

Title of Report	LOCAL PLAN REVIEWS – UPDATE	
Presented by	Ian Nelson Planning Policy Team Manager	
Background Papers	Local Plan Partial Review – proposed main modifications National Planning Policy Framework Strategic Housing and Economic Land Availability Assessment 2019	Public Report: Yes
Financial Implications	The cost of the review is met from existing budgets which are reviewed as part of the annual budget setting process.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	Legal implications considered in the preparation of this report	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	None identified	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To provide an update for Members in respect of the Local Plan reviews.	
Recommendations	THAT LOCAL PLAN COMMITTEE: (I) NOTES THE PROGRESS ON THE LOCAL PLAN PARTIAL REVIEW; (II) NOTES THE SUGGESTED TIMETABLE FOR THE SUBSTANTIVE REVIEW; (III) AGREES TO UPDATING THE LOCAL DEVELOPMENT SCHEME WHEN THERE IS GREATER CLARITY IN RESPECT OF THE TIMETABLE FOR THE STATEMENT OF COMMON GROUND TO BE AGREED BY ALL OF THE LEICESTER AND LEICESTERSHIRE AUTHORITIES; (IV) AGREES TO TESTING THE FOUR GROWTH OPTIONS SET OUT AFTER PARAGRAPH 3.25 OF THE REPORT ; AND (V) NOTES THE PROPOSALS TO DEVELOP THE EVIDENCE BASE	

1 INTRODUCTION

- 1.1 This report sets out for members an update in respect of both the Partial and Substantive Reviews of the adopted Local Plan.

2. THE PARTIAL REVIEW

Modifications

- 2.1 The hearing sessions at the Examination concluded on 17 September 2020. It should be noted that the Examination itself is ongoing until such time as the Inspector submits her final report to the Council.
- 2.2 At the end of the hearing session officers were requested by the Inspector to prepare a number of main modifications that arose from the various discussion which took place at the hearing sessions. These were drafted and agreed with both the Portfolio Holder for Planning and Regeneration and the Inspector and they were also subject to an updated Sustainability Appraisal Report.
- 2.3 The Inspector asked the Council to undertake consultation on these main modifications. This was without prejudice to the Inspector's ultimate conclusions and recommendations on the Local Plan. The proposed main modifications were published for a 6-week consultation period starting on 30 November 2020. The consultation closes on 10 January 2021.
- 2.4 In addition to the main modifications and the accompanying Sustainability Appraisal Report, a number of minor modifications were also published. These largely seek to update the document, avoid duplication and improve clarity and presentation. They do not alter the overall impact of the Local Plan, change its direction or affect the substance or soundness of the document. The minor modifications have not been assessed through the Sustainability Appraisal and will not be considered by the Inspector as they are not relevant to her final report.

Next steps

- 2.5 Following the close of the consultation officers will need to go through the responses and prepare a schedule for the Inspector which addresses any comments made. The Inspector will need to decide in the light of comments received whether the next steps will be; preparation and submission of her final report to the Council, the publication of further modifications or further hearing sessions.
- 2.6 In the event that the Inspector recommends that the revised Local Plan can be adopted this will then be subject to a report to Council for adoption.

3 THE SUBSTANTIVE REVIEW

Timetable for review

- 3.1 Following the completion of the hearing sessions and the publication of the proposed modifications as outlined above, there is now a clearer direction of travel for the Substantive Review.
- 3.2 The proposed modifications require submission of the Substantive Review to the Secretary of State within 18 months of whichever is the earliest of:
 - a Statement of Common Ground being agreed; or
 - 21 May 2021
- 3.3 The Statement of Common Ground (SoCG) will deal with the issue of the redistribution of unmet need from Leicester City. The proposed modifications make clear that the SoCG will be taken to be agreed when all of the respective authorities have signed it off. Work on the SoCG is proceeding with a view to getting the agreement of the Leicester and Leicestershire Housing Market area wide Member Advisory Group (MAG). Once it has been agreed by MAG it will be necessary for each individual authority to sign off its agreement to the SoCG.

