

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

LOCAL PLAN COMMITTEE – WEDNESDAY 13 NOVEMBER 2024



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| Title of Report | LOCAL PLAN – PLAN PERIOD, HOUSING AND EMPLOYMENT REQUIREMENTS | |
| Presented by | Ian Nelson Planning Policy and Land Charges Team Manager ian.nelson@nwleicestershire.gov.uk | |
| Background Papers | <p>Proposed reforms to the National Planning Policy Framework and other changes to the planning system - GOV.UK</p> <p>Local Development Scheme - North West Leicestershire District Council</p> <p>Draft North West Leicestershire Local Plan 2024</p> <p>National Planning Policy Framework (publishing.service.gov.uk)</p> <p>Proposed reforms to the National Planning Policy Framework and other changes to the planning system - GOV.UK (www.gov.uk)</p> <p>Responses to Regulation 18 consultation New Local Plan - North West Leicestershire District Council</p> <p>Report to Local Plan Committee – 14 August 2024 Agenda for Local Plan Committee on Wednesday, 14th August, 2024, 6.00 pm Modern.gov System</p> | Public Report: Yes |

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| | <p>Statement of Common Ground 2022 Updated-SoCG-FINAL.pdf</p> <p>Need for Employment Land Report 2020</p> <p>North West Leicestershire – The Need for Employment Land July 2024 Update</p> | |
| Financial Implications | <p>Extending the plan period to 2042 is likely to result in some additional expenditure. The cost of the Local Plan Review is met through existing budgets which are monitored on an ongoing basis.</p> <p>Signed off by the Section 151 Officer: Yes</p> | |
| Legal Implications | <p>The Local Plan must be based on robust and up to date evidence.</p> <p>Signed off by the Monitoring Officer: Yes.</p> | |
| Staffing and Corporate Implications | <p>No staffing implications associated with the specific content of this report. Links with the Council's Priorities are set out at the end of the report.</p> <p>Signed off by the Head of Paid Service: Yes</p> | |
| Purpose of Report | <p>To consider whether the period covered by the Local Plan should be extended and what the housing and employment requirements to be provided for should be.</p> | |
| Recommendations | <p>THAT LOCAL PLAN COMMITTEE AGREE THAT:</p> <ul style="list-style-type: none"> (i) THE PLAN PERIOD FOR THE NEW LOCAL PLAN BE EXTENDED TO 2042; (ii) THE HOUSING REQUIREMENT BE INCREASED TO 7A MINIMUM OF 27 DWELLINGS EACH YEAR; (iii) PROVISION BE MADE FOR A MINIMUM OF 45.8HA OF LAND FOR INDUSTRIAL/NON-STRATEGIC WAREHOUSING; AND (iv) A WORKING FIGURE OF 200-250 HA OF LAND FOR STRATEGIC WAREHOUSING BE USED TO INFORM TRANSPORT MODELLING WORK, IN THE ABSENCE AT THIS TIME OF MORE UP TO DATE REQUIREMENTS | |

1 BACKGROUND

1.1 The purpose of this report is to consider a number of key matters in respect of the new Local Plan. In particular, it considers the following:

- What should the end date of the plan be?

- What should the housing requirement be?
- What should the general employment requirement be?
- What should the requirement for strategic distribution be?

1.2 As Members will be aware, as part of a recent consultation, the Government has proposed a number of reforms to the planning system. This includes no longer requiring local plans being prepared under the current regulations to be submitted by the end of July 2025. Instead, plans will now have until December 2026 to be submitted. As advised in a report to this Committee at its meeting on 26 September 2024 in respect of the Government's proposed changes, meeting the July 2025 deadline is not going to be possible.

1.3 A new Local Development Scheme (LDS) will be prepared in due course which will set out a revised timetable for the new Local Plan. This will be subject to decisions that this Committee will be asked to make at the 16 December 2024 meeting in respect of both proposed housing and employment allocations. A revised timetable will need to take account of the subsequent work which will need to be undertaken, including transport modelling, viability assessment and infrastructure delivery planning.

2 THE PLAN PERIOD

2.1 The draft Local Plan proposed to cover the period up to 2040.

2.2 In response to the consultation undertaken earlier this year, a significant number of responses from developers and/landowners referred to the National Planning Policy Framework (NPPF) statement that "Strategic policies should look ahead over a minimum 15-year period from adoption". Housing requirements would fall under the definition of a strategic policy. The proposed revisions to the NPPF retain this provision.

2.3 The report to this Committee on 14 August 2024 which considered the responses to the Strategy Policies included in the draft Local Plan advised that in light of the Government's planning reforms that the matter of the plan period "will therefore require further consideration".

