

HEARING STATEMENT FOR THE HARBOROUGH LOCAL PLAN EXAMINATION

MATTER 2: THE HOUSING REQUIREMENT AND ITS DELIVERY

ON BEHALF OF WILLIAM DAVIS LTD

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1. Background

- 1.1 This statement is prepared on behalf of William Davis, who have land interests to the north west of Market Harborough.
- 1.2 William Davis is a family owned company based in the East Midlands that has been building homes for more than 80 years. For three years running, William Davis been rated a five-star homebuilder in the Home Builders Federation's annual survey of homeowners, meaning more than 90% of their customers are extremely happy with their home and the William Davis experience.
- 1.3 Traditionally, William Davis directly employs the majority of its workforce including bricklayers, joiners, ground workers, plumbers and electricians. William Davis will therefore endeavour to employ local labour including collaborating with relevant stakeholders to support and offer training and employment initiatives, wherever possible.
- 1.4 William Davis has two primary objections with the submitted plan:
 1. To ensure that the wider needs of the Housing Market Area (HMA), particularly Leicester's unmet needs, are going to be provided for at the earliest possible opportunity; and
 2. The proposed cemetery allocation at Policy GI3c is unjustified and, if not omitted, would cause the plan to fail this test of soundness.

2. Issue 2.4

- 2.1 This asks if the headroom provided by the proposed supply (purportedly 12,948) is sufficient to cater for Leicester's unmet needs AND to provide a contingency allowance for slower/non-delivery from the supply sources identified in the plan. The simple answer is no.
- 2.2 The headroom in the supply can only be considered as a contingency allowance and cannot be identified as meeting some of Leicester's unmet need, most obviously because the actual quantum and redistribution of Leicester's unmet need is presently unknown. It is thus not possible to differentiate between what is an appropriate buffer to include in the plan, and what is the actual housing requirement, if that were to include meeting some of Leicester's housing need.

- 2.3 It is first important to identify that a contingency allowance for potential non-delivery is a positive and recommended approach to ensure that an authority's housing requirement will actually be achieved in the plan period¹. HDC acknowledge this at paragraph 5.1.10 of the submitted plan.
- 2.4 It is also acknowledged that the unmet need from Leicester is likely to be significant (even with ALL SHLAA sites allocated, this would still leave at least a 7,000-dwelling shortfall²) and that HDC is likely to need to accommodate some of this. However, until this is actually known, the plan cannot purport to be specifically meeting any of that need.
- 2.5 There is no prospect that a solution to Leicester's unmet need will be known soon. It actually appears to suit the various Leicester & Leicestershire authorities that it is not – as this means each LPA's 5-year housing land supply requirement figure is kept low in relating to only that specific LPA's needs. Leicester City appears in no rush to progress its local plan and thus quantify the shortfall. Whilst it is accepted the HDC Local Plan should be allowed to progress, this can only be done without making any provision for Leicester's unmet need. Notwithstanding that, this plan will not be positively prepared if it fails to ensure that Leicester's unmet need will be appropriately provided for at the earliest possible opportunity (see below in response to Issue 2.5).
- 2.6 Whilst there are Memorandums of Understanding between the HMA authorities, these do not address the real problem of ensuring the unmet need will be quantified and accounted for by those authorities that have the capacity to accommodate it.
- 2.7 HDC rightly say that "*it is not considered appropriate to include a quantified element for unmet need from Leicester at present*"³. It is impossible to do this at present.
- 2.8 A further consideration is the Leicester & Leicestershire Strategic Growth Plan (SGP) consultation draft of January 2018⁴. This sets out a long-term strategy for growth across the HMA to 2050. It includes two primary growth areas being Leicester City and the A46 Growth Corridor. The SGP identifies that the A46 Growth Corridor has the potential to accommodate about 40,000 new homes to 2050 and

¹ Local Plans Expert Group Report to SofS (2016)

² HDC response to Inspector's Q3

³ HDC response to Inspector's Q4

⁴ This needs to be added to the examination library

will include land in HDC on the eastern and southern sides of Leicester City. Accordingly, the SGP is identifying a significant uplift in the amount of housing development in HDC comparative to its own needs to meet the wider needs of the HMA. Indeed, Table 4 at Appendix B of the SGP sets out a 944dpa delivery figure for HDC for the period 2031-2050.

- 2.9 There is potential for HDC's apportionment of Leicester's unmet need to be significant. It is not possible to apportion an element of the purported 1,800 'headroom' between contingency and meeting Leicester's unmet needs. The plan should thus be clear that it is not providing for Leicester's unmet needs.

3. Issue 2.5

- 3.1 The question here is whether the housing need figure for HDC should be increased in order to allow for a proportion of Leicester's unmet needs. The simple answer is that there is no evidence on which an increase beyond 11,140 dwellings could be substantiated to account for meeting Leicester's unmet needs at the present time.

- 3.2 There is no timescale for Leicester to establish its ability to meet its own needs, for this to be tested through examination and for the agreed unmet need to then be redistributed amongst the other 7 Leicestershire authorities within the HMA. Given the implications of the SGP, it is possible that HDC's component of Leicester's unmet need could be substantial. But at present, it is just simply not possible for the plan to be able to take account of this.

- 3.3 Issue 2.5 also asks if there should be a trigger in the plan to increase the housing requirement once the amount of Leicester's unmet need has been quantified. The fundamental problem with this approach is that the impact of Leicester's unmet need may well be in excess of the contingency allowance provided for the in the submitted plan.

- 3.4 The present approach to dealing with this issue in the submitted plan is Policy IMR1 which only commits HDC to undertake a partial or full review of the Local Plan when the objectively assessed need for further provision of housing and/or employment within HDC is established and there is insufficient flexibility already provided for within the plan. Policy IMR1 states that this review will be commenced within 12 months of the need for the review being established. However, it is not considered that this approach is sufficiently robust in order for the plan to be found sound

(positively prepared). In particular, it is open to HDC to argue that their apportionment of Leicester's unmet need is accounted for in the 12,948 dwelling supply figure when this would leave no provision for a contingency allowance to make up for any shortfall in delivery from other sources.

3.5 A similar issue arose during the examination of the North West Leicestershire (NWL) Local Plan last year and as identified in the Inspector's Report on the Examination of 12 October 2017. (Appendix A).

3.6 As with HDC, as part of examining the NWL Local Plan it was not possible to identify how much if any of Leicester's unmet needs should be accommodated within NWL. In that case, NWL made a positive and robust commitment to undertake a review of the Local Plan in adopted Policy S1 which is for it to commence a Local Plan Review by the end of January 2018 and to have completed this within 2 years (Appendix B).

3.7 The position at HDC is at Policy IMR1. In light of NWL Policy S1, it is considered that Policy IMR1 is not sufficiently effective in responding to a potential requirement for HDC to accommodate a significant proportion of Leicester's unmet need. It is proposed that Policy IMR1 be amended to be more robust in its commitment to undertake a review promptly to accommodate Leicester's unmet needs within a specified time period. To be affective, HDC should commit to commence a Local Plan Review within 6 months of the need for the review being established and for that to be completed within 2 years.

