



**Policy, Finance and
Development
Committee**

**Tuesday 23
September 2014**

Matter for Decision

**Title: Leicester and Leicestershire Housing Market Area
Memorandum of Understanding
relating to Objectively Assessed Need for Housing**

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1. Introduction

- 1.1 Given the requirements of the Duty to Co-operate, it is essential that the Borough Council works in partnership with other councils in the Housing Market Area over strategic planning policy matters.
- 1.2 The primary purpose of the Memorandum of Understanding is to meet the requirements of the Planning Inspector currently carrying out the examination of the Charnwood Local Plan Core Strategy. The document also sets the context for joint working over other strategic planning policy matters required to enable the preparation of Local Plans across Leicester and Leicestershire covering the periods to 2031 and 2036.

2. Recommendations

- 2.1 It is recommended that Members:
 1. Give their approval for the Council to become a signatory to the 'Leicester and Leicestershire Housing Market Area Memorandum of Understanding relating to Objectively Assessed Need for Housing' as attached at Appendix 1.
 2. Provide delegated authority for the Planning Policy and Regeneration Manager, in consultation with the Leader of the Council, to agree any subsequent changes to the Memorandum of Understanding that may arise through the Leicester and Leicestershire Member Advisory Group prior to signing the document. The Leader of the Council is the Borough Council's member representative on the Member Advisory Group.

3. Information

- 3.1 Since the abolition of the Regional Plan for the East Midlands and the Regional Planning Body through the Local Act district councils are required to work together to deliver the strategic planning policy function at a Leicester and Leicestershire level (the Housing Market Area) under the statutory 'Duty to Co-operate'. This include developing a jointly agreed strategy for the location of growth, assessing the need for housing and other major land uses and determining the distribution of this growth.

- 3.2 In order to respond to this requirement a Leicester and Leicestershire Member Advisory Group has been established to bring together lead members for strategic planning policy matters across Leicester and Leicestershire. Although this group does not have any decision making powers it does fulfil a valuable role in enabling discussion over matters of principle and endorsing key documents and approaches prior to formal decisions being taken within each respective council. The Leader of the Council is the Borough Council's member representative on the Member Advisory Group.
- 3.3 The Leicester and Leicestershire Member Advisory Group is supported by the Leicester and Leicestershire Housing, Planning and Infrastructure Officer Group which in turn forms part of the administrative structure of the Leicester and Leicestershire Enterprise Partnership.
- 3.4 Following the outcome of several Core Strategy Examinations it was determined that evidence relating to future housing provision needed to be updated through the joint commissioning of a new Leicester and Leicestershire Strategic Housing Market Assessment by the local planning authorities. The purpose of the Strategic Housing Market Assessment was to assess the 'policy off' objectively assessed need for housing in Leicester and Leicestershire and not where the need will be met which can be influenced by policy decisions – 'policy on'. This is in line with the requirements of the National Planning Policy Framework.
- 3.5 The outcome of the Leicester and Leicestershire Strategic Housing Market Assessment was reported to Policy Finance and Development Committee on 22 July 2014.
- 3.6 The Charnwood Local Plan Core Strategy was the first to undergo examination by The Planning Inspectorate under the 'Duty to Co-operate'. The Planning Inspector was concerned that the document had not taken account of the new Leicester and Leicestershire Strategic Housing Market Assessment which was ongoing at the time of the examination. As a result, the examination was suspended until January 2015 pending publication of the Strategic Housing Market Assessment, the consideration of the overall housing distribution and therefore the role of Charnwood in the HMA.
- 3.7 A Memorandum of Understanding has been prepared in order to allow the councils to document the approach that has been taken in this regard. It has been prepared purely as an evidence based document. It includes the range of the objectively assessed need as identified by the Leicester and Leicestershire Strategic Housing Market Assessment by local authority area between 2011 and 2028 (which is the period covered by the Charnwood Local Plan).
- 3.8 The Memorandum of Understanding notes that:

'All authorities in the area have completed their own Strategic Housing Land Availability Assessment to an agreed common methodology. Based on these technical assessments and transport capacity work led by the County Council, all authorities are able to accommodate the upper figure in the [range] within their own area'.

3.9 The Memorandum of Understanding also notes that:

'In determining housing targets in their Local Plans, local authorities should take account of the requirements of national policy and local circumstances, including basing those plans on a strategy that seeks to meet the objectively assessed need for homes. In this regard, it should be noted that all authorities in the Housing Market Area are at different stages of plan preparation. Those authorities that do not have an up-to-date adopted plan or are reviewing an adopted plan are likely to be progressing plans with horizon dates of 2031 or 2036. In determining their housing target over the relevant plan period each authority will take account of all relevant evidence.'

3.10 The Memorandum of Understanding also sets out how the local authorities will work together to support local plan reviews in the future.

