

Appendix B



NOVEMBER
2025

Updated Housing Distribution Paper

Final Report

Iceni Projects Limited on behalf of Leicester
& Leicestershire Local Authorities

November 2025

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ON BEHALF OF LEICESTER
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Updated Housing Distribution Paper
FINAL REPORT

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1. INTRODUCTION

- 1.1 Icen Projects ('Icen') worked with the local authorities across the Leicester and Leicestershire Housing Market Area ('L&L HMA') in 2021/22 to prepare a Housing Distribution Paper. This was prepared as part of a wider Housing and Economic Needs Assessment ('HENA') to inform the preparation of local plans within the HMA. Its purpose was to provide an interim redistribution of unmet housing needs arising from Leicester to support the agreement of a Statement of Common Ground ('SOCG') and the preparation of local plans.
- 1.2 The 2022 HENA was based on the assessment of local housing need using the standard method in March 2022, at the time of its preparation. This showed a need for 5,713 dpa across the HMA as assessed in the 2022 HENA. The Government has since revised the standard method, through changes to national planning policy and guidance in December 2024. It is therefore necessary to revisit the Housing Distribution Paper to inform the Local Plans which are yet to be submitted within the HMA or are not progressing under transitional arrangements.

2. LOCAL HOUSING NEED

Housing Need in the 2022 HENA

- 2.1 The 2022 HENA assessed housing need using the national policy framework and guidance in place at the time of its preparation – the July 2021 NPPF and associated Planning Practice Guidance. Local housing need was calculated using the standard method which had four steps:
- Step 1: Annual Household Growth – drawn from the 2014-based Household Projections;
 - Step 2: Affordability Uplift – with a 0.25% adjustment applied for every 1% where the median house price to workplace-based earnings ratio was above 4;
 - Step 3: Cap – the affordability uplift was capped where the Step 2 need was more than 40% above that in a recently adopted plan, or 40% above the higher of the household growth or plan figure where the existing local plan was more than 5 years old;
 - Step 4: Cities & Urban Areas Uplift – a further 35% uplift was applied to the figures to Leicester, as one of the top 20 largest cities and urban areas in England.

Revised Standard Method

2.2 In December 2024 the Government revised the Standard Method alongside wider changes to the NPPF. The revised Standard Method is fundamentally different – and uses the current dwelling stock as a baseline (rather than household projections), to provide greater consistency across England; with a higher affordability ratchet then applied. Local housing need is thus now to be calculated using the revised standard method:

- Step 1: Baseline – a baseline figure is calculated as 0.8% of existing housing stock, using the latest stock estimates data published by Government;
- Step 2: Affordability Uplift – with a 0.95% adjustment applied for every 1% which the median house price to workplace-based earnings ratio was above 5. The affordability ratio is taken as the average over the 5 most recent years of data.

2.3 The figures change annually in the Spring, and if affordability ratios remain consistent are likely to increase modestly (as the stock baseline increases). However, the calculations should generally be more stable over time because of the effect of taking a 5-year average of the affordability ratio figures (as this should reduce the scale of potential year-on-year variation in the affordability uplift).

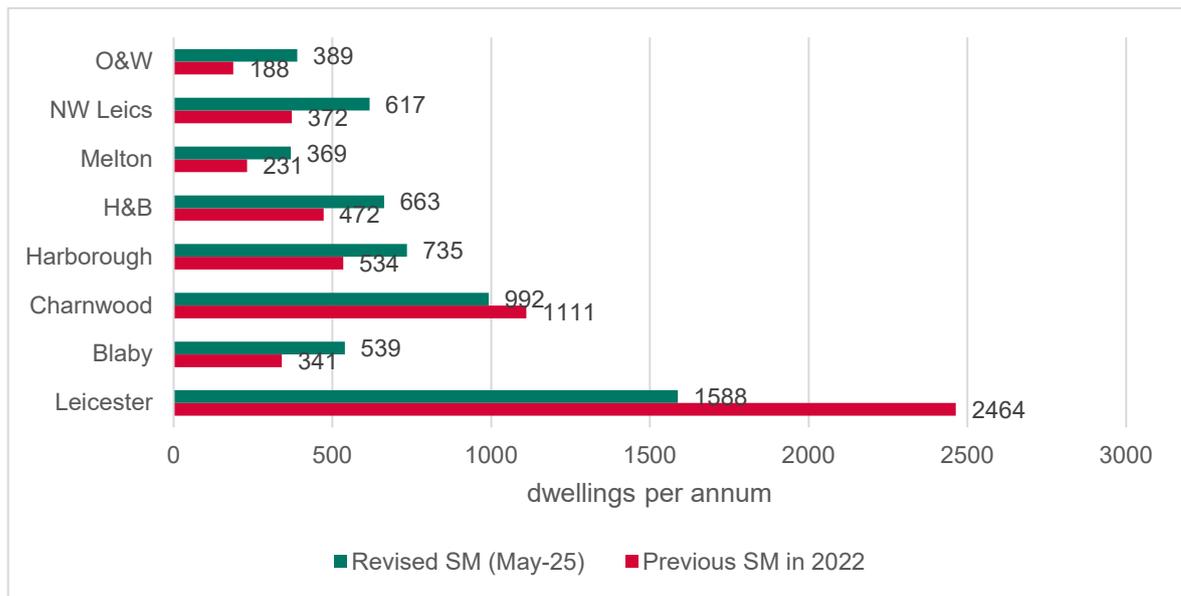
2.4 As the chart below shows, the scale of increase in housing need across the Leicester and Leicestershire HMA with the revised Standard Method is modest – with the revised method and latest data pointing to a scale of need 3% greater than that in the 2022 HENA and associated SOCG.

Table 2.1 Annual Housing Need across Leicester and Leicestershire – Comparison

	Annual housing need - Leicester & Leicestershire (dpa)
Standard Method in SOCG1 (2022 HENA)	5,713
Revised Standard Method (May-25)	5,892
% Increase	3.1%

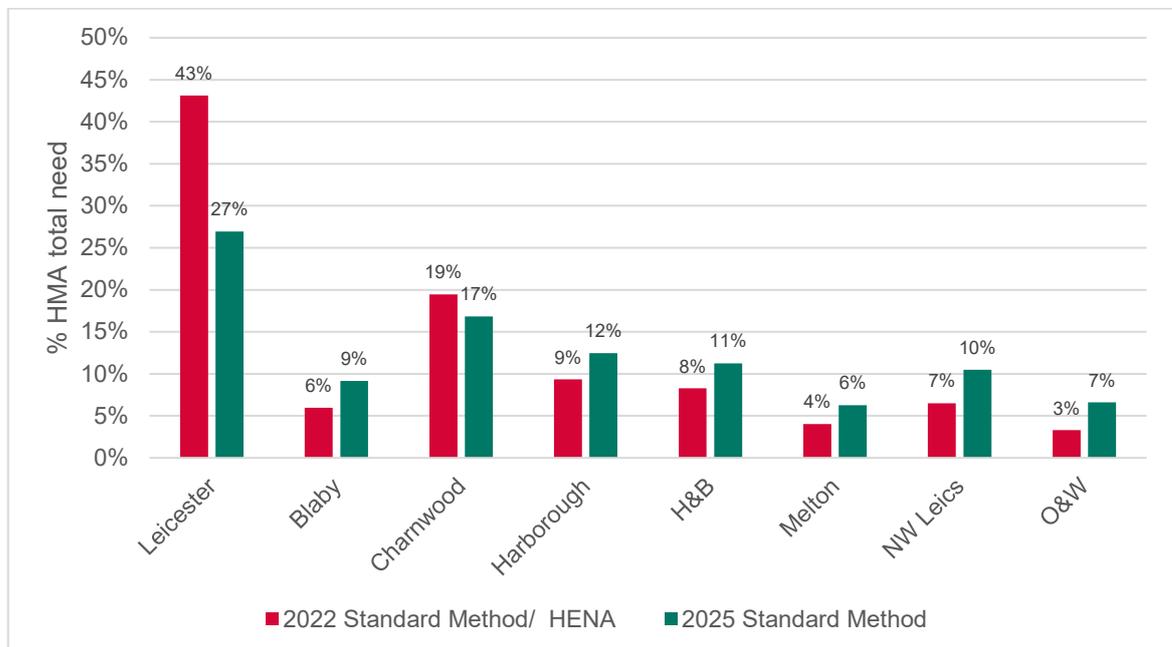
2.5 However the distribution of housing need is fundamentally different, as Figure 2.1 shows. Leicester’s local housing need figure has fallen by 36% and Charnwood’s by 11%; whilst we see increases in all other areas, with the scale of housing need more than doubling in Oadby & Wigston.

Figure 2.1: Distribution of Housing Need across Leicester & Leicestershire



2.6 The chart below shows how the share of the HMA's housing needs has shifted through revisions to the standard method. The revised methodology itself thus shifts housing need away from Leicester¹ and provides a revised starting point for considering housing distribution in this Paper.

Figure 2.2: Share of Overall Housing by LPA



¹ Leicester's LHN figure in 2022 included the 35% cities and urban areas uplift which was a component of the standard method at that time.

3. PLANMAKING PROGRESS AND TIMESCALES

- 3.1 Different L&L local authorities are at different stages in the preparation of Local Plans and indeed are progressing plans against a different national policy backdrop.
- 3.2 Melton Borough has an adopted Local Plan and concluded a Regulation 10a Review in September 2023, against the national policy position and housing need methodology at that time, which concluded that its housing requirement is up-to-date. Melton is progressing a partial update of its Local Plan and undertook a Regulation 19 consultation in early 2025. However the partial update is not amending the housing requirement policy.

