

Harborough District Council

Report to the Communities Scrutiny Panel Meeting of 13 October 2022



Title:	Leicester and Leicestershire Statement of Common Ground relating to housing and employment land needs
Status:	Public
Key Decision:	N/A
Report Author:	Tess Nelson, Strategic and Local Planning Manager t.nelson@harborough.gov.uk
Portfolio Holder:	Cllr King, Strategic Planning Portfolio
Appendices:	A: Leicester and Leicestershire Statement of Common Ground relating to housing and employment needs, June 2022 B: Leicester and Leicestershire Housing and Economic Needs Assessment, June 2022 C: Leicester and Leicestershire Housing and Economic Needs Assessment: Executive Summary, June 2022 D: Leicester and Leicestershire Housing and Economic Needs Assessment: Housing Distribution Paper, June 2022 E: Leicester and Leicestershire Housing and Economic Needs Assessment: Employment Distribution Paper, June 2022 F: Leicester and Leicestershire Statement of Common Ground: Sustainability Appraisal Report, June 2022 G: Leicester and Leicestershire Statement of Common Ground: Sustainability Appraisal: Non-Technical Summary, June 2022 H: Leicester and Leicestershire Statement of Common Ground relating to housing and employment needs FAQs, June 2022

Executive Summary

This report proposes that the Council adopts a Statement of Common Ground (“SoCG”) with the other planning authorities of Leicestershire.

The Duty to Cooperate (“the Duty”), introduced by the Localism Act 2011, imposes on the Council a duty to work collaboratively with partner authorities on strategic cross boundary issues. This includes ongoing constructive engagement on the preparation of development plan documents and other activities in relation to the sustainable development and use of land.

This Statement of Common Ground addresses the issue of unmet housing and employment needs across Leicestershire.

Signing the Statement of Common Ground will ensure the Council meets its Duty to Cooperate, which is an essential part of the preparation of its new Local Plan.

Recommendations

That the Panel review and comment on the proposal to enter into a Statement of Common Ground relating to housing and employment needs with the Leicester and Leicestershire local authorities.

1. Purpose of Report

- 1.1 To aid discussion around the Leicester and Leicestershire Statement of Common Ground (SoCG) relating to housing and employment land needs, and to inform a future meeting of Cabinet for the issues to be determined.

2. Background

- 2.1 Local authorities have a duty to collaborate to address strategic planning matters. The Duty to Cooperate (“the Duty”) is the mechanism for ensuring that this happens. The Duty requires ongoing constructive engagement on the preparation of development plan documents and other activities in relation to the sustainable development and use of land.
- 2.2 Statements of Common Ground are a means of demonstrating the Duty Cooperate is met, as evidence of effective ongoing collaboration and engagement between partner authorities. A SoCG is a written record of the progress made by strategic plan-making authorities during the process of planning for strategic cross-boundary matters and:
 - a. documents where effective co-operation is and is not happening through the plan-making process;
 - b. demonstrates at plan examination in public that plans are deliverable and based on effective joint working across local authority boundaries;
 - c. forms part of the evidence required to demonstrate that councils have complied with the duty to cooperate;
 - d. is a living document.
- 2.3 The Leicester and Leicestershire Housing Market Area (HMA) and Functional Economic Area (FEMA) covers the administrative areas of eight local planning authorities and two transport authorities. The eight local planning authorities responsible for plan making are:
 - a. Blaby District Council;
 - b. Charnwood Borough Council;
 - c. Harborough District Council;
 - d. Hinckley & Bosworth Borough Council;
 - e. Leicester City Council (Unitary)
 - f. Melton Borough Council;
 - g. North West Leicestershire District Council;
 - h. Oadby & Wigston Borough Council.

The two upper tier authorities in Leicester and Leicestershire (L&L), with statutory responsibilities for transportation, education, social care, flooding, minerals & waste planning and public health are Leicester City Council (Unitary) and Leicestershire County Council.

