edge of settlements on non-allocated sites. It will allocate strategic housing and employment sites, and define areas of separation between settlements.

3 DEMOGRAPHIC AND HOUSING MARKET DYNAMICS

3.1 This section provides an overview of population and housing market dynamics in Harborough District.

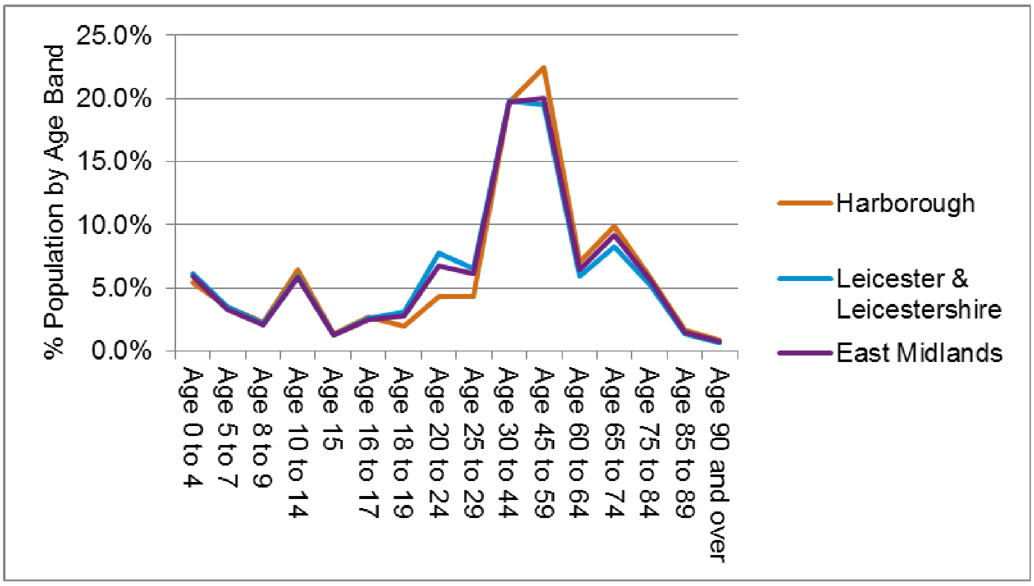
Harborough's Population

3.2 The 2011 Census recorded Harborough District's population as 85,382 persons in May 2011. This represents 8.7% of the population of the Leicester & Leicestershire HMA ('the HMA').[7] 50.4% of the District's population were female and 49.6% male, reflecting the slightly longer life expectancy of women.

3.3 Of the District's population in May 2011, 98.4% lived in households. The remaining 1,374 persons lived in communal establishments (which can include prisons, care and nursing homes).

3.4 Relative to the HMA and East Midlands, Harborough has an above average proportion of people aged between 45-74. It has a lower proportion of people aged between 18-29. The median age of the District's population is 43 compared to a median of 40 across the East Midlands.

Figure 1: Population Age Structure, 2011

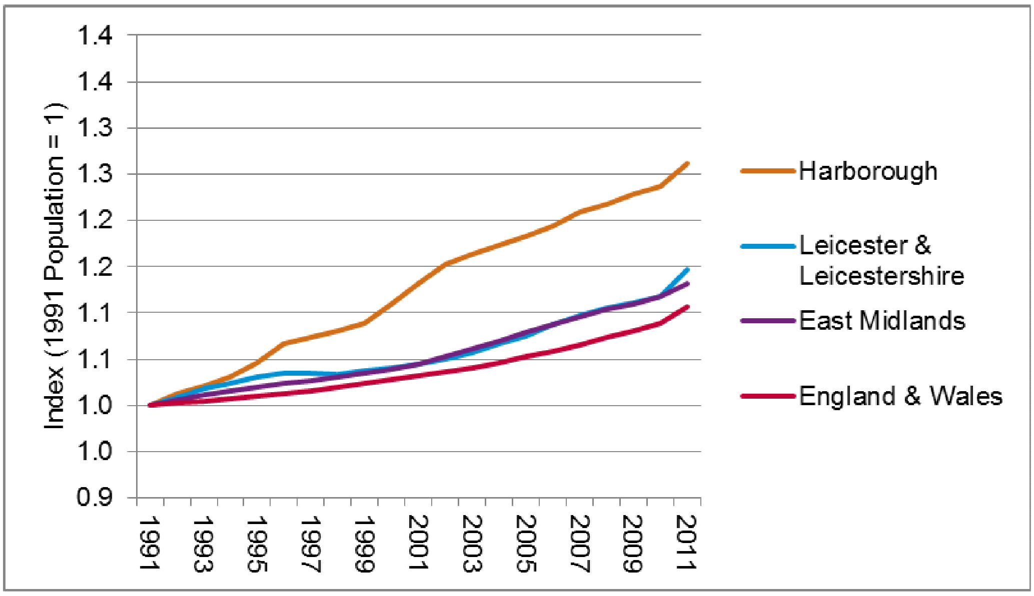


Source: 2011 Census

3.5 Over the 20 year period between 1991-2011, Harborough's population grew by 26%. This was a significantly stronger rate of growth than across wider geographies, with the population across the HMA growing by 15% and the region's population increasing by 13%.

7 Comprising the local authorities in Leicestershire together with Leicester City

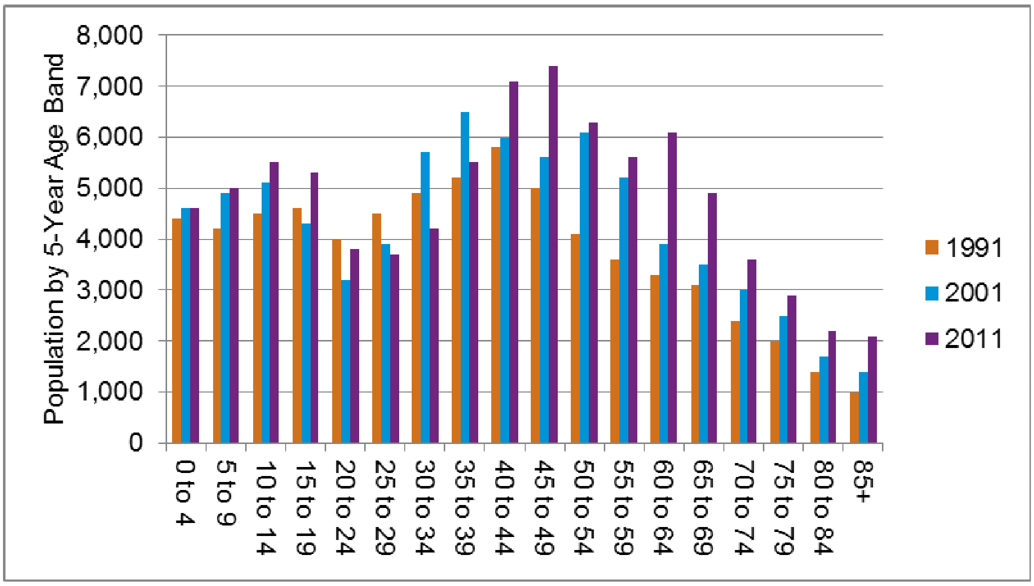
Figure 2: Trends in Population Growth, 1991-2011



Source: ONS Mid-Year Population Estimates

3.6 Figure 3 analyses the age structure of the District's population in more detail and considers how this has changed over the 1991-2011 period. Over this period we have seen a notable ageing of the population profile, with strong growth in particular of people aged over 40. The population of those in their 20s has been falling; whilst over the 2001-11 period the population of people in their 30s also fell. The school-age population aged under 19 has increased moderately.

Figure 3: Change in Harborough District's Age Structure, 1991-2011



Source: ONS Mid-Year Population Estimates

3.7 The District's population is not particularly ethnically diverse: 92.8% of its population is of White British ethnic origin, compared to 88.9% across the East Midlands and 85.4% across England and Wales. The Leicester and Leicestershire HMA has a very large Black and Minority Ethnic (BME) population with 74.2% of the population of White British origin; particularly reflecting the large BME population in Leicester.

3.8 The largest BME groups within Harborough District's population in 2011 were British Indian (1,849 persons, 2.2% of the District's population) and White Other (1,527 persons, 1.8%). The latter category includes Eastern European migrants. National insurance registrations to foreign nationals over the period between 2002-11 in the District have average around 170 persons per year. They were highest between 2005-7 at 230-250 persons per year, but have fallen and stood at 180 in 2010-11.

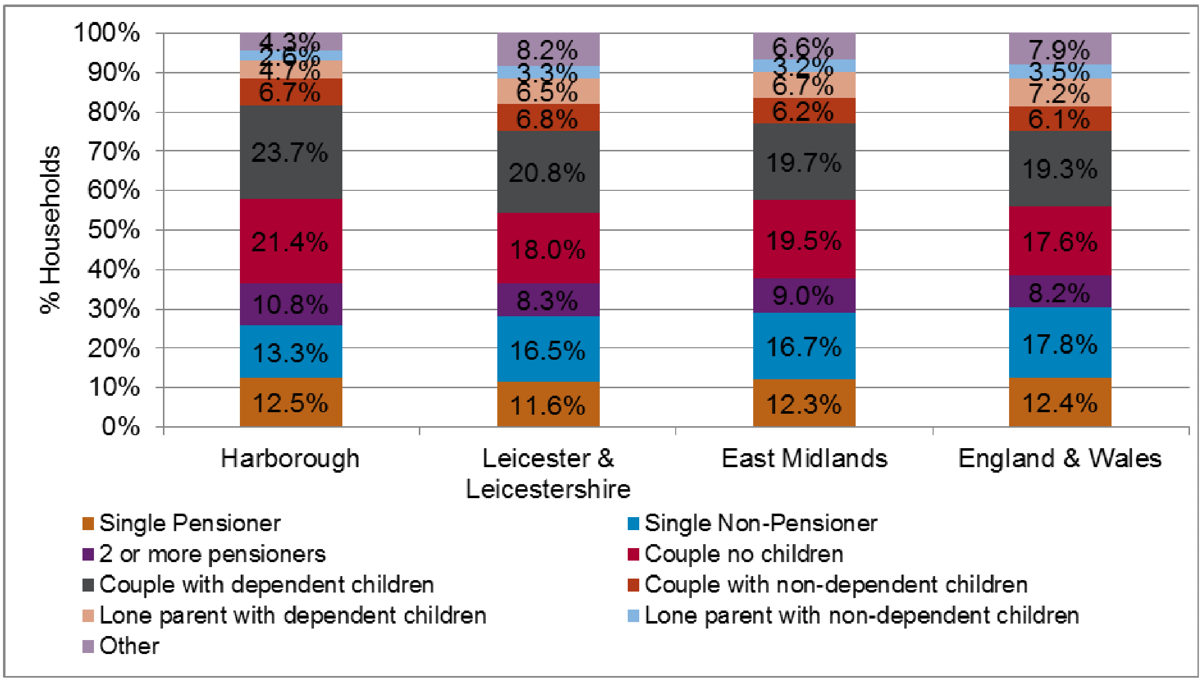
3.9 Over the 2001-11 period the District's population has become more ethnically diverse, with a growth in the BME population (particularly amongst the Asian population). The White British population has increased in absolute terms, but not as fast as some other ethnic groups with the result that the population overall has become slightly more ethnically diverse.

Households

3.10 There were 38,498 households recorded in Harborough by the 2011 Census.

3.11 Harborough has an above average proportion of couple households with dependent children. However it also has an above average proportion of pensioner households (single or two or more pensioners). In contrast there are a below average level of single persons below pensionable age living in the District, and a below average proportion of other households (which include shared and student households).

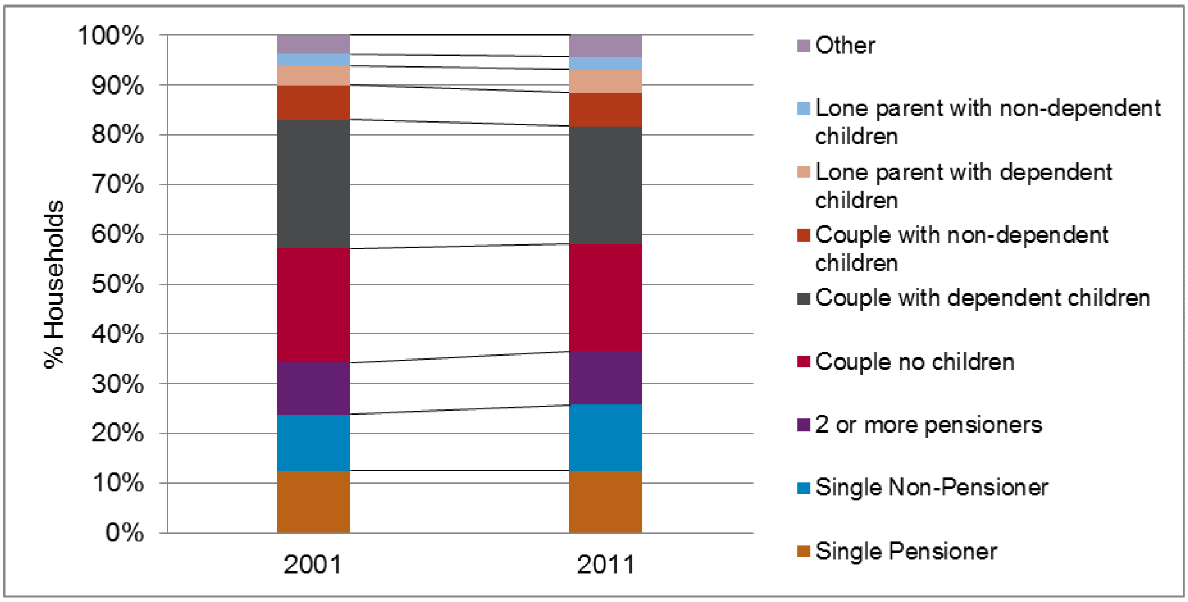
Figure 4: Household Composition, 2011



Source: Census 2011

3.12 Figure 5 shows changes in household composition between 2001-11. Over this period the proportion of couple households with dependent children; and couples without children has fallen. The proportion of single person households, and 'other' households has increased.

Figure 5: Changes in Household Composition, 2001-11



Source: Census 2001 & 2011

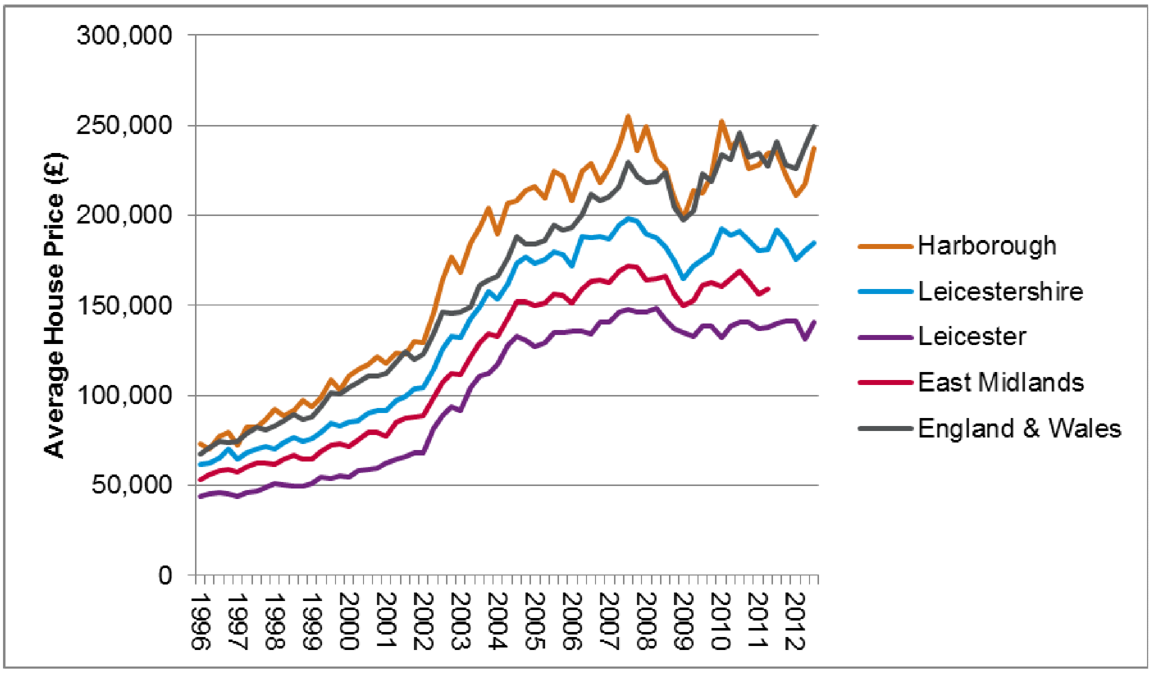
Housing Market

3.13 House price trends reflect the balance between supply and effective demand for market housing. When demand exceeds supply, house prices rise (and visa-versa). Price differentials between places are indicative of the housing mix and their relative attractiveness as places to live.

3.14 Harborough's housing market- like many other areas – saw substantial growth in house prices over the period from 2001-2008. House prices over this period increased in the District by 111%. However the onset of the credit crunch in 2008 triggered a sharp drop in prices, with a reduction of 21% in average house prices between Q1 2008 – Q1 2009. We have seen some subsequent recovery during 2009, but overall over the last few years house prices have been fairly stable (and have thus declined in real terms[8]).

[8] Stripping out inflation

Figure 6: Trends in Average House Prices, 1996-2012



Source: HM Land Registry/ CLG

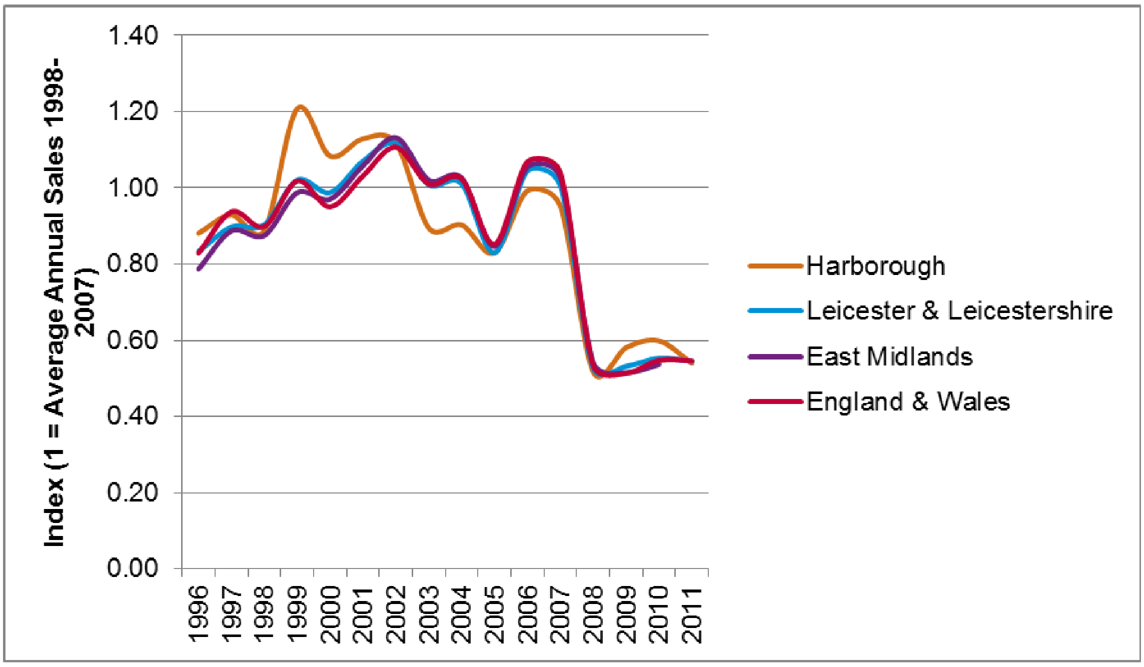
3.15 As the chart shows, house prices in Harborough are about 43% above the East Midlands average; and are notably above the average for Leicestershire. This reflects the District's relative accessibility and quality of life. Prices in the District rose above the national average between 2002-8, but have seen a slightly stronger fall and are now moderately below the national average. Recent house price growth at a national level has been driven by London and the South East.