Plans progressing under Transitional Arrangements

- 3.3 Charnwood and Leicester City submitted their local plans in December 2021 and September 2023 respectively. The Examination of both plans is ongoing but is progressed under the transitional arrangements provided for in Para 234 in the 2024 NPPF. They are thus being examined against the 2023 NPPF, and associated PPG, and thus for these plans their local housing need is set using the previous Standard Method approach. These plans are projected to be adopted in early 2026.
- 3.4 Harborough consulted on a Regulation 19 version of its Local Plan in Spring 2025. Its draft Plan is similarly covered by the transitional arrangements in Para 234 in the NPPF and its housing policies have been prepared on the basis of the previous standard method. Melton's partial update is also covered by the transitional arrangements in NPPF Para 234 and has been prepared on the basis of the 2023 NPPF. The Regulation 19 consultation took place in January and February 2025. The scope of the partial review does not include the housing requirement which its Regulation 10A Review² concluded remains up-to-date³. In any case the housing requirement within its adopted Plan sets out a stepped trajectory which from 2025 onwards provides for 320 dpa which is more than 80% of the Borough's local housing need calculated using the revised standard method (as per NPPF Footnote 83) as shown in Figure 2.1 herein.
- 3.5 These local plans – in Charnwood, Leicester and Harborough – have been informed by the 2022 HENA and associated 2022 SOCG on housing distribution; whilst the Melton adopted Local Plan created headroom to accommodate unmet needs from Leicester City as addressed in the 2022 SOCG.

² Melton Local Plan Five Year Review, Sept 2023

³ The Melton Local Housing Needs Assessment (July 2024) confirms this conclusion

Plans progressing under 2024 NPPF

- 3.6 Plans which are progressing under the revised (2024) NPPF and using the revised Standard Method are those for Blaby, Hinckley & Bosworth, North West Leicestershire and Oadby & Wigston. Plans in these areas are all expected to be submitted in 2026. They will therefore need to be informed by the revised standard method.

Agreed Position on Unmet Needs

- 3.7 The L&L LPAs (with the exception of Harborough) have agreed through a DtC Position Statement that Local Plans which have been progressed against the 2023 NPPF (or previous versions), and those progressing under the transitional arrangements, should continue to rely on the 2022 Statement of Common Ground on housing distribution, which remains valid and in force. This includes the local plans in Charnwood, Harborough, Leicester, and Melton. However those plans progressing under the 2024 NPPF will need to be informed by updated needs and capacity assessments relevant to those plans and the partners have committed to working together to accommodate the area's needs once those results are known.
- 3.8 This revised Housing Distribution Paper has been prepared to inform, and is of relevance to, those plans which are progressing under the 2024 NPPF; and in due course to the review (at the appropriate future point) of other plans in the HMA. The timings of such future plan reviews may however be affected by proposals for local government reorganisation in Leicester and Leicestershire.
- 3.9 These principles are important, as a 'mix and match approach' would serve to inflate the scale of housing need across the housing market area as a whole, resulting indicatively in a need figure 11% above the current standard method. This arises because the revised standard method results in a different distribution of housing provision within the HMA than the standard method figures at the time of the HENA's preparation.
- 3.10 **This Updated Housing Distribution Paper thus takes as a starting point the revised standard method figure of 5,892 dpa across the Housing Market Area.**

Timescales

- 3.11 The L&L LPAs have agreed that this updated Housing Distribution Paper should use a 2024 base date and look over a period up to 2046. The base date is consistent to the baseline data used in the standard method; whilst the end point reflects the timescales for local plan preparation and the need for plans to look 15 years beyond the point of adoption (NPPF Para 22). The housing requirement figures for individual local authority districts need to consider and take account of the relevant plan period – which for emerging local plans in Blaby and North West Leicestershire runs to 2042 and in

Hinckley & Bosworth to 2045. Conclusions are therefore drawn over different timeframes, reflecting the different plan periods for different LPAs.

4. LEICESTER'S UNMET NEED

- 4.1 A key building block for considering housing distribution is the scale of housing provision which can be accommodated in Leicester City. Icenl has sought to segment the analysis to consider unmet need to 2036, as there is good quality information on residential land supply over this period; and then unmet needs beyond 2036, for which the quality of information available is weaker and hence there is less precision regarding the potential scale of unmet need.

Unmet Need to 2036

- 4.2 Leicester's draft Local Plan covers a plan period to 2036. The Plan is currently at Examination, with a consultation on Main Modifications having been undertaken and the Inspectors' Report awaited. Policy SL01 sets a target minimum requirement of 20,730 dwellings over the plan period from 2020-36.
- 4.3 The provision anticipated between 2024-36 can be calculated by subtracting completions over the initial 2020-24 period from the plan requirement. Over this 4 year period, completions of 4,129 dwellings were achieved. This generates a residual requirement of 16,601 dwellings, as shown in the table below.
- 4.4 If the residual housing requirement of 16,600 homes (2024-36), which the draft Local Plan makes provision for, is compared to the revised standard method figure for the City (1,588 dpa), a shortfall of 2,455 dwellings arises in Leicester between 2024-2036. This represents the scale of unmet need to 2036.

Table 4.1 Residual Housing Requirement in Leicester, 2024-36

	Dwellings - Leicester
Local Plan Housing Requirement, 2020-36	20,730
Completions 2020-24	4,129
Residual Requirement, 2024-36	16,601
Standard Method Housing Need – Annual	1,588
Housing Need, 2024-36 (1588 dpa)	19,056
Shortfall to 2036	2,455

- 4.5 This figure of 2,455 dwellings is treated as a working assumption for the unmet need from Leicester to 2036 based on the plan position at this time.
- 4.6 In due course, the review of Leicester’s Local Plan will need to review the supply position and progress in terms of actual delivery, consider what appropriate supply-side buffer is necessary and may set a revised housing requirement. However the above unmet need figure is based on the best available current evidence.
- 4.7 For the avoidance of doubt, it is not appropriate - for the purpose of this Paper - to have regard to the former standard method calculations (such as those set out in the 2022 HENA) for the reasons set out in Section 3 above.

Unmet Need beyond 2036

- 4.8 It appears unlikely that Leicester will be able to fully meet its housing need beyond 2036. However there is limited information currently available on what the supply position might be as the current draft Local Plan looks to 2036 and this Paper is being prepared in advance of a Local Plan Review.
- 4.9 In contrast to the Leicestershire local authorities, the majority of housing supply in Leicester comes forward on brownfield, previously-developed sites (PDL). Leicester’s existing evidence, including its 2022 SHELAA, have considered the deliverability and developability of sites over the current plan period to 2036 only. The last data from call for sites was some time ago, in Spring 2022, and in any case, the City Council’s experience is that few sites tend to get put forwards through such processes – with many simply progressing straight to pre-app and planning applications. Icenis experience, which chimes with this, is that **there is typically limited ‘visibility’ of supply in urban areas beyond a 10 year period looking forwards.**
- 4.10 These factors mean that it is difficult at this point to be definitive on what the land supply position might be beyond 2036, and equally it is extremely difficult to quantify what it might be with any degree of accuracy. Furthermore, it is unusual for an assessment of unmet need to be undertaken (and in

particular for unmet need to be declared) before a detailed interrogation of the supply position has been undertaken. We are not aware of an instance in another local authority where this has occurred. The Leicester and Leicestershire authorities are seeking to plan proactively in this regard.

- 4.11 The NPPF, in advising on the preparation of Statements of Common Ground as part of collaboration on strategic matters such as this, sets out that:

“Plans come forwards at different times, and there may be uncertainty about the future direction of relevant development plans or the plans of infrastructure providers. In such circumstances strategic policy-making authorities will need to come to an informed view on the basis of the information available, rather than waiting for a full set of evidence from other authorities.”⁴

- 4.12 In these terms, this Paper seeks to provide an informed view on the potential scale of unmet need from Leicester over the 2036-46 period based on the information available at the time of writing. As further information becomes available on Leicester’s residential land supply, such as informed by future evidence as its Local Plan Review progresses, it may be necessary to revisit and update the assessment of unmet need and any associated SOCGs. This would be consistent with what is envisaged in NPPF Para 28 and is taken into account in the approach and methodology set out herein.

- 4.13 In the context of the information currently available, two approaches have been used to assess and draw conclusions on the potential indicative scale of unmet need: i) bottom-up estimates of longer-term supply which are informed by the City Council’s understanding of the potential longer-term contribution of different areas within the City; and ii) top-down estimates which are informed by an analysis of historical trends in brownfield development in the City. These are then drawn together by IcenI to estimate unmet need from Leicester over the 2036-46 period. These have been discussed with the City Council, County Council and other Leicestershire LPAs through the Steering Group meetings as part of preparing this Paper.

Approach A: Bottom-Up Assessment of Supply

- 4.14 The first approach represents estimates from Leicester City Council of the potential longer-term supply based on the information currently available. This is based on estimates of the following supply over the 2036-46 period:

- Estimate of the longer-term capacity of the Central Development Area (CDA): 1,300 dwellings;

⁴ NPPF (December 2024) Paragraph 28

-
- Estimate of large site windfalls outside of the CDA: 1,710 dwellings;
 - Indicative new strategic site allowance: 500 dwellings; and
 - Small site windfall allowance: 2,140 dwellings (214 dpa).
- 4.15 The 2022 Leicester Central Development Area Residential Capacity Study considered potential development sites in the short, medium and longer-term. To inform this Paper, the City Council has considered sites within the CDA which have been delivered and potential sites in the CDA area which are not already included within the supply in the emerging Local Plan to 2036. It has excluded sites which fall within Conservation Areas as it considers substantial redevelopment in these areas is unlikely. Applying a density assumption of 75 dwellings per hectare (dph), it initially estimates that the remaining potential supply in the CDA could yield 3,900 dwellings. A discount of two-thirds (66%) is then applied to this to reflect the City Council's concerns around deliverability, given issues with complex or fragmented land ownerships, contamination, flooding and other development constraints. This informs its assessment of the projected yield from the CDA area of 1,300 dwellings between 2036-46.
- 4.16 The 1,300 dwelling figure therefore represents an estimate from the City Council of the potential maximum longer-term yield from sites in the CDA.
- 4.17 The second and third components of supply reflect estimates from Leicester City Council of potential additional windfall development on large sites outside of the CDA; and an indicative allowance of 500 dwellings from a new (as yet undefined) strategic site.
- 4.18 The final component of the supply then reflects an allowance for small-site windfall development on sites of < 10 dwellings. This is based on the evidence in the 2022 SHLAA which considered completions on small sites in Leicester over the 2015-22 period, which averaged 214 dpa.
- 4.19 Drawing these two components together, the City Council has **estimated a supply position of 5,650 dwellings over the 2036-46 period.**
- 4.20 The City Council notes the potential for a diminishing supply of land for residential development in the CDA given the significant residential development which has already taken place, which includes development of the Leicester Waterside area and loss of office space through Permitted Development. It also recognises the significant impact which high-density development of Purpose-

built Student Accommodation (PBSA) has had on housing delivery historically which given the prospects for growth in student numbers in the future may not be replicated.⁵

- 4.21 The City Council does not envisage further significant greenfield land site release in the next Local Plan (such as green space, playing fields or allotments) at the current time; albeit that this will evidently need to be considered through the Local Plan Review in due course.
- 4.22 IcenI would however note that the current Local Plan is largely based on evidence prepared prior to Covid-19. The current Plan seeks to generally protect existing commercial space. Our experience is that the growth of e-commerce will reduce requirements for physical retail space over time. Similarly, there is potential that changing working patterns may further reduce the overall scale of office floorspace (whilst equally emphasising a ‘flight to quality’). Updated evidence will need to consider these issues as part of the City’s future Local Plan Review, which might release additional commercial space for residential redevelopment or conversion. These issues will need to be considered as part of the City’s Local Plan Review.