- 3.4 There is no firm timetable for the agreement of the SoCG, but it is considered unlikely that this would happen before the end of February 2021 at the earliest.
- 3.5 On the basis of the proposed modifications this would require submission of the Substantive Review by end of August 2022.
- 3.6 If a SoCG is not agreed or slips significantly, then submission of the Substantive Review would be required by 21 November 2022 (i.e. 18 months on from 21 May 2021). This date accords with the requirement for local plans to be reviewed every five years (i.e. the Local Plan was adopted on 21 November 2017).
- 3.7 When there is greater clarity regarding the timetable for the agreement of the SoCG then a revision will be made to the Council's Local Development Scheme. However, at this stage it is suggested that a required submission date of end of August 2022 be assumed.
- 3.8 Such a timetable is very challenging. In particular, there is still significant uncertainty regarding future housing and employment requirements and also any implications arising from any changes to the planning system which the government may proceed with following the recent consultations on planning reform, including revisions to the standard method used to calculate housing requirements.

The Development Strategy

- 3.9 The National Planning Policy Framework (NPPF) requires that plans should "*set out an overall strategy for the pattern, scale and quality of development and make sufficient provision for:*
- a) *housing (including affordable housing), employment, retail, leisure and other commercial development ...*".
- 3.10 Therefore, a key part of the local plan preparation process is to set out a development strategy that identifies both:
- the overall amount of new development that needs to be provided for, principally housing and employment, and
 - where this development should go.
- 3.11 There is no single right approach, but to satisfy the test of soundness it must be (NPPF paragraph 35) "*an appropriate strategy, taking in to account the reasonable alternatives, and based on proportionate evidence*".
- 3.12 The consideration of "reasonable alternatives" is a key task of the Sustainability Appraisal (SA) process. The issue of "reasonable alternatives" has been the subject of a number of legal challenges and judgements in recent years. These highlight that any alternatives that are to be tested need to be 'reasonable' but that it is not necessary to test all possible options.
- 3.13 There is an intrinsic link between the quantum of development that needs to be accommodated and any "reasonable" alternatives. For example, if there is a small requirement (say 1,000 dwellings) having an option for a new settlement of 5,000 dwellings could be considered unreasonable; it is clearly in excess of any requirements and so would raise serious concerns regarding its sustainability credentials (other aspects notwithstanding).
- 3.14 Any future development strategy options need to consider the following two elements:
- how much development is to be provided for; and
 - where should development be located.
- 3.15 The latter aspect links to the issue of a settlement hierarchy to guide future development.

Amount of housing development to be provided for

- 3.16 There is still uncertainty regarding the overall scale of development which may need to be provided for. This is because whilst the government has published its proposed changes to the standard method, these have yet to be confirmed. Recent statements in the planning press suggest that the government are going to make further changes to the standard method. The Housing Minister recently stated that *“The present methodology doesn’t provide the numbers of homes that we need and in some areas affordability is low. We will bring forward our final recalculation of housing need as soon as we can. But I would say that numbers being bandied around by Lichfields and other experts are entirely speculative.”*
- 3.17 The reference to Lichfields refers to the generally accepted estimate of needs based on the proposed changes to the standard method which for North West Leicestershire is 1,153 dwellings per annum.
- 3.18 In a further announcement The Ministry of Housing, Communities and Local Government (MHCLG) has confirmed reports that the government is to revise its proposed new standard housing need method to *“rebalance”* the so-called 'algorithm' *“so that more homes are built in urban areas, particularly in the Midlands and the North”*.
- 3.19 The above suggests, therefore, that further changes to the housing requirement can be anticipated. In addition, the possible redistribution of unmet need from Leicester City has yet to be resolved. However, it would not be appropriate to wait until these matters are resolved before pressing ahead with the review.
- 3.20 The government has yet to amend the Planning Practice Guidance in respect of undertaking Housing and economic needs assessment to refer to the 2018-based household projections; it still refers to the 2014-based projections. Notwithstanding this, it is considered that at this time it would be prudent to assume that the government will (whatever changes are made to the standard method) confirm that the 2018-based household projections are to be used, as these are the most up-to-date projections available.
- 3.21 In terms of the local need (i.e. that specific to North West Leicestershire); three scenarios are suggested for testing as set out below:

Scenario	Annual Amount	Source
Low	672	Standard Method not revised with 2018 based household projections with cap
Medium	910	Standard Method not revised with 2018 based household projections without cap
High 1	1,153	Standard Method revised with 2018 based household projections

- 3.22 These all take account of the 2018-based household projections as these are the latest projections, but the low and medium scenarios are based on the current standard method with and without the cap respectively, whilst the high scenario is based on the suggested revised standard method upon which the government recently consulted For the reasons set out at paragraph 3.20 none of these scenarios are based on the 2014-based household projections. By way of comparison, the 2014-based projections produce a requirement of 379-dwellings each year.
- 3.23 A further scenario (High 2) is suggested which seeks to take account of the issue of unmet need from Leicester City. As noted above, work is currently taking place to address this matter and so there is not currently a definitive figure available. Therefore, it is suggested

that at this time it would be appropriate to build in an assumed additional proportion of growth. A figure of 20% above the High 1 scenario is suggested.