PLAN APPENDIX 1

REPORT ON EXAMINATION OF NWL LOCAL



The Planning Inspectorate

Report to North West Leicestershire District Council

by B J Sims BSc(Hons) CEng MICE MRTPI

an Inspector appointed by the Secretary of State for Communities and Local Government

Date 12 October 2017

Planning and Compulsory Purchase Act 2004

(as amended)

Section 20

Report on the Examination of the North West Leicestershire Local Plan

The Plan was submitted for examination on 4 October 2016

The Examination hearings were held between 5 and 16 January and 21-22 March 2017

File Ref: PINS/G2435/429/4

Abbreviations

[xx]	Reference to Document xx in the Examination Library
2004 Act	Planning & Compulsory Purchase Act 2004 (as amended)
AMR	Annual Monitoring Report
AoS	Area of Separation
DCLG	Department for Communities and Local Government
DCS	Developer Contribution Scheme
dpa	dwellings per annum
DPD	Development Plan Document
DtC	Duty to Co-operate
EA	Environment Agency
EMG	East Midlands Gateway
FEMA	Functional Economic Market Area
5YHLS	Five Year Housing Land Supply
GVA	Gross Value Added
ha	hectare(s)
HEDNA	Housing and Economic Development Needs Assessment
HMA	Housing Market Area
HWP	Housing White Paper
KSC	Key Service Centre
LEP	Local Enterprise Partnership
LGS	Local Green Space
LPEG	Local Plans Expert Group
LSC	Local Service Centre
MM	Main Modification
MoU	Memorandum of Understanding
NE	Natural England
NP	Neighbourhood Plan
NPPF	National Planning Policy Framework
NWL	North West Leicestershire
OAN	Objectively Assessed Need
OBR	Office of Budget Responsibility
ONS	Office for National Statistics
PACEC	Public and Corporate Economic Consultants
PDL	previously developed land
Plan	North West Leicestershire Local Plan
PPG	Planning Practice Guidance
Regulations	Town and Country Planning (Local Planning)(England) Regulations 2012)
SAC	Special Area of Conservation
SDSS	Strategic Distribution Sector Study
SEA	Strategic Environmental Assessment
SRFI	Strategic Rail Freight Interchange
SGP	Strategic Growth Plan
SHLAA	Strategic Housing Land Availability Assessment
SHMA	Strategic Housing Market Assessment
sqm	square metres
SoS	Secretary of State
STWL	Severn Trent Water Limited
WQMP	Water Quality Management Plan

Summary

This Report concludes that the North West Leicestershire Local Plan (the Plan) provides an appropriate basis for the planning of the District, provided that a number of Main Modifications [MMs] are made to it. North West Leicestershire District Council has specifically requested me to recommend any MMs necessary to enable the Plan to be adopted.

The MMs all concern matters that were discussed at the Examination Hearings. Following the Hearings, the Council prepared a Schedule of Proposed Main Modifications and carried out a Sustainability Appraisal of them. The MMs were subject to public consultation over a six-week period, together with additional evidence in support of the Plan as now recommended to be modified, in particular the Leicester and Leicestershire Housing and Economic Development Needs Assessment (HEDNA). In some cases I have amended the detailed wording of the MMs. I have recommended the inclusion of the MMs in the Plan after considering all the representations made in response to consultation upon them.

The **Main Modifications** are summarised as follows:

- Commitment to early review of the Plan by **Policy S1** on Future Housing and Economic Development Needs to accommodate any unmet needs identified by agreement within the Housing Market Area according to the future Strategic Growth Plan and to reconsider the adequacy of land supply for housing and employment (**MMs1-9**);
- Clarification of provisions by **Policies S2 and S3** on Settlement Hierarchy and Countryside in favour of sustainable transport and the re-use of previously developed land including outside settlements (**MMs10-12**);
- Update **Policies H1 and H2** and supporting text on Housing Provision (**MMs13-20**);
- Update **Policy H3** and supporting text on new Housing Site Allocations and to:

increase the housing allocation at Money Hill, Ashby de la Zouch, by **Policy H3a** from 1,750 to 2,050 dwellings, together with detailed amendments to development criteria and the preparation of a comprehensive Masterplan, and

make alternative and additional provisions for housing sites at Measham and at Kegworth by **Policy H3c** and **new Policy H3d** in response to uncertainty regarding the route of the proposed HS2 rail line,

(**MMs21-29**);

- Amendments to **Policy H4** and supporting text on Affordable Housing to clarify the thresholds and levels of contributions towards affordable housing required from new residential development on both brownfield and greenfield sites. (**MM30-31**);
- Update **Policy Ec1** and supporting text on Employment Provision (**MMs32-39**);
- Amendment to **Policy Ec2** and supporting text on New Employment Sites to include detailed amendments to development criteria and the preparation of a comprehensive Masterplan for Money Hill, Ashby de la Zouch and broad criteria for the consideration of development of unallocated employment sites with good, sustainable access to the strategic highway network where need exists (**MM40-41**); and
- A range of other detailed amendments to policy wording, mainly to ensure consistency with national policy with respect to the protection of the natural and historic environment and for climate change (**MMs42 and 44-46 including 44A**).

Introduction

1. This Report contains my assessment of the North West Leicestershire Local Plan (the Plan) in terms of Section 20(5) of the Planning & Compulsory Purchase Act 2004 (as amended) (the 2004 Act). It considers first whether the preparation of the Plan has complied with the Duty to Co-operate (DtC). It then considers whether the Plan is sound and whether it is compliant with legal requirements. The National Planning Policy Framework (NPPF) makes clear at paragraph 182 that, in order to be sound, the Plan should be positively prepared, justified, effective and consistent with national policy. At paragraph 153, the NPPF specifies that the Plan should be able to be reviewed, in whole or in part, to respond flexibly to changing circumstances.
2. The starting point for the Examination is the assumption that the Council, as local planning authority, has submitted a Plan for examination which it considers to be sound. The North West Leicestershire Local Plan, submitted in October 2016 is the basis for my Examination. It is the same document as was published for consultation in July 2016 [LP/01; LP/19#10].

Main Modifications

3. In accordance with section 20(7C) of the Act, the Council requested that I should recommend any Main Modifications [MMs] necessary to rectify matters that make the Plan unsound and /or not legally compliant and thus incapable of being adopted. My Report explains why the recommended MMs, all of which relate to matters that were discussed at the Examination Hearings, are necessary. The MMs are referenced in bold text (**MM1** etc), and are set out in full in the **Appendix** to the Report.
4. Following the Examination Hearings, the Council prepared a proposed Schedule of MMs [EX/101] and undertook a Sustainability Appraisal (SA) upon them [EX/102]. The Schedule of MMs was subject to public consultation for six weeks from 12 June to 24 July 2017, together with additional evidence in support of the Plan, as now recommended to be modified, in particular the Leicester and Leicestershire Housing and Economic Development Needs Assessment (HEDNA) [EX/65-67]. I have taken account of the consultation responses, where relevant to the MMs and to soundness, in coming to my conclusions in this Report and made some amendments to the detailed wording of the MMs. None of the amendments significantly alters the content of the modifications as published for consultation or undermines the participatory processes and SA that has been undertaken. Where necessary, I have highlighted these amendments in the Report text.

Policies Map

5. The Council must maintain an adopted Policies Map which illustrates geographically the application of the policies in the adopted development plan. When submitting a local plan for examination, the Council is required to provide a Submission Policies Map showing the changes to the adopted Policies Map that would result from the proposals in the submitted Plan. In this case, the Submission Policies Map comprises the set of plans identified as the North West Leicestershire Local Plan Publication Policies Maps June 2016. [LP/02; LP/13].

6. The Policies Map is not defined in statute as a development plan document and so I do not have the power to recommend MMs to it. However, a number of the published MMs to the policies of the Plan require further corresponding changes to be made to the Policies Map. These further changes were published for consultation alongside the MMs [EX/103a-d].
7. When the Plan is adopted, in order to comply with the legislation and give effect to the policies of the Plan, the Council will need to update the adopted Policies Map to include all the changes proposed, together with the further changes (minor modifications) published alongside the MMs.