3.16 The average house price in the District in Q3 2012 stood at £237,500 compared to £185,000 across Leicestershire, £141,000 in Leicester and £166,000 across the East Midlands.

3.17 A stronger picture of housing market dynamics in terms of effective market demand can be gleaned from analysing sales trends. Figure 7 provides an indexed analysis of house sales where 1 is average annual sales over the decade to 2007. The analysis shows that house sales across all geographies dropped substantially in 2008, and that we have seen very limited subsequent recovery.

3.18 Sales in Harborough District in 2011 were 46% down on the pre-2007 average (akin to more normal market conditions). This was similar to the drop of 45% recorded at the regional and national level. This is an indication of the reduction in 'effective demand' for market homes for sale (both from owner occupiers and investors). It highlights that market conditions are particularly being affected by constraints on access to mortgage finance (where at least a 10% deposit is required to get a competitive mortgage deal) and the wider economic climate.

Figure 7: Index of Housing Sales



Source: HM Land Registry/ CLG

3.19 One of the impacts of the weak performance of the sales market has been strong demand for lettings. Over the 2001-11 decade, the Private Rented Sector has been the key growth sector in the housing market. The number of households living in private rented accommodation over this period has more than doubled, as Figure 8 shows.

Figure 8: Changes in Households by Tenure, 2001-11

	Households, 2001	Households, 2011	Change, 2001-11	% Change
Owned	25944	27238	1294	5%
Social rented	2593	2923	330	13%
Private rented	1800	3922	2122	118%
Living rent free	512	401	-111	-22%
Total Households	30849	34484	3635	12%

Source: Census 2011

3.20 Vacancy levels within the District appear average. In 2011, council tax data suggested that around 3.3% of homes in the District were vacant. This compares to 3.2% across England. 2011 Census data indicates that 3.4% of all households spaces in the District had no usual residents, which is notably below the 4.0% recorded across the East Midlands.

4 ECONOMIC GROWTH POTENTIAL

4.1 We next turn to address the dynamics of the District's economy and its potential for growth. This section considers the characteristics of the District's economy and considers forecasts for future economic performance.

Economic Trends

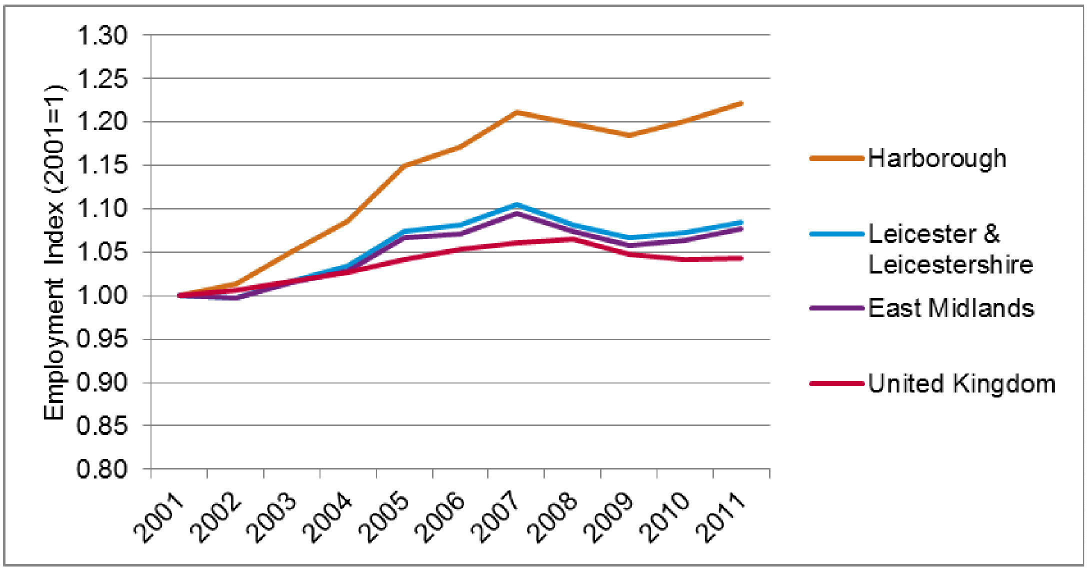
4.2 Harborough District's economy has performed well over the past decade and supported relatively strong employment growth. In the pre-recession period (pre 2007/8) the District has a relatively tight labour market.

4.3 The District's strong economic performance has reflected its attractiveness as a place to live and associated strong workforce skills, its accessibility, with the M1 running through the District and close to Leicester, as well as mainline rail services from Market Harborough to London and other parts of the East Midlands; and a strong base of small and medium-sized firms, particularly in the manufacturing and distribution sectors.

4.4 However looking forwards there is an under-representation of private sector knowledge-based industries. There is also evidence of out-commuting of higher skilled workers (shown by differentials between residence- and workplace-based earnings) and competition for investment from surrounding areas including areas to the South within Northamptonshire.

4.5 Figure 9 considers trends in total employment over the 2001-11 period. Over this period employment in Harborough District increased by 22.1% compared to growth of 8.5% across the HMA and 7.8% across the region.

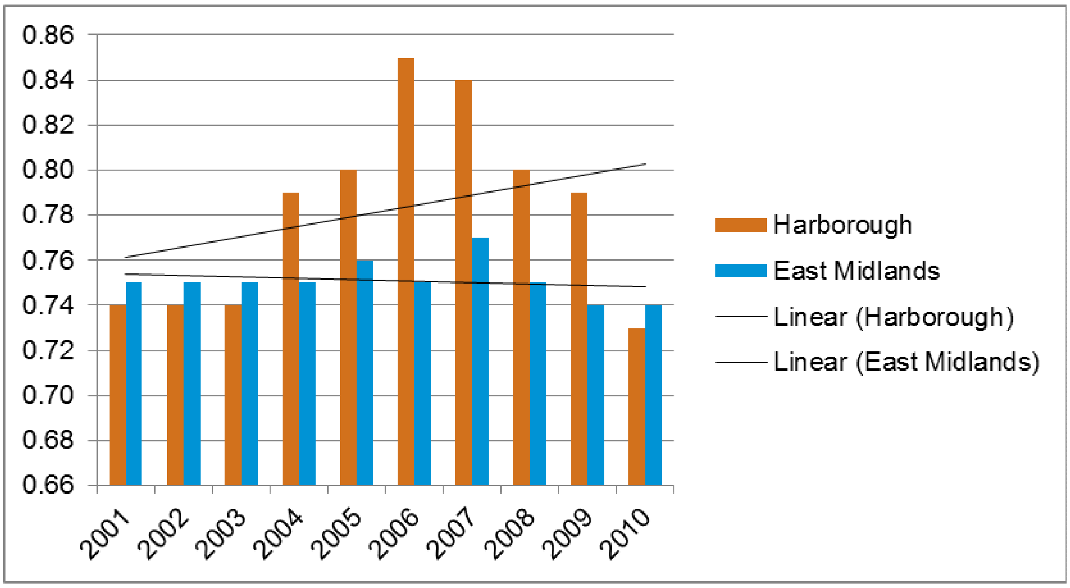
Figure 9: Trends in Total Employment, 2000-11



Source: Experian

4.6 Figure 10 provides an analysis of how the jobs density has changed over this period. Jobs density is a ratio which compares the number of jobs to the resident population aged 16-64 in an area. The last year's data for 2010 looks anomalous; however the broad trend shown is of employment growth in the District exceeding growth in the resident workforce.

Figure 10: Trend in Jobs Density, 2001-10

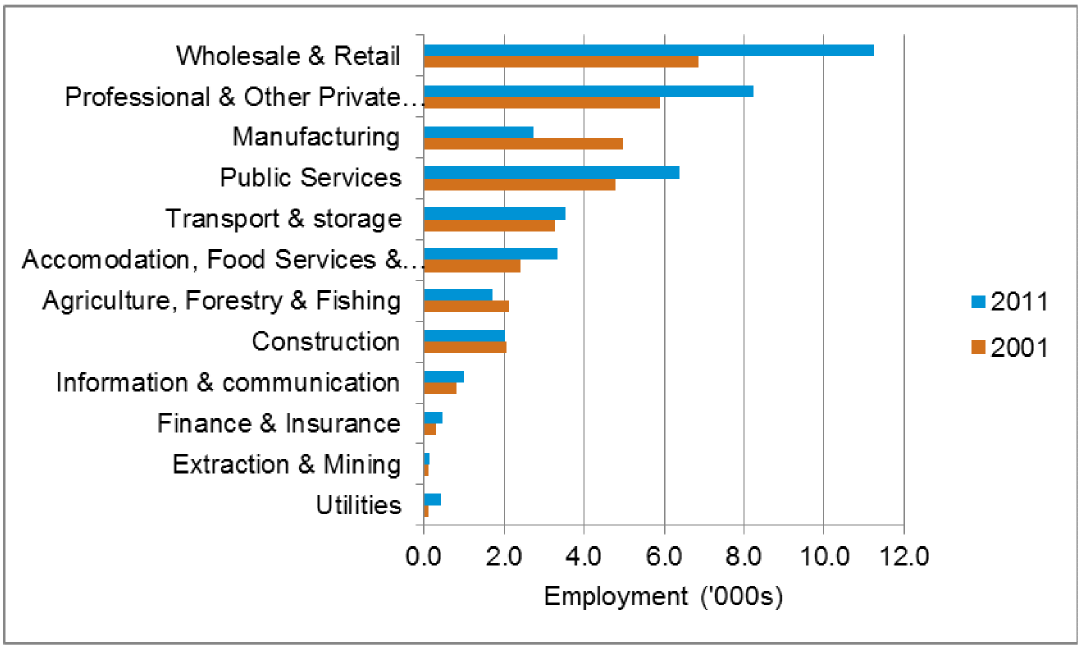


Source: NOMIS

4.7 Figure 11 profiles employment trends in the District by broad sector over the 2001-11 period. Employment growth over this period was driven by growth in jobs in wholesale and retail (4,400 jobs), professional and private services (+2,300) and public services (+ 1,600).

Employment thus grew across a range of service sectors. Manufacturing jobs contracted by -2,200 over the period.

Figure 11: Employment Trends by Broad Sector, 2001-11



Source: Experian

4.8 This is a fair spread and includes both private sector services, public sector employment and employment in distribution activities which are likely to be have been influenced by development at Magna Park in Lutterworth[9].

Existing Studies Considering Economic Growth Potential

4.9 A number of existing studies have considered economic growth potential. The headline forecasts for employment growth in the most recent studies are:

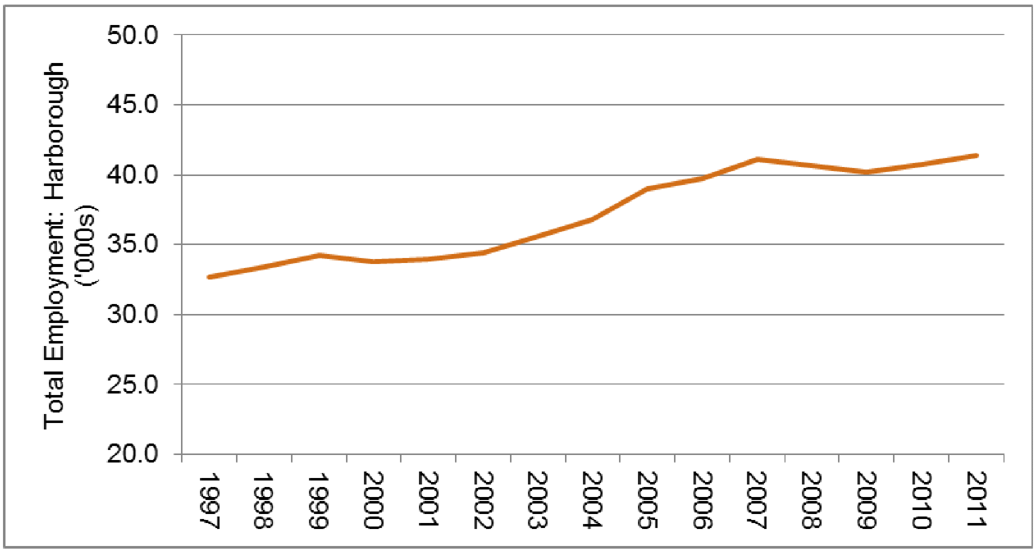
- 2008 Employment Land Review: This report by a consultancy team led by PACEC forecast growth in workplace jobs of 4,200 over the 2007-26 period. This represented employment growth of 10% and was based on May 2008 Experian forecasts; and
- 2012 Employment Land Review Update (Draft): This report by a consultancy team led by PACEC set out forecasts for employment in the District over the period from 2010-31. It forecasts growth in workplace jobs of c 7,700 over the 2011-31 period, equivalent to 19% growth. This translated into 6,400 additional full-time equivalent jobs (again with 19% growth). The employment figures for both 2010 and 2012 are consistent in this set of forecasts and thus these forecasts indicate growth over the 2011-31 plan period.

[9] Distribution jobs are likely to include employment growth in the wholesale/retail and transport/ storage sectors. Magna Park has been build out since 1998, with the last significant major development completed in 2008

Experian Employment Forecasts

4.10 To inform this Study, GL Hearn has used econometric forecasts from Experian. Over the period from 2001-11 total employment in the District increased by 7,500 persons representing employment growth of 22.1%. This compared with 8.5% net growth in employment across the HMA and 7.8% across the region. It is clear that employment growth over the past decade has been significantly greater than in the District than across wider geographies.

Figure 12: Trend in Total Employment, 1997-2011



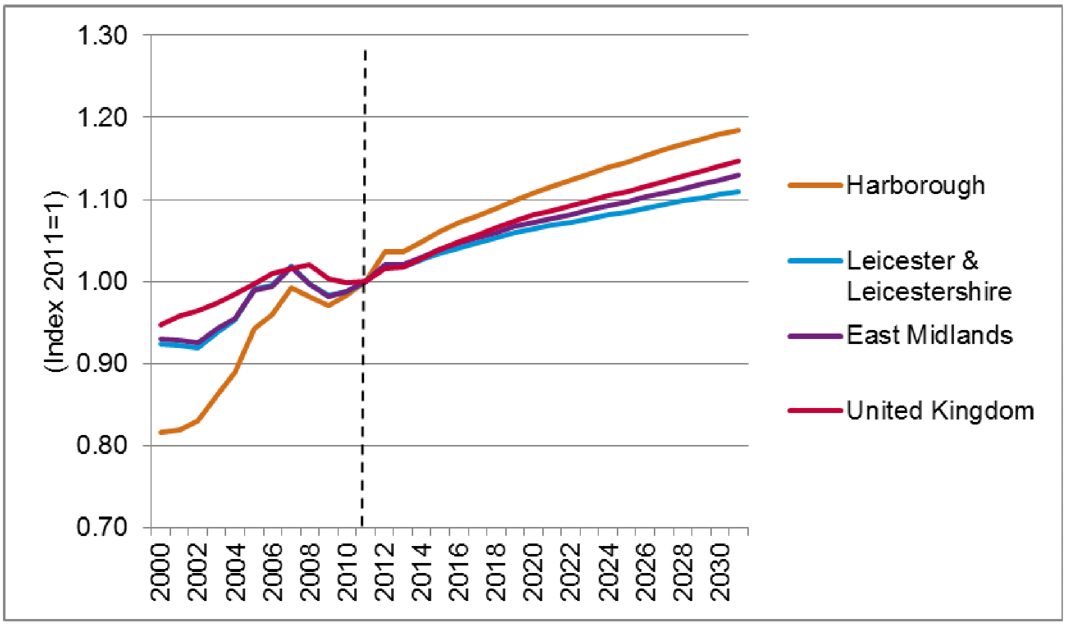
Source: Experian

4.11 Baseline forecasts from Experian are driven by past trends[10] and relative performance of an area relative to the region and country. Experian produces forecasts for future performance of the UK economy and of UK regions and of different economic sectors within these to 2031. The local-level forecasts, such as for Harborough or the HMA, are linked to this and take account of the relative performance of different sectors compared to the region. For instance if a sector in Harborough District has performed better in the past relative to that sector at the regional level, it is expected to continue to do so. The model thus projects that Harborough District's economy will continue to perform relatively better than the HMA or the wider region. This is highlighted in Figure 13 which shows past and forecast future employment growth relative to the number of jobs in each area in 2011.

4.12 Against this context, in interpreting the forecasts it is important to understand what factors might have influenced past performance; and consider the degree to which they may continue to do so.

Figure 13: Indexed Analysis of Employment Growth Trend and Forecast, 2000-31

[10] The forecasts are based on data back to 1997



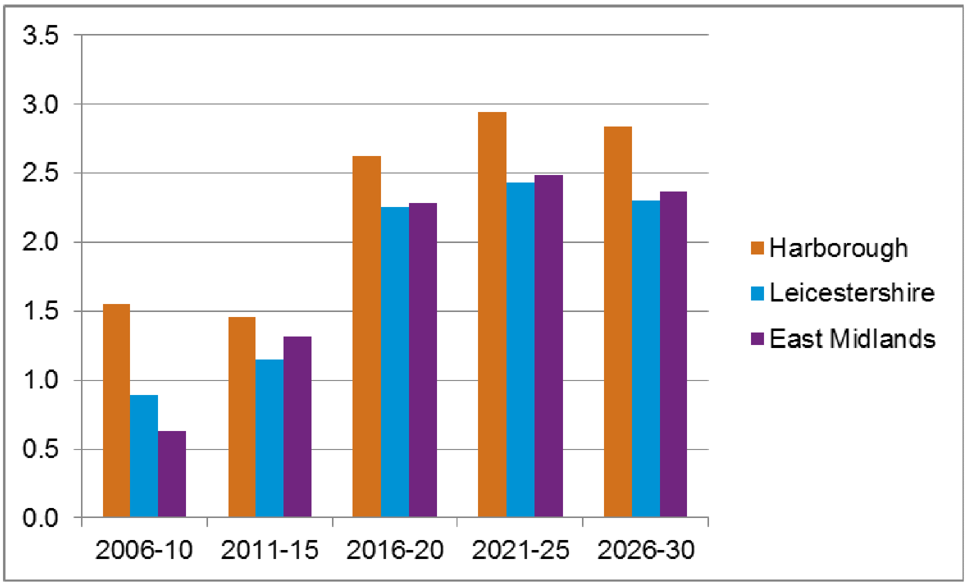
Source: Experian (Autumn 2012)

4.13 Across the UK, Experian forecasts 14.7% employment growth over the 2011-31 period. Employment growth in the East Midlands and the Leicester & Leicestershire HMA is expected to be more moderate than this, with growth of 12.9% and 11.0% forecast respectively. In the HMA as a whole, employment growth relative to the region is not expected to be as strong over the 2011-31 period as is was between 2001-11. However, influenced by Harborough's stronger relative past performance, Experian forecast stronger employment growth moving forward of 18.5% over the 2011-31 period (7,700 additional jobs).

4.14 Figure 14 profiles the forecasts for growth in GVA per annum (as a measure of the output of the local economies). Figure 15 compares forecasts of employment and GVA. Over the 2011-31 plan period, the baseline Experian forecasts indicate an average of 2.5% economic growth per annum in the District, which is a significantly stronger performance than forecast across the HMA (2.0%) and East Midlands (2.1%).

4.15 Whilst this stronger forecast relative performance reflects and is driven by past trends, we do need to carefully consider whether it is realistic for the District to continue to significantly out-perform the HMA and wider region.