- 2.5 The Leicester and Leicestershire SoCG, attached as Appendix A, sets out the apportionment of Leicester's unmet housing and employment needs in the period to 2036. It follows the June 2021 SoCG, which set out a programme of evidence work to be undertaken across Leicester and Leicestershire. The Housing and Economic Needs Assessment (Appendix B and Appendix C for Executive Summary), Distribution of Leicester's unmet Housing (Appendix D) and Employment Needs (Appendix E) and Sustainability Appraisal (Appendix F and G for Non-technical summary) evidence work has been completed and informed the apportionment set out in the SoCG.
- 2.6 The SoCG is now being considered by each of the authorities set out above for approval. At the time of writing, the following local authorities have approved the SoCG:
 - a. Charnwood Borough Council;
 - b. Oadby and Wigston Borough Council;
 - c. Melton Borough Council;
 - d. Blaby District Council;
 - e. Leicester City Council;
 - f. Northwest Leicester District Council.
- 2.7 The SoCG is due to be considered by Cabinet in November, before a final decision by Council at its meeting on 30 January 2023.

3. Details

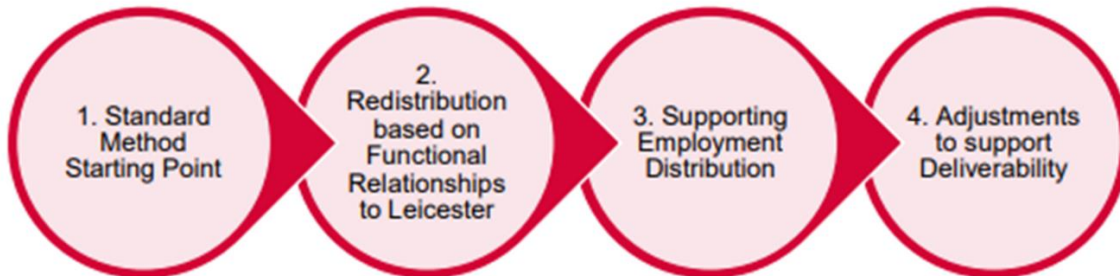
Scale of Unmet Housing and Employment Need

- 3.1 In December 2020 the Government published a new standard method for calculating housing need. The method stayed the same for all authorities in England apart from the 20 largest cities and urban centres which received a 35% uplift. As a result, Leicester's housing need increased by 35%, adding a further 9,712 homes to their need between 2020 and 2036 (i.e., an additional 607 homes per year).
- 3.2 The City's need now stands at 39,421 between 2020 and 2036. When compared to a supply of 20,720 homes, this leaves an unmet need of some 18,700 homes to be accommodated in the Leicestershire Districts and Boroughs. The unmet employment need remains at 23 Hectares.

Evidence informing the Statement of Common Ground

- 3.3 Members will be aware that a previous Leicester and Leicestershire wide Housing and Economic Needs Assessment (referred to as the HEDNA) from 2017 informed the housing and employment land provision of the adopted Local Plan. The new study, the Leicester and Leicestershire Housing and Economic Needs Assessment (HENA) (Appendix B) is the first comprehensive Leicester and Leicestershire study since then. Appendix C is a useful Executive Summary.

- 3.4 The HENA also includes two distribution papers, one for housing (Appendix D) and one for employment (Appendix E), which provide an evidence base to the issue of the redistribution of unmet needs from the Leicester City Council administrative area.
- 3.5 The HENA Housing Distribution Paper (Appendix D) identifies the following steps in assessing the distribution of homes/unmet housing need across Leicester and Leicestershire:



- 3.6 Each of these steps is considered below along with commentary as to what this means for Harborough District.

1. The approach treats the government's standard method for calculating housing need as a minimum level of provision for the Leicestershire Districts/Boroughs, as individual local plans would be expected (in line with the NPPF) to meet their own need.

The standard method results in a local housing need figure for Harborough of 534 dwellings per annum (2022 based). NB this figure is subject to change due to updates to data used within the standard method calculation.

2. The next step is to consider the functional relationship of each District/Borough with the City, taking account of migration and commuting relationships between the authorities. This generates an initial distribution of unmet need.

For Harborough, this sees an upwards adjustment of 123 dwellings per annum reflecting the fact that Harborough shares a boundary and has a relatively strong relationship as evidenced through commuting and migrating flows both in and out of the city. This is around the mid-range in terms of scale increase due to the functional relationship with the city.

3. Adjustments are then made to this distribution to align with the spatial distribution of future employment growth over the period to 2036, to promote a balance in the delivery of jobs and homes at a local level and limit the need to travel. This seeks to locate houses close to where job opportunities arise to provide additional labour where it is needed.