Background Matters

Plan Preparation

8. The Plan was drafted in 2015 with reference to the Leicester and Leicestershire Strategic Housing Market Assessment of 2014 (SHMA) and accompanying Memorandum of Understanding (MoU) between the eight local authorities of the Leicester and Leicestershire Housing Market Area (HMA) [HO/03-04]. The MoU concluded that each authority of the HMA would meet its own identified need for additional housing.
9. The housing requirement of the draft Plan was set substantially in excess of the objectively assessed need (OAN) for the District identified in the 2014 County-wide SHMA. This was to recognise an increasing rate of dwelling completions in the District between 2012 and 2016 as well as the approval by the Secretary of State (SoS) of the East Midlands Gateway (EMG) Strategic Rail Freight Interchange (SRFI) within the District at Roxhill, giving rise to significant increased employment and potential housing demand.
10. Following failure at appeal in early 2016 [EX/13] to demonstrate a five year housing land supply (5YHLS), as required by the NPPF, the Council commissioned a North West Leicestershire (NWL) Review of Housing Requirements [HO/01]. This Review expressly did not supersede the SHMA but sought to substantiate the Plan housing requirement within NWL.
11. The HMA authorities had by then commissioned a new Leicester and Leicestershire Housing and Economic Development Needs Assessment (HEDNA). However, after discussing its options with the other HMA authorities, as well as the Department of Communities and Local Government, specialist planning consultants and the Planning Inspectorate, and having taken legal advice, the Council decided to proceed with the publication and submission of the Plan on the basis of the internal Review [EX/05-08].

Priority for Adoption and Potential for Early Review

12. The NPPF and the national Planning Policy Guidance (PPG) together place local plans at the heart of the planning system, making it essential that they are in place and kept up to date. Consistent with a Written Ministerial Statement (WMS) of 21 July 2015, the PPG advises that consideration should be given to the option of the Council making a commitment to review the Plan, or particular policies in the Plan, within an agreed period, where this would enable the Inspector to conclude that the Plan is sound and meets the other

legal requirements. The WMS of 2015 expressly sought the production of local plans by early 2017.

13. The Council proceeded on the basis that early review of the Plan should be triggered if the findings of the HEDNA required increased development land requirements or if a new MoU were to result in unmet need from other authorities being accommodated in NWL.
14. The decision of the Council to proceed with the submission of the Plan in October 2016 was reached taking into account the Government priority for adopted local plans to be in place by early 2017 and with the approach that it was not tenable to await the new HEDNA and a new MoU on the distribution of development when it was already anticipated that the advent of the SRFI would require an increase in housing requirement over the SHMA figure.

Timeframe

15. The NPPF states that local plans should be drawn up preferably with a 15-year time horizon. The submitted Plan has a timeframe and related evidence base of 20 years from 2011-31. This leaves only 14 years from the projected adoption date of the Plan, later in 2017. However, it would be impractical, and against the imperative for local plans to be put in place, to delay the Plan in order to re-establish its evidence base over an extended timescale.
16. Moreover, it is to be expected that, in order to comply with the national policy requirement that the Plan should be kept up to date, the Plan will be reviewed several times, in any event, within the reduced 14-year time frame following its initial adoption.

Examination Process and Post-Submission Documentation

17. After submission of the Plan, I issued guidance that no aspect of the Plan or its supporting documentation, as submitted, need delay the Examination. The Hearings would provide the proper opportunity to establish whether the DtC had been met and whether the evidence base then available robustly justified the housing and employment requirements set by the submitted Plan. It would then be possible for the Plan to be found sound, albeit subject to early review as a matter of policy, depending also on the findings of the HEDNA.
18. I made clear, and it was accepted by the Council and Representors throughout the Examination, that nothing could detract from the overarching legal and policy requirements that, to be sound for adoption, the Plan must be judged to be positively prepared, justified, effective and consistent with national policy, as well as being able to respond flexibly to changing circumstances.
19. In the event, the HEDNA [EX/65-67] was published at the end of January 2017, shortly after the conclusion of the first programme of Hearings. Alongside the HEDNA, the HMA authorities published a Joint Statement of Co-operation [EX/68]. This includes the statement that the HEDNA would be tested via the local plan preparation process. That process had begun with the current Examination of the NWL Local Plan and all the other seven HMA authorities were yet to submit new or updated plans for examination, based on the new HEDNA.

20. It was generally accepted that the HEDNA must now constitute a material consideration in this Examination. It was therefore circulated to all Representors to the submitted Plan with an opportunity to respond by mid-February 2017.
21. In particular among its findings, the HEDNA concludes that the housing need for the HMA as a whole has risen, compared with the results of the 2014 SHMA, but that the individual housing requirement for NWL is lower than that calculated in the NWL Review. The Council proposes to adopt this HEDNA figure as the stated housing requirement of the Plan, whilst maintaining the original higher figures for flexibility in the allocation of sites.
22. This approach is challenged by some Representors on grounds that the HEDNA underestimates development needs and by others in terms that the housing allocations of the Plan should be reduced to the HEDNA figure, whilst several local planning authorities within the HMA foresee as yet unquantified housing needs falling upon neighbouring Districts. In the face of these representations, an additional opportunity was allowed for the submission of statements for a further two-day Hearing on 21-22 March 2017 where the implications of the HEDNA and a series of proposed MMs were discussed.
23. During the course of the Examination, in February 2017, before the further Hearing, the Government issued its Housing White Paper (HWP) entitled *Fixing Our Broken Housing Market*. This takes up certain of the recommendations of the Local Plans Expert Group (LPEG) in March 2016, including that the PPG should set out a standard common methodology for SHMAs and for establishing Objectively Assessed Need for housing. The Examination was conducted on the basis of current national policy and guidance. However, the Council and Representors were afforded the opportunity to comment upon the HWP during the further Hearings and all such comments are taken into account in this Report.
24. The final items of post-submission documentation were the Addendum Report on the SA carried out on the MMs, after the Hearings [EX/102], the proposed modifications to the Submission Policies Map consequent upon the MMs [EX/103a-d] and the representations on the MMs themselves with responses by the Council, as posted on the Council website.

Public Consultation

25. Submissions were made that, in the interests of fairness, the Examination should not continue on the basis of the new HEDNA. However, by way of the six-week consultation on the MMs and the post-submission evidence contained in the HEDNA and certain other documentation provided after the Hearings, including the SA of the MMs, full public consultation was assured in practical terms. This was equivalent to that which was required prior to the original submission of the Plan under Regulations 19 and 22(3) of The Town and Country Planning (Local Planning)(England) Regulations 2012 (The Regulations).

Neighbourhood Plans

26. Comments were made that the preparation of the Plan failed to have due regard to emerging neighbourhood plans (NPs), in particular that for Ashby de

la Zouch, which has suffered reversals in its preparation consequent upon the circumstances surrounding the Local Plan.

27. Under the Localism Act, a made NP is an important component of the statutory development plan and the PPG advises that the Council should liaise with those preparing NPs to avoid conflicts. However, there is no legal or policy requirement for the Local Plan to comply with an emerging NP, whereas it is a requirement that a NP is in general conformity with the Local Plan.
28. Consultation upon the NP is a matter between the District Council and those preparing the NP, whilst the Local Plan is itself open to public objection via this examination process. Local concern and frustration among those involved in formulating the NP is understandable. However, potential conflict between this Plan and NPs as yet unmade is not a matter for this Report.

Assessment of Compliance with the Duty to Co-operate

Legal Duty

29. Section 20(5)(c) of the 2004 Act requires that I consider whether the Council has complied with any duty imposed by section 33A of the 2004 Act in relation to the preparation of the Plan. In order to maximise the effectiveness of Plan preparation, Section 33A requires constructive, active and on-going engagement with local authorities and other prescribed bodies with respect to strategic matters affecting more than one planning area. Those bodies are prescribed by Article 4 of the Regulations. Relevant strategic issues are set down in the NPPF at paragraphs 156 and 178. It is necessary for the Council to demonstrate that the Plan, on submission, is compliant with the DtC.