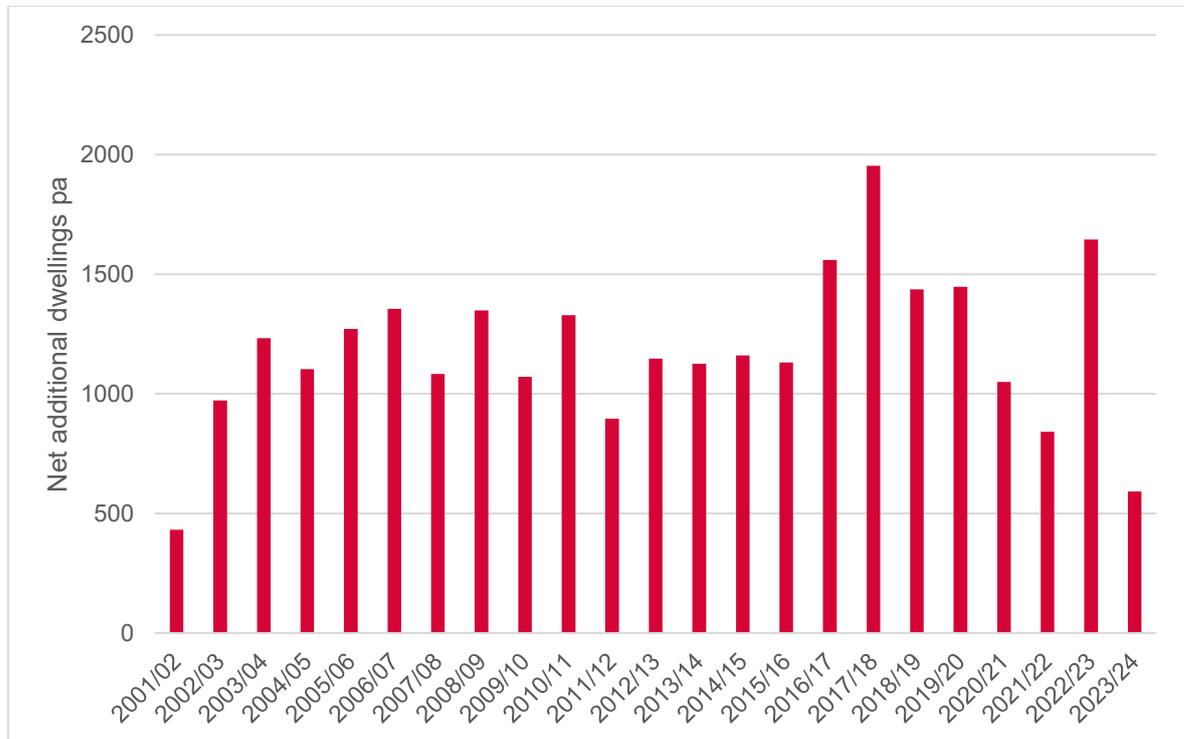
Approach B: Top-down Assessment of Potential Brownfield Supply

- 4.23 In the context of the limited visibility or clear evidence on residential land supply beyond 2036, IcenI has sought to consider an alternative, top-down approach to estimating the brownfield land supply in the City based on past development trends.
- 4.24 Historical housing completions in Leicester are set out as ‘net additional dwellings’ in the City Council’s Authority Monitoring Report (AMR) (the latest of which relates to the period to March 2022). These correspond with the figures in MHCLG Live Tables on net additional dwellings and are based on the Housing Flows Reconciliation (HFR) data submitted annually by the City Council to Government. We replicate historical housing completions in Leicester in Figure 4.1 below, drawing on both datasets.
- 4.25 Housing delivery is evidently somewhat cyclical, with lower delivery between 2011-16 and since 2020 than in intervening years. Housing delivery has also dropped off significantly in recent years as rising build costs, higher finance costs and other regulatory issues (including around building safety) have affected scheme viability. These issues are equally impacting development in other cities and larger urban areas. Completions volumes have also been significantly influenced by delivery of Purpose-built Student Accommodation.

⁵ IcenI would note that this is a demand-side rather than supply-side factor

4.26 However it is appropriate to focus on supply-side factors in assessing the City’s land supply and potential to meet housing need. 96% of Leicester’s Core Strategy requirement (1280 dpa) has been met over the plan period to date (2006-24).

Figure 4.1 Historical Housing Delivery in Leicester



Source: Leicester City Council Monitoring; MHCLG Live Table

4.27 Average annual housing delivery (across all types of sites) has varied over time but falls between 1,115 – 1,282 dwellings per annum (dpa) as shown in Table 4.2. The longer-term average, covering different economic cycles, is of 1,228 dpa. This covers periods of both weaker and stronger market conditions.

4.28 These levels of historical development are substantially above the City Council’s estimate of potential supply post 2036 (at an equivalent of 565 dpa). IcenI has therefore sought, for comparative purposes, to consider what future supply might look like based on historical trends.

Table 4.2 Average Net Additional Dwellings Delivered in Leicester

	Net additional dwellings
5 Year Average (2019-24)	1,115
10 Year Average (2014-24)	1,282
20 Year Average (2004-24)	1,228

- 4.29 In the context of the uncertainty regarding the future supply of greenfield sites, and to adopt a cautious approach, we have focused in particular in this scenario on the potential yield from brownfield sites if past supply trends were replicated. In this second approach, we do not therefore make any specific allowance for additional greenfield development in Leicester.
- 4.30 Data in the City Council's AMR provides a split of gross completions between brownfield and greenfield development and show 90%+ completions in recent years on brownfield land, but the City Council does not consider these figures on the brownfield/greenfield split to be reliable.
- 4.31 An alternative source is MHCLG *Land Use Statistics* data, which are accredited official statistics. We have therefore used these to consider the proportion of development taking place on previously-developed land. Data is available over the 2013-22 period and this shows that, on average, 79% of new homes in Leicester were delivered on previously-developed land with 21% on non-developed land. The data includes both homes delivered through new-build development as well as conversions. Over this period the net additional homes dataset points to demolitions of, on average, 20 dpa.
- 4.32 Using this data, we have in the table below taken long-term net additional completions data (which cover different points in the market cycle) and estimated the brownfield net supply position by first estimating gross completions, then the proportion of this on brownfield land; and then discounting losses (which will also be brownfield). This yields **an estimate supply of 965 dwellings per annum in Leicester based on historical trends**, which is a substantial 71% higher than that arising from the bottom-up approach.

Table 4.3 Estimating Brownfield Completions Trend in Leicester

	dpa Leicester
20 yr average net additional dwellings	1,228
Net/gross conversion⁶	0.985
20 yr average gross additional dwellings	1,247
% brownfield addresses in MHCLG Land Use Statistics	79%
Brownfield gross delivery	985
Of which replacement of losses	20
Estimated annual brownfield net completions	965

- 4.33 Whilst there is some (anecdotal) evidence of a diminishing brownfield land supply in the City in the longer-term, as described above, we consider that there could be some additional potential residential supply which could come forward from retail and other commercial space. Fundamentally,

⁶ Based on comparison of gross and net completions data for Leicester

there is a lack of visibility on long-term potential brownfield land supply beyond 2036 at the time of writing. This will need to be considered further through the review of Leicester's Local Plan.

Drawing the Evidence Together

- 4.34 In the context of the uncertainty regarding the longer-term land supply in Leicester, IcenI consider that the appropriate approach should be framed in the context of national policy. This makes a distinction between land supply (which influences the deliverable and developable supply) and market/demand-based factors (which influence what is actually delivered). It also emphasises the optimisation of land supply where there are prospective supply-side constraints.
- 4.35 In particular, in the context of a constrained land supply, the application of the NPPF and PPG would direct that further detailed consideration is given to other potential supply sources: the NPPF emphasises that strategic policies should make as much use as possible of brownfield land, as well as under-utilised land and buildings, especially in circumstances in which land supply is constrained (Paras 124 and 125), be informed by regular reviews of demand for land and land availability (Para 127) and take a positive approach to applications for alternative uses, including the use of retail and employment land for housing in areas of high demand (Para 128). It advises in effect that the supply/demand balance for land is an influence on appropriate densities (Para 125) and contain policies to optimise the use of land to meet as much of the identified need as possible (Para 130). There is a feedback loop in the land availability PPG⁷, where densities are expected to be reviewed where there is a land supply shortfall with a view to increasing residential development yields.
- 4.36 Leicester City has a concentration of employment opportunities and benefits from existing infrastructure, including public transport and social infrastructure, which make it one of the most sustainable locations for new development within the HMA.
- 4.37 The two supply estimates result in a potential range of between 565 – 965 dwellings per annum in Leicester City. They have been considered by the project Steering Group which includes representatives of all of the Leicester and Leicestershire Local Planning Authorities. Having regard to this national policy backdrop together with the issues about the visibility of the land supply in urban areas beyond a 10 year time horizon, **Leicester City Council have agreed with IcenI that it is reasonable to adopt the midpoint between the two supply scenarios to provide a working estimate of supply in Leicester beyond 2036. This equates to a supply of 7,650 dwellings between 2036-46, or 765 dpa.** This is taken forwards herein for the purposes of consideration of unmet needs at the current time.