2.4 If the plan only went to 2040 as currently proposed, there is a risk that an Inspector would require the Council to extend the plan period which would require further work, possibly including consultation. This has happened to a number of other plans elsewhere. However, the Government has written to the Planning Inspectorate to make it clear that examinations are expected to be no longer than six months in length. Undertaking any work to extend the plan period would potentially take more than six months. If this was to be the case, there is a significant risk that an Inspector would recommend that the plan be withdrawn instead and so the Council would be left without an up-to-date Local Plan which has consequences for determining planning applications.

2.5 If the plan period were to be extended, this would mean that more sites would be required to be identified for housing and employment than included in the draft plan, irrespective of what the specific requirements are. Further development would add more pressure to infrastructure, although a greater amount of development could make infrastructure provision more viable. More development is also likely to generate more objections, particularly from local communities. There would also be a

need to update some other aspects of the evidence base. This would require some additional expense and time.

- 2.6 As noted above, a new LDS will need to be prepared in due course. However, assuming submission of the plan for examination at some point in 2026, it is reasonable to assume that the plan could then be adopted at some point in 2027. In order to ensure that the plan had 15-years from adoption, then the plan would need to look ahead to at least 2042.
- 2.7 The benefits of extending the plan period to 2042, particularly in terms of removing a potential challenge to the soundness of the plan, are considered to significantly outweigh the additional expense and time involved. Therefore, it is recommended that the plan period be extended to 2042.

3 THE HOUSING REQUIREMENT

3.1 It is essential that the Local Plan is based on a robust housing requirement figure. There are two elements to establishing a housing requirement figure:

- What is the figure identified by the Government’s standard method?
- Is there a need to adjust for unmet need from elsewhere?

3.2 These factors informed the Statement of Common Ground (SoCG) which the Council agreed with the other Leicestershire authorities in 2022. This identified a housing requirement for the district of a minimum of 686 dwellings each year. This was what the draft Local Plan was based on.

3.3 The proposed reforms to the planning system that the Government recently consulted upon included changes to how the standard method is calculated. Whilst these changes have yet to be confirmed, the implications of these proposed changes both for North West Leicestershire and unmet need in Leicester City are illustrated in the table below.

Table 1 – comparing dwelling requirement results of standard method (annual figures)

| | Current standard method requirement | Proposed standard method requirement | Difference |
|--------------------------------|--|---|-------------------|
| North West Leicestershire | 357 | 621 | +264 |
| Unmet need from Leicester City | 1,169 | 395 | -774 |

3.4 Although the unmet need from Leicester City has significantly decreased, there will still be a shortfall that must be addressed elsewhere in Leicestershire. The level of unmet need is significant enough that adding it to the standard method figure of 621 dwellings for North West Leicestershire is likely to bring the requirement close to or above 686 dwellings, which, as noted, is a minimum figure.

3.5 It is not possible to determine with certainty what a revised figure would be, but one simplistic approach would be to apply the proportions of unmet need for each district from the current SoCG to the new unmet need figure from the city. In the current SoCG, 26.86% of the unmet need was directed to North West Leicestershire. Applying this to the new unmet need figure (395 dwellings) would result in an

increase of 106 dwellings per annum to the new standard method figure, resulting in a requirement of 727 dwellings every year.

- 3.6 It should be borne in mind that the requirement of a minimum of 686 dwellings in the SoCG is based on achieving a balance with employment growth across each district/borough. The district is home to a very large number of jobs, particularly at the airport and the strategic distribution sector, concentrated in the northern part of the district. This is why the district is currently taking such a high proportion of the unmet need from Leicester City. Whilst there remain uncertainties about the scale of likely growth in the strategic distribution sector (as outlined later on in this report), it is likely to be higher than previously estimated. This reinforces the potential need to plan for a higher housing requirement to seek to maintain this balance. Furthermore, it is not yet clear as to whether any other Leicestershire authority might find itself having to declare an unmet need due to increased housing requirements arising from the new standard method.
- 3.7 The figure of 727 dwellings is far from certain. Absolute certainty will only become clear when a new SoCG is agreed with the other Leicester and Leicestershire authorities. This could result in a higher or lower figure than the current SoCG. Departing from the agreed SoCG does carry some risk. However, these considerations need to be balanced against the fact that there is simply not sufficient time available to the Council to wait for a new SoCG to be agreed if the plan is to be submitted by December 2026. Planning for a higher figure now will reduce the risk to the Local Plan needing to plan for a higher figure late on in the process such that it might not then be possible to submit by December 2026.
- 3.8 Notwithstanding, the figure of a minimum of 686 dwellings each year is based on agreed evidence with the other Leicester and Leicestershire authorities as part of the SoCG and is what has previously been consulted upon.
- 3.9 It is open to the Committee to plan on the basis of what is currently certain (i.e. the requirement in the SoCG) as opposed to uncertain. However, Members are advised that an increased housing requirement late on in the plan preparation process represents a potential risk to the plan. For this reason and in terms of minimising risk to the plan, it is considered that it would be prudent to plan for a higher housing requirement than that agreed as part of the SoCG. Such an approach is likely to be viewed by a Planning Inspector at Examination as representing positive planning. This is allowed for in the recommendation.
- 3.10 Extending the plan period to 2042 with an annual requirement of 727 dwellings each year results in a total requirement to find sites for 7,959 dwellings as identified in Table 2 below. The residual requirement is about 2,250 dwellings more than envisaged in the draft plan published in February 2024.