This results in no further change for Harborough since the additional minor increase is covered by step 2.

4. The final consideration relates to the deliverability of the distribution of development.

No change for Harborough.

3.7 This results in a proposed apportionment of Leicester's unmet housing need as follows:

Table 1: Apportionment of Leicester City's Unmet Local Housing Need 2020 to 2036

Local Planning Authority	Average Annual unmet housing need contribution 2020 to 2036 (dwellings)*
Blaby District Council	346
Charnwood Borough Council	78
Harborough District Council	123
Hinckley and Bosworth Borough Council	187
Melton Borough Council	69
North-West Leicestershire District Council	314
Oadby and Wigston Borough Council	52
Total	1,169

*Note: the figures are presented as annual averages 2020-36. This does not imply that an authority's unmet need apportionment must be phased evenly over this period. It will be for each Local Plan to determine appropriate phasing.

3.8 In terms of employment, the paper concludes that Charnwood is best able to suitably meet Leicester's unmet need of 23 Hectares to 2036. This reflects the existing over-supply of employment land compared to the Borough's own needs; combined with the availability of employment sites and land which is close to the city and can contribute to delivering employment land which can service the needs of Leicester-based companies to 2036.

Implications for Harborough

3.9 Government guidance requires local planning authorities to calculate their own housing need and in addition any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.

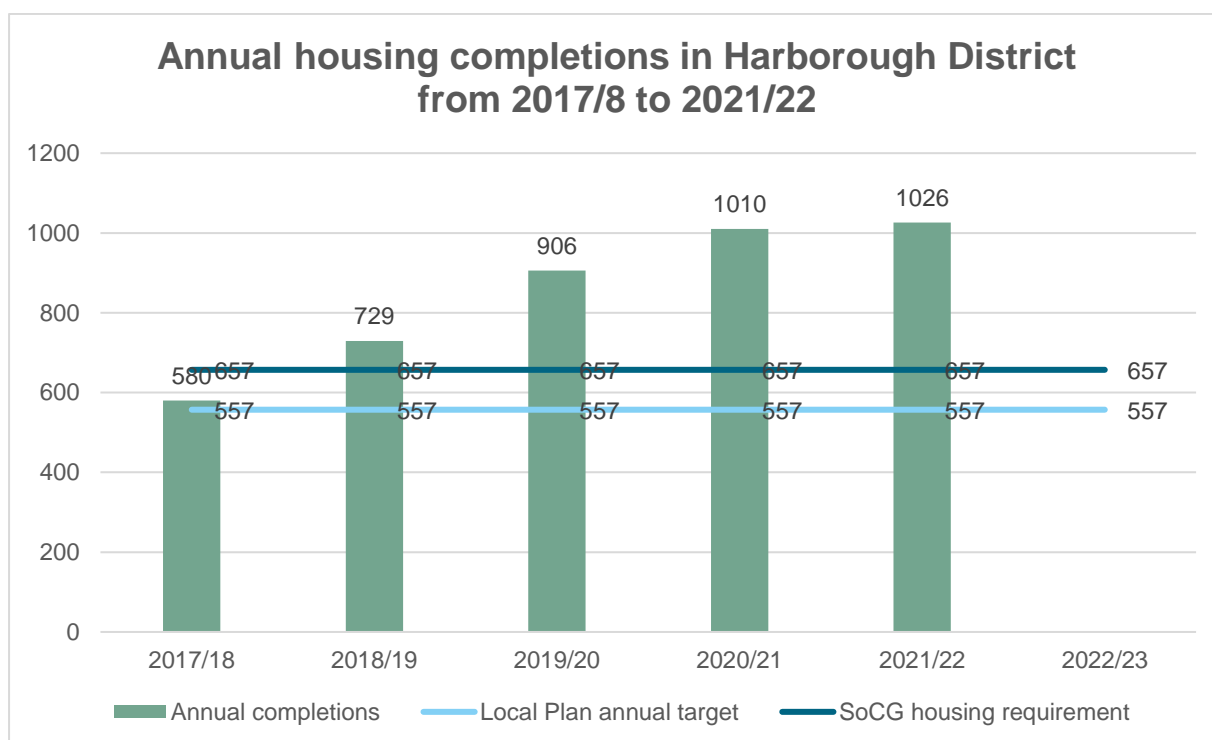
3.10 Using the Government's standard method, Harborough's current local housing need is 534 dwellings per annum. The addition of 123 dwellings as Harborough's apportionment of Leicester's unmet housing need results in a total housing requirement for Harborough of an annual average of 657 dwellings per annum.