Figure 14: Forecasts of Annual Growth in GVA (Economic Output), 2011-31



Source: Experian (Autumn 2012)

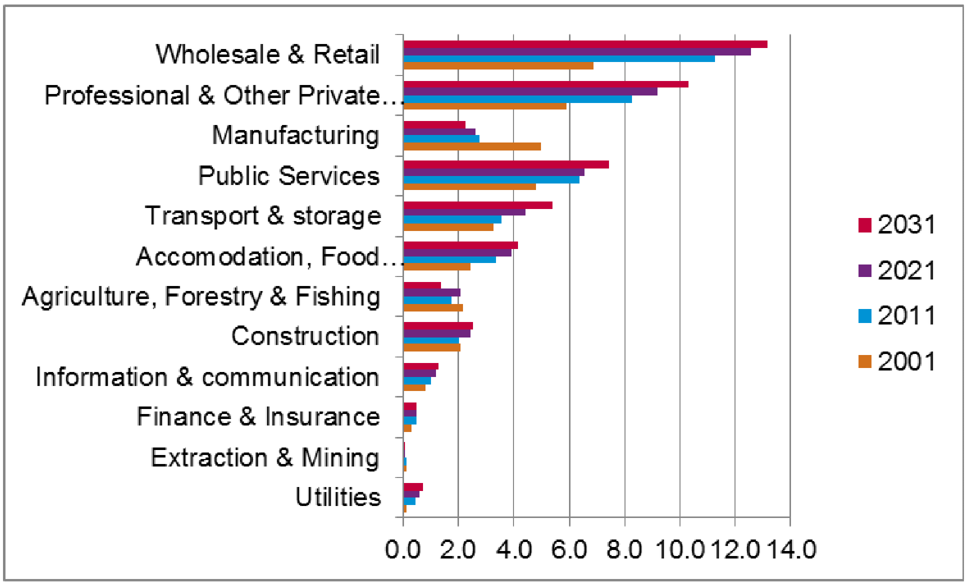
Figure 15: Comparison of Experian Economic Forecasts, 2011-31

	Employment Growth 2011-31	Growth in GVA per Annum 2011-31
Harborough	18.5%	2.5%
Leicester & Leicestershire	11.0%	2.0%
East Midlands	12.9%	2.1%
United Kingdom	14.7%	2.1%

Source: Experian (Autumn 2012)

4.16 Figure 16 profiles forecast employment growth by sector moving forwards. The forecast overall employment numbers (7,700 across the District between 2011-31) are strongly influenced by forecast growth in distribution-related activities with growth in employment of 1800 jobs forecast in transport/ storage and 1900 jobs in wholesale/retail. The other key growth sector is professional and other private services, with growth of 2,000 jobs forecast in this. Manufacturing is expected to perform better, with a moderate net loss of 500 jobs.

Figure 16: Forecast Employment Growth by Sector, Harborough District 2011-31



Source: Experian (Autumn 2012)

4.17 We would consider that delivery of the forecast is dependent to a significant degree on the supply of land for strategic distribution close to the M1. There is an evident sub-regional demand for this, but as the 2012 ELR Update suggests this could be satisfied at a number of locations along the M1 Corridor (both within and beyond Harborough District's boundaries) and there is significant pipeline supply currently at Daventry on the DIRFT Site. The Experian forecasts at the District level need to be interpreted in this context and this point is particularly relevant in how the economic-driven projections presented in this report should be interpreted.

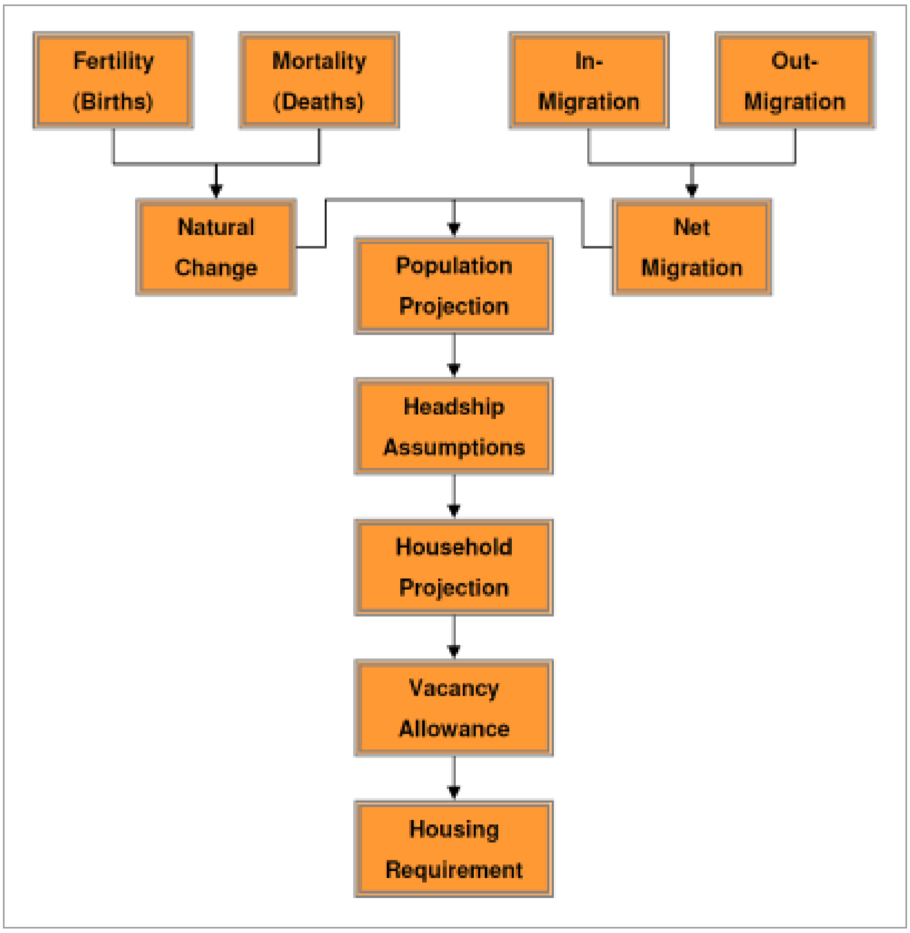
5 DEMOGRAPHIC PROJECTIONS

Introduction

5.1 The methodology used to determine population growth and hence housing requirements is based on a fairly standard population projection methodology consistent with the methodology used by ONS and CLG in their population and household projections. Essentially the method establishes the current population and how will this change in the period from 2011 to 2031. This requires us to work out how likely it is that women will give birth (the fertility rate); how likely it is that people will die (the death rate) and how likely it is that people will move into or out of the District. These are the principal components of population change and are used to construct our principal trend-based population projections.

5.2 Figure 17 below shows the key stages of the projection analysis through to the assessment of housing requirements.

Figure 17: Overview of Methodology



5.3 Much of the data for our projections draws on ONS information contained within the 2010- and 2011-based subnational population projections (SNPP). We have used this data to look at fertility rates, mortality rates and the profile of in- and out-migrants (by age and sex).

5.4 We have also used data from the 2008-based CLG household projections to provide information about headship rates (the chances of an individual also being considered as the head of household) – this allows us to convert population figures into households. We have scrutinised the CLG source to take account of other data sources – in particular what the 2011 Census data tells us about the relationship between population size and the number of households in the District.

5.5 The level of housing required is particularly sensitive to the assumptions within different projections regarding migration patterns. This is because very few people born over the 2011-31 period are likely to become a head of a household over the plan period; and whist the projections are sensitive to improvements in life expectancy, the potential variance in migration is likely to be greater than this.

Projections Run

5.6 As part of this assessment we have run 10 projections to assess how the population and labour force (number of people in employment) might change under different assumptions. The projections can broadly be split into four categories a) demographic (PROJ 1 to 3), b) economic-led (PROJ A to C), c) component (PROJ W and X) and d) linked to housing delivery (PROJ Y and Z). The ten projections run are set out below.

Figure 18: Overview of Projections

Projections Group	Context	Projections Run
Past Demographic Trends	Consider population trends and housing requirements based on a continuation of past population and demographic trends	PROJ 1: Linked to 2010 & 2011-based SNPP PROJ 2: 10-Year Migration Trends PROJ 3: 5-Year Migration Trends
Employment-Led Projections	Take their lead from different scenarios for employment growth, and model what level of population growth and housing would be needed to support this	PROJ A: Baseline Employment Growth PROJ B: Residents in Employment PROJ C: HMA Employment Growth Rates
Component Projections	Developed to help aid understanding of population dynamics, but are not intended to form a basis for assessing need/demand for housing *per se*	PROJ W: Zero Net Migration PROJ X: Zero Employment Growth PROJ Y: Past Completions PROJ Z: Housing Trajectory

5.7 All projections cover the period from 2011 to 2031. PROJ 1 – PROJ 3 are based on different ways of projecting forward past population trends (and particularly trends in migration). PROJ A – PROJ C are based on different assumptions linking employment growth to growth in the population in Harborough District. All of these projections take account of changes to pensionable age and improvements in employment rates over the period to 2031. These six projections together are intended to inform the objective assessment of housing requirements in the District.

5.8 PROJ W aims to disaggregate the impacts of net migration on housing requirements by modelling demographic trends if in- and out-migration were balanced. PROJ X aims to help understand what level of homes would be needed to maintain the current size of the labour force in the District; whilst PROJ Y and PROJ Z aim to understand the demographic implications of different levels of housing provision based on current planning assumptions.

PROJ 1 (linked to ONS 2010- and 2011-based SNPP)

5.9 Our first projection uses information in the ONS 2010- and 2011-based Sub-National Population Projections (SNPP). The last full set of SNPP published by ONS were 2010-based figures. These have subsequently been updated by 2011-based 'Interim' Projections which look at the ten year period to 2021. These interim projections use the same assumptions around fertility, mortality and migration profiles as 2010-based figures. However the 2011-based figures have updated estimates of future levels of migration (both in- and out-migration and by type of migration (e.g. international vs. internal)) to take account of the population size and structure recorded by the 2011 Census.

5.10 The projection therefore uses the same assumptions as in the ONS 2010-based SNPP with regards to fertility, mortality and migration rates but with some adjustments to overall levels of migration on the basis of the 2011-based figures.

5.11 Figure 19 below shows the average level of migration assumed in each of the 2010- and 2011-based projections for the period from 2011 to 2021 (the maximum period used in the 2011-based projections). We have used averages for the purpose of comparison although ONS projections do build in some small year-on-year differences.

5.12 The data shows that the overall level of net migration is projected to be slightly lower in the 2011-based projections than the 2010-based version (average net in-migration of 622 people per annum compared with 761 persons). The difference is largely driven by different expected levels of out-migration – particularly international out-migration which is now projected at 220 per annum (up from 124). The projected figures for in-migration do not vary much between the two ONS projection runs.

Figure 19: Comparing Migration Assumptions for Harborough District in 2010 and 2011 based SNPP (Average Figures 2011-2021)

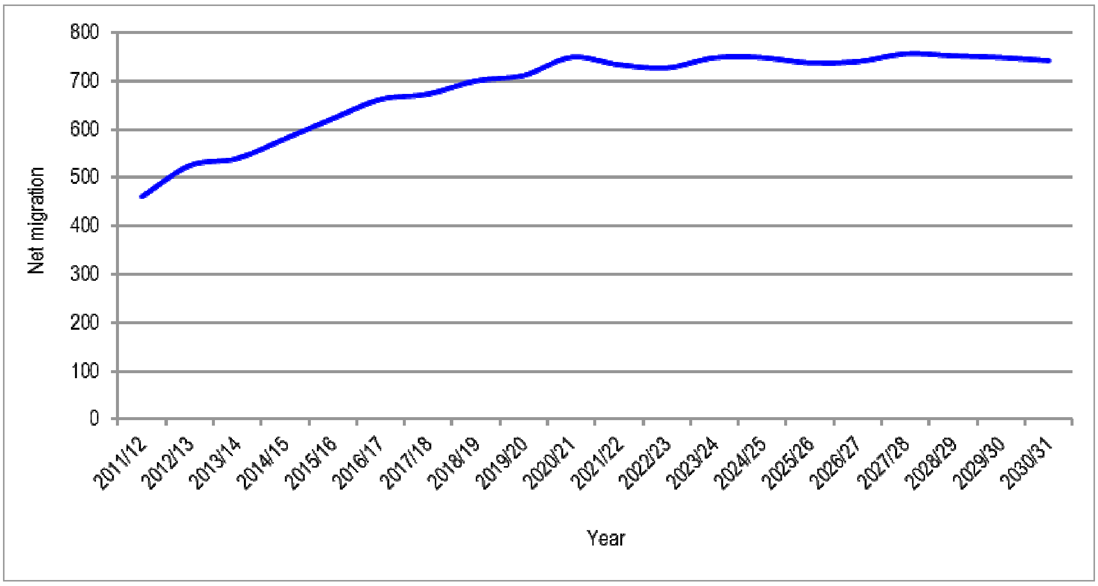
	2010-based SNPP	2011-based interim SNPP
Internal in-migration	4,507	4,518
Internal out-migration	3,823	3,877
Internal net migration	684	641
Cross-border in-migration	97	97
Cross-border out-migration	144	144
Cross-border net migration	-48	-48
International in-migration	249	249
International out-migration	124	220
International net migration	125	29
All in-migration	4,852	4,863
All out-migration	4,091	4,241
All net migration	761	622

Source: 2010- and 2011-based SNPP

5.13 In taking this data forward in to the projection modelling we have assumed the migration patterns from the 2011-based SNPP for the period from 2011 to 2021. Beyond 2021 we have used 2010-based SNPP data but adjusted this to take account of the differences as shown in the table above. In keeping with the methodology used by ONS, figures for cross-border and international migration are held constant with internal figures changing slightly on the basis of the projected change in the 2010-based data (but from the adjusted baseline position for 2021 shown in 2011-based projections).

5.14 Figure 20 below shows the levels of net migration assumed in PROJ 1 from 2011/12 to 2030/31. The projections start in 2011/12 with a net migration figure of around 460. This is expected to increase over time to reach a net in-migration of around 750 people in 2020/21. This figure is then expected to level off with small year-on-year variations up to 2030/31. For the projection period studied as a whole, the average level of net migration is an in-migration of 683 people per annum.

Figure 20: Assumed Annual Net Migration to Harborough District in PROJ 1, 2011/12 to 2030/31



Source: ONS 2010- and 2011-based subnational population projections

5.15 All of the projections in this report take account of information from the Sub-National Population Projections regarding birth and death rates (fertility and mortality) and assumptions regarding the age structure of in- and out-migrants. The various projections prepared primarily adjust levels of migration.

PROJ 2 (10-year Migration Trends)
PROJ 3 (5-year Migration Trends)

5.16 Our second two projections look at recorded trends in migration over the past ten (and five) years. Figure 21 below shows estimated net migration into the District from 2001/2 to 2010/11. The figures have been taken from ONS mid-year population estimates with data for 2005/6 to 2009/10 being adjusted to take account of 'improvements' made by ONS in recording migration data – figures have been rounded to the nearest hundred consistent with the rounding of published ONS data.

5.17 The data shows that the figures can be slightly variable over time, with the highest figure for any individual year being seen in the earliest period studied (2001/2). In developing our two projections (PROJ 2 and PROJ 3) we have simply taken an overall average and projected this forward. Over the last ten years (2001-11), the average level of net migration has been an in-migration of 690 people; with a slightly lower figure (of 640) if we look at 5-year trends (2006-11).

5.18 For the purposes of these projections we have assumed a constant level of net migration throughout the period. Regardless of the period used, the figures (690 or 640 persons per annum) are quite similar to the overall average contained within the 2010 and 2011-based SNPP (which as seen above is estimated at 683 per annum). This gives us confidence in the projections.

Figure 21: Past trends in Net In-Migration to Harborough District

Year	Net Migration
2001/2	1,300
2002/3	700
2003/4	500
2004/5	500
2005/6	700
2006/7	900
2007/8	600
2008/9	600
2009/10	500
2010/11	600
Average (last ten years)	690
Average (last five years)	640

Source: ONS

5.19 The linear projections for migration in PROJ 2 and PROJ 3 contrast to those in PROJ 1 which sees migration increasing over the 2011-21 period. The ONS projections are prepared using a national model in which a growing population in areas from which people typically move to Harborough would lead to a projected increase in migration. This is likely to inform the projected increase in migration over the period to 2021 in PROJ 1.

Economic Projections (PROJ A to C)

5.20 In addition to developing the three scenarios above linked to past demographic trends we have developed three projections to consider the implications on population change and housing requirements of different levels of employment growth in the District.

5.21 The relationship between economic growth and demographics is influenced by a number of factors, including:

- Levels and the rate of employment growth in different areas, including employment growth in the District and other locations to which residents may commute to work;
- Changes in employment rates, including the degree to which employment growth can be supported by people coming back into work and/ or older persons working for longer linked to changes in state pension ages over the plan period;
- Changes to commuting patterns and the balance between the numbers of people commuting into and out of the District to work.

5.22 To consider the interaction between economic performance and housing requirements we have therefore developed a set of projections which consider these interactions. The projections take account of economic forecasts published by Experian in November 2012 for Harborough District, the wider Leicester and Leicestershire HMA and other local authority districts to which Harborough District residents commute.

PROJ A – Jobs Baseline

5.23 This projection looks at the forecast increase in jobs in Harborough District from 2011 to 2031. It assumes moving forward a 1:1 relationship between the number of jobs created and the growth in local residents in employment in the District.

5.24 The projection is based on Experian's baseline forecasts for employment growth in the District, for 18.5% employment growth over the plan period, and growth in economic output (GVA) of 2.5% per annum. This is significantly stronger than growth forecast across the HMA or East Midlands (of 2.0% and 2.1% GVA growth per annum).

5.25 This projection essentially does not include any assumptions about commuting patterns with all new jobs being filled by local people. Thus for every 10 jobs created in the District, based on Experian's forecasts, there is assumed to be a growth of 10 residents in employment. This is despite the District's stronger comparative economic performance in the Experian forecasts compared to surrounding areas.

5.26 This projection sees an increase in the number of residents in employment of around 7,700 over the 20-year period in Harborough District. It would support around 2.8% growth per annum in GVA over the 2011-31 plan period. This is significantly above the 2.0% forecast across the HMA and 2.1% across the East Midlands.

PROJ B – Residents in Employment

5.27 This projection draws on the Experian data about the number of additional jobs forecast to be created in the District but also considers commuting patterns (from 2001 Census data) and Experian forecasts of job growth in other areas to which Harborough District residents currently commute. This projection recognises that housing requirements will be linked not just to growth in employment in Harborough but to that in surrounding areas; and equally that some of the jobs in Harborough District may be taken by people commuting into the area to work. It recognises economic links across boundaries.

5.28 The projection takes account of Experian's forecasts for employment growth in Harborough, Oadby and Wigston, Blaby, Leicester, Rugby, Corby, Daventry, Hinckley & Bosworth, Kettering, Rutland and Charnwood; and more widely in the East and West Midlands. It assumes that the proportion of the workforce which is drawn from people living in Harborough District remains consistent to those recorded in the 2001 Census.

5.29 At the time of writing the 2001 Census represents the most robust data on commuting dynamics between areas. It is possible that commuting dynamics will have changed somewhat over the period since 2001, however commuting data from the 2011 Census is unlikely to be available before 2014.

5.30 As a result of the commuting dynamics, this projection generates a slightly lower projected increase in the number of residents in employment (relative to PROJ A) of 6,924 over the 20-year period.

5.31 For comparative purposes, we estimate that this scenario is broadly equivalent to planning for around 2.3% growth in GVA per annum. It continues to plan for employment growth significantly above trend in Harborough District, but with some of this growth supported by an increase in in-commuting to work from surrounding areas.

PROJ C – Leicester and Leicestershire Jobs

5.32 The baseline forecasts for economic growth in Harborough District of 2.8% per annum (GVA) are high, relative to both expected performance across the wider sub-region and regional economy. Against this context we consider that there are downside risks to achieving this level of economic growth. As we set out in Section 4 we consider that delivery of this level of growth would likely need to be supported by a continued supply of land and demand for strategic distribution development close to the M1.

5.33 The final economic projection, PROJ C, therefore studies expected job growth across the whole of the Leicester and Leicestershire HMA. It assumes that the rate of employment growth in Harborough will be at a similar level to the wider HMA to 2031.

