



## Leicester & Leicestershire Statement of Common Ground Relating to Housing and Employment Land Needs (June 2022)

<b>Corporate Priority:</b>	3: Delivering sustainable and inclusive growth in Melton 4: Protect our climate and enhance our rural natural environment 5: Ensuring the right conditions to support delivery (inward)
<b>Relevant Ward Member(s):</b>	All
<b>Date of consultation with Ward Member(s):</b>	N/A
<b>Exempt Information:</b>	No
<b>Key Decision:</b>	Yes c) Has significant impact on two or more wards in the Borough and on communities living or working in those areas
<b>Subject to call-in:</b>	Yes

### 1 Summary

- 1.1 The Leicester and Leicestershire (L&L) authorities have known for some time that Leicester City does not have sufficient land available to accommodate its housing and employment land needs in full. As with all local planning authorities, Leicester City Council has produced evidence to support their local plan which identifies the extent of capacity within their administrative area to accommodate their housing need. The evidence prepared for their consultation draft demonstrates an inability to meet their local housing and employment need.
- 1.2 The Leicester and Leicestershire authorities have been working together to deal with these unmet needs in order to comply with the Duty to Cooperate and to enable local authorities to present sound local plans to examination.
- 1.3 This report provides information on the Statement of Common Ground (SoCG) which has been prepared by the Leicester and Leicestershire authorities to demonstrate that the Duty to Cooperate in plan making has been met.

- 1.4 The key strategic matters covered are Leicester and Leicestershire Housing and Employment Needs to 2036, Unmet need to 2036, and apportioning that unmet need to 2036.

## 2 Recommendation(s)

### That Cabinet

- 2.1 **Approves the signing of the Leicester & Leicestershire Statement of Common Ground relating to Housing and Employment Land Needs, June 2022 (Appendix A)**

## 3 Reason for Recommendations

- 3.1 As part of the Local Plan process, local planning authorities must demonstrate that they have met the statutory Duty to Cooperate (DtC) on strategic matters, which can include housing and employment growth. Statements of Common Ground (SoCG) are tools which local planning authorities can use to demonstrate that the Duty to Cooperate has been met. The local planning authorities across Leicester and Leicestershire are currently progressing plans which are all at different stages of development.
- 3.2 It is considered that on the evidence to date, Melton Borough Council is expected to contribute 69 dwellings per annum towards Leicester City's unmet need to 2036. At the time of writing, this can be accommodated within the existing Melton Local Plan (2011-2036) allocations within the headroom that was built into the Plan for housing delivery.
- 3.3 The evidence presented in the HENA June 2022 (Background Paper A), indicates that Melton will need to provide an additional 10ha of employment land beyond that already allocated in the adopted Melton Local Plan to 2036. Work undertaken in the last couple of years by planning and regeneration teams has demonstrated that Melton can accommodate this within the Manufacturing Zones (MAZ) already promoted. Most MAZ land is not formally allocated within the Local Plan, and a call for employment sites will be required as part of the Local Plan Review in order for us to formally consider where to allocate employment land. However, it is not considered at this time that Melton Borough Council is in the position to declare its own unmet needs for employment land.
- 3.4 The evidence base documents appended to this report (Background Papers A-D) represent a robust, evidence based approach to quantifying the housing and employment need across Leicestershire, and the redistribution of those needs across L&L.

## 4 Background

### The June 2021 Statement of Common Ground

- 4.1 Members will be aware that a SoCG was produced in 2021 to set out the process for apportioning unmet housing need in the Housing Market Area (HMA). This was produced to support the Charnwood Local Plan, and represented the latest agreed position on housing and employment needs in L&L. That SoCG explained that:

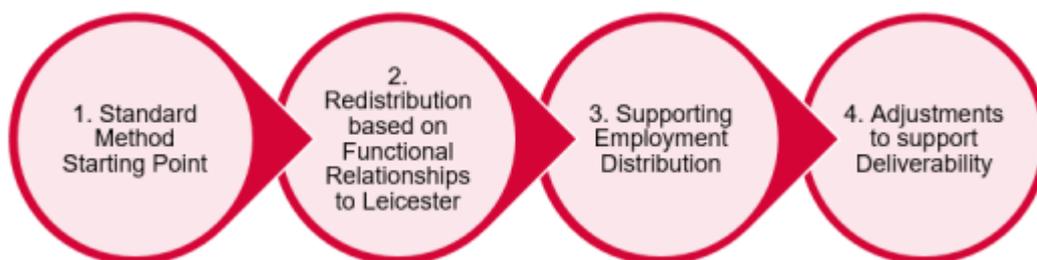
“The key strategic matters covered in this statement under the Duty to Cooperate are; L&L Housing and Employment Needs to 2036, Unmet Need to 2036 and the process of apportioning unmet need to 2036. This statement will be reconfirmed and updated as necessary, including for subsequent authorities' Local Plans.”