Table 2 – Housing Land Supply position at 1 April 2024

| | | No of dwellings |
|---|--|------------------------|
| A | Annual housing requirement | 727 |
| B | Housing requirement 2024-42 (A x 18) | 13,086 |
| C | 10% flexibility allowance (C x 10%) | 1,309 |
| D | Total requirement (B + C) | 14,395 |
| E | Commitments from major sites (10+ dwellings) 2024 to 2042 | 6,436 |
| F | Residual requirement to be allocated in Local Plan (D – E) | 7,959 |

- 3.11 If members are minded to instead maintain a housing requirement of 686 dwellings each year, then the residual requirement would be 7,147 dwellings, an increase of about 1,450 dwellings envisaged in the draft plan published in February 2024.

4 GENERAL NEEDS EMPLOYMENT

- 4.1 Extending the plan period to 2042 will also increase the amount of employment land that the Council needs to plan for. The bottom line of the table below shows the requirement figures for offices and industrial/non-strategic warehousing for the 2024-42 period using a simple 'roll forward' approach.

| | | Offices (sqm) | Industrial/non-strategic Warehousing (sqm) |
|----------|---|-------------------|--|
| A | Rapleys Requirement (2024 – 42) | 40,000 | 166,860 |
| B | Losses allowance (2026-42) | 3,634 | 58,945 |
| C | Flexibility margin | 0 | 77,653 |
| D | TOTAL REQUIREMENT (A+B+C=D) | 43,634 | 303,458 |
| E | Net permissions (incl. U/C) | 14,644 | 77,436 |
| F | Allocation (Money Hill) | 31,980 | 42,640 |
| G | TOTAL SUPPLY at 1 April 2024 (E+F=G) | 46,624 | 120,076 |
| | Residual requirement (2024-42) (D-G) | - 2,990sqm | c183,328sqm(=45.8Ha)¹ |

- 4.2 For comparison, the requirement figures for 2024-40 which were reported to Local Plan Committee on 14 August 2024 are as follows:

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|---------------------------------------|-------------------|-------------------------------|
| Residual requirement (2024-40) | -8,444 sqm | c155,154 sqm (=38.8Ha) |
|---------------------------------------|-------------------|-------------------------------|

- 4.3 For offices, it appears that there is an oversupply of land (the requirement is a negative figure) i.e. that our current supply is more than enough to cater for future needs. The oversupply reduces (from -8,444sqm to -2,990sqm) but is not eradicated when the plan period is extended to 2042. This suggests that the new Local Plan will not need to include additional land for offices, but this matter needs further consideration, including a review of the deliverability of sites that currently form part of our supply (sites with planning permission and the Money Hill allocation).
- 4.4 In terms of industrial and non-strategic warehousing, extending the plan period to 2042 results in a need for an additional 7Ha of land. The need is now significantly higher than the 114,562sqm (28.6Ha) figure included in the Regulation 18 draft Local Plan (January 2024). The implications of this will need to be addressed when proposed site allocations are reported back to this Committee.

5 STRATEGIC WAREHOUSING

- 5.1 The Development Strategy Options and Policy Options Regulation 18 consultation (January 2022) included an initial policy option for strategic warehousing, namely that North West Leicestershire would accommodate 50% of the remaining Leicester and Leicestershire requirement for road-based strategic warehousing, based on the 2021

¹ land areas calculated using the conversion factors ('plot ratios') from the Rapleys study.

Strategic Warehousing study. This amounted to a figure of some 106,000sqm (approximately 30Ha). An underlying assumption at the time was that the outstanding requirement for rail-served land (307Ha) would be largely met by the proposed Hinckley National Rail Freight Interchange (NRFI) at J2 M69.