5.34 This projection suggests a slightly lower level of employment growth (residents in employment) than either of the above with a projected increase of 4,372 people who are working over the 20-year projection period. If there was no growth in commuting into the District (with growth in jobs and residents in employment broadly balancing one another), we estimate that this would support around 2.0% growth in GVA per annum.

5.35 The table below shows the year-on-year changes in the number of residents in employment contained within each of these projections. It is notable in all cases that a high increase is projected in the first year of the projection (2011/12) followed by low (or even negative) figures for 2012/13. Following these two years the figures are projected to be more consistent although the increase in residents in employment does decrease as we move through the projection period.

5.36 To some degree the sharp increase for 2011/12 is evidenced through data from the Annual Population Survey (APS) which is discussed in a bit more detail below. The increase for 2011/12 is expected to be driven by an improvement in employment rates rather than a significant increase in population and this has been reflected in our projection of employment rates moving through the 2011 to 2031 period. This point is again discussed below.

Figure 22: Employment Growth Assumptions used in Modelling

Year	PROJ A – Jobs Baseline		PROJ B – Residents in Employment		PROJ C – Leicester and Leicestershire jobs	
	Annual	5-year total	Annual	5-year total	Annual	5-year total
2011/12	1,485	2,948	1,294	2,603	770	1,646
2012/13	38		-16		-54	
2013/14	511		474		337	
2014/15	497		458		320	
2015/16	417		393		273	
2016/17	365	1,820	343	1,661	235	1,075
2017/18	400		373		253	
2018/19	395		362		234	
2019/20	343		308		191	
2020/21	317		275		161	
2021/22	315	1,586	269	1,397	153	830
2022/23	329		285		166	
2023/24	325		286		170	
2024/25	312		279		168	
2025/26	306		279		173	
2026/27	289	1,309	269	1,262	170	821
2027/28	276		263		170	
2028/29	263		256		167	
2029/30	248		244		161	
2030/31	232		231		153	
Total	**7,663**		**6,924**		**4,372**	

Source: Experian 2012

PROJ W (Zero Net Migration)
PROJ X (Zero Employment Growth)

5.37 The next two projections might be called 'component' projections and look at the impact on population, employment and housing requirements of holding certain aspects of the projection constant over time.

5.38 The first projection looks at housing requirements if there were to be no net migration into the District for the next 20-years. Whilst net migration is held at zero this projection does allow for in- and out-migration so there will be changes in the age structure due to migration trends as well as those created by natural change (i.e. births minus deaths).

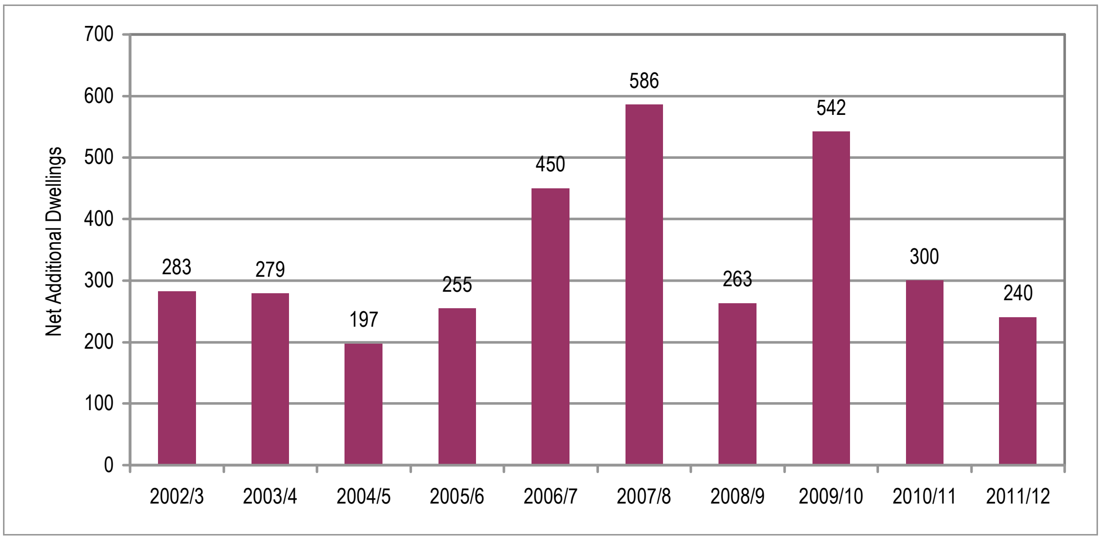
5.39 The second ‘component’ projection looks at what level of housing growth would be required to maintain current employment levels. In this projection there is 0% employment growth between 2011-31. Within this projection (and indeed all other projections) we have also looked at the impact of the economic downturn on the number of people in employment and considered the scope for some local residents to return to work if additional jobs were available. We have also considered the likely impact of changes in pensionable age throughout the projection period as and when these become relevant.

PROJ Y (Past Completions)
PROJ Z (Housing Trajectory)

5.40 The final two projections run in this report are based on understanding the implications for population and employment growth of particular levels of housing delivery. The two projections are: a) based on average completions over the past 10-years and b) linked to the Council’s latest housing trajectory in Winter 2012.

5.41 Figure 23 below shows housing completions over the past ten years (from 2002/3 to 2011/12). The data shows some year-on-year variation in the numbers with strongest delivery of 586 units being seen in 2007/8 and the lowest figure (of 197) in 2004/5. The figures for the last two years studied are also quite low at 300 and 240 per annum. Over the full ten-year period the average level of completions has been 340 per annum. PROJ Y models the demographic implications of delivery of 340 homes per annum over the plan period to 2031.

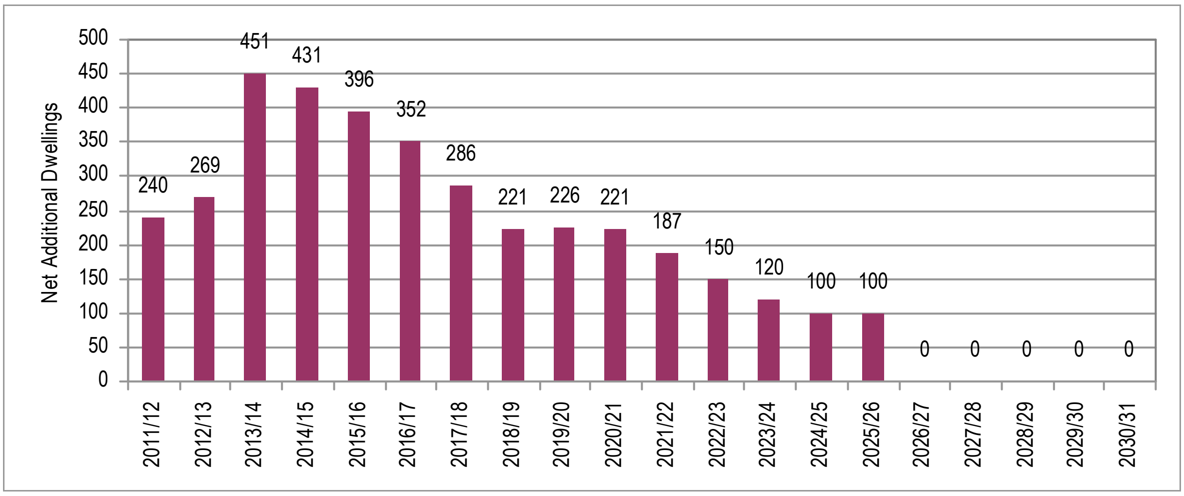
Figure 23: Net Completions 2002/3 to 2011/12



Source: Harborough District Council

5.42 The housing trajectory data (also provided by the Council) provides information about expected delivery of new housing in the future on the basis of sites expected to come forward and projected delivery dates. Figure 24 below shows the annual figures for housing delivery expected from this source. From 2026/27 onwards there is no information about the number of homes to be provided and so the figures have been set at zero. For the full 20-year period this source suggests delivery of 3,750 homes with the vast majority of this being in the first ten years.

Figure 24: Housing Trajectory 20011/12 to 2030/31



Source: Harborough District Council

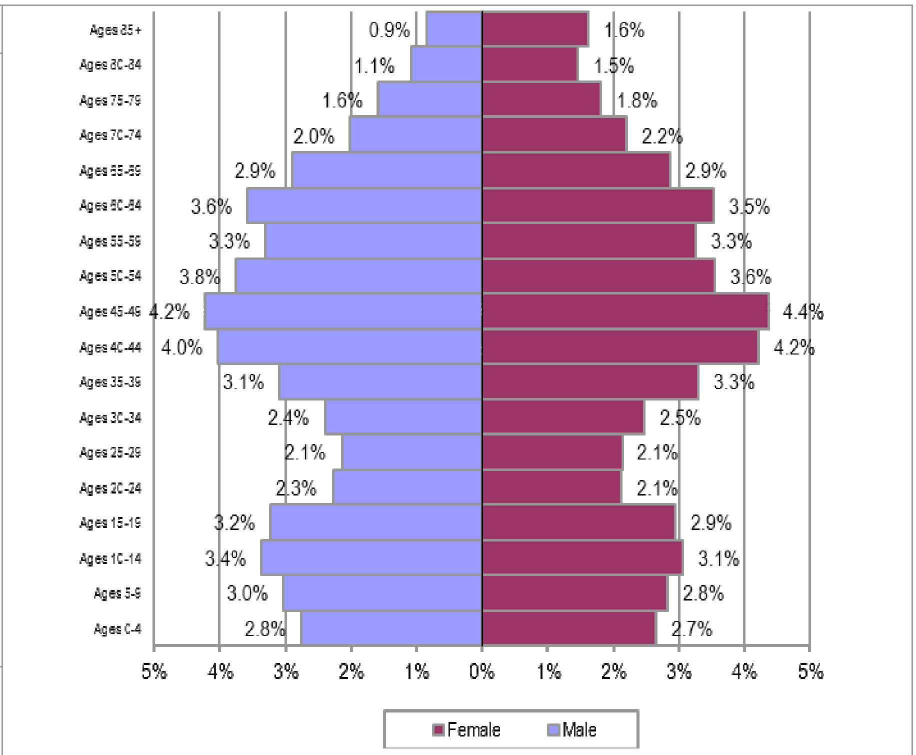
Baseline Population

5.43 The baseline for our projections is taken to be 2011 with the projection run for each year over the period up to 2031. The population size and structure as of 2011 has been taken from the ONS 2011 Mid-Year Population Estimates. The 2011 Mid-Year Population Estimates take account of the 2011 Census in March 2011 and roll this forward to provide estimates of the population in June 2011.

5.44 The overall population in 2011 was estimated to be 85,699 with slightly more females than males.

Figure 25: Population of Harborough - 2011

Age group	Male	Female
Ages 0-4	2,366	2,278
Ages 5-9	2,599	2,419
Ages 10-14	2,884	2,620
Ages 15-19	2,760	2,528
Ages 20-24	1,950	1,815
Ages 25-29	1,837	1,828
Ages 30-34	2,053	2,120
Ages 35-39	2,649	2,819
Ages 40-44	3,453	3,618
Ages 45-49	3,618	3,737
Ages 50-54	3,217	3,048
Ages 55-59	2,828	2,796
Ages 60-64	3,066	3,031
Ages 65-69	2,484	2,461
Ages 70-74	1,724	1,893
Ages 75-79	1,352	1,551
Ages 80-84	929	1,246
Ages 85+	730	1,392
All Ages	42,499	43,200



Source: 2011-Mid Year Population Estimates

Fertility and Mortality Rate Assumptions

5.45 For modelling of fertility we have used the rates contained within the ONS 2010-based population projections. For the period from 2011 to 2031 the total fertility rate (the expected average number of live births per woman throughout their childbearing lifespan) has been calculated to be 2.11 in 2011/12, this rises very slightly in the short-term before reducing to 1.96 in 2030/31.

5.46 We also interrogated the ONS 2010-based projections with regard to death rates which suggested that life expectancy is expected to increase over time for both males and females. It is not possible to provide exact life expectancy figures from the 2010-based SNPP as this to some degree will depend on the assumptions made about the death rates for age groups beyond 90 (the ONS data stops at a figure for 90+). However in modelling life expectancy we suggest that the figures will see an improvement from 80.1 to 83.8 for males from 2011 to 2031 with figures of 83.7 to 86.9 expected for females.

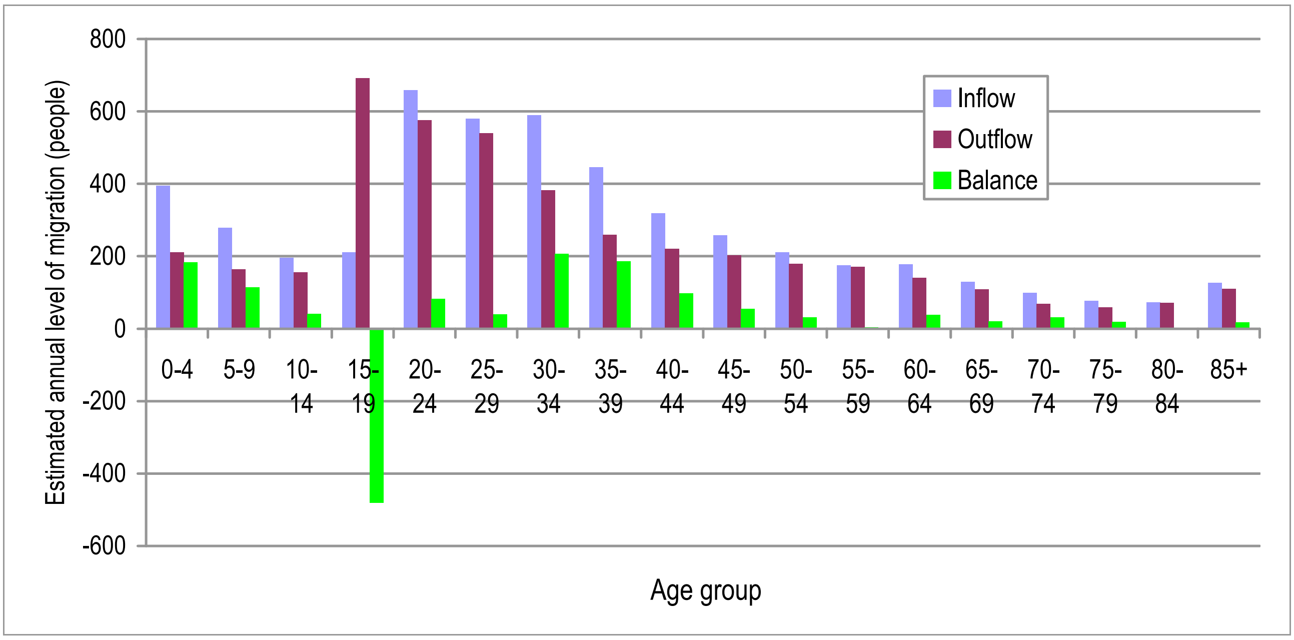
5.47 We have no evidence to suggest that either the fertility or mortality estimates used by ONS are unreasonable and note that the expected figures and changes in Harborough are consistent with past trend data and future expected patterns as published by ONS on a national basis.

Migration Assumptions

5.48 For the purposes of understanding the profile of migrants we have again drawn on the ONS 2010-and 2011-based sub-national population projections. Over the period from 2011 to 2031 the ONS figures show an average annual level of net in-migration of 683 people made up of in-migration of 4,995 and out-migration of 4,312. The data clearly shows that the most important age groups are from 15 to 39. The data is interesting in that it shows net out-migration of those aged 15-19 but net in-migration for most other age groups.

5.49 When projecting migration patterns for the various projection scenarios we have used the migration data and adjusted levels of in-migration to match the requirements of our scenario (e.g. when testing what level of migration is required to support a workforce of a particular size). This approach has consistently been adopted across all analysis.

Figure 26: Estimated Annual Profile of Migration for Harborough District by Five-Year Age Band (2011-2031)



Source: Derived from ONS 2010-based population projections

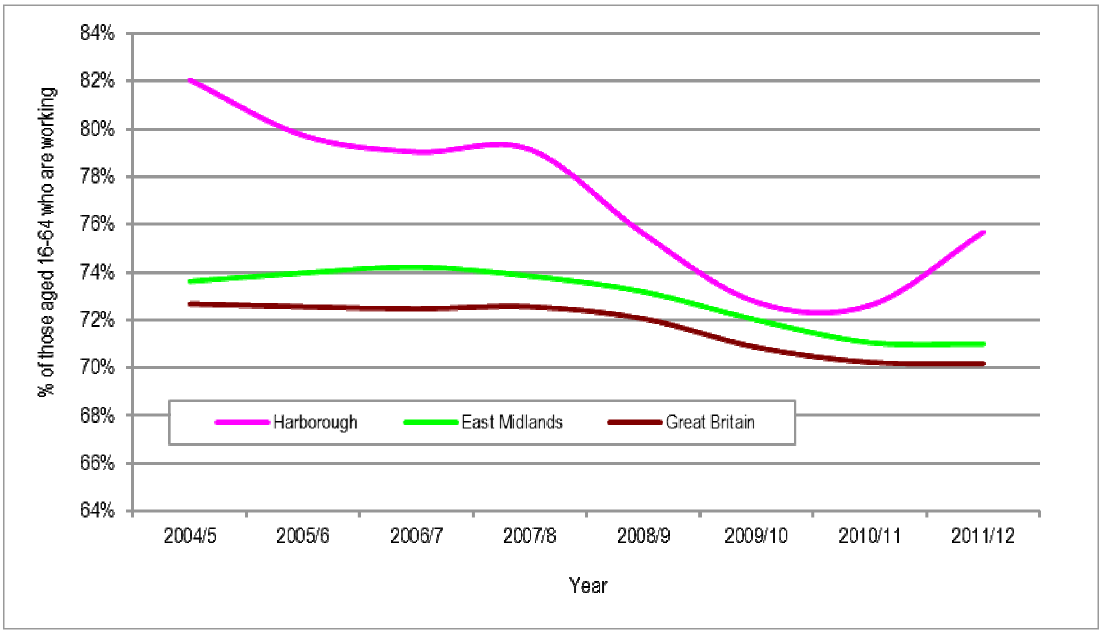
Economic Participation Assumptions

5.50 With the change in demographic structure will come changes in the number of people who are working (as the population of people of working age changes). The next stage of the projection process was therefore to make estimates about how numbers of residents in employment would change under each of our main projections and also to consider the demographic implications of different levels of employment growth.

5.51 The first stage of the process was to establish working patterns in the local authority. Figure 27 shows data on the proportion of people living in the District who were in employment (based on the proportion of the population aged 16-64 who are working). This latter data has also been provided for the East Midlands and Great Britain.

5.52 The data shows that overall the proportion of people working has been quite variable over time – generally the trend has been downward although figures for 2010/11 and 2011/12 show some improvement in the proportions of people working. This is in contrast with figures for both the East Midlands and Great Britain where employment rates can also be seen to have dropped but with no improvement in the recent past.