Scenario	Annual Amount	Source
High 2	1,384	Standard Method revised with 2018 based household projections plus 20% to account for taking unmet need from Leicester City

3.24 In the event that the proposed changes to the standard method are confirmed by the government then it is understood that Leicester City would no longer have an unmet need and so the High 2 scenario would no longer be considered to be reasonable. However, it would not be prudent to delete this scenario at this time.

3.25 Taking the annual figures set out above and assuming a plan period of 2020-39, the following overall requirements would arise.

Scenario	Annual Amount (a)	Number of plan years (b)	Total Requirement 2020-39 (a x b)
Low	672	19	12,768
Medium	910	19	17,290
High 1	1,153	19	21,907
High 2	1,384	19	26,296

3.26 To put these figures in to context, as at April 2020 it is estimated that there were 46,295 dwellings in the district (Housing Flows Reconciliation Return form MHCLG, 2020). The above requirements would result in an increase in the number of dwellings of between about 28% and 57%. By way of comparison, using the 2014-based projections the total requirement would be 7,201, an increase of 15.5%.

3.27 It will be appreciated that we are not starting with a blank sheet of paper; a significant amount of new housing development is already committed, whether it has the benefit of planning permission or is an allocation in the adopted Local Plan. Using the figures in the latest housing trajectory (April 2020 based) up to 2031, (the end date of the adopted Local Plan) it is estimated that 6,702 dwellings will be completed. A number of the larger developments (e.g. South-East Coalville) will not be completed until after 2031. When these are taken in to account as well, the total number of dwellings which it is projected will be built by 2039 is 8,784. When this is deducted from the requirements in the various scenarios the following shortfall in provision results.

Scenario	Annual Amount	Total Requirement 2020-39	Total projected provision	Shortfall
Low	672	12,768	8,784	3,984
Medium	910	17,290	8,784	8,506
High 1	1,153	21,907	8,784	13,123
High 2	1,384	26,296	8,784	17,512

3.28 It is the shortfall that the Substantive Review will need to make specific provision for. Should the government confirm its proposed changes to the standard method, then this would mean High 1 scenario as a minimum. If the 2014-based household projections were to be used then there would not be a shortfall in provision.

3.29 There is a clear need to push ahead with the Substantive Review. Waiting for a final decision from government in respect of the standard method and the household projections is not an option, particularly in view of the already challenging timetable.

- 3.30 Therefore, at this time it is recommended that the four growth scenarios outlined above be taken forward for testing as part of the Sustainability Appraisal process.
- 3.31 Whatever the final requirement, it will be necessary to demonstrate that it is deliverable over the plan period. An initial assessment has been undertaken of the theoretical capacity based on the 2019 Strategic Housing and Economic Land Availability Assessment (SHELAA).
- 3.32 Taking account of sites which are now commitments (and therefore include in the projected provision figures above), this identifies that there is a theoretical capacity of 21,500 dwellings. This is more than any of the above requirements, but this figure needs to be treated with a degree of caution for a number of reasons:
- The SHELAA methodology agreed by the Leicester and Leicestershire authorities only allows for sites to be excluded in exceptional circumstances (e.g. a site is in flood zone 3b). There may be technical reasons why some sites would not be considered appropriate
 - Some of the sites are in unsustainable locations
 - The concentration of development in certain settlements would be unlikely to be sustainable
- 3.33 To ensure that all possible development sites have been considered a further call for sites was issued in September 2020. This generated a further 40+ housing sites. Officers have started the process of assessing these with a view to having an updated SHELAA available for early 2021.
- 3.34 In addition to the SHELAA update, officers are currently assessing the potential housing capacity from a variety of other sources of sites so as to provide as comprehensive an evidence base as possible. Again, the aim is to get this completed in early 2021.