Engagement and Co-operation

30. The Council submitted evidence in connection with the DtC by way of a Duty to Co-operate Statement [*LP/14*] and a Statement of Consultation [*LP/19*]. This demonstrates that, throughout the preparation of the Plan, the Council engaged with all the bodies prescribed, as applicable. These included the other seven district authorities of the HMA, Leicestershire County Council and those non-Leicestershire authorities which adjoin NWL.
31. It is not substantively disputed that NWL lies within a HMA and Functional Economic Market Area (FEMA), both of which comprise the administrative County of Leicestershire, as discussed in the Assessment of Soundness below. It is clear that there was wide-ranging co-operation between the Council and its HMA and FEMA partner authorities, with reference to the needs for and availability of market and affordable housing and economic development land. This co-operation culminated in the commissioning of the HEDNA, subsequently published in January 2017.
32. Co-operation also extended to consideration of the needs for transport infrastructure, gypsy and traveller accommodation and retail development. Parish and Town Councils were also involved in discussions on settlement boundaries within the spatial strategy.
33. Co-operation with the Environment Agency (EA), Severn Trent Water Limited (STWL), together with neighbouring local authorities, resulted in the outcome

that a Developer Contribution Scheme (DCS) evolved and was adopted by the Council with the aim to ensure that development will not harm the integrity of the River Mease Special Area of Conservation (SAC). Developer contributions support a range of mitigation measures identified in a Water Quality Management Plan (WQMP) prepared by the EA.

34. Other subjects of cross-boundary co-operation included the National Forest and Charnwood Forest as well as statutory agencies, resulting in the inclusion of protective policies within the Plan.
35. The internal NWL Review of housing need, taking account of the SRFI, was shared across and outside the HMA.
36. NWL is located at the heart of the national motorway network and in an area of high demand for industrial development, and especially large-scale, Class B8 storage and distribution land. These circumstances have evidently attracted the SRFI at Roxhill in the north of the District, where its employment generation potential will affect housing needs, including outside the HMA. The compliance of the preparation of the Plan with the DtC is questioned with respect to known high demand for new employment sites outside the County, as the defined HMA.
37. Representations were also made that the well-known unmet housing needs of Birmingham and Coventry and the functional relationships between NWL and those conurbations, as well as Derby, Nottingham and other neighbouring Districts, should influence the provisions of this Plan. Other representations included proposals that the Plan should facilitate opportunities for developments where they would relate to substantial settlements outside NWL but close to its borders, for example at Albert Village, near Swadlincote.
38. Significantly, however, despite ongoing engagement and co-operation, up to the time of the submission of the Plan, no other local authority, either within or outside the HMA and FEMA, relied upon NWL to meet any unmet housing or employment needs.
39. Arguments remain as to the amounts, types and distribution of housing and employment development for which the Plan should provide. However, these are primarily matters of soundness, related to the spatial strategy of the Plan, its housing and employment land requirements and to land supply, rather than to the DtC. Such matters are considered in the Assessment of Soundness below.
40. It is evident that there has been further co-operation between the Council and its partner HMA authorities since the Plan was submitted for examination, in particular with respect to the HEDNA and Statement of Co-operation, published in January 2017. Although the DtC strictly applies only to the preparation of the Plan, up to the time of submission for examination, this factor is germane to the consideration of the HEDNA, as an addition to the evidence base of the Plan, as now proposed to be modified.
41. The Plan has faced objection from other HMA authorities on grounds that it should not proceed to adoption until the full implications of the HEDNA and a projected Leicester and Leicestershire Strategic Growth Plan (SGP) are known, especially with regard to unmet needs from elsewhere in the HMA. However,

the DtC neither includes, nor implies, any obligation to agree. The question of whether the Plan should proceed to adoption is more properly related to its justification and effectiveness in relation to the soundness of the Plan.

42. Overall, I am satisfied that the Council has engaged constructively, actively and on an on-going basis with all prescribed bodies, as appropriate, and that the DtC is properly to be regarded as having been met in the preparation of the Plan.

Assessment of Soundness

Main Issues

43. Taking account of all the representations, the written evidence and the discussions that took place at the Examination Hearings, I have identified six Main Issues upon which the soundness of the Plan depends. In respect of each Main Issue, my Report focusses principally on the matters of soundness arising and any MMs required, rather than responding to every point raised by Representors. The issues considered in this Report do not necessarily follow the order of the matters discussed during the Hearings.

Main Issue 1 – Strategy

Does the Plan set down a justified and effective Strategy for the distribution of development, based upon an appropriate Vision, set of Objectives, Settlement Hierarchy and Limits to Development?

Vision and Objectives

44. The Plan sets an overall Vision to continue the transformation of the District from its past as a coalfield area to a 21st Century place to live, work and relax, attracting businesses to locate and grow in the District. The Vision recognises the SRFI, East Midlands Airport and Donington Park as destinations in their own right, centrally located close to major road and rail networks, in the context of a strongly performing economy. The Vision highlights the attractions of the maturing National Forest, Charnwood Forest and Ashby Canal, as well as a range of heritage assets. Coalville is identified as the growing main town, with Ashby de la Zouch and Castle Donington as other centres. A total of fifteen objectives include the promotion of economic growth, new homes, sustainable transport and local distinctiveness.
45. There is no argument that the Vision and Objectives of the Plan are inappropriate or incomplete. They appear to provide a sound basis for the Plan. Criticism focusses upon whether the Plan properly implements its Vision and Objectives in its spatial strategy, policies and site allocations.

Overall Strategy

46. Section 5 of the Plan is devoted to its Strategy, in terms of Policy S1 on Future Housing and Economic Development Needs, Policy S2 on the Settlement Hierarchy and Policy S3 on Countryside.
47. Policy S1, as submitted, provides for a minimum of 10,400 dwellings, 96 hectares (ha) of employment land and 7,300 square metres (sqm) for shopping and also includes reference to early review of the Plan, if the HEDNA

indicates additional needs. Following the publication of the HEDNA, the Council proposes MMs, reducing the housing requirement to 9,620 dwellings and the employment land requirement, net of strategic sites, to 66ha. These figures are discussed below, in connection with Main Issue 2.

48. Policy S2 classifies Coalville as the Principal Town and Ashby de la Zouch and Castle Donington as Key Service Centres (KSCs). Ibstock, Kegworth and Measham are classified as Local Service Centres (LSCs), whilst other settlements are classified as Sustainable Villages, Small Villages or Hamlets.
49. Policy S3 protects the Countryside, outside settlements, as defined by Limits to Development, for the sake of its intrinsic character and beauty and the diversity of its landscapes, heritage, wildlife and natural resources. At the same time, Policy S3 supports development for specified uses in the designated Countryside, including development at East Midlands Airport and Donington Park Racetrack, subject to a range of development management criteria.
50. Significantly, at paragraph 5.15, the Plan acknowledges the core principle of the NPPF that the Settlement Hierarchy of the Plan is to guide future development to sustainable locations but highlights that 'the scale and location of most new development that is needed is already committed'. This statement was consistently repeated by the Council during the Examination in terms that "We are where we are!". It is also borne out by the allocation of only a small number of new housing and employment sites by Policies H3 and Ec2, to provide for the originally stated, net residual requirements of 800 dwellings and 6ha of employment land. That is, as compared with the large number of sites already with planning permission, or Council resolutions to grant approval, nominated in Policies H1-2 and Ec1. It has to be accepted that the essential focus of this Report must be upon future provision.
51. The Council considered, and subjected to SA, five alternative development distribution options to focus the majority of the additional housing required on Coalville (Alternative A) or Ashby de la Zouch (B) or proportionately across the Principal Town, KSCs and LSCs (C) or dispersed among LSCs and Sustainable Villages (D) or split between Coalville and Ashby de la Zouch (E).
52. Other housing alternatives considered included a new settlement but this was rejected as an 'unreasonable alternative' on grounds that the amounts of identified residual requirements for new development do not justify such a proposal. A focus of new housing development on the northern part of the District, at Castle Donington close to the projected SRFI, was also considered but rejected as an 'unreasonable alternative', in the absence of sufficient, suitable, available land.
53. Option B was chosen, to focus the majority of new development on Ashby de la Zouch, as a KSC and the second largest town in the Settlement Hierarchy. This was due to its limited recent growth and continuing development commitments, compared with Coalville, Castle Donington and Kegworth, and the relatively more buoyant housing market in Ashby de la Zouch. The more dispersed options B, C and E were subject to greater planning constraints than either Options A or B.