⁷ *Planning Practice Guidance - Housing and economic land availability assessment*

Table 4.4 Calculating Leicester’s Unmet Need 2036-46

	Dwellings
Local housing need - Leicester, 2036-46	15,880
Estimated supply / requirement	7,650
Unmet need from Leicester, 2036-46	8,230
Unmet need per annum, 2036-46	823

4.38 As further detailed evidence emerges regarding Leicester’s longer-term land supply, as part of the Review of the Leicester Local Plan, the supply position should be revisited. We would expect there to be provision for joint working between the City Council and the local authorities in Leicestershire to discuss, review and agree land supply evidence. This can then feed through to a review, where appropriate, of the scale of unmet need and the apportionment of it to other areas. We address mechanisms for review later in this report.

Bringing the Evidence Together

4.39 Bringing the evidence together on the unmet need in Leicester to 2036, and from 2036-46, we estimate an unmet need from Leicester of 2,455 dwellings to 2036 (equivalent to 205 dpa), and of a further 8,230 dwellings from 2036-46 (equivalent to 823 dpa). The greater proportion of unmet need is therefore expected to arise after 2036. Annualised figures are set out as the timeframes for local plans differ.

Table 4.5 Scenarios for Total Land Supply Shortfall, 2024-2046

	2024-36	2036-46
Need (revised Standard Method)	19,056	15,880
Supply estimate	16,601	7,650
Unmet need	2,455	8,320
Unmet need per annum (dpa)	205	823

5. UNMET NEEDS FROM OTHER AUTHORITIES

5.1 The only other Leicestershire authority from which an unmet need could potentially arise, based on the position and information at the time of writing, is Oadby & Wigston. This is a small Borough which sits within the urban area centred around Leicester City, has tightly defined boundaries and where the revised standard method has resulted in an increase in its housing need significantly, from 188 dpa at the time of the 2022 HENA to 389 dpa at the time of writing (a 107% increase). The scale of housing need has essentially doubled.

5.2 Oadby & Wigston BC prepared and consulted on a Reg19 Local Plan in early 2025 which showed how it could support delivery of 240 dpa (this being the figure arising from the 2022 Housing SOCG). It is testing whether the standard method can be met in full within the Borough. At the time of writing this report, it does not look like the Council will be declaring an unmet housing need in relation to residential land supply, but this will need to be kept under review. The Council is still in the process of completing the full suite of Local Plan evidence base documents.

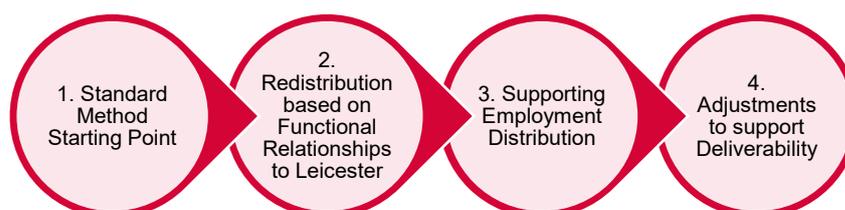
5.3 It is nonetheless clear that OWBC will not be able to contribute to meeting any unmet need from other authorities. All realistic potential development sites are likely to be required to meet its own revised standard method housing need. This is considered further in Section 6.

6. REVIEWING THE APPROACH TO APPORTIONING UNMET NEEDS

Reviewing the 2022 HENA Housing Distribution Approach

6.1 The 2022 HENA Housing Distribution Paper essentially used a three-stage approach to redistributing Leicester's unmet need: a first-stage based on functional relationships; a second stage which sought to achieve an improved local alignment between the distribution of jobs and homes; and a third stage which made adjustments for land supply and deliverability.

Figure 6.1: 2022 HENA Redistribution Approach



6.2 The functional relationships between different LPAs and Leicester, together with issues of alignment of jobs and homes are considered to remain relevant and appropriate considerations in apportioning unmet need from Leicester.

6.3 The final stage in the 2022 HENA housing distribution included the following adjustments:

- a) An upwards adjustment to the contribution from Melton Borough to reflect the residual requirement in its current adopted Plan;

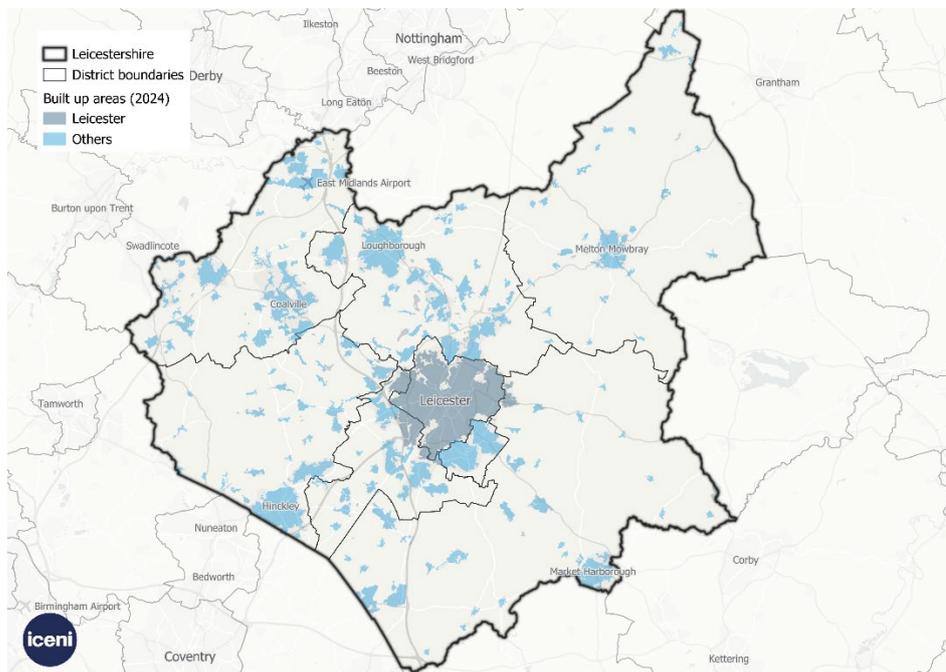
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- b) An adjustment to the contribution to Oadby & Wigston Borough, constraining the contribution it could make to unmet need to reflect the land supply position in the Borough;
 - c) An adjustment to the contribution from Charnwood on deliverability grounds, influenced by the higher demographic growth in the Borough implied in the household projections used in the standard method.
- 6.4 Reviewing the position now, the context for some of these final stage adjustments taken forwards previously has changed.
- 6.5 For **Melton** Borough, the indicative standard method housing need (369 dpa) is now above the residual plan requirement (308 dpa 2024-36) within the extant Local Plan and the stepped housing requirement therein which, for instance, envisages delivery of a minimum of 320 dpa between 2026-36, limiting potential for this to be assumed *per se* to contribute to unmet need. The extant Local Plan also does not look beyond 2036.
- 6.6 For **Oadby & Wigston**, as set out below, there is likely to be no realistic potential for the Borough to contribute to any other local authority's unmet need (in addition to meeting its own needs) given the doubling of the Borough's own housing needs and its land supply position.
- 6.7 In respect of the final 'deliverability' adjustment for **Charnwood**, which was disputed by some parties through its Local Plan Examination, the revised standard method now 'levels the playing field' by taking a stock position as a baseline (as opposed to household growth), the effect of which is to reduce the local housing need for the Borough.

7. REVIEWING THE EVIDENCE ON FUNCTIONAL RELATIONSHIPS TO LEICESTER

- 7.1 The 2022 HENA Distribution Paper considered the functional relationships between different Leicestershire authorities and Leicester City, including migration flows over the 2016-19 period and commuting patterns based on 2011 Census data. These were brought together in a blended approach recognising the vintage of the Census data alongside the influence of historical planning assumptions on migration flows.

7.2 These flows will invariably be part influenced by the spatial geography around Leicester. As the plan in Figure 7.1 shows, the Leicester Urban Area boundary (as defined by ONS⁸) extends to include Braunstone, Thorpe Astley and Glenfield in Blaby District. However the LPAs have historically also recognised a range of other settlements as falling within the wider Urban Area centred on Leicester City, including Birstall, Thurmaston, Scraptoft, Thurnby and Bushby, Oadby, Wigston and South Wigston. There are then evidently further settlements which are near to, and functionally related, to Leicester.

Figure 7.1: Settlement Geography in Leicester & Leicestershire

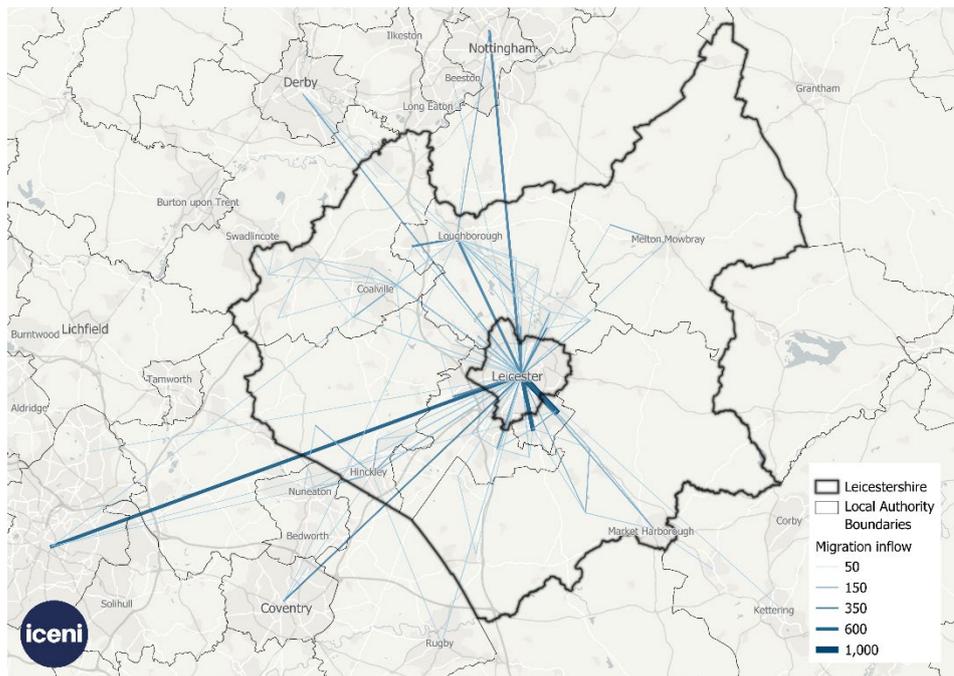


Migration Flows

7.3 The 2021 Census now provides updated information on the functional relationship of different areas with Leicester. The charts below show migration over the year to Census day 2021. They indicate a strong migration relationship of the City both with other parts of the urban area and settlements close to Leicester, as well as to the market towns elsewhere in the County, including Loughborough, as well as Lutterworth, Market Harborough, Coalville and Hinckley.