'To cover the period from 2028 to 2031, specific transport modelling for significant new development proposals will be completed, as appropriate by the County and City highway authorities, within a time period to meet the respective local plan preparation programmes for each authority. The programme of transport modelling required will be agreed and commissioned by the relevant local planning and highway authorities as soon as possible and authorities will use their best endeavours to ensure completion no later than the end of January 2015.'

'Beyond 2031 there is a need to articulate a longer term strategy for the spatial development of the Housing Market Area to ensure that opportunities for future economic growth are maximised. This strategy will need to set out how future growth and development will be promoted and accommodated through Local Plans, particularly those with end dates of 2036. A project plan and timeline will be developed for this work as soon as possible. The work will be commissioned and managed by the Housing, Planning and Infrastructure Group and be completed in accordance with the agreed timetable to be included in the project plan.'

3.11 It is intended therefore, that the Memorandum of Understanding supports the Charnwood Core Strategy and a resumption of its examination, recognises the different positions of local plan reviews across Leicester and Leicestershire and sets out the approach towards the joint working that is necessary at a strategic level to enable individual local authorities to develop and bring forward their own local plans.

3.12 At its meeting on 26 June 2014, the Leicester and Leicestershire Member Advisory Group:

- i) Endorsed the Memorandum of Understanding approach for the authorities, setting out levels of need for additional housing and that this can be met between 2011 – 2028, for the initial purpose of supporting the Charnwood Local Plan;
- ii) [Agreed] to seek approval of the Memorandum of Understanding through [each] Councils' formal decision-making processes; and
- iii) [Agreed] to note progress on the transport modelling and longer term growth strategy work that will be developed and brought to the next Member Advisory Group meeting in September.

- 3.13 The preparation of the Memorandum of Understanding, its endorsement by the Leicester and Leicestershire Member Advisory Group and the subsequent approvals sought of each council in Leicester and Leicestershire represents an important and essential step forward in meeting the requirements of the Duty to Co-operate and thus providing a firm basis upon which each Council can develop and bring forward its own local plan.

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Implications	
Legal (KG)	The Memorandum of Understanding has been considered by the Council's legal team prior to its endorsement by the Leicester and Leicestershire Member Advisory Group and raised no matters of concern.
Financial (PL)	At its meeting on 22 July 2014 Policy, Finance and Development Committee gave its approval for the Council to contribute towards the costs of a Leicester and Leicestershire Joint Strategic Planning Manager, which has prepared the Memorandum of Understanding in discussion and agreement with the Council's Planning Policy staff.
Equalities (KG)	An Equalities Impact Assessment has not been completed for the Memorandum of Understanding as an Equalities Impact Assessment will be undertaken of the Local Plan.
Risk (AT)	CR4: Reputation Damage: The Memorandum of Understanding demonstrates the signatories commitment to meeting the requirements of the Duty to Co-operate, thus reducing the risk of the Council's Local Plan being found unsound on this basis

APPENDIX 1

Leicester & Leicestershire Housing Market Area

A Memorandum of Understanding relating to Objectively Assessed Need for Housing – July 2014

1.0 Introduction

- 1.1 The National Planning Policy Framework (NPPF) requires local planning authorities to have a clear understanding of housing needs in their area. To achieve this, they should prepare a Strategic Housing Market Assessment (SHMA) to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period¹. This is a key part of the evidence base to address the NPPF requirement of ensuring that Local Plans meet the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in the Framework².
- 1.2 The Localism Act 2011 places a Duty to Co-operate on local planning authorities and county councils³. This requires them to engage constructively, actively and on an on-going basis in the preparation of development plan documents where this involves strategic matters. National policy in the NPPF adds to this statutory duty as it expects local planning authorities to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts.

2.0 The Leicester and Leicestershire Housing Market Area

- 2.1 The Leicester and Leicestershire Housing Market Area covers the administrative areas of all nine Leicester and Leicestershire local

¹ National Planning Policy Framework, paragraph 159.

² NPPF, paragraph 47.

³ Localism Act 2011, section 110.

authorities, all of whom are signatories to this Memorandum, namely:

- Blaby District Council
- Charnwood Borough Council
- Harborough District Council
- Hinckley and Bosworth Borough Council
- Leicester City Council
- Leicestershire County Council
- Melton Borough Council
- North West Leicestershire District Council
- Oadby and Wigston Borough Council

3.0 Demonstrating the Duty to Co-operate and meeting the requirements of the National Planning Policy Framework

- 3.1 The purpose of this Memorandum of Understanding (MOU) between the authorities is to support the Charnwood Borough Local Plan, which is the subject of an Examination; and to set out how the local authorities will collaborate further to ensure the necessary joint evidence is in place to support subsequent Local Plans that will come forward. In this respect, it is intended to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts⁴.
- 3.2 The eight district and city planning authorities within the Housing Market Area, together with Leicestershire County Council, have collaborated to meet the requirements of the NPPF as set out in section 1.0. The main output from this collaboration is a joint SHMA⁵, which identifies the scale and mix of housing needed across the Area between 2011 and 2031; and between 2011 and 2036.
- 3.3 National policy requires the authorities to be able to demonstrate both that they have a clear understanding of their full housing needs across the Housing Market Area; and whether they can meet this need in full in their own area⁶. To enable an understanding of capacity to

⁴ NPPF, paragraph 181.