54. For the residual employment land requirement, the allocation of the Money Hill site at Ashby de la Zouch, allocated by Policy H3a, was chosen among a range of available alternatives, in preference to placing additional employment in Coalville or Castle Donington. New employment land in the northern part of Ashby de la Zouch will redress an imbalance caused by the approval of the SRFI alongside a significant amount of employment land already available in Castle Donington.
55. That choice of the strategic Money Hill combined housing and employment allocation was made despite relatively low SA scores in respect of flood risk, ecology, heritage and loss of agricultural land. However, over the approximately 140ha allocation, as a whole, the view of the Council that there is scope for mitigation appears to be reasonable.
56. In terms of the broad spatial distribution of new development between the defined settlements and Countryside of the District, the Settlement Hierarchy and Limits to Development promulgated by the Plan appear broadly justified by the evidence, including the SA.

Other Considerations of Development Location

57. However, before reaching any conclusion as to the soundness of the Strategy of the Plan, it is necessary to consider, in more detail, a number of other matters having a bearing upon the spatial distribution and location of new development.

M42 corridor

58. Representations were made that the Plan Strategy fails to accord appropriate importance to opportunities for employment development with access via Motorway junctions along the M42 corridor, as a component of the national transportation network. This is a matter related directly to the adequacy of the supply of employment land, considered under Main Issue 5 below.

Previously Developed Land

59. Some concern is expressed that the Plan fails to prioritise the redevelopment of brownfield land over greenfield sites in accordance with national policy. Notably however, the strategic mixed allocation at Money Hill, under Policy H3a, includes the former Arla Dairy land, whilst a number of the housing sites listed under Policies H1 and H2 are also previously developed land (PDL). Historically, between 2006 and 2010, some 81 to 95 per cent of development in the District took place on PDL, reducing substantially to 21 per cent in 2012-13 but rising again to 46 per cent in 2015-16.
60. The Council explains the reduction after 2010 partly in terms of the changed definition of PDL to exclude garden land and the recovery as a result of recent residential redevelopment employment sites. Other PDL identified in the Strategic Housing Land Availability Assessment (SHLAA) is evidently still in use for other purposes or otherwise not available or viable. Remaining PDL without planning permission in the SHLAA would not meet identified requirements in any event. In general terms, the Plan effectively prioritises the redevelopment of PDL, where practical.

61. However, as submitted, Policies S2 on the Settlement Hierarchy and S3 on the Countryside are fairly criticised for restricting the redevelopment of certain brownfield sites, which lie outside the Limits to Development defined in the Strategy but which are related to nearby settlements and could provide for sustainable redevelopment. To make Policies S2 and S3 and their supporting text sound, it is necessary to introduce provisions to support the redevelopment of suitable sites where this would be well-related to a defined settlement and served by sustainable transport. This is achieved by **MMs10-12**.

Sustainable Transport

62. The Settlement Hierarchy is questioned as to whether it fosters the use of sustainable means of transport. In the largely rural District of NWL, the main sustainable alternative to car travel is the local bus services. However, in directing development to the hierarchy of settlements established by the Strategy, it follows from the assessment of the community facilities present that new development would also be located closest to such public transport services as are available.
63. The encouragement of sustainable transport options is also a matter for the provision of infrastructure under Main Issue 6 below.

Ravenstone and Ellistown

64. Representations are made that Ravenstone and Ellistown, both designated by Policy S2 as Sustainable Villages, should be included as integral parts of the urban area of Coalville, as the Principal Town of the District.
65. There is no doubt that Ellistown, to the south, and Ravenstone, to the west-south-west, both enjoy a functional relationship with Coalville, being located in relatively close proximity to the town centre. However, both appear to maintain an individual identity and character, with substantial separation from Coalville by intervening open Countryside, designated by Policy S3.
66. In the case of Ellistown, that separation will ultimately be eroded to a considerable extent by the extensive, committed residential and employment development of the South East Coalville Urban Extension. However, that can rightly be seen as a further reason to preserve its village identity. Moreover, the western part of Ellistown will continue to be distinguished from urban Coalville by an area of designated Countryside and National Forest running north to Hugglescote.
67. Notwithstanding that the Coalville Limit of Settlement is, in practice, drawn on the Submission Policies Map as encompassing Ellistown, there is no evident reason to alter the designated status of either Ravenstone or Ellistown as Sustainable Villages within the Settlement Hierarchy of Policy S2.

Sustainable Villages

68. It is argued that, notwithstanding the justified Settlement Hierarchy, Policy S2 is too restrictive of development within Sustainable Villages, permitting only a limited amount of growth, with no specific land allocations. However, the Limits to Development are drawn to include property curtilages and some

agricultural buildings. In addition, some of the sites identified in Policies H1 and H2 include land adjoining settlements.

69. Certain settlements designated as Sustainable Villages by Policy S2 lie closer to larger settlements in neighbouring districts than to those within NWL. The Sustainable Villages of Albert Village and Blackfordby are cited as being closely related to Swadlincote and Woodville in South Derbyshire. Concern is raised that the Strategy does not recognise this relationship. It is argued that the close proximity of these settlements to the community facilities offered just across the artificial District boundary warrants the allocation of land for sustainable development within such settlements and that the provisions of the Plan are neither justified nor effective without them.
70. Questions of whether the District boundary is logically drawn might be for the respective local authorities to address but they are beyond the scope of this Report. There is merit in the contention that new development in villages close to the boundary would be sustainably located with respect to larger settlements outside the District. However, the Sustainable Villages concerned are clearly identified as independent settlements in their own right. Moreover, they have been categorised within the NWL Settlement Hierarchy according to their level of community facilities. Furthermore, there is no suggestion from neighbouring authorities, outside the HMA and FEMA, that such allocations are required to meet their own unmet development needs.
71. On balance, if the development requirements of the Plan can be met in compliance with its defined Settlement Hierarchy, the absence of specific allocations for new development in Sustainable Villages, including those close to larger settlements outside the District, does not mean that the Plan is unsound.

Areas of Separation between Coalville and Whitwick

72. Policy En5 of the submitted Plan designates two Areas of Separation (AoSs), respectively north west and south east of Hermitage Road, within which only rural and recreational uses will be allowed. This provision evolved from a review of a Green Wedge policy in a former Structure Plan. The purpose of Policy En5 is to prevent the coalescence of Coalville with Whitwick. The Submission Policies Map includes the whole of Whitwick and the two AoSs, within the defined Limits to Development for Coalville. The AoSs are not therefore designated Countryside and are not subject to Policy S3. According to the evidence of the Council, the reason for this is that Whitwick is joined to Coalville by three bands of development, at New Swannington and Thornborough to the west, centrally along Hermitage Road and along Broom Leys Road to the south east.
73. In contrast with the surrounding built up areas, the AoSs are distinctly semi-rural or settlement fringe in character. West of Hermitage Road, the AoS incorporates sports and leisure facilities and a lake, and serves to maintain separation between north eastern Coalville and the development at Thornborough, New Swannington and north western Whitwick. East of Hermitage Road, the AoS is essentially open or wooded and separates Coalville and south eastern Whitwick. The latter area has been, and remains, under strong development pressure.