Amount of employment land to be provided for

- 3.35 There are a number of pieces of evidence being developed which will inform the employment land requirements to be addressed as part of the Substantive Review.
- 3.36 Members will recall that a study was commissioned to advise about likely future employment land requirements. Initial findings were made available to officers in the early summer, but with the advent of the covid-19 pandemic and its possible economic consequences it was decided to suspend this work until new economic forecasts were available. In the light of the publication of new economic forecasts, this work has been picked up again and a final report is anticipated shortly.
- 3.37 Members will also be aware that a Leicester and Leicestershire wide strategic distribution study was commissioned on behalf of all the Leicester and Leicestershire authorities. This is close to being finalised after which it will be considered by both the Strategic Planning Group and the Member Advisory Group.
- 3.38 Finally, a separate study looking at the likely demand for start-up business units has been commissioned and is close to being finalised.
- 3.39 In view of the above, at this time it is not possible to advise as to what the future employment land requirements are likely to be. However, the outcome from all of the studies outlined above will be reported to a future meeting of this Committee.
- 3.40 As noted, a further call for sites has been issued. This has generated a further 10 additional employment sites which will need to be assessed.

The Settlement Hierarchy

- 3.41 As with the amount of development, it will be necessary to consider reasonable alternatives for how new growth might be distributed across the district.
- 3.42 The adopted Local Plan establishes a settlement hierarchy (Policy S2) to direct development to the most appropriate locations. The settlement hierarchy has proved to be an effective tool and has been supported at appeal. Whilst, the settlement hierarchy will have to be reviewed, it is considered that it is unlikely that many significant changes are required. However, there may be a need for some 'tweaks', such as the possible inclusion of a new settlement category.
- 3.43 The settlement hierarchy can then be combined with the different growth scenarios outlined above to derive a series of potential distributions of development. Officers have begun to consider what such reasonable alternatives might be and are in discussion with our appointed sustainability appraisal consultants to better understand how different options might be assessed. The intention is to bring a further report to this Committee early in 2021 when these options have been further developed, with a view to testing these through public consultation.
- 3.44 The intention is to develop these options and then present a report to a future meeting of this Committee before embarking on a round of consultation in respect of the options.

Evidence Base

- 3.45 The consultation referred to above will form part of the evidence base to show the evolution of the development strategy. However, consultation responses alone will not be sufficient to justify whatever development strategy is eventually chosen.
- 3.46 As noted earlier, it will be necessary to demonstrate that whatever strategy is put forward will be deliverable. Whilst (as outlined earlier) there appears to be sufficient sites (and dwellings) identified in the SHELAA to meet the various scenarios for housing growth, this is very much a theoretical capacity.
- 3.47 Deliverability has a number of facets to it:
- Is the amount of development likely to be supported by the market?
 - Will the development be able to deliver the necessary infrastructure to support the increase in households and people?
 - Will development be viable?
- 3.48 The answer to all 3 of these needs to be positive.
- 3.49 To be able to answer these questions the following high-level evidence is proposed:
- Engage consultants to consider the ability of the market to deliver various scales of growth, not just district wide but also at the more local (i.e. settlement) level. This local element is important because in the SHELAA there are a number of areas where there is a significant concentration of sites within a relatively small area and so there is a need to understand whether such a concentration in development would be likely to be supported by the market.
 - Undertake work to understand at a settlement level what the infrastructure implications may be for key public infrastructure such as health, education and public utilities.
 - In the light of the above, engage consultants to advise on the viability implications of the development strategy options.
- 3.50 In addition to the above, there will be a need to undertake transport modelling to assess the development strategy options, principally (although not exclusively) to feed in to the Sustainability Appraisal of options.

Policies and other considerations, as appropriate	
Council Priorities:	Our communities are safe, healthy and connected Local people live in high quality, affordable homes Supporting businesses and helping people into local jobs Developing a clean and green district
Policy Considerations:	None
Safeguarding:	No issues identified
Equalities/Diversity:	An Equalities Impact Assessment of the Local Plan review will be undertaken as part of the Sustainability Appraisal.
Customer Impact:	No issues identified
Economic and Social Impact:	No issues identified at this stage
Environment and Climate Change:	No issues identified at this stage
Consultation/Community Engagement:	None
Risks:	A risk assessment of the review has been undertaken and is reviewed at the officer Project Board meetings.
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