- 5.2 Subsequently the Leicester and Leicestershire authorities commissioned an Apportionment Study to advise on a more robust method for distributing future strategic warehousing requirements between the authorities.
- 5.3 The draft Local Plan consultation (Reg 18) was published in January this year which was before the Apportionment Study was due to be completed. As a result, the consultation document did not propose a revised requirement figure for strategic warehousing, but it did include two 'Potential Locations for Strategic Distribution', namely Land south of East Midlands Airport (part of the Freeport site) and Land to the north of J11 A/M42.
- 5.4 Some of consultation responses received from the development industry questioned whether the 'parent' 2021 strategic distribution study was sufficiently up to date. Harborough District Council and Blaby District Council received similar comments during their respective Regulation 18 stage consultations.
- 5.5 In response, the Leicester and Leicestershire authorities have asked their expert consultants to advise on the current need position and to reflect this in their advice on the apportionment of need between the authorities. The publication of the Apportionment Study has therefore been postponed allowing for consideration to be given as to whether any update to the need requirement is necessary having regard to available evidence.
- 5.6 Whilst officers agree that this is a necessary step, the resulting delay is a barrier to establishing the requirement for strategic warehousing and hence which sites should be included in the plan. This in turn affects the plan's progress, in particular with respect to transport modelling which will be a critical element of the evidence base for the plan. A further complication is the uncertainty surrounding the future of the proposed Hinckley NRFI. In September 2024 the Secretary of State indicated that she was minded to refuse consent, but the applicant has been given a short period of time to address the concerns raised by the Inspectors. A final decision on the Development Consent Order for the NRFI is not now expected until March 2025. If approved, the Hinckley NRFI would deliver some 268Ha (650,000sqm) of rail served land, so the outcome is highly significant for the Leicester and Leicestershire authorities' decision making.
- 5.7 For the Council's Local Plan, the most straightforward thing to do now would be to wait for the Apportionment Study to be completed and for the Hinckley NRFI decision to be issued before moving forward with a requirement figure and site allocations. However, this will result in unacceptable delay to the overall Local Plan timetable, bearing in mind the need to submit by December 2026 at the latest (and preferably earlier).
- 5.8 An alternative approach is for the Committee to agree a working figure or range for strategic warehousing **for the purposes of transport modelling only**. A set of provisional sites would then be recommended in the same vein to a future meeting of the Committee. This would enable progress to be made on the understanding that the requirement and sites would be revisited at a future point when robust evidence in respect of the need for strategic warehousing is available.

- 5.9 Deciding on a working figure (or range) is difficult in the absence of confirmed information. Officers note the following:
- a. The initial policy option of 106,000sqm (approx. 30Ha) is likely to be too low in the light of the time that has elapsed and the recommendation to extend the plan period.
 - b. In view of the Secretary of State's announcement, it is best to assume that the Development Consent Order for Hinckley NRFI will be refused.
 - c. **Whilst not agreed or endorsed by officers**, some developers' representations suggest that the need for strategic warehousing in NWL is as high as 1,500,000-1,600,000sqm over 20 years [approximately 429-457Ha].
- 5.10 Officers recommend that **200-250Ha** is agreed as a working position for the purposes of transport modelling work only. For the avoidance of doubt, this is not the figure which officers consider can or should be included in the Local Plan going forward. The final figure will need to take into account (amongst other things): a) the findings of the Apportionment Study; b) planning assessments of potential sites; c) matters raised in the Reg 18 representations; and d) transport modelling.

| Policies and other considerations, as appropriate | |
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| Council Priorities: | <ul style="list-style-type: none"> - Planning and regeneration - Communities and housing - Clean, green and Zero Carbon |
| Policy Considerations: | The Local Plan is required to be consistent with the National Planning Policy Framework and other government guidance and requirements. |
| Safeguarding: | Nondiscernible. |
| 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: | The decision itself will have no specific impact. The new Local Plan as a whole will aim to deliver positive economic and social impacts and these will be recorded through the Sustainability Appraisal. |
| Environment, Climate Change and zero carbon: | The decision, of itself, will have no specific impact. The new Local Plan as a whole will aim to deliver positive environmental and climate change impacts and these will be recorded through the Sustainability Appraisal. |
| Consultation/Community/Tenant Engagement: | The Regulation 18 Local Plan has been subject to consultation and further consultation will be undertaken at Regulation 19 stage. |
| Risks: | A risk assessment for the Local Plan Review has been prepared and is kept up to date. As far as possible control measures have been put in |

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| | <p>place to minimise risks, including regular Project Board meetings where risk is reviewed.</p> <p>The report highlights the potential risks associated with the issues considered as part of the report.</p> |
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