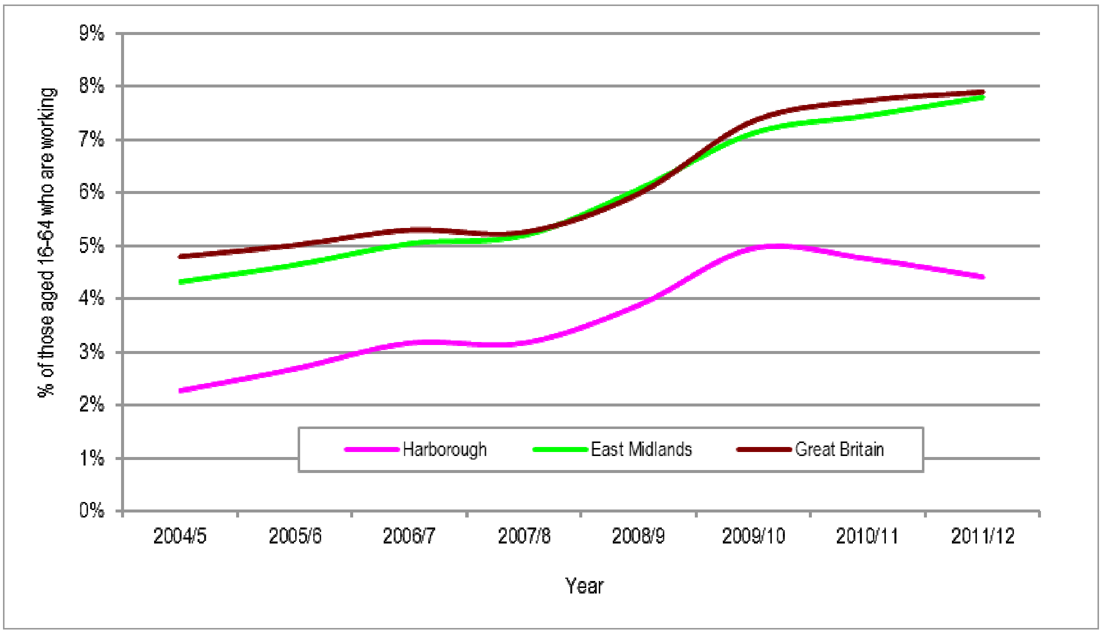
Figure 27: Proportion of Population Working



Source: Annual Population Survey

5.53 Part of the problem with the Annual Population Survey source used above is that data is based on only a sample of the population and therefore figures can be quite variable at smaller area level. We have therefore also drawn on data about unemployment to give an indication of how employment rates may have changed over the past few years. This is shown in Figure 28 and shows that unemployment has risen from a typical pre-recession level of about 2%-3% to average closer to 5% in recent years.

Figure 28: Unemployment Rates



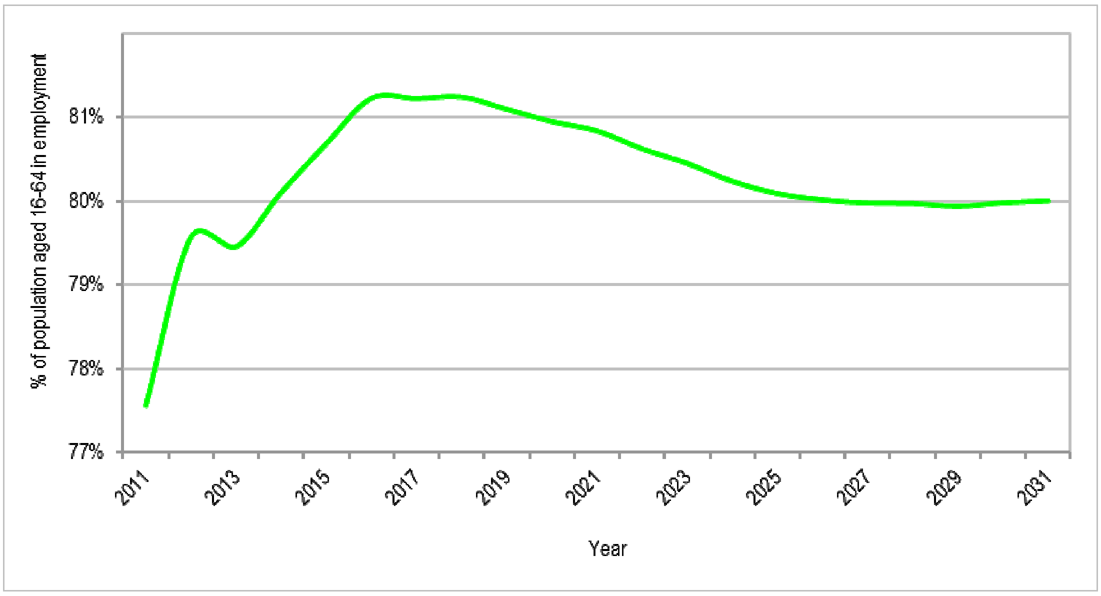
Source: Annual Population Survey (modelled data)

5.54 Using the above data to provide us with an overall picture of working patterns we also drew on 2001 and 2011 Census data and information from the Annual Population Survey to inform the distribution of workers by age and sex. In projecting forward we have assumed that there is a latent labour force that could be brought back into work as a result of reducing unemployment. This improvement is assumed to occur notably in the short-term with employment rates levelling off from about 2016 onwards.

5.55 The modelling also includes provision for potential increases in rates due to changes in pensionable age – these additional changes have been based on studying the age-specific 'drop-off' in employment as people get older. The modelled improvement to employment rates will have the effect of reducing unemployment.

5.56 Figure 29 shows how employment rates are projected to change over the period studied. The figure shows the projected short-term improvement to 2016 – following this the rate drops down slightly – this is due to age structure changes with a greater number of people expected to be in some of the older 'working' age groups which typically have lower employment rates. Overall the employment rate is projected to rise from 77.6% in 2011 up to 81.2% in 2016 (and 2017, 2018) before dropping back to 80.0% by 2031.

Figure 29: Projected changes in employment rates



5.57 By applying these rates to our population figures it is estimated that in mid-2011 there were 44,079 people in employment. This figure has been derived by analysis of 2011 Census data and is consistent with recent figures provided in the Annual Population Survey.

Headship Rate Assumptions

5.58 Having estimated the population size and the age/sex profile of the population the next step in the process is to convert this information into estimates of the number of households in the area. To do this we use the concept of headship rates.

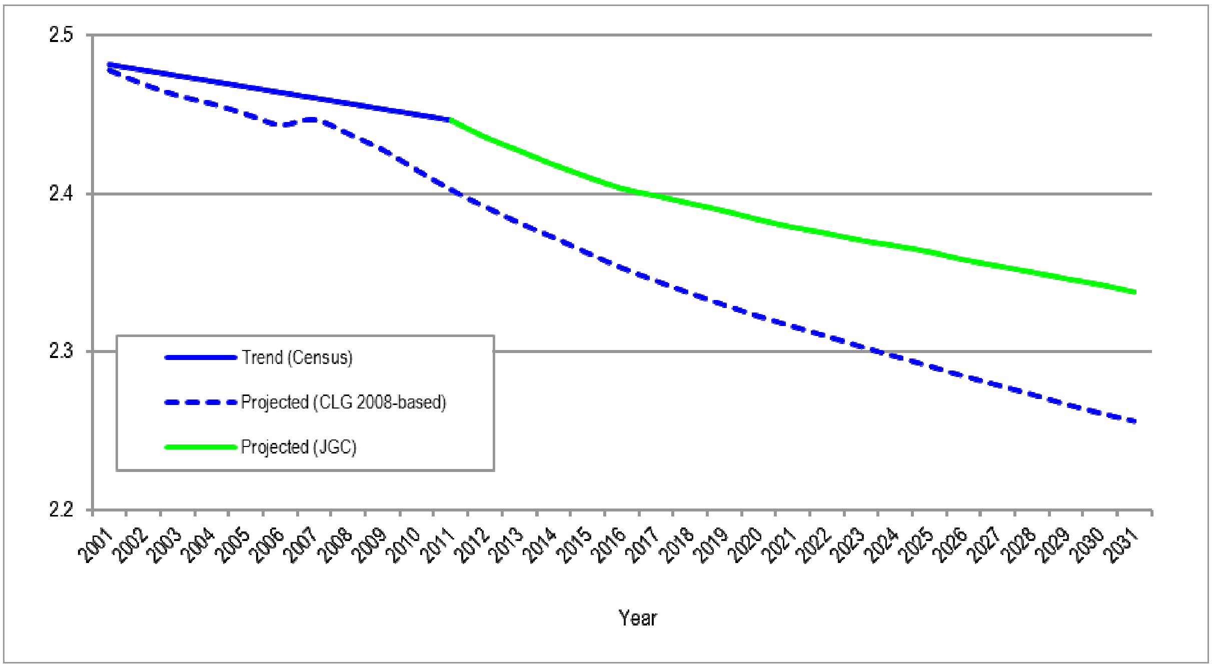
5.59 Headship rates can be described in their most simple terms as the number of people who are counted as heads of households (or in this case the more widely used Household Reference Person (HRP)).

5.60 For the purposes of this analysis we have used information contained in the 2008-based CLG household projections about the relationship between the total population in an age group and the number of household reference persons (HRPs) in that age group. We have however also taken account of recent trends in household formation which have generally seen fewer households being formed from the population than was projected in the CLG 2008-based household projections. This can clearly be seen from the analysis in Figure 30.

5.61 Figure 30 shows the estimated average household size in Harborough in 2001 and 2011 along with estimated household sizes derived from CLG projections. The data clearly shows that 2001 and 2011 Census information indicates a less pronounced decrease in household sizes than was projected by CLG.

5.62 In projecting forward we have therefore rebased our figures on 2011 Census data and then projected headship rates to broadly follow a trend at the mid-point between the trend shown from 2001 to 2011 and the expected trend in CLG projections. This is shown in Figure 30 in the 'Projected (JGC)' line. Our projection assumes that average household sizes start at about 2.45 in 2011 and reduce down to 2.34 in 2031 (although exact figures do vary depending on the projection being run).

Figure 30: Past and projected trends in Average Household Size - Harborough



Source: Derived from ONS and CLG data (including 2011 Census)

5.63 When applying our headship rates to the population data we derive an estimated number of households in mid-2011 of 35,028. This figure is consistent with the number of households shown in the 2011 Census.

Vacancy Rates Assumptions

5.64 In converting an estimated number of households into requirements for additional dwellings we have also factored in a small vacancy allowance which is normal to allow for movement of households between properties. For the analysis we have assumed that around 2.5% of additional stock will be vacant which should be reflective of what can be achieved in new housing stock.

5.65 We consider that it is reasonable to assume a lower vacancy rate within the stock built over the 2011-31 period given that it will be relatively new. We would expect a relatively limited need for property to be vacant to support repairs or upgrading (relative to the existing stock).

Projection Outputs

Introduction

5.66 This section provides detailed outputs of the modelling under each of the ten scenarios run to look at population growth, employment change and housing requirements. All the projections look at the period from 2011 to 2031 with outputs available for each year of the projection (although these have generally been summarised for five year periods). The projections run are summarised in the table below.

Figure 31: Description of Projections used for Demographic Modelling

PROJ 1	Linked to 2010- and 2011-based SNPP
PROJ 2	10-year migration trends
PROJ 3	5-year migration trends
PROJ A	Jobs baseline
PROJ B	Residents in employment
PROJ C	Leicester & Leicestershire jobs
PROJ W	Zero net migration
PROJ X	Zero employment Growth
PROJ Y	Past Completions
PROJ Z	Housing Trajectory

Population Projections

5.67 Figures 32 and 33 show the expected growth in population under each of the ten scenarios. The data shows that the three demographic projections (PROJ 1 to 3) all show similar levels of population growth (of between about 16% and 17% for the full 20-year projection). In numerical terms this represents an increase of between about 13,800 and 15,000 people). The three economic projections (PROJ A to C) show higher levels of population growth ranging from 19% to 26% (16,100 to 22,200 more people).

5.68 With no net migration we would expect to see a small decline in population over time whilst to maintain employment at current (2011) levels would require a population increase of 9.5%. This is due to the ageing of the population, with relatively fewer people being in the main working-age population groups.

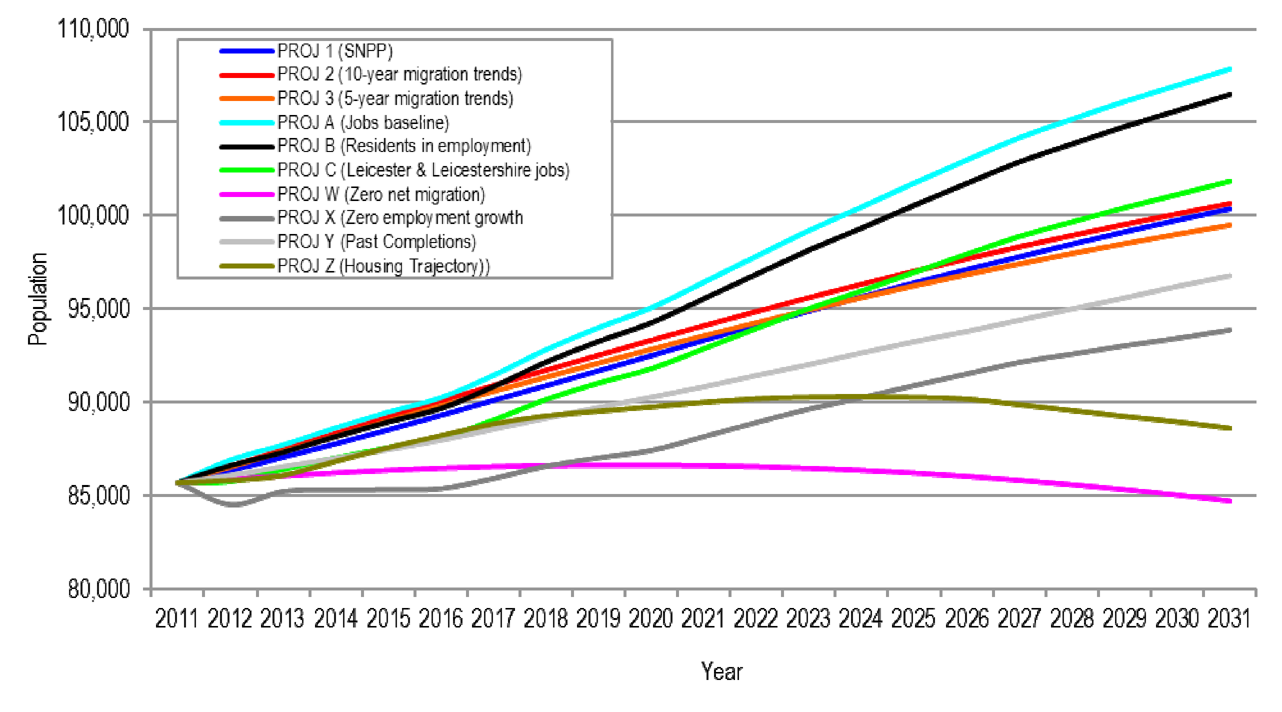
5.69 With housing delivery of 340 units per annum (PROJ Y) we would expect to see population increase of 12.9%; whilst following the housing trajectory (PROJ Z) sees a moderate rise in population although this starts to decrease moving to the back-end of the plan period.

Figure 32: Population Estimates 2011 to 2031

	2011	2016	2021	2026	2031
PROJ 1 (SNPP)	85,699	89,313	93,335	97,122	100,368
	0.0%	4.2%	8.9%	13.3%	17.1%
PROJ 2 (10-year migration trends)	85,699	90,072	94,117	97,698	100,651
	0.0%	5.1%	9.8%	14.0%	17.4%

PROJ 3 (5-year migration trends)	85,699	89,812	93,573	96,854	99,498
	0.0%	4.8%	9.2%	13.0%	16.1%
PROJ A (Jobs baseline)	85,699	90,256	96,444	102,991	107,856
	0.0%	5.3%	12.5%	20.2%	25.9%
PROJ B (Residents in employment)	85,699	89,683	95,563	101,740	106,495
	0.0%	4.6%	11.5%	18.7%	24.3%
PROJ C (Leicester & Leicestershire jobs)	85,699	88,100	92,884	97,943	101,848
	0.0%	2.8%	8.4%	14.3%	18.8%
PROJ W (Zero net migration)	85,699	86,482	86,617	86,047	84,734
	0.0%	0.9%	1.1%	0.4%	-1.1%
PROJ X (Zero employment growth	85,699	85,392	88,173	91,534	93,878
	0.0%	-0.4%	2.9%	6.8%	9.5%
PROJ Y (Past Completions)	85,699	87,981	90,844	93,811	96,791
	0.0%	2.7%	6.0%	9.5%	12.9%
PROJ Z (Housing Trajectory))	85,699	88,226	90,007	90,186	88,626
	0.0%	2.9%	5.0%	5.2%	3.4%

Figure 33: Population Change, 2011-2031

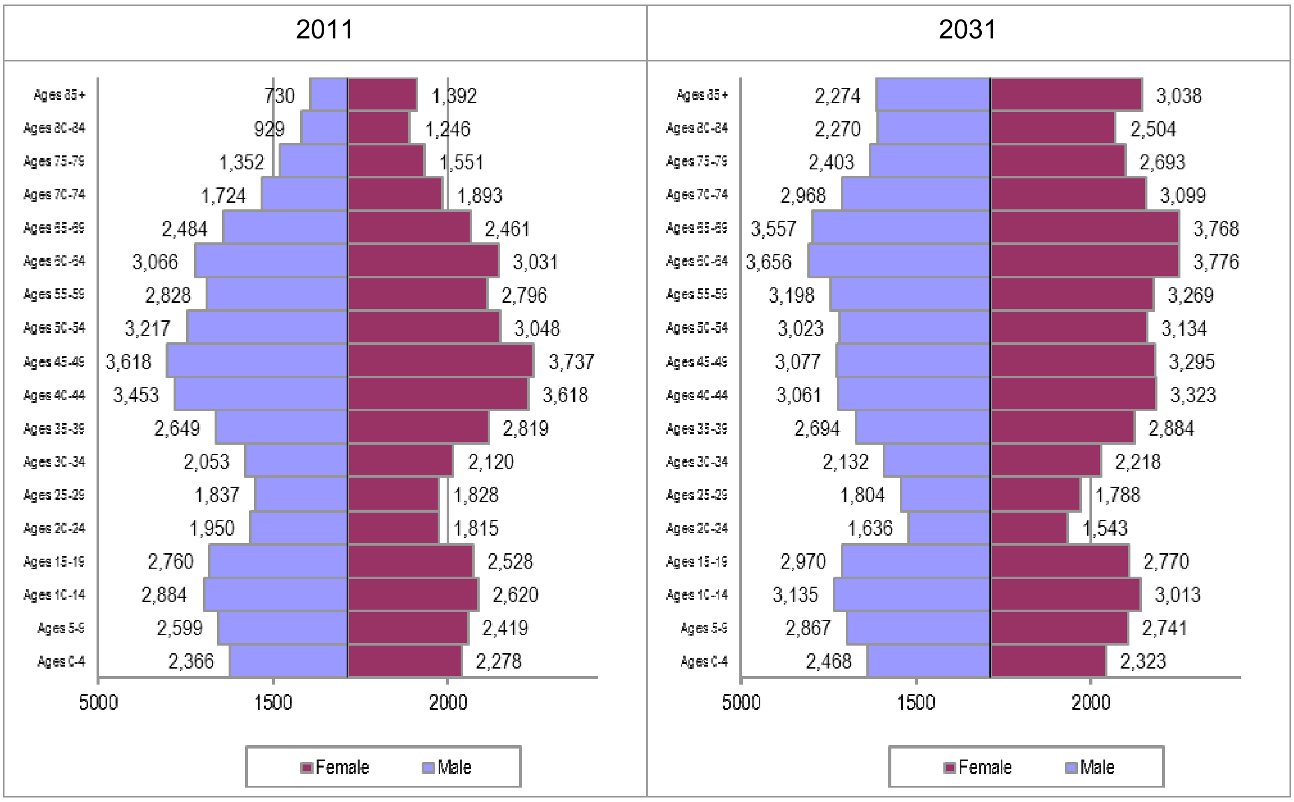


Impact on Population Structure

5.70 With the changes shown above, there will also be a change in the age/sex profile of the population. We have therefore looked in a bit more detail at population change under PROJ 1 (linked to the SNPP). Figure 34 shows population pyramids for 2011 and 2031 for PROJ 1.

5.71 The 'pyramids' show the growth in population overall and highlight the ageing of the population with a greater proportion of the population expected to be in age groups aged 60 and over (and even more so for older age groups). In particular the oldest age group (85+) shows an increase from 2,122 people to 5,312.

Figure 34: Distribution of Population 2011 and 2031 (PROJ 1 – SNPP)



5.72 Figure 35 summarises the findings for key (15 year) age groups in PROJ 1. The largest growth will be in people aged over 60. In 2031 it is estimated that there will be 36,004 people aged 60 and over. This is an increase of 14,145 from 2011, representing growth of 65%. The population aged 75 and over is projected to increase by an even greater proportion, 111%.