⁵ *The Leicester and Leicestershire Strategic Housing Market Assessment*, June 2014.

⁶ Paragraph 179 of the NPPF says: 'Joint working should enable local planning authorities to work together to meet development requirements which cannot wholly be met within their own areas – for instance, because of a lack of

accommodate additional housing, the NPPF further requires local planning authorities to prepare a Strategic Housing Land Availability Assessment (SHLAA) to establish realistic assumptions about the availability, suitability and the likely economic viability of land to meet the identified need for housing over the plan period⁷.

- 3.4 The table below sets out the objectively assessed need for additional housing in the Housing Market Area between 2011 and 2028, which is the period covered by the Charnwood Borough Local Plan.

Local Authority	Objectively Assessed Need 2011 to 2028⁸
Blaby District Council	6,120 - 7,140
Charnwood Borough Council	13,770 - 13,940
Harborough District Council	7,055 - 8,075
Hinckley and Bosworth Borough Council	6,375 - 7,650
Leicester City Council	21,250 - 22,950
Melton Borough Council	3,400 - 4,250
North West Leicestershire District Council	4,845 - 5,950
Oadby and Wigston Borough Council	1,360 - 1,700
HMA TOTAL	64,175 - 71,655

Source: Strategic Housing Market Assessment

- 3.5 All authorities in the Area have completed their own SHLAA to an agreed common methodology. Based on these technical assessments and transport capacity work led by the County Council, all authorities are able to accommodate the upper figure in the above table within their own area.

- 3.6 In determining housing targets in their Local Plans, local authorities should take account of the requirements of national policy and local circumstances, including basing those plans on a strategy that seeks to

physical capacity or because to do so would cause significant harm to the principles and policies of this Framework’.

⁷ NPPF, paragraph 159.

⁸ The figures in this column are derived by annualising the objectively assessed need from the SHMA for the period 2011 to 2031 and applying these figures to the period 2011 to 2028. The figures are, therefore, the same as the SHMA except that they cover three years less.

meet the objectively assessed need for homes. In this regard, it should be noted that all authorities in the Housing Market Area are at different stages of plan preparation. Those authorities that do not have an up-to-date adopted plan or are reviewing an adopted plan are likely to be progressing plans with horizon dates of 2031 or 2036. In determining their housing target over the relevant plan period each authority will take account of all relevant evidence.

- 3.7 Against this background, the authorities are able to confirm that for the purposes of the Charnwood Borough Local Plan examination the full need for homes within the Housing Market Area in the above table can be met, meaning there is no unmet requirement in the Housing Market Area to at least 2028.

4.0 Further work to support Local Plan reviews

- 4.1 To cover the period from 2028 to 2031, specific transport modelling for significant new development proposals will be completed, as appropriate by the County and City highway authorities, within a time period to meet the respective local plan preparation programmes for each authority. The programme of transport modelling required will be agreed and commissioned by the relevant local planning and highway authorities as soon as possible and authorities will use their best endeavours to ensure completion no later than the end of January 2015.
- 4.2 Beyond 2031 there is a need to articulate a longer term strategy for the spatial development of the Housing Market Area to ensure that opportunities for future economic growth are maximised. This strategy will need to set out how future growth and development will be promoted and accommodated through Local Plans, particularly those with end dates of 2036. A project plan and timeline will be developed for this work as soon as possible. The work will be commissioned and managed by the Housing, Planning and Infrastructure Group and be completed in accordance with the agreed timetable to be included in the project plan.

5.0 Conclusion

- 5.1 The purpose of this MOU is formally to record and make public the local authorities' agreement under the Duty to Co-operate to the position as set out in this Memorandum. This MOU has been endorsed by Members of each of the nine local authorities at a meeting of the joint Member Advisory Group on 24th July 2014.
- 5.2 The nine authorities that form signatories to this Memorandum agree, therefore, that the figures in the table above represent the level of objectively assessed need in each district in order to meet the overall

identified need for additional housing within the Leicester and Leicestershire Housing Market Area between 2011 and 2028; and that based on SHLAAs and transport capacity work led by the County Council such levels of additional housing are able to be accommodated by each district in which the need arises.