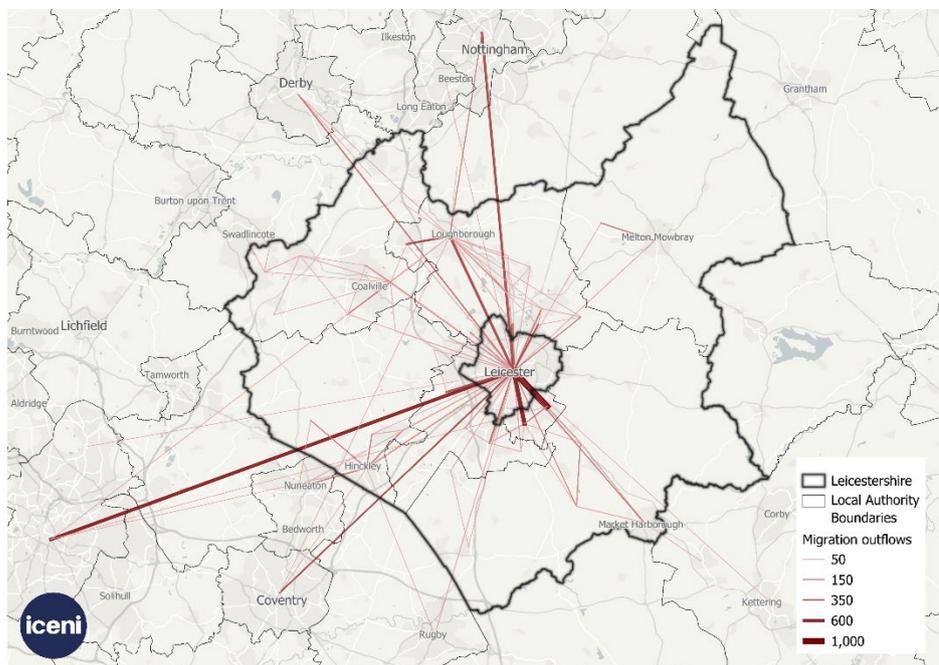
⁸ ONS Built Up Area boundaries

Figure 7.2: In-Migration to Leicester, 2020-21



Source: 2021 Census

Figure 7.3: Out-Migration from Leicester, 2020-21



Source: 2021 Census

7.4 IcenI consider that caution should be applied in the use of a single year's worth of migration data (as is used in the Census-based analysis above) given the potential influence of the distribution of new development in that year on flows. We have therefore instead analysed ONS Internal Migration Estimates, which are based on administrative data sources including higher-education and NHS

data, and considered a four year period from 2018-22. This essentially updates the analysis in the 2022 HENA Distribution Paper.

7.5 The strongest migration flows affecting Leicester are with Oadby & Wigston; Charnwood and Blaby. At the other end of the spectrum, there is a relatively weak relationship to North West Leicestershire and Melton Borough.

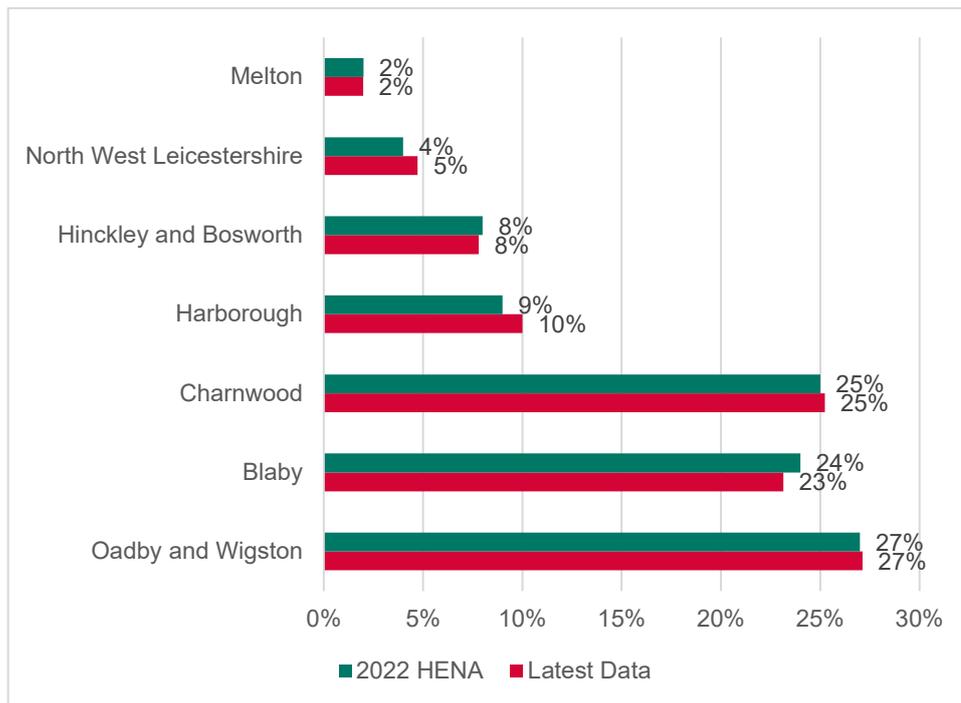
Table 7.1 Gross Migration Flows between Leicester and Leicestershire Local Authorities, 2018-22

	Average Gross Flow per annum	%
Oadby & Wigston	3,988	27.1%
Charnwood	3,708	25.2%
Blaby	3,402	23.1%
Harborough	1,470	10.0%
Hinckley & Bosworth	1,147	7.8%
North West Leicestershire	694	4.7%
Melton	291	2.0%
Total	14,700	100%

Source: ONS Internal Migration Statistics

7.6 The chart below illustrates how the share of gross migration with Leicester has changed between the data used in the 2022 HENA and the latest position. The broad migration relationship between the City and different LPAs remains consistent, with a modest increase in flows with North West Leicestershire and Harborough and modest reduction with Blaby.

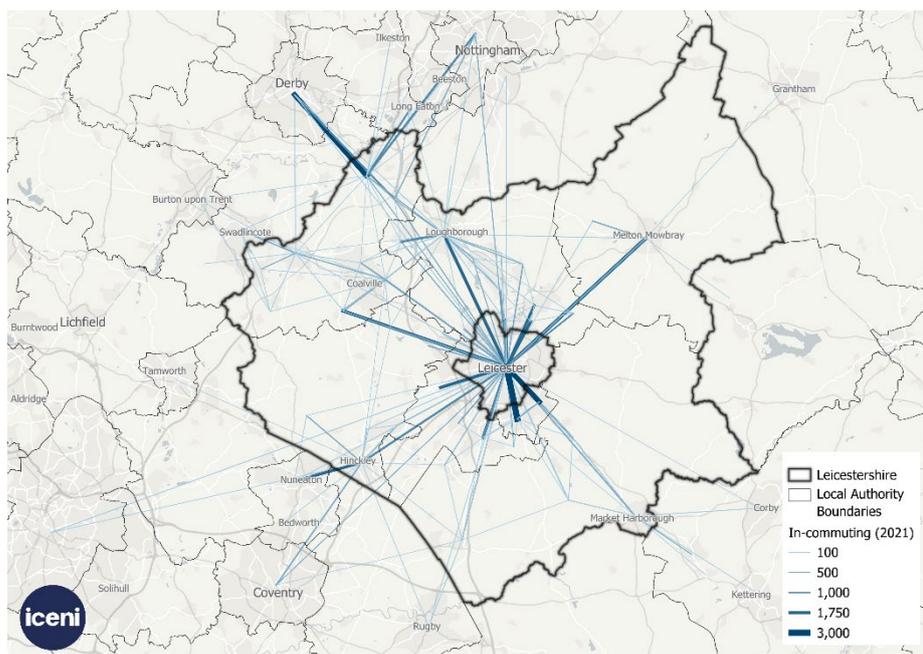
Figure 7.4: Changes in Share of Gross Migration with Leicester



Commuting Relationships

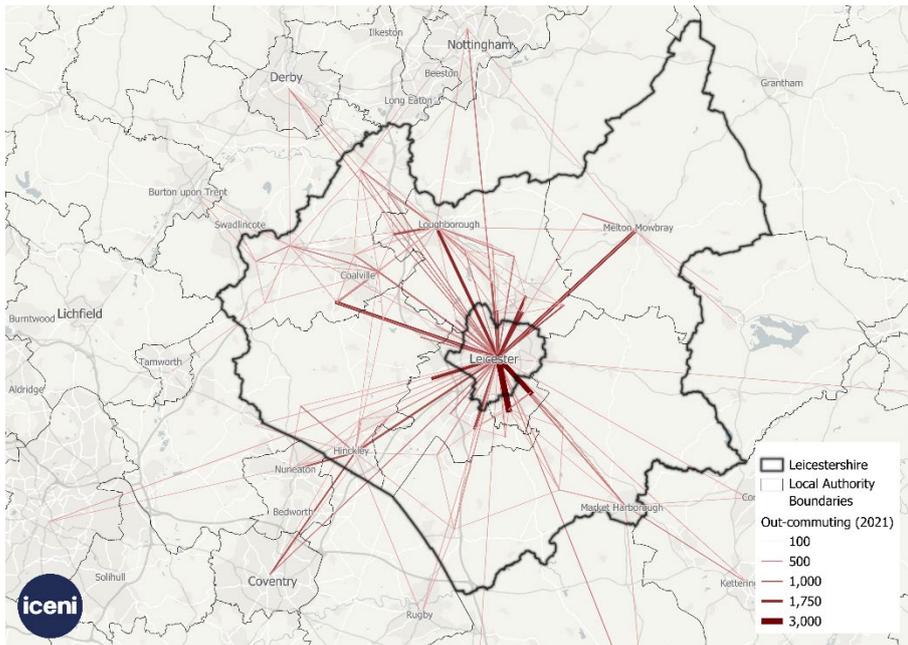
7.7 The maps below illustrate in- and out-commuting with Leicester, based on 2021 Census data. This data needs to be treated with some caution as the Census was undertaken during a Covid-19 lockdown and therefore may not be truly reflecting of commuting dynamics now. It is likely in particular to underplay commuting to office-based jobs which could be undertaken from home.