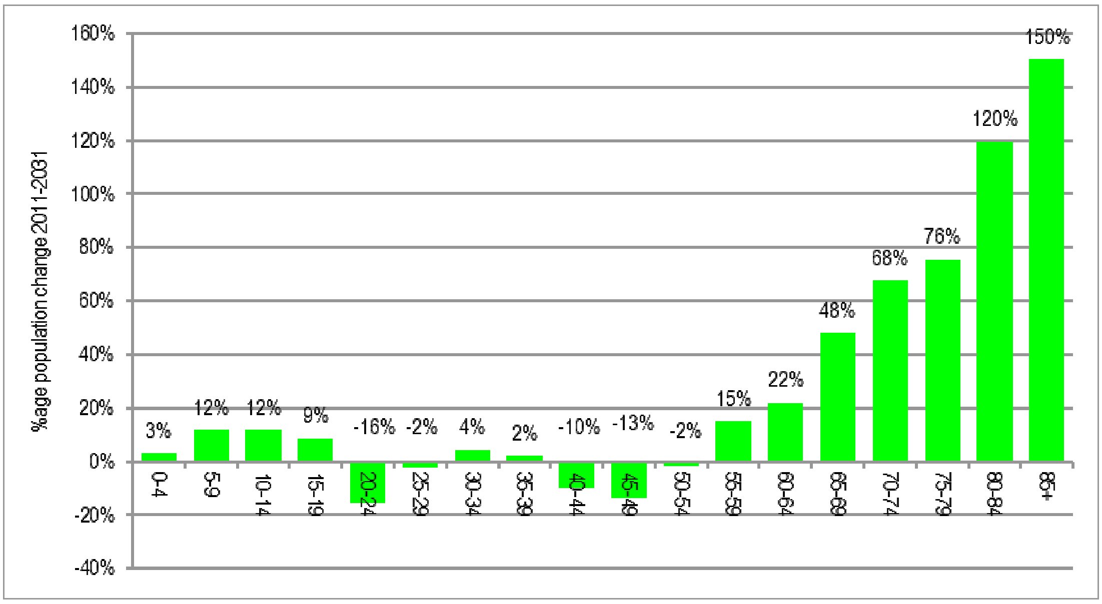
5.73 Looking at the other end of the age spectrum we can see that there are projected to be around 9% more people aged under 15 with small decreases seen for all other age groups.

Figure 35: Population change 2011 to 2031 by five year age bands

Age group	Population 2011	Population 2031	Change in population	% change from 2011
Under 15	15,166	16,546	1,380	9.1%
15-29	12,718	12,510	-208	-1.6%
30-44	16,712	16,312	-400	-2.4%
45-59	19,244	18,995	-249	-1.3%
60-74	14,659	20,822	6,163	42.0%
75+	7,200	15,182	7,982	110.9%
Total	85,699	100,368	14,669	17.1%

5.74 Figure 36 below shows the percentage changes for each five year age group. The most stark trend is the increase in the population aged 85 and over (up 150%) which may have implications for future housing delivery as many of this group may require some form of specialist housing. In contrast we see only moderate increases (and some decreases) in most age groups up to age 65.

Figure 36: Forecast Population Change by Age Group 2011-2031



Changes in Employment Levels

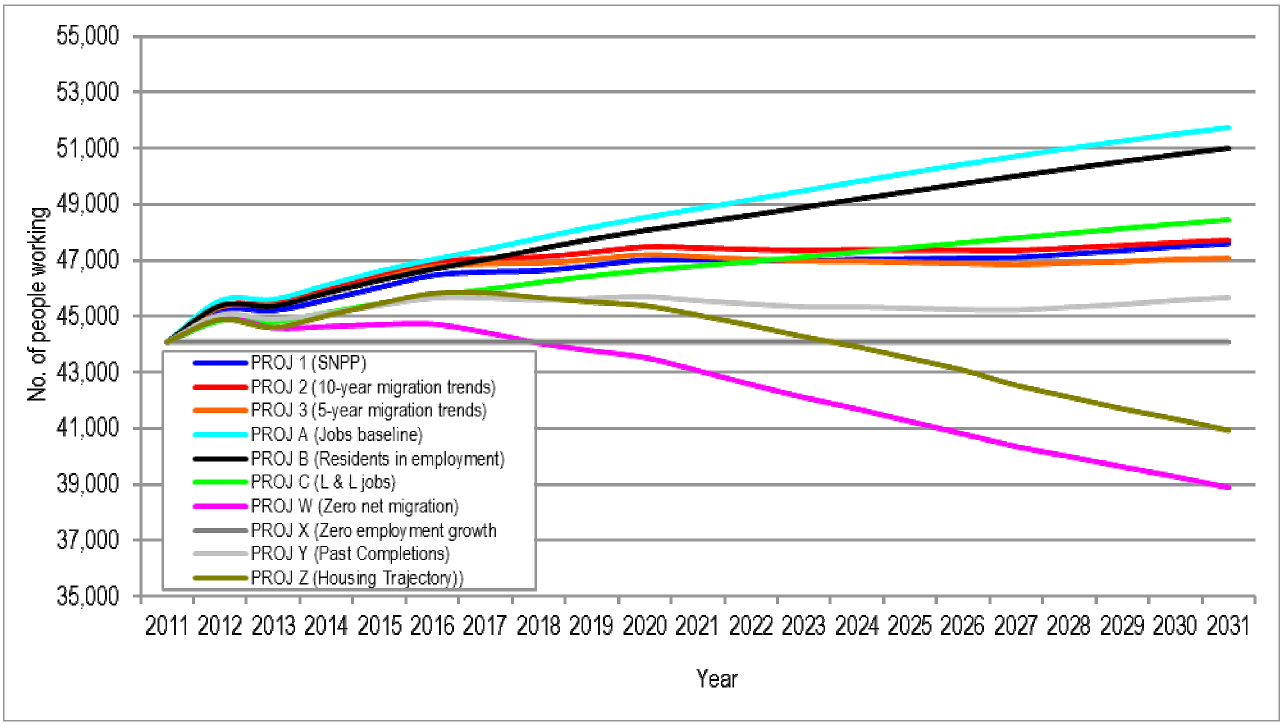
5.75 Figures 37 and 38 show the estimated number of people living in the District who are working under each of our ten projections (the number of residents in employment). The three demographic projections (PROJ 1 to 3) show fairly moderate increases in the number of residents who are working with increases ranging from 7% to 8% (3,000 to 3,600 in numerical terms). The three economic projections (PROJ A to C) show stronger increases in the number of residents in employment of between 10% and 17%.

5.76 With no net migration we would expect to see a notable decline in the working population – this would fall from 44,079 people in 2011 to 38,884 in 2031 – a decrease of 11.8%. Employment increases based on average past completions would be expected to see a moderate increase in the number of people working whilst modelling on the basis of the housing trajectory sees a notable decline over the 20-year period of 7.2% (although figures are positive in the early part of the projection).

Figure 37: Employment Estimates 2011 to 2031 (number and % change from 2011)

	2011	2016	2021	2026	2031
PROJ 1 (SNPP)	44,079 0.0%	46,462 5.4%	47,012 6.7%	47,077 6.8%	47,592 8.0%
PROJ 2 (10-year migration trends)	44,079 0.0%	46,923 6.5%	47,446 7.6%	47,361 7.4%	47,715 8.2%
PROJ 3 (5-year migration trends)	44,079 0.0%	46,763 6.1%	47,128 6.9%	46,886 6.4%	47,075 6.8%
PROJ A (Jobs baseline)	44,079 0.0%	47,027 6.7%	48,847 10.8%	50,433 14.4%	51,742 17.4%
PROJ B (Residents in employment)	44,079 0.0%	46,682 5.9%	48,343 9.7%	49,740 12.8%	51,003 15.7%
PROJ C (Leicester & Leicestershire jobs)	44,079 0.0%	45,725 3.7%	46,800 6.2%	47,630 8.1%	48,451 9.9%
PROJ W (Zero net migration)	44,079 0.0%	44,726 1.5%	43,060 -2.3%	40,805 -7.4%	38,884 -11.8%
PROJ X (Zero employment growth	44,079 0.0%	44,079 0.0%	44,079 0.0%	44,079 0.0%	44,079 0.0%
PROJ Y (Past Completions)	44,079 0.0%	45,646 3.6%	45,561 3.4%	45,241 2.6%	45,664 3.6%
PROJ Z (Housing Trajectory))	44,079 0.0%	45,809 3.9%	45,043 2.2%	43,079 -2.3%	40,926 -7.2%

Figure 38: Employment Change, 2011-2031



Household Growth Projections

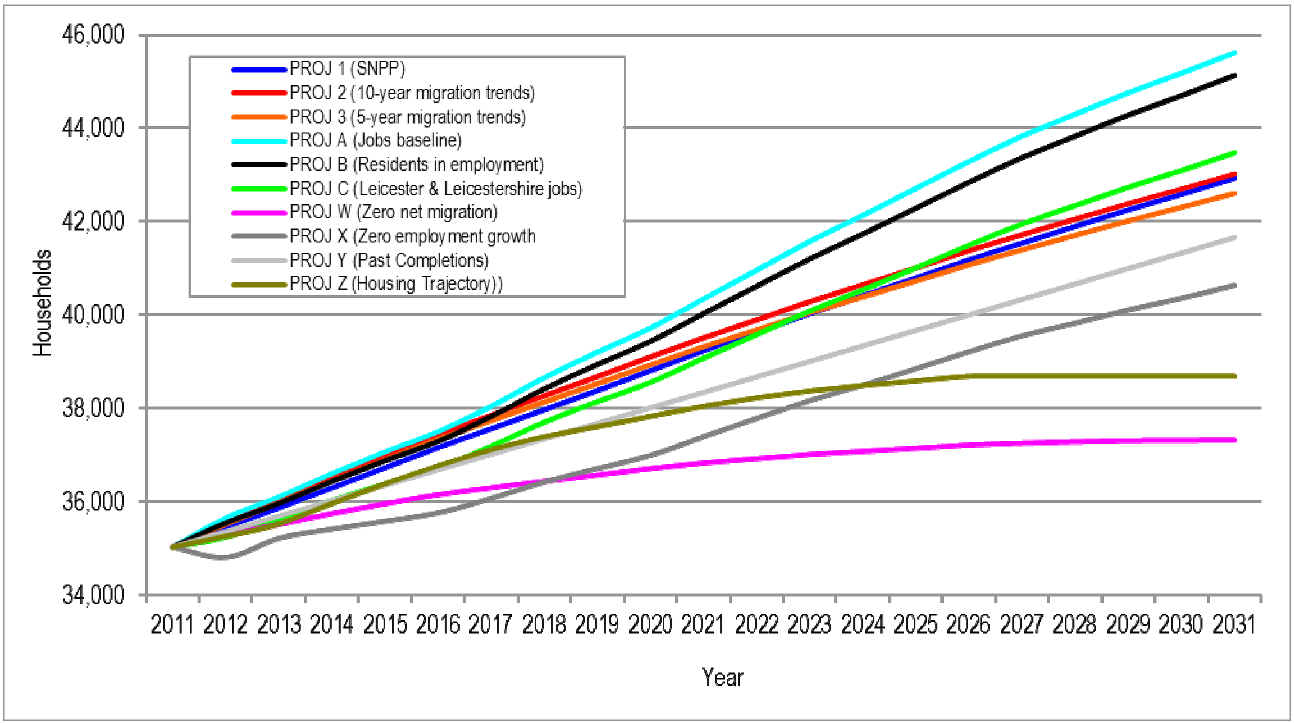
5.77 Figures 39 and 40 show the projected growth in the number of households under each of the ten scenarios. The three demographic projections (PROJ 1 to 3) show household growth of between 22% and 23% (7,600 to 8,000 more households) whilst figures derived under the three economic projections are much higher (from 24% to 30%) which is up to 10,600 more households.

5.78 With no net migration we would expect to see an increase in households of 7% (despite this projection showing a decrease in population) whilst to achieve no employment growth it is expected that the number of households would increase by about 16%. Household increases linked to dwelling delivery are substantially influenced by the number of homes provided and in this case the past completions and housing trajectory projections show household increase of 19% and 10% respectively.

Figure 39: Household Estimates 2011 to 2031

	2011	2016	2021	2026	2031
PROJ 1 (SNPP)	35,028 0.0%	37,162 6.1%	39,235 12.0%	41,183 17.6%	42,930 22.6%
PROJ 2 (10-year migration trends)	35,028 0.0%	37,433 6.9%	39,514 12.8%	41,380 18.1%	43,021 22.8%
PROJ 3 (5-year migration trends)	35,028 0.0%	37,340 6.6%	39,319 12.3%	41,079 17.3%	42,608 21.6%
PROJ A (Jobs baseline)	35,028 0.0%	37,499 7.1%	40,348 15.2%	43,292 23.6%	45,619 30.2%
PROJ B (Residents in employment)	35,028 0.0%	37,294 6.5%	40,034 14.3%	42,847 22.3%	45,135 28.9%
PROJ C (Leicester & Leicestershire jobs)	35,028 0.0%	36,729 4.9%	39,078 11.6%	41,495 18.5%	43,477 24.1%
PROJ W (Zero net migration)	35,028 0.0%	36,153 3.2%	36,831 5.1%	37,216 6.2%	37,324 6.6%
PROJ X (Zero employment growth	35,028 0.0%	35,763 2.1%	37,396 6.8%	39,216 12.0%	40,638 16.0%
PROJ Y (Past Completions)	35,028 0.0%	36,687 4.7%	38,345 9.5%	40,004 14.2%	41,662 18.9%
PROJ Z (Housing Trajectory))	35,028 0.0%	36,771 5.0%	38,046 8.6%	38,687 10.4%	38,687 10.4%

Figure 40: Household Change, 2011-2031



Projections for Dwelling Growth

5.79 The analysis above concentrated on the number of additional households. In reality there are always likely to be some vacant homes in the area and so the number of properties required to house all of these households will be slightly greater than the projected household numbers. We have therefore added a vacancy allowance of 2.5% to all of the above figures to make estimated housing requirements with figures shown in the table below.

Figure 41: Estimated housing numbers with 2.5% vacancy allowance (to 2031)

Projection variant	Annual household growth	Annual requirement with vacancy allowance	Requirement over 20-years
PROJ 1 (SNPP)	395	405	8,100
PROJ 2 (10-year migration trends)	400	410	8,193
PROJ 3 (5-year migration trends)	379	388	7,770
PROJ A (Jobs baseline)	530	543	10,856
PROJ B (Residents in employment)	505	518	10,360
PROJ C (Leicester & Leicestershire jobs)	422	433	8,661
PROJ W (Zero net migration)	115	118	2,353
PROJ X (Zero employment growth	281	288	5,750
PROJ Y (Past Completions)	332	340	6,800
PROJ Z (Housing Trajectory))	183	188	3,750

Evidence of Housing Needs

5.80 The NPPF emphasis that local authorities should plan on the basis of meeting their full assessed needs for market and affordable housing. In addition to considering demographic projections, it is also necessary to look at whether there is a backlog of households in housing need which should be considered.

5.81 Housing needs within the District have been assessed through the 2008 Strategic Housing Market Assessment for the Leicester & Leicestershire HMA (B.Line 2008) This used the Bramley Housing Needs Model.

5.82 The SHMA identified a need for 2,700 additional affordable homes a year across the HMA; with a need for 264 affordable homes a year in Harborough. This is based on assessing the difference between needs arising and the supply from existing affordable housing. The 2010 Affordable Housing Requirements Update to the SHMA revised this to 255 affordable homes a year in Harborough District.

5.83 The housing needs model assesses need for affordable housing in isolation from other tenure categories. In considering overall housing requirements (rather than specifically the supply/need balance for affordable homes), the role which the private rented sector plays in meeting housing need also needs to be considered. This is a source of supply which contributes to meeting housing needs. Households in housing need can live in private rented properties and claim Local Housing Allowance (LHA). While the role this sector can play in meeting housing need was considered in the SHMA, where the rent is affordable to the household (supported by Local Housing Allowance), it was not quantified.

5.84 We have used data from the Department of Work and Pensions (DWP) to look at the number of LHA supported private rented homes. As of May 2012 it is estimated that there were 1,050 benefit claimants in the private rented sector in the District.

5.85 The data in the table below shows that in all areas studied the number of LHA claimants has increased over the two and a half year period although the proportionate increase in Harborough is high relative to other locations. This may in part be due to the relative lack of social rented housing available in the District and the reality that renting from a private landlord can provide an affordable and quick option for people in housing need, in some cases whilst they wait for suitable social housing to become available. The time period for analysis has been used due to this being the longest time series available from the DWP source.

Figure 42: Number of people claiming LHA in the Private Rented Sector (August 2009 and May 2012)

Area	August 2009	May 2012	Absolute change	% change
Harborough	770	1,050	280	36.4%
Leicestershire	7,510	9,790	2,280	30.4%
East Midlands	81,420	108,730	27,310	33.5%
Great Britain	**1,272,640**	**1,645,730**	**373,090**	**29.3%**

Source: Department of Work and Pensions

5.86 This information does not tell us how many lettings are made each year to tenants claiming benefit as this will depend on the turnover of stock. Nationally (from the 2010/11 English Housing Survey) it is estimated that the turnover of private rented properties is around 35% (the highest of any tenure category). In addition, comparing EHS data with DWP data suggests that the number of households claiming is around 75% of the number of claimants (this arises due to multiple claimants living in the same dwelling). If these figures are applied to Harborough then this would equate to around 276 lettings per annum.

5.87 Over a five year projection period we also need to take account of households making multiple moves within the private rented sector. Again assuming a turnover rate of 35% we estimate that this would mean that over five years some 696 households in housing need will have their needs met through the private rented sector.

5.88 The extent to which the Council wishes to see the private rented sector being used to make up for shortages of affordable housing is a matter for policy intervention and is outside the scope of this report. However it should be recognised that the Private Rented Sector does not provide secure tenancies and that standards within the sector are likely to be lower than for social rented properties. Furthermore there are households with specific housing needs who may not be able to find suitable accommodation within the Private Rented Sector.

5.89 Welfare and benefit reforms moving forward may inhibit growth in the number of households in housing need which are accommodated in the Private Rented Sector.

5.90 However, it should be recognised that, in practice, the private rented sector does make a significant contribution to filling the gap in relation to meeting housing need and given the levels of affordable housing need shown in the SHMA, the private rented sector is likely to continue to be used to some degree to make up for the shortfall of genuine affordable housing for the foreseeable future.

5.91 Overall the needs evidence does not however point to a significant level of backlog need which would need to be added to demographic projections.

Summary and Interpretation of Projections

5.92 Through this report we have developed ten projections for housing requirements in Harborough District. Projections 1-3 are based on demographic trends; whilst Projections A-C are based on different potential scenarios for growth in employment/ residents in employment in the District. It is these projections which are intended to inform consideration of future requirements for market and affordable housing to 2031. Projections W-Z are 'component' projections which are intended to aid understanding of demographic dynamics.

5.93 The projections link population growth to the size of the labour force (using age/sex specific economic activity rates) and through into household estimates using the concept of headship rates. Base data for our projections has been taken from published material from both ONS and CLG (including early releases of 2011 Census data). In converting household numbers into housing figures we have additionally applied a 2.5% vacancy rate.

5.94 We have run our projections for a 20-year period from 2011 to 2031 with outputs provided for each year within this. Figures 43 and 44 below show a summary of the outputs from each of our projections – the first table shows annual figures with the second one showing data for the full 20-year period.

5.95 We have sought to draw together the projections to provide an initial assessment of development requirements in Harborough District to 2031. This is intended to inform initial work on the development of a new Local Plan for the District in advance of the updating of the Strategic Housing Market Assessment (SHMA) for the HMA.

5.96 The three demographic projections indicate a housing requirement for between 7,800 – 8,200 homes over the 2011-31 period (equating to between 390 – 410 homes per annum). This is a relatively narrow range, which reflects the relative consistency of past migration patterns to the District. The analysis undertaken suggests that this level of housing provision could support around 7-8% employment growth over the plan period (3,000 – 3,600 jobs) without any increase in in-commuting[11].