## Evidence informing the Statement of Common Ground

- 4.2 The June 2021 SoCG set out the process for apportioning Leicester's unmet need. It identifies the following evidence to inform the apportionment:
- Housing and Economic Needs Assessment
  - Sustainability Appraisal
  - Strategic Growth Options and Constraints Mapping
  - Strategic Transport Assessment
- 4.3 Specifically the HENA; the HENA housing and employment redistribution papers; and the Sustainability Appraisal are the key pieces of evidence that inform the Statement of Common Ground apportioning Leicester's unmet need to 2036.
- 4.4 The Strategic Transport Assessment and the Strategic Growth Options and Constraints Mapping take a longer-term perspective that will inform the next steps for the L&L Strategic Growth Plan to 2050.

### Housing and Economic Needs Assessment and Distribution Paper

- 4.5 The HENA Housing Distribution Paper identified the following steps in assessing the distribution of homes / unmet housing need across L&L:
- 4.6 The HENA considers housing provision across the HMA as a whole, having regard to a range of factors including:
- i) The functional relationship of each District / Borough with Leicester City;
  - ii) The balance of jobs and homes in each District / Borough; and,
  - iii) The deliverability of the distribution of development at a strategic level
- 4.7 In the case of Melton, the starting point of the annual Local Housing Need (standard method) at March 2022 is 231 dwellings per annum. When the functional relationship of migration and community with Leicester City is factored in, an allocation of 29 dwellings (2% of the Leicestershire total) is added to the starting point (totalling 260 dwellings). This is in consideration of supporting employment distribution, to promote a balance in the delivery of jobs and homes at a local level and limit the need to travel. The final consideration relates to supporting deliverability. In this stage, the paper reviews the



distributions made by the previous stages and considers the deliverability of that distribution of development in relation to the existing housing stock growth for each of the local authority areas. Informed by annual growth in housing stock, the HENA housing distribution paper proposes limiting stock growth at 1.4% based on evidence of ability to deliver.

- 4.8 In this case, Melton's number would remain at 260 dwellings per annum. However, in Melton's case it is considered appropriate to adjust the figure to align with the residual requirement in our adopted Local Plan to 2036, i.e. 300 dwellings per annum. This number

was justified in our Local Plan on the basis of supporting investment in strategic infrastructure (the Melton Mowbray Distributor Road), economic growth and affordable housing delivery.

- 4.9 The methodology applied to the whole HMA addresses the unmet need and results in a redistributed housing provision that differs from the standard method starting point as outlined below. The stock growth is listed for reference:

<b>Authority</b>	<b>Housing Provision 2020-2036</b>	<b>Annual Proposed redistributed Housing Provision</b>	<b>Stock Growth</b>
<b>Leicester</b>	20,720	1,295	0.9%
<b>Blaby</b>	10,985	687	1.4%
<b>Charnwood</b>	19,025	1,189	1.4%
<b>Harborough</b>	10,515	657	1.4%
<b>Hinckley and Bosworth</b>	10,542	659	1.2%
<b>Melton</b>	4,800	300	1.2%
<b>NW Leicestershire</b>	10,976	686	1.3%
<b>Oadby and Wigston</b>	3,840	240	1.0%
<b>L&amp;L Total</b>	<b>91,404</b>	<b>5,713</b>	<b>1.2%</b>

### **Unmet Employment Need**

- 4.10 As set out in Appendix A, there is unmet employment need within the HMA. The HENA Employment Distribution Paper (Background Paper B) concludes that most of this unmet need to 2036 can be, and is most suitably provided for in Charnwood Borough.
- 4.11 Further employment land is required as outlined in the HENA report. Melton Borough will need to provide for c.10ha to 2036 in addition to that already allocated in the Local Plan. Please see paragraph 3.3 above.

### **Sustainability Appraisal**

- 4.12 A Sustainability Appraisal (SA) is an important tool used in plan making by setting out the environmental, social and economic effects of different options. Although there is no formal requirement for the use of SA in testing different scales and distributions of unmet need, it is a useful tool in making a robust decision within the SoCG.
- 4.13 The SA tested the following five spatial options:
- i) Local Plan Roll Forward
  - ii) Equal share (amongst the LPAs)
  - iii) Focus on Strategic Sites
  - iv) Near Leicester Area
  - v) HENA distribution

- 4.14 The findings of the SA demonstrate the HENA distribution option (option 5) performs as well or better than the alternatives for most sustainability topics, and that, at this stage, the HENA distribution can be accommodated in a broadly sustainable way.
- 4.15 It is worth noting the specific role of the SA in this instance. The SA acts as a sense check to compare reasonable alternatives options, including the HENA at the strategic level. It will be for Melton Borough Council to identify the most sustainable strategy and sites to accommodate the unmet need should it become evident at any point that it cannot be delivered within our existing housing allocations. The SA that accompanies a new Local Plan would also test the different options of the precise distribution of housing within the Borough.
- 4.16 The SA itself, prepared at strategic level cannot be used to show that a particular borough or district can or cannot accommodate any further growth. This is for the evidence produced by the local planning authority to inform their local plan.