Figure 7.5: In-Commuting to Leicester



Source: 2021 Census

Figure 7.6: Out-Commuting from Leicester



Source: 2021 Census

- 7.8 The commuting analysis points again to a strong commuting relationship of Leicester City with settlements within or close to the Leicester Urban Area, but also strong relationships with some of the other market towns and other key employment locations – including Bardon in North West Leicestershire. It also shows a stronger relationship with Melton Mowbray than the migration analysis.
- 7.9 The table below shows the relative in- and out-flows between Leicester and the Leicestershire authorities based on the 2021 Census data. This updates Table 4.3 in the 2022 HENA Housing Distribution Paper. The strongest commuting flows with Leicester City remain with Blaby and Charnwood.

Table 7.2 Commuting Relationships to Leicester City, 2021

	In-commuting to Leicester	% of in-flow from Leicestershire	Out-commuting from Leicester	% of out-flow to Leicestershire
Charnwood	11,274	29%	5,615	18%
Blaby	9,199	24%	9,219	30%
Oadby & Wigston	6,566	17%	3,936	13%
Harborough	4,512	12%	3,681	12%
Hinckley & Bosworth	3,959	10%	2,929	10%
NW Leicestershire	1,908	5%	3,150	10%
Melton	1,080	3%	2,242	7%
Total	38,498	100%	30,772	100%

Source: 2021 Census

7.10 As the 2022 Paper set out, the commuting flow is indicative of a housing market relationship. It is considered that the gross commuting flow (i.e. combining flows to and from Leicester) is of greater utility in understanding the functional relationship to Leicester. The table below replicates the gross commuting relationship analysis using the 2021 Census data (updating Table 4.2 in the 2022 Paper).

Table 7.3 Gross Commuting Relationship with Leicester, 2021

	Gross commuting	%
Charnwood	16,889	24.4%
Blaby	18,418	26.6%
Oadby & Wigston	10,502	15.2%
Harborough	8,193	11.8%
Hinckley & Bosworth	6,888	9.9%
NW Leicestershire	5,058	7.3%
Melton	3,322	4.8%
Total	69,270	100%

Source: 2021 Census

7.11 It is possible to compare the gross commuting relationship of Leicestershire authorities with the City using both 2011 and 2021 Census data. This, as shown below, indicates that the changes shown are marginal. A slight reduction in commuting with Oadby & Wigston and Blaby is shown, with a slightly stronger commuting relationship with North West Leicestershire (where there has been significant employment development) and Melton (which has recognised labour supply issues).

Table 7.4 Changes in Shares of Commuting with Leicester, 2011 to 2021

	2021 Gross Commuting Share	2011 Gross Commuting Share	Difference
Charnwood	24%	24%	0%
Blaby	27%	29%	-2%
Oadby & Wigston	15%	18%	-3%
Harborough	12%	12%	0%
Hinckley & Bosworth	10%	9%	1%
NW Leicestershire	7%	5%	2%
Melton	5%	3%	2%
Total	100%	100%	0%

Source: 2011 and 2021 Census

Bringing the Evidence Together

7.12 Icen continue to consider that a blended approach to migration and commuting data should be used, which recognises that the migration data is based on several years of data and more stable view of flows but can be influenced by historical planning assumptions or housing supply distribution; whereas the commuting flow data is influenced by the effects of Covid-19 on working patterns at the time when the 2021 Census was undertaken but does capture some influence of the geography of employment development and changes in commuting since 2011.

7.13 The table below brings together the gross migration data (from Table 7.1) and commuting flow data (from Table 7.3) to generate a blended average figure, replicating the approach used in the 2022 HENA Housing Distribution Paper.

Table 7.5 Functional Relationship to Leicester – Blended Average of Gross Migration and Commuting

	% of gross commutes	% of gross migration	Average
Charnwood	24.4%	25.2%	24.8%
Blaby	26.6%	23.1%	24.9%
Oadby & Wigston	15.2%	27.1%	21.1%
Harborough	11.8%	10.0%	10.9%
Hinckley & Bosworth	9.9%	7.8%	8.9%
NW Leicestershire	7.3%	4.7%	6.0%
Melton	4.8%	2.0%	3.4%

7.14 However the current evidence indicates that Oadby & Wigston is not able to contribute to addressing unmet needs. In the 2022 Housing Distribution Paper, the Borough’s own housing need at that time was for 188 dpa. The revised standard method has increased the Borough’s housing need (or its share of the HMA’s need) to 389 dpa, with the share of the HMA’s housing need in Oadby & Wigston using the standard method increasing from 3% to 7% as Figure 2.2 shows.

7.15 IcenI has undertaken a Housing Absorption Study for OWBC to consider and assess its potential to deliver the standard method number and if there is any headroom to meet unmet needs. This indicates that including almost all sites which have been put forward for development through the emerging Local Plan that there is just sufficient land supply to meet the Borough’s standard method housing requirement over the proposed plan period to 2042. It indicates no realistic potential for the Borough to contribute to unmet needs from Leicester, albeit the Housing Absorption Study does not show that there is an unmet need arising from OWBC from a land supply perspective. On this basis, the current evidence does not suggest it is realistic for OWBC to make a contribution to unmet needs arising from Leicester. OWBC’s wider local plan evidence, including its transport evidence base, is testing further whether the Borough is able to sustainably meet its local housing need figure. It has been agreed between the HMA partners that any declared unmet need stemming from OWBC in due course will be dealt with through the Duty to Cooperate and the plan-making process and therefore consideration of potential infrastructure capacity issues is outside of the scope of this exercise.

7.16 On the basis of the current evidence that Oadby & Wigston Borough is not able to contribute to meeting unmet needs from Leicester, IcenI has therefore recalculated the functional relationships of

other areas within the HMA with Leicester, excluding Oadby & Wigston. These are shown in Table 7.6 below.⁹

Table 7.6 Revised Functional Relationship of L&L Authorities with Leicester (excluding OWBC)

	% Apportionment based on Functional Relationship¹⁰
Charnwood	31.7%
Blaby	31.5%
Harborough	13.8%
Hinckley & Bosworth	11.2%
North West Leicestershire	7.5%
Melton	4.2%

7.17 Applying these percentages (which are shown in the left hand column below) to the unmet need, the table below calculates the unmet need apportionment based on functional relationships to 2036, and over the 2036-46 period. The table provides an initial apportionment of the unmet need figures of 2,455 dwellings from Leicester over the 2024-36 period and the indicative unmet need for 8,320 dwellings over the 2036-46 period as set out in Table 4.5 herein. The right hand column shows annual figures for unmet need post 2036 which can be applied to different plan periods.

⁹ This takes the percentages for these authorities in Table 7.5 and recalculates them as a share of the total excluding Oadby & Wigston.

¹⁰ Numbers do not precisely sum due to rounding in the table to one decimal place in the table shown. Calculations use unrounded figures.

Table 7.7 Initial Apportionment of Unmet Need from Leicester based on Functional Relationships

	Functional relationship to Leicester¹¹	Contribution to unmet need from Leicester 2024-36	dpa contribution to 2036	Contribution to unmet need from Leicester 2036-46	dpa contribution 2036-46
Blaby	31.5%	775	65	2,597	260
Charnwood	31.7%	778	65	2,607	261
Harborough	13.8%	340	28	1,138	114
Hinckley & Bosworth	11.2%	275	23	923	92
Melton	4.2%	103	9	344	34
NW Leicestershire	7.5%	185	15	621	62
Total		2,455	205	8,230	823

7.18 As set out in Para 3.11 herein, local plans or plan reviews within the HMA have different plan periods, with emerging local plans in Blaby and North West Leicestershire running to 2042 and in Hinckley & Bosworth to 2045. Table 7.8 indicates the housing requirement implied by the initial apportionment based on functional relationships over these plan periods for these authorities. Figures are expressed to 2046 for the other authorities in the HMA.

7.19 The initial apportionment considered herein is then reviewed alongside issues of the alignment of jobs and homes – which is considered in the next section. Whilst these issues were considered sequentially in the 2022 HENA Paper, with a view to ensuring that the apportionment approach can be readily updated, the alignment of jobs and homes are to be considered alongside one another in the final apportionment analysis in this Paper.

¹¹ Numbers do not precisely sum due to rounding in the table to one decimal place.

Table 7.8 Initial Apportionment of Unmet Need from Leicester based on Functional Relationships over relevant plan periods

	Unmet Need from Leicester	Blaby	Charn-wood	Harb-orough	H&B	Leicester	Melton	NWL	O&W
Functional relationship to Leicester¹²		31.5%	31.7%	13.8%	11.2%	N/A	4.2%	7.5%	N/A
Contribution to unmet need 2024-36	2,455	775	778	340	275	N/A	103	185	N/A
dpa contribution to 2036		65	65	28	23	N/A	9	15	N/A
Contribution to unmet need 2036-46	8,230	2,597	2,607	1,138	923	0	344	621	0
dpa contribution 2036-46		260	261	114	92	0	34	62	0
Implied requirement 2024-36 (dpa)		604	1057	763	686	1,383	378	632	389
Implied requirement Post 2036 to end of relevant plan period (dpa)		799	1253	849	755	765	403	679	389
Plan period end point		2042	2046	2046	2045	2046	2046	2042	2042
Implied requirement over relevant plan period		12,034	25,209	17,648	15,029	24,251	8,565	11,664	7,002
Implied requirement (dpa)		669	1146	802	716	1102	389	648	389

¹² Numbers do not precisely sum due to rounding in the table to one decimal place. The calculations in the report use unrounded figures.