74. The boundaries of the AoSs were assessed in detail in a Settlement Fringe Analysis (SFA) [*SFA/01, 04, 10*] in 2010, since when little has changed in their overall character. The SFA gave consideration to the landscape and visual value of the areas comprising the AoSs and the potential for any development impacts upon them to be mitigated.
75. With respect to the western AoS, the SFA concluded that the character of the area was common to many urban fringes but recognised its importance to the separation of Whitwick, New Swannington, Thornborough and Coalville, despite surrounding built development.
76. With respect to the eastern AoS, the SFA recommended the retention of woodland and the enhancement of gateway rural views between Whitwick and Coalville. At the same time, the SFA did not rule out some level of development, with potential for mitigation.
77. There is very strong local support within Whitwick for the designation of the AoS in the interests of maintaining settlement identity. This approach has previously received qualified support at appeal. The evidence of the Council, in defence of Policy En5, is based on its judgements that the SFA strongly suggests that development opportunities in the western AoS are extremely limited and that, in the eastern AoS, landscape harm would exceed development benefit.
78. On the other hand, the AoS designation is equally strongly opposed by those with development interests, particularly in the eastern area. These objections are linked to representations, discussed in connection with Main Issue 2 below, that the development requirements of the Plan are insufficient and the Strategy ineffective, in not allocating additional sites in Coalville. However, these objections also address the quality of the evidence on which the boundaries of the AoSs and the constraints of Policy En5 are based.
79. With reference to national policy, AoS is not recognised as a protective designation by the NPPF. However, core principles of the NPPF are that planning should take account of the different roles and characteristics of different areas with reference to their relative environmental value, should deliver conservation of the natural landscape and should identify where development would be inappropriate. The AoSs are different from surrounding areas in their level of built development, topography and landscape and are of recognised local value in avoiding the coalescence of distinct built up areas.
80. Read in isolation, Policy En5 is restrictive and inflexible. However, in permitting rural and recreational land uses, it does not impose a complete ban on development. Nor does it impede development required to meet the housing and employment requirements of the Plan, where these can be accommodated elsewhere within the scope of the Plan Strategy. In the context of the Plan as whole, Policy En5 is justified in its terms, provided the defined boundaries of the AoSs, to which it relates, are also justified on robust evidence.
81. Land within the SFA has been considered for development in previous studies in connection with the former draft Core Strategy, which was withdrawn in 2013. Moreover, whilst the conclusions of the SFA appear robust, they are

notably equivocal as to the value of all of the land comprising the AoSs now designated by Policy En5. The local support is plainly heartfelt and genuine. However, this support, and the Council evidence in favour of the designation of the AoSs, is clearly subjective. Moreover, previous appeal decisions and High Court judgments favouring the AoSs are essentially site-specific and do not provide a direct, strategic comparison.

82. It is concluded above that the spatial distribution of new development by the Plan across the Settlement Hierarchy is broadly justified. On balance, I consider there to be overriding merit in the judgement of the Council that the AoSs, as designated, are justified for the life of this Plan, especially taking into account the established commitment to the extensive South East Coalville Urban Extension. Given the AoS designation is justified for the purpose of this Plan, there is no inconsistency between Policy En5 and the aspects of national policy, summarised above, recognising local differences.
83. Importantly though, on the evidence provided to this Examination, there is scope for reconsideration of the detailed boundaries and land uses of the AoSs, in the event that it becomes necessary, at any time in the future, for the Plan to be reviewed in the light of increased development needs.

Conclusion on Strategy

84. Overall, subject to MMs 10-12 to Policies S2 and S3, I conclude that the Strategy of the Plan in spatial terms is justified, potentially effective and sound as submitted.
85. However, that conclusion is subject to the housing and employment land requirements of the Plan also being justified, on the latest evidence of the HEDNA, and the allocated sites being both the most suitable in planning terms, and practically deliverable when needed, to implement the Strategy. These are all matters for consideration in relation to Main Issues 2 to 5 below, including the potential need for commitment to early review of the Plan.

Main Issue 2 – Housing and Employment Land Requirements

Are the overall requirements of the Plan for Housing and Employment development justified by a robust evidence base, subject to early review of the Plan according to future circumstances?

Housing Market Area and Functional Economic Market Area.

86. There is no substantive dispute that both the HMA and the FEMA are, as defined in the HEDNA and the previous SHMA, practically co-incident with the administrative area of Leicester City and the County of Leicestershire. The HMA reflects a high level of self-containment in terms of migration, housing costs and commuting flows, with Leicester City attracting workers from across the County, whilst the FEMA also relates to a wider Midlands market area based around the motorway network, especially in regard to the logistics and distribution sectors.

Evidence of Needs

87. On submission, the Plan was supported by evidence of housing and employment needs comprising essentially the County-wide SHMA, the NWL Review of Housing Requirements, the Leicester and Leicestershire Strategic Distribution Sector Study (SDSS) [EC/02] and Employment Land Study (the PACEC study) [EC/04].
88. Together, these studies identify the overall requirements, set down in Policy S1, as submitted, for 10,400 dwellings and a total of 96ha of employment land.
89. The housing figure of 10,400 units is equivalent to 520 dwellings per annum (dpa) for each of the twenty years of the Plan period 2011-31. This figure is derived by the NWL Review, in excess of the OAN calculated by SHMA of 320dpa, and includes an estimate of the effect of the approved SRFI on housing need within NWL.
90. However, it is accepted that the primary source of evidence of development need is now the County-wide HEDNA of January 2017. This develops housing and employment need figures, district by district across the HMA and FEMA for two timeframes of 2011 to 2031 and 2011 to 2036. These are related to the respective time horizons of the several local plans which the HEDNA is intended to inform. The HEDNA is also intended to inform a non-statutory Strategic Growth Plan (SGP) for Leicester and Leicestershire as well as the Strategic Economic Plan of the Leicestershire Local Enterprise Partnership (LEP). It is the figures for the period 2011 to 2031 which are relevant to the NWL Plan, as confirmed in the consideration of the timeframe of the Plan under Background Matters above.
91. For the HMA as a whole, the HEDNA concludes that the overall OAN for housing to 2031 is 96,580 dwellings, significantly higher than the 2014 SHMA upper figure of 71,655. That is compared with a theoretical total housing land availability capacity equivalent to 206,908 units. However, the assessed ability of individual authorities to accommodate their individual OAN varies widely.
92. Subject to further testing via the plan preparation process, all the HMA authorities are assessed as able to meet their own OAN except for Leicester City and Oadby and Wigston Borough, both of whom now declare unmet housing needs consequent upon increased OAN figures. However, these unmet needs remain to be quantified in the SGP in late 2017 or during 2018.
93. In contrast, for NWL the HEDNA identifies an overall OAN for housing of 9,620 new dwellings, compared with theoretical capacity of 26,301 units. This OAN figure is equivalent to 481dpa to 2031. The figure is inclusive of student housing need within NWL. The HEDNA also identifies a need for 66ha of employment land within NWL, excluding Class B8 storage and distribution uses over 9,000sqm.
94. Significantly, the housing figure is lower than that predicted by the earlier studies and contained in the submitted Plan. However, it tends to bear out the results of the internal NWL Review of Housing Requirements and imply that they are conservative.