#### **Leicester's land supply and unmet need**

- 4.17 The L&L authorities have known for some time that Leicester City does not have sufficient land available to accommodate its housing and employment land needs in full. As with all local planning authorities, Leicester City Council has produced evidence to support their local plan which identifies the extent of capacity within their administrative area to accommodate their housing need. The evidence prepared for their consultation draft demonstrates an inability to meet their local housing and employment need. Officers are satisfied that the City Council has taken a robust approach to this evidence.
- 4.18 The government publication of a revised standard method for calculating housing need in December 2020 saw Leicester's housing need increase by 35%. This added a further 9,712 homes to their need between 2020 and 2036 (607 homes per year).
- 4.19 In March 2022 the government published new data (affordability ratios) which must be reflected in the standard methodology. As a result, housing need in Leicester increased by a further 2,800 homes to be met by 2036. 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 18,700 homes to be accommodated in the Leicestershire Districts / Boroughs. The unmet employment need remains at 23 hectares.
- 4.20 This will inevitably evolve over time, if the unmet need changes significantly in future this will trigger a need to review and update the SoCG as appropriate.

#### **Statement of Common Ground June 2022**

- 4.21 Taking into account the proposed distribution contained within the HENA distribution papers, and the conclusions of the Sustainability Appraisal, the SoCG sets out the recommended apportionment of housing and employment.
- 4.22 The table at para 4.9 of this report is contained within the SoCG confirming how the unmet need of 1,169 dwellings per annum can be apportioned within the HMA.

#### **Matters of disagreement**

- 4.23 National Guidance indicates (amongst other things) that SoCG's should document where effective cooperation is and is not happening. As well as setting where agreements have been reached on key strategic matters such as unmet need, including the process for reaching agreement, they are also a record where agreement has not been reached by all parties.

- 4.24 Hinckley and Bosworth Borough Council (HBBC) do not agree to the final step in the HENA Housing Distribution Paper (Background Paper B) which considers deliverability (including housing stock growth) and apportsions 197 homes per year of Leicester's unmet housing need. HBBC consider the accommodation of the 197 homes per year shortfall should be tested as part of each authority's Local Plan process. HBBC consider that a contribution of 102 homes per year to be an initial justified apportionment of Leicester's unmet need for HBBC.
- 4.25 This position is not shared by the other authorities within the HMA. As such, this is reflected in the matters of disagreement of the SoCG in Appendix A.

## **5 Main Considerations**

- 5.1 To get a local plan in place, each individual local planning authority must be able to demonstrate that they have complied with the Duty to Cooperate and National Policy. A Statement of Common Ground dealing with the unmet need issue will be a critical part of each individual authority's evidence to demonstrate compliance. An authority not approving a SoCG on Leicester's unmet need carries a significant risk to the authority's ability to adopt a local plan in future.
- 5.2 Melton Borough Council built in significant 'headroom' to the proposed housing delivery in preparing its local plan to deal with Leicester City's unmet need (which was known but unquantified) at the time of the Plan's examination. This was both to encourage strategic investment and provide more affordable housing. As stated above, the number of dwellings allocated to Melton Borough Council as part of the redistribution of Leicester City's unmet need can be met within the existing housing allocations within the adopted Melton Local Plan.
- 5.3 Officers are confident that the additional 10ha of employment land can be found and allocated as appropriate during the Local Plan Review. Work that was undertaken recently for the Manufacturing Zones (MAZ) around Melton identified in excess of 10ha of land in sustainable locations around the town. Work was undertaken with landowners at the time in respect of deliverability. Additionally, further employment land should ensure that further jobs are provided for in Melton, allowing those who move to the area the ability to work locally.
- 5.4 It is important that Melton Borough Council signs the Statement of Common Ground to allow the progression of Local Plan work across L&L authorities.
- 5.5 The Statement of Common Ground as appended to this report at Appendix A is also being considered by other authorities in Leicestershire with the same recommendation for approval.
- 5.6 Charnwood Borough Council's Local Plan Examination in Public has which was programmed for 4 weeks, commencing 28<sup>th</sup> June 2022 has been paused to allow for this process to conclude across Leicester and Leicestershire authorities.