3.11 The following table sets out the local housing need for each local planning authority (Column B), together with the proposed housing distribution (Column D). The difference (Column E) shows the proposed apportionment of unmet need.

Table 2: Leicester and Leicestershire Local Housing Need and Proposed Redistribution (Per Year)

A	B	C	D	E
Authority	Local Housing Need	Unmet need	Proposed redistributed Housing Provision	Difference (D - B)
Leicester	2,464	1,169	1,295	0
Blaby	341		687	346
Charnwood	1,111		1,189	78
Harborough	534		657	123
Hinckley and Bosworth	472		659	187
Melton	231		300	69
NW Leicestershire	372		686	314
Oadby and Wigston	188		240	52
L&L Total	5,713		5,713	1,169

3.12 This results in a total housing requirement for Harborough of 657 dwellings per annum 2020-2036 to be planned for through the next Local Plan. Significantly higher numbers of dwellings have been delivered in the District in 4 of the previous 5 years, as shown below:



3.13 Officers consider that the proposed apportionment of Leicester’s unmet housing need set out in the SoCG is based upon a robust transparent methodology and is fair and reasonable.

- 3.14 Approving the SoCG demonstrates that the Council recognises the proposed apportionment of Leicester's unmet housing and employment needs and commits the Council to test the delivery of an additional 123 dwellings per year (2020 – 2036) of unmet housing need arising from Leicester City Council area through the next Local Plan. This involves gathering evidence to inform a consideration of whether this scale of housing growth can be delivered within the District. This will examine issues including; site availability and sustainability; infrastructure capacity and the ability of development to fund necessary infrastructure improvements; as well as the ability of the market to deliver and absorb housing growth. The SoCG explains that the apportionment is subject to review. In the event that an authority's local plan process demonstrates an inability to meet the figures set out in the SoCG, then the apportionment of unmet need will be jointly reviewed and updated as necessary.
- 3.15 The Council is required to demonstrate as part of preparing the Local Plan that it has complied with the Duty to Cooperate. If this Council decided not to support the outcome from the SoCG, then this would represent a significant risk to the next Local Plan. This is because whilst it could demonstrate that it has cooperated on preparing the SoCG, it would also be necessary to demonstrate as to why it was not appropriate to agree the SoCG. For the reasons outlined above it is considered that the process and methodology followed is robust.

Government's proposed planning reforms

- 3.16 In May 2022 the latest stage of the Government's proposed planning reforms was published: The Levelling up and Regeneration Bill (LURB). This proposes a number of reforms to the planning system, including potentially repealing the legal requirements of the Duty to Cooperate. However, no details have yet been published in relation to the replacement policy test of 'alignment' between local authorities. Whatever the mechanism for dealing with unmet need though, the issue of large tightly constrained urban authorities being physically unable to accommodate their future needs will remain. At the time of publishing the LURB, implementation of its proposals was expected to come forward from 2024 onwards.
- 3.17 Given the Duty to Cooperate remains a legal requirement for the foreseeable future, it must be complied with.

4. Options

Summary of Consultation and Outcome

- 4.1 Consultation on the scale and distribution of growth will be undertaken in accordance with the Regulations through the preparation of the next Local Plan. This will form an important element of testing the additional housing requirement arising from Leicester's unmet need and set out within the SoCG.

Alternative Options Considered

- 4.2 As the duty to cooperate is statutory, there are no lawful alternative positions for the Council to consider other than adopting the SoCG. Approving the SoCG will accord with the approach taken by partner authorities in Leicester and Leicestershire and will support the preparation of the next Local Plan.