8. ALIGNING HOMES & JOBS

- 8.1 In this section we move on to review the alignment of homes and jobs. The first step is to consider the current balance of homes and jobs, using jobs density statistics. These describe the ratio between jobs in an area to residents aged 16-64.
- 8.2 The jobs density is above the L&L and national averages in both North West Leicestershire and Blaby, consistent with the position in the 2022 HENA¹³. This is shown in Table 8.1 below. The jobs density of over 1.0 points to notable net in-commuting to these areas. Blaby's jobs density has however increased significantly in the most recent data. A particularly low jobs density in Oadby & Wigston is also notable – pointing to significant net out-commuting.

Table 8.1 Jobs Density, 2023

	Jobs density
Blaby	1.09
Charnwood	0.70
Harborough	0.75
Hinckley & Bosworth	0.70
Leicester	0.74
Melton	0.84
NW Leicestershire	1.14
Oadby & Wigston	0.62
Leicester & Leicestershire	0.80
England	0.87

Source: NOMIS

- 8.3 Holding all other factors equal, higher housing provision in North West Leicestershire and Blaby could therefore help to provide more localised opportunities for living and working in a similar area. The opposite is the case for Oadby & Wigston.
- 8.4 The analysis in the 2022 HENA regarding employment growth prospects has not been updated at this point, but the scenarios therein were based on the long-term economic trends and took into account local economic drivers and opportunities as identified in the LLEP's¹⁴ Economic Growth Strategy to generate a 'Growth Scenario'. The modelling was presented in the HENA over the period

¹³ Table 5.2 in the 2022 Housing Distribution Paper

¹⁴ Leicester & Leicestershire Enterprise Partnership

to 2036, as well as to 2050 (but not to intermediate dates) albeit Icení has been able to consider the original data herein.

- 8.5 Icení has updated the demographic model to take account of the latest data and this latest demographic information can be used to review the inter-relationship between economic growth and housing need. A base demographic model has been developed using the ONS 2022-based Sub-National Population Projections (released June 2025). The core modelling has been run over the 2024-46 period, but outputs have been developed for different end points to reflect the timeframes for different local plans recognising the need to align the housing and employment provision over the relevant plan periods.
- 8.6 Household representative rates (which are used to relate growth in population to households) have taken the HRRs from the 2021 Census as a starting point¹⁵, but then modelled a part return to the 2021 position for the 25-44 age bracket over the period to 2046. This in effect builds in the demographic effects of an improvement in housing affordability resulting in an increased ability of younger households to form over time, consistent with the national policy objectives and affordability uplift in the standard method.
- 8.7 In relating jobs and homes, the modelling builds in some improvement in economic participation over time – in line with assumptions from the Office for Budget Responsibility (OBR) 2018 Fiscal Sustainability Review. This is consistent to the 2022 HENA and assumes some increase in women and older persons in work. A commuting ratio is calculated from the 2021 Census.

HENA Growth Scenario

- 8.8 The table below compares housing need implied by the HENA Growth Scenario over the period to 2046 against the standard method. It shows that for all L&L local authorities, the standard method housing need generates sufficient labour supply to support the HENA Growth Scenario (with no ‘economic uplift’ therefore justified for any area using this scenario alone). In reality, there is unlikely to be ‘excess labour’ – the analysis would simply suggest that economic participation improvements would be weaker than that modelled if this housing provision and economic growth was achieved (i.e. growth in economic activity rates would be lower than modelled).

¹⁵ This is consistent to the approach adopted in the ONS 2022-based Household Projections

Table 8.2 Housing Need implied by Standard Method and HENA Growth Scenario, 2024-46

	Standard Method (dpa)	Economic-led Need: HENA Growth Scenario	Difference
Blaby	539	496	43
Charnwood	992	578	414
Harborough	735	493	242
Hinckley & Bosworth	663	323	340
Leicester	1,588	1,365	223
Melton	369	244	125
NW Leicestershire	617	513	104
Oadby & Wigston	389	193	196
TOTAL	5,892	4,204	1,688

Source: Updated Modelling

8.9 The table below provides the same analysis covering the different plan periods for the emerging local plans in Blaby, NW Leicestershire, Hinckley & Bosworth, and Oadby & Wigston. The figures differ from those in Table 8.3 above as they take account of differences in demographic changes over the varying plan periods. Again, it shows that the standard method generates sufficient labour supply to support the HENA Growth Scenario in all four authority areas.

Table 8.3 Housing Need implied by Standard Method and HENA Growth Scenario over plan periods for selected emerging Plans

	Plan period end point	Standard Method (dpa)	Economic-led Need: HENA Growth Scenario
Blaby	2042	539	515
Hinckley & Bosworth	2045	663	326
NW Leicestershire	2042	617	544
Oadby & Wigston	2042	389	197

HENA Growth Scenario with B8 Adjustments

8.10 IcenI has been working with the L&L authorities to consider the need for and apportionment of strategic B8 development. The findings from this work are set out in the *Leicester & Leicestershire: Strategic Distribution Floorspace Needs Update and Apportionment* report, dated October 2025.

8.11 We have therefore also sought to test herein whether the apportionment of strategic B8 need has any impact on the homes/jobs balance or apportionment of housing provision within the HMA. To do so, IcenI has:

- Calculated the strategic B8 floorspace implied over relevant plan periods – this has included subtracting 2023-24 completions (where appropriate) to generate a figure starting from 2024 to align with the timeframes adopted herein. Whilst the strategic B8 evidence looks to 2046, for plans with shorter plan periods we have calculated a pro-rata need over the relevant plan period.¹⁶
- Calculated the additional FTE jobs implied by the strategic B8 floorspace recommendations for different districts, using a jobs density of 95 sq.m per FTE jobs, and adopting assumptions on displacement (25%) and substitution (20%). This is then compared to the jobs already included within the sector within the 2022 HENA labour demand modelling to calculate the quantum of jobs which are additional (or lower) relative to the HENA Growth Scenario and ensure no double counting.
- The final stage is then to apply a FTE to total jobs conversion (95%) – consistent to the HENA modelling; and then to consider wider supply chain and multiplier effects (adjusted for commuting) to calculate the net additional jobs which are expected to arise.

8.12 These calculations clearly only apply to districts where there is an apportionment of strategic B8 floorspace. The results, applied to the relevant plan periods, are shown in the table below.

Table 8.4 Housing Need to Support HENA Growth Scenario and Strategic B8 Apportionment

	Plan period end point	Standard Method (dpa)	Housing Need (dpa) HENA Growth Scenario adjusted for B8 apportionment
Blaby	2042	539	614
Charnwood	2046	992	566
Harborough	2046	735	565
Hinckley & Bosworth	2045	663	431
North West Leicestershire	2042	617	690

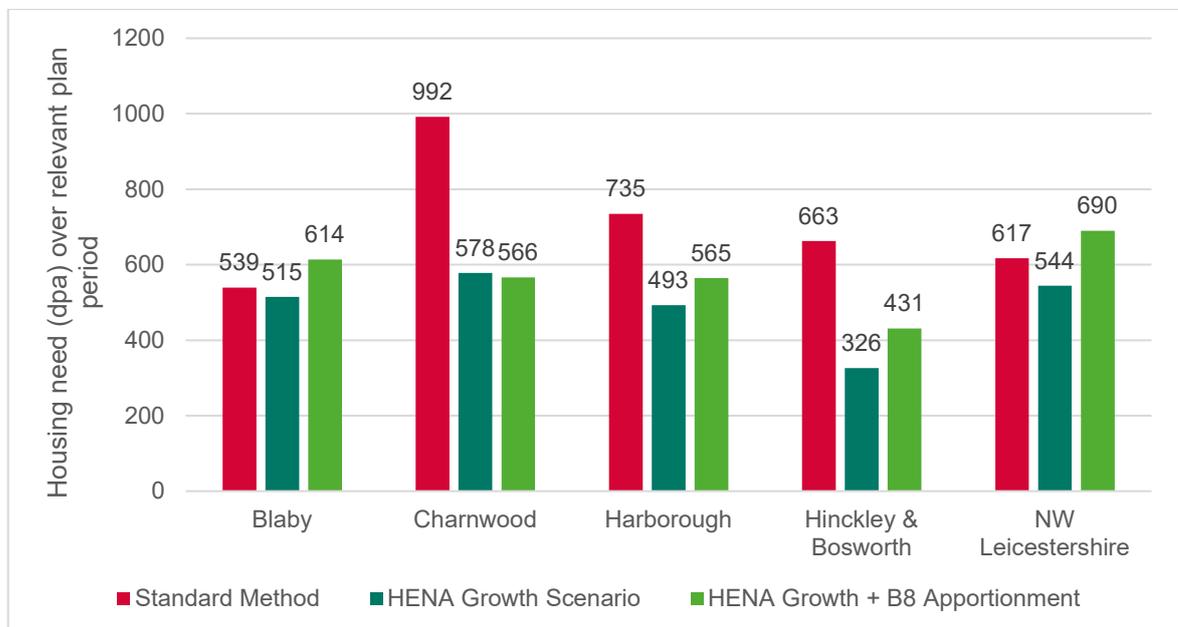
8.13 The chart below shows the effect of the strategic B8 apportionment on the economic-led housing need. It results in a housing need above the standard method arising in this scenario in Blaby (of 614 dpa) and in North West Leicestershire (690 dpa) only. It is notable that those districts in which a higher housing need arises through this analysis correlate with those in which there is already a

¹⁶ Blaby and NW Leicestershire to 2042, Hinckley & Bosworth to 2045

strong jobs density and net in-commuting – pointing to a broader rationale for higher housing provision to support the alignment of homes and jobs.