5.97 The economic driven scenarios (PROJ A-C) however indicate that economic performance could support higher levels of net in-migration to the District than seen in the past, linked in part to changes in the age structure of the population (effectively back filling the working-age population as current residents move into retirement).

5.98 The three economic-driven scenarios indicate that population could thus grow more strongly than in the past, resulting in a housing requirement for between 8,700 – 10,900 homes (435 – 545 per annum). This would support stronger employment growth ranging from 4,400 jobs to 7,700 jobs over the 2011-31 period.

5.99 We consider that it is reasonable to assume that if the higher levels of employment growth forecast are achieved, Harborough would significantly out-perform other parts of the HMA in economic terms, and thus it would be reasonable to assume continuing (or indeed potentially an increase) in in-commuting to the District to work. On this basis, PROJ A seems less realistic than PROJ B.

5.100 PROJ A and B are however dependent to a notable extent on the ability to achieve employment growth in line with past trends. The economic forecasts would suggest that the past trends have been significantly influenced by strong employment growth at Magna Park, particularly in strategic distribution activities. While there is potential for this, there are other competing locations outside of the District across the wider sub-regional area/ M1 Corridor which could meet this demand. It is thus entirely feasible that employment growth would be more moderate than forecast by Experian.

5.101 PROJ C is potentially a more realistic outlook for the District's economy. This sees the economy growing at a similar pace to the HMA and East Midlands as a whole. However arguably given Harborough's past performance, the District could potentially perform moderately better than this. It is however for the Council to consider this further as part of the development of an economic vision and strategy within the Local Plan.

5.102 Drawing the projections together, we would consider that it would be reasonable to plan for growth of between 8,000 – 10,000 homes over the 2011-31 period to meet Harborough's needs, taking account of demographic dynamics (including migration) together with potential economic performance.

5.103 The lower end of this range is influenced more by past population trends. The higher end would align with our initial assessment of economic growth; or to accommodate shortfalls in housing provision in surrounding areas in line with the Duty to Cooperate.

[11] Or reduction in out-commuting

5.104 The preparation of a new joint SHMA for the Leicester and Leicestershire HMA would be an appropriate means of considering the potential supply/demand balance in other parts of the housing market area.

Figure 43: Summary of Projections 2011 to 2031 – Annual - Harborough

Projection	Population Growth		Housing Numbers		Employment Growth	
	Per annum	% change	Per annum	% change	Per annum	% change
Projections based on Demographic Trends						
PROJ 1 (SNPP)	733	0.9%	405	1.1%	176	0.4%
PROJ 2 (10-year migration trends)	748	0.9%	410	1.1%	182	0.4%
PROJ 3 (5-year migration trends)	690	0.8%	388	1.1%	150	0.3%
Projections based on Potential Economic Performance						
PROJ A (Jobs baseline)	1,108	1.3%	543	1.5%	383	0.9%
PROJ B (Residents in employment)	1,040	1.2%	518	1.4%	346	0.8%
PROJ C (Leicester & Leicestershire jobs)	807	0.9%	433	1.2%	219	0.5%
Component Projections to Understand Demographics						
PROJ W (Zero net migration)	-48	-0.1%	118	0.3%	-260	-0.6%
PROJ X (Zero employment growth	409	0.5%	288	0.8%	0	0.0%
PROJ Y (Past Completions)	555	0.6%	340	0.9%	79	0.2%
PROJ Z (Housing Trajectory))	146	0.2%	188	0.5%	-158	-0.4%

Figure 44: Summary of Projections 2011 to 2031 – Total - Harborough

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
Projections based on Demographic Trends						
PROJ 1 (SNPP)	14,669	17.1%	8,100	22.6%	3,513	8.0%
PROJ 2 (10-year migration trends)	14,952	17.4%	8,193	22.8%	3,636	8.2%
PROJ 3 (5-year migration trends)	13,799	16.1%	7,770	21.6%	2,996	6.8%
Projections based on Potential Economic Performance						
PROJ A (Jobs baseline)	22,157	25.9%	10,856	30.2%	7,663	17.4%
PROJ B (Residents in employment)	20,796	24.3%	10,360	28.9%	6,924	15.7%
PROJ C (Leicester & Leicestershire jobs)	16,149	18.8%	8,661	24.1%	4,372	9.9%
Component Projections to Understand Demographics						
PROJ W (Zero net migration)	-965	-1.1%	2,353	6.6%	-5,195	-11.8%
PROJ X (Zero employment growth	8,179	9.5%	5,750	16.0%	0	0.0%
PROJ Y (Past Completions)	11,092	12.9%	6,800	18.9%	1,585	3.6%
PROJ Z (Housing Trajectory))	2,927	3.4%	3,750	10.4%	-3,153	-7.2%

6 LAND AVAILABILITY AND STRATEGIC DEVELOPMENT CONSTRAINTS

6.1 This task first focuses on the ability of the District to meet its own development needs; before we move on in the next section to consider wider sub-regional supply/demand dynamics.

6.2 We consider in this section the ability to support delivery of between 8,000 – 10,000 homes in the District to 2031 (to meet the District's own needs).

Current Evidence of Land Availability

Overview of Approach

6.3 HDC's 2011 SHLAA has been prepared in accordance with the approach agreed at an HMA level[12] but with an expanded scope to consider potential for housing development within and surrounding the Leicester PUA, Market Harborough, Lutterworth, Broughton Astley, together with Rural Centres and Selected Rural Villages in the District. This reflects the strategic approach to housing development set out in the Council's Core Strategy.

6.4 The SHLAA has considered a range of potential sources of land supply including housing sites under construction, extant planning permissions, remaining Local Plan allocations for both housing and employment and other identified development sites including those from the previous 2010 SHLAA and any new suggested sites submitted. The latter includes sites submitted in response to a new 'call for sites' undertaken in April/May 2011.

6.5 The approach takes account to some degree of policies within the current Core Strategy. It did not include assessment of potential for additional residential development outside of the settlement boundaries at Kibworth and Great Glen; not consider sites in smaller settlements other than the selected rural villages[13]. There are remaining local plan allocations at Kibworth Beauchamp (KB/1) and Great Glen (GC/2).

6.6 The SHLAA assessment additionally applies a number of policy filters, linked to retained policies in the Harborough District Local Plan. This considers whether development would currently conflict with policies relating to green wedges or important open land, would lead to settlement coalescence or would be on land protected by existing employment policies. Similarly it identifies sites outside of current limits to development, where development beyond current settlement boundaries is not supported by the Core Strategy. It should be borne in mind that these reflect existing local policies rather than nationally-significant environmental constraints identified within the NPPF. The case for selective review of these policies could be considered in the development of a new Local Plan for the District.

12 Leicester & Leicestershire Housing Market Area SHLAA Methodology Paper (March 2008)
13 Bitteswell, Church Langton, Dunton Bassett, Foxton, Gilmorton, Great Bowden, Great Easton, Hallaton, Houghton on the Hill, Lubenham, Medbourne, North Kilworth, South Kilworth, Swinford, Tilton on the Hill, and Tugby

6.7 The SHLAA also took account of a number of wider potential factors in considering the suitability of sites for development, or the proportion of a site which could be developed for housing. This included assessing potential flood risk; considering access, archaeology and ecology issues; and landscape capacity[14].

6.8 In assessing availability and achievability for development, the Council contacted the developer/ landowner promoting development on all sites (including those with an extant planning consent) and requested information regarding legal/ownership issues, intentions and commitment to development of the site, anticipated delivery timescales and whether any barriers to development in terms of accessibility, market or cost factors etc. Where known constraints exist, the Council has required evidence that this could be overcome.

Identified Capacity

6.9 The 2011 SHLAA identified 10 sites with planning permission which were regarded as deliverable, with a combined capacity for 1,993 dwellings. In addition it identified 103 sites with a combined capacity for development of 8,252 dwellings which were regarded as 'potentially developable.' The total capacity on developable or potentially developable sites identified was for up to 10,245 dwellings.

Figure 45: Identified Housing Capacity, 2011 SHLAA Update

	No_Sites	Estimated Capacity
Deliverable sites with Planning Permission	10	1993
Potentially Developable Sites	103	8252
Not Currently Developable Sites	81	
Sites Excluded from 2011 SHLAA Update	12	
Total	206	10245

6.10 The potentially developable sites include those which are consistent with policies in the Core Strategy.

6.11 Figure 46 indicates the capacity and anticipated phasing of housing provision in different settlements.

[14] Drawing on Landscape Character & Capacity Studies for Lutterworth & Broughton Astley; Market Harborough; and the Leicester PUA

Figure 46: Identified Capacity by Settlement & Timeframe, 2011 SHLAA Update

Settlement/ Years	0 to 5	6 to 10	11 to 15	15+	Total
Market Harborough	520	1489	683	334	3026
Leicester PUA	123	1159	310	0	1592
Broughton Astley	50	1692	304	189	2235
Lutterworth	120	804	161	0	1085
Rural Centres	329	1158	281	0	1768
Selected Rural Villages	0	539	0	0	539
Total	1142	6841	1739	523	10245

6.12 The capacity in the SHLAA indices the following sites with capacity for over 200 dwellings:

- Land off Broughton Way, Broughton Astley (231 dwellings, Years 6-15);
- Land at Glebe Farm, Broughton Astley (567 dwellings, Years 6+);
- Land east of Leicester Road, Lutterworth (322 dwellings, Years 6-15);
- Airfield Farm, Market Harborough (1000 dwellings, Years 6+);
- Land at Manor Farm, Market Harborough (300 dwellings, Years 6-15);
- Farndon Road, Market Harborough (600 dwellings, Years 0-15)[8];
- Land off Covert Lane, Scraptoft (339 dwellings, Years 6-11);
- Stretton Road, Great Glen (239 dwellings, Years 0-10)[8];
- Warwick Road, Kibworth (516 dwellings, Years 0-15)[15];
- Land at Kilby Road (South), Fleckney (217 dwellings, Years 6-15).

6.13 A number of land parcels are considered 'not suitable' for policy reasons. These include sites beyond the settlement boundaries at Sutton in the Elms, land at Lutterworth which could only be accessed if adjacent sites were developed; land around Market Harborough and Great Bowden which is discounted on the basis of landscape capacity. These sites include land outside of the settlement boundaries at Great Glen and Kibworth. There are also a number of sites where access is unsuitable. Land owned by the Cooperative (1,614 hectares in size) previously promoted as an eco-town development is assessed as 'not suitable' as in transport terms the potential development of this land would not be considered sustainable.

6.14 It should be recognised that the SHLAA provides a technical assessment of sites where development could theoretically be achieved in line with current policies. It does not make any policy judgements about whether land should be allocated for development.

[15] Development of these sites is underway with completions recorded in 2012

Development Constraints

6.15 The SHLAA has assessed land availability in accordance with current policy. It seems unlikely that this will be able to meet the full identified housing need and demand for the District, and it is therefore necessary to consider potential further sites which could be brought forward for development.

6.16 The NPPF makes clear that Local Plans should be prepared on the basis of meeting objectively assessed needs, with sufficient flexibility to respond to rapid change, unless the adverse impacts of doing so would significantly and demonstrably outweigh the benefits when assessed against policies within the NPPF as a whole; or specific policies within the Framework suggest that development should be resisted. Examples of the latter include sites protected under the Birds and Habitats Directive, Green Belt policies, SSSI and AONB, areas at risk of flooding etc.

6.17 There are first however some general comments in regard to development constraints. The Council has undertaken a number of pieces of work to define and assess areas of largely greenfield land which it considers might be worth protecting from development pressures. These include:

- Landscape character/ capacity studies;
- Areas of Separation Review; and
- Green Wedge Review.

6.18 We draw out the key findings of these studies below:

- **Market Harborough Landscape Character Assessment and Landscape Capacity Study**: identifies a higher landscape capacity to accommodate new development around the northern edge of Market Harborough and Great Bowden; as well as more isolated land parcels to the east and south-east of Market Harborough. The Study concludes that should a larger more comprehensive SUE be considered, the most suitable location in landscape terms would be to the south-east of the town along the valley slopes of the River Jordan.

  However the Council is moving forward with a proposed extension to the north-west of the town. A further assessment of landscape capacity in this area identified land extending to the north-west of the town which could provide potential for 1000+ dwellings.
- **Leicester PUA Landscape Character Assessment and Landscape Capacity Study**: identifies areas with relatively higher landscape capacity to accommodate new development to the south-east of Oadby and in close proximity to the Stretton Hall Estate; as well as to the north-east of Thurnby and the north of Scraptoft.
- **Lutterworth & Broughton Astley Landscape Character Assessment and Landscape Capacity Study**: this identifies areas with higher landscape capacity to absorb development to the south and east of Broughton Astley; and to the south-west of Lutterworth.
- **Areas of Separation Review**: this considers the case for safeguarding the physical separation of key settlements in the District, including Market Harborough and Great Bowden; Lubenham and Market Harborough; Lutterworth, Bitteswell and Magna Park; Scraptoft and Thurnby; and Sutton in the Elms and Broughton Astley. It reviews the extent to which built development would reduce the degree of separation between settlements and concludes that there is a case whereby development in each of the areas considered would impact on settlement coalescence.

- **Green Wedge Review**: There are two green wedges within the District, the Leicester/Scraptoft Green Wedge and the Thurnby/Leicester/Oadby Green Wedge (which crosses the District boundary). The strategic role of these designations is to guide urban form, prevent the merging of settlements and provide access to the countryside and recreational opportunities. The Council's Core Strategy supports their retention and sets out a commitment to review detailed boundaries as part of an Allocations DPD.[16]

  The Review considered whether the wedges continued to fulfil a strategic role. It concluded that this was the case in regard to the Leicester/Scraptoft Green Wedge but in respect of the Thurnby/Leicester/Oadby Green Wedge argued that there was a case for a local review of boundaries at Thurnby.

6.19 These pieces of work are key pieces of work in considering (alongside wider studies/ analysis) which potential sites or broad locations might be considered for development. They consider the relative impact which development could have on the wider landscape and settlement coalescence. However these factors do not represent what we would consider as strategic constraints to development set against national policies. Thus they are more likely to be of relevance in considering the relative impact and sustainability of different growth options.

6.20 Broader potential strategic development constraints particularly relate to infrastructure capacity. Drawing on existing studies and analysis and discussion with HDC Officers, the following represent key issues which could affect potential growth of key settlements within the District:

Market Harborough

6.21 As part of the development of the Regional Plan, work to examine the potential of Market Harborough to accommodate an SUE of 4,000 – 5,000 dwellings was considered. It was concluded through the RSS process that – assessed against other options – strategic development of this scale was not appropriate at Market Harborough, reflecting concerns over capacity of existing facilities, infrastructure pressures and the high level of committed development. This included concern regarding the potential impact of substantial development on the highway network within the town centre.

6.22 A report in 2009 by Arup[17] considered the potential for strategic development on all sides of the town and its impact in highways and transport terms. It assessed the potential to accommodate 1,650 homes outside of the built-up area. It concluded that **Market Harborough town centre is already constrained and has limited capacity to absorb further traffic growth**. This relates particularly to congestion on the Coventry Road/ High Street/ St Mary's Street / Northampton Road junction; and the Northampton Road/ Springfield Road / Welland Park Road Junction.

[16] This is now likely to take place through the development of the Local Plan
[17] Arup (2009) *Local Development Framework Evidence Base – Assessment of Highways and Transport Implications*

6.23 The modelling undertaken concluded that that the most appropriate options would be for extensions either to the north-west or south-east of the town. Both would result in an increase in vehicle traffic on the St Mary's Road approach to the Town Centre, along the Kettering Road Link and on junction performance along Leicester Road.

6.24 The south-eastern SUE would result in lower levels of traffic in the town centre; and would likely need to be supported by a new highway link between Northampton Road and Kettering Road. The north-western SUE would require delivery of a highway link between the A4304 and B6047.

6.25 The potential to accommodate both SUEs or for a higher level of growth at one was not considered, but would need to be assessed to consider the strategic capacity of Market Harborough to accommodate further growth. However it should clearly be recognised that this could require significant new highway infrastructure and network remodelling to address the potential impacts of further development on the constrained network in the Town Centre in particular.

Lutterworth

6.26 Lutterworth lies adjacent to the M1, which runs along the eastern side of the town. The Council's Core Strategy supports the definition of an Area of Separation between Lutterworth, Bitteswell and Magna Park extending to the west of the town. The A4303 forms the southern boundary of the town. Modest growth beyond the urban area to the north of the town is currently being considered. There may be some potential for release of some existing employment sites to support future development (subject to further analysis).

6.27 The Arup Transport Study identifies that transport-generated air quality issues are apparent in Lutterworth, which has a declared Air Quality Management Area. The Study tested the ability to accommodate approximately 580 dwellings and between 8.5 – 17ha of employment. It concluded that the impacts on both the M1 junction and Lutterworth Town Centre were predicted to be significant and could not be readily accommodated.

6.28 We would however comment that this is one of the larger settlements within the District with a strong base of employment in the local area and thus in the longer-term, further analysis of the potential of the town to accommodate future growth, supported potentially by strategic infrastructure investment, would be advisable. This could include assessment of potential for development to the south-west of Lutterworth with the initial evidence suggesting greater landscape and highways capacity for development in this area.

6.29 We understand that the Highways Agency might seek contributions to improvement to M1 Junction 20 from further development at Lutterworth. The capacity of this junction to accommodate future development is a potential strategic issue.

6.30 Development in Lutterworth (and Broughton Astley) provides the potential to improve service provision and there is an identified key deficiency in services in these settlements as set out in the Core Strategy.

Broughton Astley

6.31 Besides issues around service provision, traffic congestion is identified as a key constraint locally within Broughton Astley. There is a bypass around a substantial section of the village.

6.32 The Arup Study considered the potential to accommodate up to 6.75 ha of employment and 490 homes; concluding that although this level of development would impact on the local highway network the impact would be limited and was not thought to cause the operation of any junctions to fail.

Leicester PUA

6.33 As identified above, there are clear local issues associated with the potential impact of development adjoining the PUA on settlement coalescence. Strategic development in this area might require review of Green Wedge or Areas of Separation Policy.

6.34 The potential for strategic development in terms of a major sustainable urban extension to the south east of the PUA of 4,000 – 5,000 dwellings was considered and rejected through the RSS process linked to concerns around the potential for new road links to support this, either north to the A46 or south to the M1, and how this would be funded. Extensions to the PUA to the north-east (Charnwood) and South-West (Blaby) were supported in preference. However this feasibly could be a longer-term growth option.

6.35 Increased development around the PUA particularly creates pressures on the A6 Corridor and A47 Corridor; with potential 'ripple effect' impacts across the PUA highway network including the City Centre and outer ring. It is likely that further strategic development in this area would require further mitigation and strategic solutions which remove traffic from the A6 and potentially the A47 Corridors.

Emerging Findings

6.36 The review of land supply and development constraints undertaken has been 'high level' and focused on considering strategic constraints to development within the District.

6.37 It is apparent that that are no significant strategic constraints which can definitely be identified as 'show stoppers' at this stage in the development of a new Local Plan. There is for instance limited coverage of nationally-significant environmental or policy restrictions (e.g. AONB, SSSI, Green Belt, areas at flood risk or local green spaces).

6.38 The impacts of potential higher levels of development relate more to:

- Capacity of the highways infrastructure (which would vary substantially in regard to the distribution of development in the District);
- A potential need for investment in new social and community infrastructure, which could include education, local services, green infrastructure etc;
- Impacts on the landscape and in regard to settlement coalescence.

6.39 Given the existing identified capacity (and the policy parameters against which this is set), the lack of nationally-significant development constraints, limited evidence at this stage of current 'show stoppers' in regard to infrastructure capacity (subject to more detailed assessment), and the potential for development to support delivery of new infrastructure (including through the Community Infrastructure Levy), the analysis at this stage does not suggest that provision of between 8,000 – 10,000 dwellings over the period to 2031 would be unachievable.