95. The Council therefore proposes to modify the overall requirements of the Plan in line with the lower figures of the HEDNA and to defer consideration of accommodating any unmet needs from other HMA authorities to an early review of the Plan, depending on whether, and to what extent, the future SGP shows this to be necessary.
96. This approach is supported locally, especially by representatives of residents of Ashby de la Zouch, concerned at the amount of development the Plan allocates there. However, the methodology and results of the HEDNA are strongly opposed, in particular by developers, who maintain their previously expressed view that even the higher quantitative housing and employment provisions of the Plan, as submitted, are substantially below what is needed in practice.

Objective Assessment of Need for Housing

97. It is a fundamental tenet of national policy and guidance that there is no single precise means of predicting housing need. The HWP proposes the introduction of a standard common methodology of calculating OAN, as recommended by LPEG, but under policy and guidance currently applicable, there is no such recognised common approach. It is for this Report to consider whether the HEDNA provides a robust basis for the OAN for housing in NWL, rather than to judge between several competing higher assessments put forward by Representatives.
98. The HEDNA follows the PPG in taking, as its starting point, the latest official Government Household Projections published in July 2016. These are based upon the 2014-based Sub National Population Projections (SNPP) published by the Office for National Statistics (ONS). The HEDNA then takes into account the market signals and factors such as migration, economic growth, and affordable housing need identified in the PPG as influential upon the OAN figure, which excludes consideration of land supply with respect to land availability and planning constraints.
99. The HEDNA calculates the demographic housing need for NWL to be 386dpa, based on extended 10 year migration trends, and concludes that this figure should be increased to 425dpa by a 10 per cent affordability allowance regarded as realistically deliverable. There is no clear evidence available for or against any further increase for unattributed population change, such as underestimated emigration due to erroneous historic census.
100. The OAN figure of 481 is, in any event, led by a Planned Growth Scenario derived from economic structure and performance data and is considered by the HEDNA to deliver the additional market and affordable housing required.
101. However, the OAN for housing put forward by the HEDNA is challenged in other respects, in particular its approach to economic activity rates, commuting patterns and headship rates, as well as affordable housing provision.

Economic Activity Rates

102. The Planned Growth Scenario assumed for the HEDNA inflates the baseline growth assumption of 10,900 jobs to 16,700 jobs from 2011-2031, including

those expected to be generated by the SRFI. This Scenario is little questioned in itself. It is differing views of the economic activity rates of certain population age groups which give rise to claims that the OAN should be increased, due to its sensitivity to this factor.

103. However, the HEDNA has regard to three accepted data sources of the Office of Budget Responsibility (OBR) as well as Experian and Oxford Economics forecasting models, basing its conclusions on the mid-range results provided by Experian, as compared with other available forecasting models.
104. In relation to the effect of employment trends on housing need assessments, the PPG states that, where the supply of economically active residents is less than job growth, this could result in unsustainable commuting patterns.
105. The HEDNA recounts that the OBR estimates the growth in residents in employment nationally between 2014 and 2035 to be 2.5 million, significantly lower than the other forecasts, which are in excess of 4 million. The OBR figure is derived according to changes in state pension age and a range of migration and age structure scenarios, suggesting a reduction in employment rates for key 20 to 50 year old groups and overall participation rates of 76.5 per cent up to age 65 and 13.7 per cent thereafter. These results are related to fiscal sustainability and, according to the HEDNA, are contrary to known trends and therefore appear cautious.
106. In contrast, Experian provides a direct labour market forecast, with higher participation rates for the 16-65 year age group of up to 80 per cent and 16.7 per cent for those over 65. The HEDNA then compares the Experian-based HEDNA figures for economic activity and population growth rates with those predicted by Oxford Economics, concluding that they are below the OE results but equivalent in terms of population growth and related housing need. The HEDNA therefore prefers the higher Experian estimate as representing a more appropriately robust approach.
107. The HEDNA analysis of the OBR results is described as misleading by Representors, who point out that the lower activity rates it predicts could alone result in additional housing need in NWL of some 138dpa, when input to accepted forecasting models. Notably, the OBR approach is broadly favoured in the LPEG report as well as in several previous local plan examinations, whilst being rejected in a number of appeal decisions which favoured other forecasts.
108. On its own merits, the approach of the HEDNA to economic activity rates is logical and robust but remains to be considered alongside factors that affect modelling input data.

Commuting Patterns

109. The issue of commuting patterns is highlighted by the advent of the SRFI, predicted to attract some 7,000 employees, including many from outside the District.
110. The HEDNA, nevertheless, adopts the commuting assumptions of the Oxford Economics Model, as unchanging throughout the Plan period from the 2011 census data on which they are based. However, it also takes account of the

relative, expected economic growth performance of the different areas outside the District where a proportion of employees are likely to live, including those with jobs at the SRFI.

111. NWL is expected to see a compound annual employment growth rate of 1.2 per cent between 2015 and 2031. That is twice the rate of the HMA as a whole and more than twice that of the wider East Midlands. It is expected to increase in-commuting by some 4,500 employees from the several related travel to work areas bounding the northern part of the HMA. This is in contrast with Leicester City, with a lower expected annual growth of 0.3 per cent, compared with immediately neighbouring districts, and a commensurately reducing level of in-commuting.
112. Such a relatively high in-commuting level to NWL has to be considered in the context of the relationship of the major employment areas in the north of the District to surrounding travel to work areas and to the strategic transport network. The potential for the SRFI to alter commuting patterns but without leading to substantial additional local housing requirements was noted by the SoS in granting approval for the SRFI.
113. In the circumstances, the commuting patterns for NWL predicted by the HEDNA appear acceptable and robust, such that no further increase in the OAN is necessary in this connection.

Headship Rates

114. OAN is also sensitive to headship rates. A temporary fall in younger, and particularly ethnic minority household formation, evident due to the recession between the 2001 and 2011 censuses, could lead to a long-term under-prediction of household formation, if carried forward inappropriately in the OAN calculation for the Plan period. It is suggested that the OAN could be underestimated by around 50dpa due to this factor alone.
115. Importantly, the HEDNA takes its household formation assumptions from Government predictions based on census results since 1971. Unlike later Government data sets, these figures do not anticipate the more recent recessionary fall in younger household formation. Moreover, a recorded increase in the ethnic minority proportion of the NWL District population, coupled with increases in tuition fees and reductions in state benefits, make a return to pre-recession headship rates unlikely.
116. Finally, for clarity in relation to economic growth, it is noted the HEDNA only models economic-led housing need forwards from 2015. However, this is because it relies upon actual performance data for the first four years of the Plan period from 2011 to 2015.
117. On balance, there is no justification for increasing the OAN in response to headship rate predictions.

Affordable Housing Provision

118. The HEDNA identifies an affordable housing need across the HMA of twice the total demographic housing need. For NWL the notional figure is 727dpa, some 90 per cent over the demographic need of 386dpa. If, as found above,

the OAN of 481dpa is justified on the evidence, it is common sense that these amounts of affordable housing are plainly undeliverable. It is equally common sense that an increase in market housing supply over the OAN would tend to suppress prices and improve affordability. It is necessary to find an appropriate balance.

119. The HEDNA, in its analysis of market signals, finds that NWL already has the lowest land values in the HMA, being 40 per cent below national levels outside London, and the lowest house prices in the HMA outside the City of Leicester. The lower quartile house price ratio and rental affordability are both consistent with the national averages. Moreover, unlike the calculation of OAN, the modelling of affordable need includes supply side factors unrelated to OAN, including existing households releasing market dwellings on removal of occupants to an affordable home.
120. The HEDNA nevertheless reaches the reasonable conclusion that there is an evidential basis for a HMA-wide uplift in the demographic housing need to cater for affordable need. For NWL a 10 per cent adjustment on the demographic need figure would result in an addition of 38 units and a total of 424dpa. This factor seems arbitrarily derived. However, there is no evidence in the representations to provide an alternative basis for determining a realistic adjustment. Furthermore, in practice, the economic-led OAN of 481dpa represents a much greater increase of nearly 25 per cent over the demographic need figure, which would necessarily contribute also to affordability.
121. The approach of the HEDNA to the provision of affordable housing as part of the OAN is reasonable on balance and no further adjustment to the OAN is required in this connection. The viability of providing an affordable element within new housing developments remains to be considered in relation to Main Issue 4 below.