- 8.14 For North West Leicestershire, this economic-led need for 690 dpa exceeds the initial apportionment of unmet need based on the functional relationship – which was for 648 dpa, as set out in Table 7.8.
- 8.15 In how the modelling works, the economic-driven figure shown for Blaby here (614 dpa) implicitly assumes that the Hinckley National Rail Freight Interchange (RFI) comes forwards to support jobs growth. The consenting process for this is separate to (and outside of) the local plan process and this cannot therefore be guaranteed; and this report does not imply that the proposed RFI scheme should or will come forwards. We have not therefore specifically taken forwards the economic-led need scenario here for Blaby. However it is notable that the the scale of need shown over the plan period to 2042 for Blaby arising from this scenario (614 dpa) falls below the apportionment arising based on the functional relationship analysis. This is considered further in drawing conclusions in the next section.
- 8.16 The figure for Charnwood drops in this scenario as the expected growth in warehousing and logistics is lower than assumed in the HENA Growth Scenario.

Figure 8.1: Comparison of economic-led housing need (with strategic B8 apportionment) and standard method, over relevant plan periods



-
- 8.17 In the other districts – Charnwood, Harborough and Hinckley & Bosworth - the analysis continues to suggest that the standard method will provide sufficient labour supply growth to support economic growth taking account of the strategic B8 apportionment conclusions.

9. BRINGING THE EVIDENCE TOGETHER

- 9.1 The HMA authorities are keen to see an approach to apportioning unmet needs which can be readily updated to take account of changes in the base housing needs position or the unmet needs arising from Leicester. The approach must also be designed to take account of the different plan periods to which different local authorities are working. These considerations have been taken into account in bringing together the different components of analysis. This is set out in Table 9.4 herein.
- 9.2 The starting point is the standard method figures for each authority (Row 1) and the quantum of Leicester’s unmet need to 2036 (Row 2) and post 2036 (Row 3). The figures relating to the economic-led need for housing are fixed figures, based on the analysis of potential employment growth; whereas the apportionment of need based on functional relationships is based on percentage figures and can flex (for instance should the scale of unmet need change).
- 9.3 Comparing the initial apportionment based on the functional relationships analysis (Row 12) to the scale of housing need necessary to support alignment of homes and jobs (Rows 13 and 14) indicates that a higher apportionment of unmet need to North West Leicestershire would be justified to support an improved spatial alignment of homes and jobs (Row 15). It points to a proposed requirement for North West Leicestershire of 690 dpa with a contribution of +73 dpa to Leicester’s unmet need.
- 9.4 Taking account of this, the residual unmet need (as shown in Rows 17 and 20) is then apportioned to the other Leicestershire authorities, besides Oadby & Wigston (as shown in Rows 18-20 and 21-22).¹⁷ Bringing this together with the proposed provision in NW Leicestershire, the proposed annual housing requirement figures to 2036 and post 2036 in different local authorities are set out in Rows 23 and 24.

Unmet Need to 2036

- 9.5 To apportion the unmet need to 2036 of 2,455 dwellings, we thus undertake an initial apportionment based on aligning homes and jobs. This results in an increased need in NW Leicestershire (+73 dpa additional homes over the standard method) in particular as strong jobs growth is envisaged in this

¹⁷ This uses the same process as described in Footnote 9 herein

District, but it has a relatively weaker functional relationship than the position with some other Districts. The residual unmet need (132 dpa) is then apportioned to the other authorities (besides O&W) based on their functional relationship to Leicester (Rows 21 and 22). The relative shares to each authority change from those shown in Table 7.6 as North West Leicestershire is excluded at this stage (see Table 9.4). This results in the following unmet need contributions from Leicestershire authorities between 2024-36 (as shown in Row 23 in Table 9.4).

Table 9.1 Apportionment of Unmet Need to 2036 – dpa

	Apportionment of Unmet Need to 2036 (dpa)
Blaby	45
Charnwood	45
Harborough	20
Hinckley & Bosworth	16
Melton	6
NW Leicestershire	73
Oadby & Wigston	0
Total	205

Unmet Need beyond 2036

9.6 For needs beyond 2036, the analysis is repeated with a first stage apportionment to North West Leicestershire (+73 dpa), on the same basis as described above, with the residual need then distributed to other districts (besides O&W) based on their functional relationship with the City. Over this period beyond 2036, the need has been calculated as it relates to different plan periods (as shown in Row 10 in Table 9.4 herein).

Table 9.2 Apportionment of Unmet Needs post 2036 – dpa

	Apportionment post 2036
Blaby	256
Charnwood	257
Harborough	112
Hinckley & Bosworth	91
Melton	34
North West Leicestershire	73
Oadby & Wigston	0
Total	823

Housing Requirement over relevant Plan Period

- 9.7 The housing requirement over the relevant plan period is influenced by the plan period end point. The apportionment of unmet need to 2036 is applied over a 12 year period (2024-36) with the housing need post 2036 then applied to different number of years, depending on the plan period end point.¹⁸
- 9.8 The final apportionments based on the current evidence are shown overleaf in Table 9.4.

Table 9.3 Final Apportionment of Housing Need over relevant plan periods

	Plan period end point	Requirement over plan period: total dwellings	Requirement (dpa) over plan period
Blaby	2042	11,776	654
Charnwood	2046	24,935	1,133
Harborough	2046	17,528	797
H&B	2045	14,933	711
Leicester	2046	24,251	1,102
Melton	2046	8,529	388
NW Leicestershire	2042	12,420	690
Oadby & Wigston	2042	7,002	389

¹⁸ Blaby and NW Leicestershire 6 years to 2042; and Hinckley & Bosworth 9 years to 2045. Figures for other authorities are calculated to 2046

Table 9.4 Final Apportionment of Unmet Need over Relevant Plan Periods

Row			Blaby	Charnwood	Harborough	H&B	Leicester	Melton	NWL	O&W	Total
A. Review of Need and Unmet Need											
1	Standard method (dpa)		539	992	735	663	1588	369	617	389	5892
		Total									
		dpa									
2	Leicester Unmet need to 2036	2455									
3	Unmet need 2036-46	8230	823								
4	Capacity to contribute to unmet need		Y	Y	Y	Y	N	Y	Y	N	
B. Initial Apportionment based on functional relationship											
5	Functional relationship to Leicester		31.5%	31.7%	13.8%	11.2%		4.2%	7.5%		
6	Contribution to unmet need 2024-36	2455	775	778	340	275	0	103	185	0	2455
7	dpa contribution to 2036		65	65	28	23	0	9	15	0	205
8	Contribution to unmet need 2036-46	8230	2597	2607	1138	923	0	344	621	0	8230
9	dpa contribution 2036-46		260	261	114	92	0	34	62	0	823
10	Plan period		2042	2046	2046	2045	2046	2046	2042	2042	
11	Implied requirement over relevant plan period		12,034	25,209	17,648	15,029	24,251	8,565	11,664	7,002	
12	Implied requirement based on functional relationship (dpa)		669	1146	802	716	1102	389	648	389	
C. Economic-led Need over relevant plan period											
13	HENA Growth Scenario need (dpa)		515	578	493	326	1,365	244	544	197	4,263
14	HENA Growth Scenario + B8 adjustment need (dpa)		614	566	565	431			690		
15	Economic-led Need exceeds initial apportionment on functional relationship		N	N	N	N	N	N	Y	N	N
16	Economic uplift on Standard Method figure taken forwards								73		
D. Apportionment of residual unmet need based on functional relationship											
17	Residual unmet need to 2036 (dpa)	132									
18	Reapportionment based on functional distribution - %		34.1%	34.3%	15.0%	12.1%	0.0%	4.5%	0.0%	0.0%	92.5%
19	Reapportionment based on functional distribution - dpa		45	45	20	16	0	6	0	0	
20	Residual unmet need post 2036 (dpa)	750									
21	Reapportionment based on functional distribution - %		34.1%	34.3%	15.0%	12.1%	0.0%	4.5%	0.0%	0.0%	
22	Reapportionment based on functional distribution - dpa		256	257	112	91	0	34	0	0	
E. Final Apportionment											
23	Requirement to 2036 (dpa)		584	1,037	755	679	1,383	375	690	389	5,892
24	Requirement post 2036 (dpa)		795	1,249	847	754	765	403	690	389	
25	Plan period end point		2042	2046	2046	2045	2046	2046	2042	2042	
26	Requirement over plan period: total dwellings		11776	24935	17528	14933	24251	8529	12420	7002	
27	Requirement (dpa) over plan period		654	1,133	797	711	1,102	388	690	389	

Managing Future Changes

- 9.9 There is the potential for future changes in a) the standard method housing need figure for individual authorities; and b) the scale of unmet need, due to either changes in Leicester's housing need figure and/or further detailed evidence on land supply in Leicester.
- 9.10 The approach set out has been designed to be able to accommodate this. The alignment of homes and jobs results in fixed figures; allowing the iteration of the apportionment using functional relationships to flex based on changes in the scale of unmet need. The approach to managing changes is thus:
- For individual LPAs to take account of changes in the standard method figure for their area (up to the point of submission of the local plan);
 - Where changes in the unmet need from Leicester City arise, consideration is given to how this is dealt with in the following order:
 - a). Joint working to review the capacity position and agree an updated working figure for unmet needs to 2046;
 - b). Apportioning the unmet need based on functional relationships initially using the average percentage figure in Table 9.4.
 - c). Discussion of whether there are capacity constraints which would preclude an authority from making a contribution or increasing its contribution. The emphasises would be on the authorities concerned to justify this to other LPAs.
 - d). Comparison of this with evidence of housing needed to support employment growth based on the evidence herein (and any more recent testing of jobs/homes alignment within other LPAs' evidence where appropriate). The economic-led need figure is taken forwards where this exceeds the figure based on functional relationships;
 - e). Recalculate the distribution – as done in this Paper – through adjusting the functional relationship percentages to distribute the remaining need between the other authorities which are able to contribute.
- 9.11 The potential for Leicester's unmet need to change prior to the adoption of emerging local plans is a relevant consideration which individual local authorities may wish to consider, alongside land supply and infrastructure capacity evidence, in making judgments on the appropriate supply-side buffer to include within their local plans.