6.40 This however comes with the significant caveat that further detailed work to test development options will be necessary. In our experience strategic capacity constraints relate particularly to the highways network; and utilities infrastructure, and we would advise that further work in progressed in these areas in the development of the Local Plan.

7 SUB-REGIONAL DYNAMICS

7.1 As we have identified, national policy emphasises the importance of local authorities working together to plan for housing provision across the housing market area. Harborough District Council remains committed to working with the other authorities within Leicester and Leicestershire.

7.2 The authorities in the HMA are jointly discussing the potential to, and timescales for, updating the Strategic Housing Market Assessment (SHMA) for Leicester and Leicestershire which was prepared in 2008 and pre-dates the publication of the NPPF. This Study has been prepared so that it can be used to inform and help progress the update of the SHMA in due course. In the meantime it will help Harborough District Council to get started in assembling an evidence base for, and progressing the preparation of, a new Local Plan.

7.3 The NPPF is clear that policies for housing provision should be set within an understanding of dynamics across a sub-regional housing market. This includes an understanding of future housing requirements across this area.

7.4 It is however important to recognise that the local authorities across the HMA are all at different stages in the plan-making process. Harborough District Council invited all of the authorities in the HMA to a meeting in December 2012 to discuss the context and scope to the preparation of this Study.

7.5 In this section we undertake a high-level review of the status of development plans in other parts of the HMA. We have also sought to compare the level of housing provision proposed in the East Midlands Regional Plan against the latest demographic projection data from ONS and the conclusions of the L&L Housing Requirements Study.

7.6 The analysis herein does not seek to provide an objective assessment of development requirements across the HMA which would need to be undertaken jointly through a review of the SHMA.

Functional Relationships with Surrounding Areas

7.7 Figure 47 considers commuting interactions between Harborough and other areas within the Leicester and Leicestershire HMA.

7.8 It is the flows of over 2% which we would regard as significant. The analysis indicates a significant interaction in economic terms between the District and Oadby and Wigston, Blaby and Leicester – it is with these areas that there is the strongest functional link within the HMA.

Figure 47: Commuting Dynamics, 2001

	area of residence		
area of workplace	**Harborough**	**United Kingdom**	% Workforce living in Harborough
Harborough	19,520	32,700	59.7%
Oadby and Wigston	1,481	19,039	7.8%
Blaby	2,570	41,074	6.3%
Leicester	6,985	154,700	4.5%
Rugby	1,024	43,674	2.3%
Corby	617	29,506	2.1%
Daventry	614	31,270	2.0%
Hinckley and Bosworth	813	42,780	1.9%
Kettering	603	33,956	1.8%
Rutland	224	15,139	1.5%
Charnwood	600	61,942	1.0%
Melton	160	19,413	0.8%
Northampton	648	111,332	0.6%
North West Leicestershire	251	45,026	0.6%
Nuneaton and Bedworth	196	41,971	0.5%
Wellingborough	142	33,402	0.4%
Coventry	541	141,933	0.4%
North Warwickshire	57	29,377	0.2%
Birmingham	251	451,085	0.1%
East Midlands	35,733	1,826,029	2.0%
West Midlands	2,524	2,324,646	0.1%
United Kingdom and offshore/abroad	39,842	26,572,662	0.1%

Source: Census 2001

7.9 The above data should be treated with some caution as it is highly likely that commuting dynamics will have changed since 2001. However data from the 2008 Annual Population Survey does not suggest statistically significant shifts in commuting overall.

Status of Development Plans across the HMA

7.10 Below we consider current and emerging planning policies in other districts within the HMA.

Leicester

7.11 Leicester City Council adopted its LDF Core Strategy in November 2010. This plans for delivery of 25,600 homes over the 2006-26 plan period (an average of 1,280 per annum). Of the planned housing provision 54% is to be delivered in defined Strategic Regeneration Areas, 16% through a Sustainable Urban Extension at Ashton Green, and 5% through committed development at Hamilton on the edge of the PUA. The remaining 25% is expected to come forward through smaller and non-strategic sites.

7.12 From discussions with the City Council, we understand that the Council is considering preparing a review of the Core Strategy to include Site Allocations and Development Management Policies.

Oadby & Wigston

7.13 Oadby and Wigston Borough Council adopted its LDF Core Strategy in September 2010. This makes provision for a minimum of 1,800 homes (90 per annum) over the 2006-26 plan period. It focuses development in the centres and urban areas of Oadby, Wigston and South Wigston, with one Sustainable Urban Extension to the PUA proposed of 450 dwellings south-east of Wigston.

7.14 The Council was due to move forward to develop an Allocations DPD, but this doesn't appear to have significantly progressed at the time of writing. The Council we understand is currently reviewing the conformity of its Core Strategy with the NPPF. Land availability and transport infrastructure are key potential strategic constraints to development, albeit that detailed assessment of the potential to support additional development has not been undertaken.

Blaby

7.15 Blaby District Council submitted its Core Strategy to the Secretary of State for independent examination in June 2012. The examination hearings have now been completed. At the hearings closing session the Inspector said that he felt that the Council has met its legal and procedural requirements in developing the Core Strategy and met the requirements of the Duty to Cooperate. The Inspector's report is awaited at the time of writing.

7.16 The Council has put forward proposed amendments to the Core Strategy indicating that it will plan for a minimum of 8,740 homes over the 2006-29 plan period (380 per annum), with at least 5,750 of these homes to be delivered within or adjoining the Leicester PUA. This reflects the annual requirement for 380 dwellings per annum (dpa) set out in the East Midlands Regional Plan.

7.17 The Strategy proposed delivery of 420 homes in Blaby and 320 at Stoney Stanton. In addition to these and the 5,750 allocated to the PUA, it proposes 1,250 homes in the larger villages, 815 in the medium-sized central villages in the District, and 80 in the smaller villages.

7.18 There are no current proposals for the review of the Core Strategy or policies for housing provision.

7.19 The Council has recently granted planning permission for a 4,500 home Sustainable Urban Extension. Work undertaken as part of this suggests that the transport network locally is at capacity; and that further development is unlikely to be feasible without significant infrastructure investment. The feasibility of this has not been considered at this stage.

Hinckley & Bosworth

7.20 Hinckley & Bosworth Borough Council's Core Strategy was adopted in 2009. It is compliant with the Regional Plan and plans for 9,000 homes over the 2006-26 plan period (450 per annum).

7.21 The Core Strategy includes provision for two urban extensions to the Hinckley Sub-Regional Centre, one on land to the south of Earl Shilton (for 2,000 homes) and one west or Barwell (2,500 homes). It also includes housing figures to be achieved within Barwell and Burbage, in Rural Centres within the National Forecast, close to Leicester and other stand-alone rural centres.

7.22 The Council is now moving forward with a Site Allocations DPD, with pre-submission consultation due in Autumn 2013. It is also preparing Area Action Plans for to guide the delivery of the two major SUEs.

North-West Leicestershire

7.23 North West Leicestershire District Council undertook pre-submission consultation on its Core Strategy between May and July 2012. The Council is due to submit its Core Strategy in April 2013. The Core Strategy makes reference to the L&LHRS demographic projections, which ranged from between 3,865 and 9,700 homes over the 2006-31 period. The Council proposed delivery of 9,700 homes (388 per annum) which is towards the top of this range, and corresponded with 10% employment growth over the 2006-31 period. The economic strategy in the Plan is based on an equivalent level of economic growth, seeking provision of 9,500 additional jobs between 2006-31. The proposed level of housing is however below the RSS figure of 10,200 homes (510 per annum) over the 2006-26 period (with the equivalent of 290 pa required taking into account completions between 2006-11).

7.24 The level of housing provision proposed over the 2006-31 period is moderately above past housing completions which averaged 395 dwellings per annum between 1991-2011.

7.25 Strategic development constraints in the District include the coverage of the River Mease Special Area of Conservation (SAC), flooding issues in key settlement and sewage treatment capacity at Ashby.

Charnwood

7.26 Charnwood Borough Council is at an earlier stage in the development of its Core Strategy. It undertook consultation on a Core Strategy Preferred Option in 2008 which proposed development of two Sustainable Urban Extensions, one to the west of Loughborough and a second to the north-east of Leicester.

7.27 The Council's June 2012 Supplementary Consultation on the Core Strategy proposed delivery of 6,250 homes through two urban extensions, including 3,750 homes on the edge of the Leicester PUA and 2,500 homes at Loughborough. This was based on supporting delivery of a housing target for 17,380 dwellings Borough-wide including 7,260 within or adjoining the Leicester PUA in accordance with the Regional Plan.

7.28 Taking account of housing completions between 2006-12 and commitments there is a requirement to identify sites with capacity for 5,893 dwellings in or adjacent to the PUA and 3,813 dwellings elsewhere in the Borough.

Melton

7.29 Melton's Core Strategy was submitted in September 2012. Its Pre-Hearing Meeting was held on 18th December 2012. The Submitted Core Strategy proposes delivery of 170 homes per annum to 2026, consistent with the RSS and the supported by the projections in the L&LHRS. This includes 2,700 homes at Melton Mowbray including a 1,000 home SUE; with the remaining 20% of the requirement intended to be focused on rural centres and sustainable villages.

Demographic Projections for Leicester and Leicestershire

7.30 A suite of demographic projections for all of the authorities in the Leicester & Leicestershire HMA was prepared in 2011 and is set out in the *Leicester & Leicestershire Housing Requirements Study: Final Report* (Sept 2011). This suggested:

- A housing requirement for between 4,510 – 4,630 dwellings per annum across the HMA based on past demographic trends. The lower end of this range was based on the GLH-JGC projections, with the higher end based on the 2008-based ONS / CLG projections;
- A housing requirement of between 3,520 – 4,220 dwellings per annum across the HMA to support economic growth, based on supporting between 5% - 10% employment growth over the 2006-31 projection period.

7.31 It is worth pointing out that the projections were prepared for a 25 year period from 2006-31. The time period thus differs from that considered in this report.

7.32 The L&LHRS concluded that:

"*a realistic and defensible assessment of housing need and demand based on current evidence would fall between 3,500 – 4,500 homes per annum over the 2006-31 period. The bottom end of this range corresponds with achieving 5% employment growth between 2006-31 (PROJ 4), whilst the top end is based on past demographic trends (PROJ 1). The baseline forecast for economic performance is of 5.0% employment growth over the 2006-31 period. We consider that a provision of between 4,000 – 4,500 homes per annum would represent a positive planning framework which would ensure that housing provision did not constrain the ability of the sub-region's economy to achieve a level of economic growth above the baseline forecast.*"

7.33 It recommended that further work was undertaken to assess economic growth potential at the HMA level.

7.34 To provide an assessment of how housing requirements might have been influenced by the release of more recent demographic data, we have sought to model a single projection considering the implications of the ONS 2010- and 2011-based Sub-National Population Projections on housing requirements across the HMA.

7.35 The methodology used is consistent to the new projections prepared for Harborough District. The methodology for determining how employment rates might change (as with the Harborough analysis) looks at increases in unemployment over the past few years and builds in an allowance for some people to move back into employment from the 'latent' labour force (likely changes due to pensionable age are also modelled). Baseline estimates of the number of residents in employment have been taken from the 2011 Census. For headship rates we have again looked at how household sizes have changed from 2001 to 2011 compared with what was expected in the 2008-based CLG household projections. In projecting forward we have rebased data to estimated households in 2011 and assumed that there will be some convergence over time back towards headship rates projected by CLG.

7.36 The tables below show the outputs of this analysis – the first table showing annual figures and the second table figures for the full 20-year projection period. Concentrating on housing numbers, the projection indicates a requirement for an additional 72,400 homes over the 2011-31 period, which is an increase of about 18%.

Figure 48: Summary of Projection 2011 to 2031 – Annual – Leicester and Leicestershire

Projection	Population growth		Housing numbers		Employment growth	
	Per annum	% change	Per annum	% change	Per annum	% change
Leicester & Leicestershire	6,717	0.7%	3,621	0.9%	2,241	0.5%

Figure 49: Summary of Projection 2011 to 2031 – Total – Leicester and Leicestershire

Projection	Population growth		Housing numbers		Employment growth	
	Total	% change	Total	% change	Total	% change
Leicester & Leicestershire	134,344	13.7%	72,426	18.1%	44,826	9.7%

7.37 We have also used our projection outputs to compare data with 2008-based CLG household projections (which at the time of writing were still the latest CLG release). We have calculated household change in the 2008-based projections for the period from 2011 to 2031 and added a 2.5% vacancy allowance to be consistent with our new projections.

7.38 The data shows for the period from 2011 to 2031 that the overall increase in the number of homes required has dropped sharply from 93,800 to 72,400. This appears to be particularly influenced by differences in projected population growth in Leicester between the 2008- and 2011-based Sub-National Population Projections.

Figure 50: Comparing Projections with 2008-based CLG household projections

Area	2008-based CLG household projections	Current projections	Difference	Difference per annum
Leicester & Leicestershire	93,844	72,426	-21,418	-1,071

Initial Conclusions on Supply-Demand Balance across HMA

7.39 At an HMA level the local authorities are working to develop a brief for an updated NPPF-compliant Strategic Housing Market Assessment, which together with assessment of development capacity can inform strategic planning for housing across the housing market area in line with the NPPF and Duty to Cooperate. In advance of this we would therefore only draw indicative findings which should be subject to further assessment.

7.40 The trend-based demographic projections prepared indicate a requirement for around 3,620 homes per annum over the 2011-31 period across the HMA. This is 400 a year (10%) below the level set out in the RSS. Current or emerging plans across the HMA are largely RSS-compliant.

7.41 The trend-based projections developed would support employment growth of around 0.5% per annum. This compares with 0.6% per annum employment growth forecast across the HMA by Experian. However the analysis does broadly suggest that the higher RSS levels of housing provision would support forecast employment growth over the period to 2031.

7.42 Looking across the HMA, the analysis does not suggest a shortfall of provision across the HMA against demographically driven needs.

7.43 The initial assessment does not point particularly to a significant shortfall in provision at the HMA level relative to current planning assumptions which might otherwise have given rise to a need to look at increased housing provision levels in Harborough over-and-above meeting the District's own development needs. This will however need to be considered further through joint working with other authorities, including in preparing an updated SHMA.

8 CONCLUSIONS AND RECOMMENDATIONS

8.1 The Government published the National Planning Policy Framework (NPPF) in March 2012[18]. This sets out that local plans should be prepared on the basis that objectively assessed development needs (both for housing and other types of development) should be met, unless the adverse impacts of doing so would significantly and demonstrably outweigh the benefits when assessed against national planning policies as a whole. The starting point is that local plans should meet the full requirements for market and affordable housing in their housing market area.

8.2 This Study takes forward the HMA Housing Requirements Study[19]. It updates demographic projections from those undertaken in 2011 to take account of more recent data, including information from the 2011 Census. It takes forward the recommendations of the HMA Housing Requirements Study in considering further potential future performance of Harborough District's economy and how economic growth in surrounding areas could influence housing needs in Harborough.

8.3 The projections developed based on past population trends (PROJ 1-3) indicate a requirement for between 7,800 – 8,100 homes over the 2011-31 period (390 – 410 homes per year).

8.4 Harborough District's population has grown strongly in the past. However whilst these projections support between 16-17% growth in the population as a whole; because the age structure of the District's population they support relative modest growth in residents in employment, which for these projections are expected to increase by between 7-8% (3000 – 3,500 additional people in work) over the plan period to 2031.

8.5 It is quite reasonable to assume that moving forwards economic growth could influence levels of migration to and from the District. The Study has therefore sought to assess what impact different scenarios for growth in employment might have on population growth and housing requirements in the District.

8.6 The three economic-led projections indicate a requirement for between 8,700 – 10,900 homes over the 2011-31 period (435 - 545 homes per year). These are higher than the projections based on past demographic trends, as they assume higher net migration of people of working-age to support projected employment growth.

8.7 The District's economy performed more strongly than the 2001-11 period than either the Leicester and Leicestershire HMA or the region; and thus baseline forecasts from Experian

[18] CLG (2012) *National Planning Policy Framework*
[19] GL Hearn & JGC (2011) *Leicester & Leicestershire Housing Requirements Study, Final Report.*

project that it will continue to do so. They project growth of around 7,700 jobs in Harborough District between 2011-31. This represents 18.5% growth in jobs over the plan period. It translates into around 2.5% per annum economic growth (GVA) per year compared to an equivalent forecast of 2.1% across the region and 2.0% across the HMA.

8.8 It is however questionable as to whether it is realistic to assume that the District can continue to post this very strong level of employment growth moving forward. PROJ A and B are dependent to a notable extent on the ability to achieve employment growth in line with past trends. The economic forecasts would suggest that the past trends have been significantly influenced by strong employment growth at Magna Park, particularly in strategic distribution activities. While there is potential for this, there are other competing locations outside of the District across the wider sub-regional area/ M1 Corridor which could meet this demand. It is thus entirely feasible that employment growth would be more moderate than forecast by Experian.

8.9 PROJ C is potentially a more realistic outlook for the District's economy. This sees the economy growing at a similar pace to the HMA and East Midlands as a whole. However it is feasible that the District could continue to perform moderately better than the HMA as a whole, and this would represent an appropriate policy aspiration. It is however for the Council to consider this further as part of the development of an economic vision and strategy within the Local Plan.

8.10 We conclude that **a realistic assessment of housing requirements for the District would be for provision of between 8,000 – 10,000 homes over the 2011-31 period**.

8.11 The lower end of this range is influenced more by past population trends. The higher end is what we would consider to be a potential scenario for employment growth which might include the potential to accommodate further strategic distribution development in the District or to accommodate more than 'locally-generated' needs as might be required to take account of any shortfall which emerges in surrounding local authority areas.

8.12 The Council's 2011 *Strategic Housing Land Availability Assessment* has sought to identify land within the District which could potentially be developed for housing. It identified sites with a combined capacity for 10,245 dwellings which could be delivered; albeit that it does not make any policy judgements about whether land should be allocated for development.

8.13 There are specific development and infrastructure constraints which could influence the potential for development in different parts of the District, and associated with different towns or settlements. The Study identifies that the road network in Market Harborough Town Centre is heavily constrained with limited capacity for further traffic growth. It identifies issues associated with air quality in Lutterworth, and the potential impacts of additional development both on the M1 Junction 20 and the Town Centre. It also identifies deficiencies in the provision of local services in both Lutterworth and Broughton Astley. The potential for development adjoining the Leicester Principal Urban Area (PUA) around Scraptoft or Thurnby and Bushby could also be problematic, depending on the scale, in creating pressures on the A6 and A47 corridors and the highway network across the PUA as a whole.

8.14 In addition there are a number of locally-important landscape designations, including green wedges and areas of separation, which help to define the character and identity of settlements within the District and prevent settlement coalescence.

8.15 However the high-level review of development constraints undertaken identifies **that there are no significant strategic constraints which can definitely be identified as 'show stoppers' at this stage which could limit the overall capacity of the District to accommodate delivery of between 8,000 – 10,000 homes over the 2011-31 period**. There are not any specific nationally-significant development constraints evident. **However further detailed work to test development options will be very important as the development of the Local Plan progresses**.

8.16 Drawing together the range of evidence currently available, we would consider that in the absence of strategic distribution development, **a reasonable basis for strategic planning would be for provision of around 440 homes per annum over the 2011-31 plan period**.

8.17 Planning for this level of housing provision would support employment growth of around 10% over the plan period, moderately above the HMA average in line with the District's past economic performance. It would provide a modest scope for increased in-migration relative to past trends to support this and thus the potential to contribute to any under-provision which may arise in adjoining areas particularly within the Leicester PUA. It would provide sufficient flexibility to take account of changes in market and other circumstances as the development of the plan progresses.

8.18 National policy continues to emphasise the importance of local authorities working together to plan for housing provision across the housing market area. Harborough District Council remains committed to working with the other authorities within Leicester and Leicestershire.

8.19 This Study has been prepared so that it can be used to inform and help progress the update of the SHMA for the Leicester & Leicestershire HMA in due course. In the meantime it will help Harborough District Council to get started in assembling an evidence base for, and progressing the preparation of, a new Local Plan.