Conclusion on OAN for Housing

122. Several Representors put forward extensive alternative assessments of OAN, deriving higher figures for the OAN for housing than the 481 calculated by the HEDNA, ranging between 619dpa and 744dpa, based on future economic growth, commuting, headship and affordability assumptions. There is no doubt that accepted statistical modelling methodology is highly sensitive to input data variations related to lower rates of in-commuting, household formation and economic activity, in turn supporting improved affordability.
123. On balance however, the judgements made within the HEDNA for NWL, in particular upon headship rates and the crucial commuting ratio, are justified in support of the OAN of 481dpa, notwithstanding this is reduced from the 520dpa on which the submitted Plan was based, in response to the internal NWL Review of Housing Requirements. On the latest evidence, the reduction in the OAN now proposed would not, in itself, impinge adversely upon the effectiveness of the Plan. That does remain, nevertheless, subject to consideration of other factors, especially unmet needs from elsewhere in the HMA.

District Need for Employment Land

124. The 96ha employment land requirement of the Plan, as submitted, covers Classes B1, commercial, B2, industry and B8, distribution.
125. The HEDNA accords with the PPG in taking account of econometric forecasts of need for, and long-term past take-up rates of employment land. Based on the Planned Growth Scenario, the HEDNA concludes that there is a need in NWL for a lesser total of 66 ha of employment land overall, but this comprises 49ha Classes B1-2 industry and a further 16.8ha limited to small-scale Class B8 distribution sites under 9,000sqm.
126. The evidence of take-up of Class B1-2 sites draws on recognised commercial transaction databases. Alternative evidence from the Valuation Office Agency (VOA) is either not comparable, as it includes Class B8 sites, or is dated from before the time frame studied by the HEDNA.
127. The HEDNA recognises the contribution of renascent manufacturing in gross value added (GVA) terms, as shown by Oxford Economics, albeit coupled with some decline in employment due to improving productivity. Recognised Government data on floorspace compared with GVA data from Experian shows no correlation between floorspace demand and change in GVA.
128. In reaching its conclusions on the need for Class B8 land, the HEDNA, read with the updated SSDS, considers both future growth and replacement of storage and distribution uses, with reference to take up and availability of sites. This is viewed over the wider area of the Midlands Golden Triangle, extending to Birmingham, Nottingham and Milton Keynes and including the part of the M42/A42 corridor within NWL. The HEDNA records an increase in large-scale, online retail demand for Class B8 floor space in the Midlands.
129. For larger, Class B8 use, categorised as strategic, the HEDNA repeats the conclusion drawn from the Strategic Distribution Sector Study, as now updated [EX93], that there is a need for a total of 361ha of replacement and new strategic Class B8 land for the County as a whole up to 2031 but attempts no subdivision by district.
130. It is widely accepted that the distribution of such development is properly for consideration on a FEMA-wide basis due to cross-boundary demand and that a simplistic pro rata distribution between FEMA authorities would not be appropriate.
131. With regard to employment land needs overall, there is no effective challenge to the findings of the HEDNA in themselves.
132. Objections on grounds that the Plan is nevertheless unsound in relation to employment land provision are essentially reserved for questions of the adequacy of supply by type and location, including the replacement of employment land lost to other uses. These matters are considered below in connection with Main Issue 5.

Overall Consideration of Housing and Employment Land Requirements, Unmet Needs and Early Plan Review

133. For the above reasons, the OAN for housing of 481dpa and the overall need for employment land of 66ha identified by the HEDNA provide a robustly justified basis for the stated housing and employment land requirements of the Plan, before the application of planning constraints or other policy considerations.
134. The outstanding concern, in terms of requirements, is whether NWL should accommodate the unmet needs of the City of Leicester and the Borough of Oadby and Wigston. These unmet needs will not be clarified until the SGP is finalised at some time in the future.
135. In terms of ministerial policy and national guidance, it can properly be concluded that the Plan is sound with respect to its overall housing and employment land requirements, provided the Council is expressly committed, by adopted policy, to early review of the Plan, within a stated period after any such unmet needs to be met within NWL are identified.
136. Such early review is secured by **MM9** to Policy S1, together with amendments to its numerical requirements to accord with the foregoing findings on housing and employment needs. **MMs 1-8** are also necessary for consistency of the Plan text with the modification to Policy S1.
137. With those modifications in place, the overall requirements of the Plan for housing and employment development are justified by robust evidence. Whether the Plan is effective and sound overall is for further consideration below in relation to Main Issues 3-6 regarding the several aspects of land supply.

Main Issue 3 – Housing Land Supply

Does the Plan make effective provision in its policies and site allocations to ensure a five year supply of Housing Land and Gypsy and Traveller Sites throughout the Plan period, having regard to planning constraints, including the River Mease Special Area of Conservation and the route of the High Speed Two (HS2) rail line?

Capacity and Delivery

138. There is no question that, as indicated by the HEDNA, NWL has the planning capacity to provide for the level of housing development needed to meet its stated minimum requirement of 481dpa.
139. It is concluded in connection with Main Issues 1 and 2 above that the Strategy of the Plan is essentially sound, subject only to MMs10-12, and that its overall housing requirement is justified.
140. It remains to be considered whether the housing sites identified and allocated by the Plan are the most suitable in planning terms and would deliver the requisite numbers of dwellings in a timescale to secure a 5YHLS throughout the Plan period, as required by the NPPF.

PLAN APPENDIX 2
NWL LOCAL PLAN POLICY S1

Policy S1 – Future housing and economic development needs

Over the plan period to 2031 provision will be made to meet the housing and employment land needs of the district as identified in the Leicester and Leicestershire Housing and Economic Development Needs Assessment (January 2017).

This means that:

- provision will be made for the development of a minimum of 9,620 dwellings (481 dwellings per annum) which is the Objectively Assessed Need (OAN) and Housing Requirement for the district;
- provision will be made for 66 hectares of land for employment purposes (B1, B2 and B8 of less than 9,000sq metres)

Provision will also be made for 7,300sq metres for shopping purposes.

The Council will continue to work collaboratively with the Leicester & Leicestershire Housing Market Area (HMA) authorities to establish the scale and distribution of any additional provision that may be necessary in North West Leicestershire and elsewhere in the HMA as a result of the inability of one or more authority to accommodate its own needs as identified in the Leicester and Leicestershire Housing and Economic Development Needs Assessment.

The District Council will commence a review of this Local Plan (defined as being publication of an invitation to make representations in accordance with Regulation 18 of The Town and Country Planning (Local Planning) (England) Regulations 2012) by the end of January 2018 or within 3 months of the adoption of this Local Plan (whichever is the later). The Plan Review will be submitted for examination within two years from the commencement of the review. In the event that the reviewed plan is not submitted within two years then this Local Plan will be deemed to be out of date.



WHERE SHOULD DEVELOPMENT GO?

- 5.13 A core principle of the NPPF is to “focus significant development in locations which are or can be made sustainable”. To help do this we define a settlement hierarchy to distinguish between the roles and functions of different settlements and to guide the location of future development, although it should be appreciated that the scale and location of most new development that is needed is already committed.

Policy S2 – Settlement Hierarchy

The following Settlement Hierarchy will be used when assessing the suitability of a settlement for new development, with the general principle being that those