- 4.3 Rejecting the SoCG would put the Council at odds with partner authorities across Leicester and Leicestershire, leave the Council vulnerable to successful challenge and have an adverse impact on the ability to adopt the next Local Plan. This could, in time result in a shortage of suitable housing land, with a less than five-year supply ultimately placing the Council and Harborough District at considerable risk from speculative unplanned housing development, a loss of planning control and risk damage to the high-quality environment Harborough District residents currently enjoy. It is not a recommended course of action.
- 4.4 All information required to determine whether to adopt the SoCG has now been collected and presented. Accordingly, there is no additional information which can be obtained, and therefore no reason to defer the decision.
- 4.5 If Members are minded to approve the SoCG with caveats, Members will be expected to provide robust evidential justification for the rationale of the same. The SoCG has already been approved by most other authorities. Adding in further wording would require that process to be repeated in those authorities, creating risk to the good will of the partnership.

5. Points for Discussion

- Is the policy background to the SoCG clear?
- Are the implications of the SoCG clear?
- Is there any additional information needed?
- To feed any views and opinions to Cabinet?

6. Implications of Decisions

Corporate Priorities

- 5.1. Approving the SoCG will support the preparation of the new Local Plan by providing evidence of the Council's compliance with the Duty to Cooperate and will provide certainty over the district's housing and employment requirement to 2036. It will contribute particularly to the "Place and Community" and "Economy" corporate priorities by delivering necessary housing and economic opportunities for the district.

Financial

- 5.2. No financial implications directly arising. However, not signing the Statement of Common Ground could result in significant indirect costs for the Council. Not signing the Statement of Common Ground could significantly undermine the Council's ability to demonstrate compliance with the Duty to Cooperate. This raises the potential for significant abortive costs incurred should a Local Plan be prepared and then unable to be adopted due to a Duty to Cooperate failure. In such an instance, the Council would be required to restart preparation of the Local Plan, incurring very significant costs. Not signing would also significantly undermine collaborative partnership working with other local authorities across Leicester and Leicestershire. This is likely to make joint evidence collection more difficult, removing the financial benefits of joint working through economies of scale, as well as the planning benefits of planning over a wider cross boundary area.

Legal

- 5.3. Approving the Statement of Common Ground provides evidence of the Council's ongoing constructive engagement with partner authorities across Leicester and Leicestershire in respect of Leicester's unmet housing and employment needs, as required by the Duty to Cooperate. It ensures that the Council fulfils the requirements imposed by the Localism Act 2022 and prevents the Council from operating ultra vires and therefore at greater risk of successful legal challenge.
- 5.4 Failing to approve the SoCG will cause substantial disruption to the Council's aspirations for the district as it will hinder the adoption of the Council's local plan and tarnish the Council's reputation with its neighbouring authorities.

Policy

- 5.5 Approving the SoCG commits the Council to providing an additional 123 dwellings per annum 2020 to 2036 through the next Local Plan. This is in addition to the district's local housing need, calculated through the Government's standard calculation, which currently results in a figure of 534 dwellings per annum, creating a total housing requirement of 657 dwellings per annum. This compares to the housing requirement in the current Local Plan (2011-2031) of 557 dwellings per annum.

Environmental Implications including contributions to achieving a net zero carbon Council by 2030

- 5.6 A Sustainability Appraisal has been undertaken in relation to the distribution of Leicester's unmet housing and employment needs (Appendix F and Non-technical summary at Appendix G). Sustainability Appraisal (SA) is a process for helping to ensure that plans, policies, and programmes achieve an appropriate balance between environmental, economic and social objectives. The process that is followed incorporates the requirements of a Strategic Environmental Assessment (SEA).
- 5.7 The SA concluded that a distribution of housing and employment needs based on the recommendations of the HENA (and the associated housing and employment distribution papers) would be appropriate. Further assessment will be required alongside Local Plan preparation to test the effects of the scale and distribution of growth on environmental, economic and social objectives.

Risk Management

- 5.8 Approval of the Statement of Common Ground will place the Council in a strong position to demonstrate compliance with the Duty to Cooperate through the Examination of the next Local Plan.

Equalities Impact

- 5.9 An Equalities Impact Assessment will be undertaken in conjunction with the preparation of the next Local Plan.

Data Protection

- 5.10 No issues directly arising.

6. Background papers

6.1 Report to the Cabinet meeting 10 May 2021: Leicester and Leicestershire Statement of Common Ground (SoCG) Relating to Housing and Employment Land (March 2021).