## **6 Options Considered**

- 6.1 The only alternative option would be to reject the SoCG. However, in doing so, the Cabinet would be ignoring the evidence that has been produced to support the SoCG. This would compromise the Council's ability as a local planning authority to demonstrate it has met its Duty to Cooperate, and therefore hinder the progress of emerging Local Plans

across Leicester and Leicestershire, and potentially the upcoming review of the Melton Local Plan.

## **7 Consultation**

- 7.1 Relevant internal consultations have taken place. External consultation on this matter is not considered to be required or appropriate as the evidence is tested as part of each individual authority's Local Plan process.
- 7.2 Formal public consultations will take place separately on the upcoming review of the Melton Local Plan in accordance with the Regulations.

## **8 Next Steps – Implementation and Communication**

- 8.1 Should the report recommendations be accepted, the SoCG will be signed. No formal communications are planned specifically relating to this.
- 8.2 The work is published on the [Leicester and Leicestershire Strategic Plan website](#) alongside all strategic work undertaken in Leicester and Leicestershire.

## **9 Financial Implications**

- 9.1 There are no cost implications to this report over and above the provision for the Local Plan made within existing budgets.
- 9.2 The Statement of Common Ground further cements joint working opportunities for evidence production for plan making across Leicestershire. This includes the evidence referred to throughout this report. Melton Borough Council has made a financial contribution to pay for this evidence equal to that of the other authorities in Leicestershire.

**Financial Implications reviewed by: Director for Corporate Services**

## **10 Legal and Governance Implications**

- 10.1 The Duty to Cooperate was introduced by the Localism Act 2011 and is set out in section 33A of the Planning and Compulsory Purchase Act 2004. It places a legal duty on local planning authorities and county councils in England, and prescribed public bodies to engage constructively, actively and on an ongoing basis to maximise the effectiveness of local plan preparation in the context of strategic cross-boundary matters.
- 10.2 Paragraphs 24-27 of the National Planning Policy Framework set out the expectations for 'effective cooperation' between key stakeholders in plan making and introduces the requirement of the Statement of Common Ground.
- 10.3 Section 33A of the Planning and Compulsory Purchase Act enables local planning authorities and other public bodies to consider entering into agreements on joint approaches, so local planning authorities should demonstrate that this has been considered at examination. If plans are not being brought forward at the same time, authorities can enter into formal agreements, which are expected to be set out in a statement of common ground. (Plan Making Guidance at <https://www.gov.uk/guidance/plan-making> para 032, ref ID 61-032-2019035)

**Legal Implications reviewed by: Deputy Monitoring Officer 04.07.22**

## 11 Equality and Safeguarding Implications

11.1 There are no equality and safeguarding implications in making this decision.

## 12 Community Safety Implications

12.1 There are no community safety implications in making this decision

## 13 Environmental and Climate Change Implications

13.1 There are no immediate environmental and climate change implications in making this decision, however the distribution of the unmet need across L&L authorities has been subject to Sustainability Appraisal.

13.2 Any new allocations of employment and/or housing land in the Melton Local Plan considered as part of the Local Plan Review will be subject to Sustainability Appraisal.

## 14 Other Implications (where significant)

14.1 None

## 15 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	The potential to not meet the legal requirement of Duty to Cooperate on strategic matters and the demonstration of this through SoCG.	Low	Critical	Medium Risk
2	Inability to allocate further employment land through the Local Plan Review	Very Low	Critical	Medium Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High				
	4 Significant				
	3 Low			1	
	2 Very Low			2	

	1 Almost impossible				
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Risk No	Mitigation
1	Continuing to work collaboratively with the authorities across Leicestershire in evidence production; and ensuring the ongoing Duty to Cooperate process is maintained throughout the production of local plans across L&L. Approval of the Cabinet to sign the SoCG is part of this process.
2	Continue to work collaboratively with landowners in respect of bringing their sites forward in a call for sites relating to employment land.

## 16 Background Papers

- 16.1 A - Leicester & Leicestershire Housing & Economic Needs Assessment Main Report – June 2022
- 16.2 B - Leicester & Leicestershire Housing & Economic Needs Assessment Housing Distribution Paper – June 2022
- 16.3 C - Leicester & Leicestershire Housing & Economic Needs Assessment Employment Distribution Paper – June 2022
- 16.4 D - Leicester and Leicestershire Authorities SoCG Sustainability Appraisal Report – June 2022

## 17 Appendices

- 17.1 Appendix A - Leicester & Leicestershire Authorities – Statement of Common Ground relating to Housing and Employment Land Needs – June 2022

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