

APPENDIX 3

East Midlands Regional Plan: Partial Review

Section 4 (4) Authority Advice to the East Midlands Regional Assembly

Spatial Development Option

Background

- 1 Part of the Partial Review of the Regional Plan relates to spatial development in Leicester and Leicestershire to 2031. Section 4 (4) Authorities (including Leicestershire County Council) have to advise on a preferred spatial development option for their area. This should identify a policy approach to the location of development that is able to accommodate predicted housing development requirements in the period from 2021 and 2031.
- 2 The County Council has been asked to advise on the scale and distribution of new market and affordable housing development in the Local Planning Authorities in their area. This should be specified on the basis of individual Districts / Boroughs. For Blaby, Charnwood, Harborough and Oadby and Wigston, an apportionment of the level of development that should be located within, adjoining, or outside the Leicester Principal Urban Area should be provided.
- 3 The approach to providing the housing development advice should assume that the approved East Midlands Regional Plan (March 2009) Policy 13a “Regional Housing Provision” annual apportionments, Policy 13b “Housing Provision (excluding Northamptonshire)” targets, and Policy 14 “Regional Priorities for Affordable Housing” targets remain unchanged to 2021.
- 4 Thereafter (from 2022 to 2031) the housing development advice should reflect the emerging work on the official 2006 based population and household statistics being undertaken on behalf of the Regional Assembly by the University of Manchester. The advice will need to justify its approach to accommodating any assumptions on variances on the delivery of housing from the period up to 2021 in considering spatial planning and development options and the scale and distribution of housing in the 2022 to 2031 period.
- 5 The advice should consider a wide range of issues, impacts, opportunities and constraints, including transport and climate change issues, in an integrated way that reflects sustainable development principles. The advice should take proper account of relevant responses to the Options consultation.
- 6 The Section 4 (4) Authority advice needs to be underpinned by a robust evidence base, which should be clearly referenced in the submission, and readily available for inspection by the Regional Planning Body.

Section 4(4) Advice

- 7 It is concluded that in the absence of clear evidence to the contrary, there is no justification for changing the spatial development strategy and scale and

broad distribution of housing as set out in the currently adopted Regional Plan up to 2026 (i.e. Option 1 in the consultation on the Options for Leicester and Leicestershire). The strategy and the scale and broad approach to distribution beyond 2026 should be considered as part of a future full review of the Regional Plan, i.e. the first Single Integrated Regional Strategy. The justification for this advice is set out below.

Timescale

- 8 The Project Plan allows insufficient time to properly assess the consultation responses and provide fully evidence-based advice which may identify the need to change the current strategy.
- 9 This is the fundamental reason for advising no change to the current Regional Plan. Consultation on the Options closed on the 6th October; the responses were published later that month. This left little more than a month to formulate the Advice in time for it to be considered through the due political process. In addition, there are a number of issues arising from the development of the evidence-base, detailed below.

Relationship to LDF work

- 10 Conducting a Partial Review of housing at this time would divert resources away from current LDF work. It is significant that in the West Midlands, the Panel Report on the West Midlands Regional Spatial Strategy (WMRSS) published in September 2009 cited the considerable evidence available from progress that has been made towards Core Strategies in most parts of the region. This provided a helpful underpinning to the EiP discussion and the Panel's deliberations. The Panel emphasised, however, that while they believe the WMRSS is stronger as a result, they have striven to avoid pre-empting or presuming upon decisions which are for the local level. The result for the WMRSS, however, was considered to be a robust and realistic regional housing provision.
- 11 Whilst a good evidence base is being produced in Leicester and Leicestershire, several Core Strategies have been through more than one iteration, with only one having been submitted to the Secretary of State at the time of writing. The overwhelming response from the district councils in Leicestershire to the options consultation has been to support Option 1, because, for example, it consolidated existing proposals, and provided certainty for development. Reservations expressed include references to current targets being challenging and not being able to deliver the significant growth suggested. A summary of key comments is set out in Appendix 2.

Meeting Housing requirements to 2026

- 12 Sufficient housing land will be identified in LDFs to meet requirements set out in the Regional Plan to 2026, including a number of substantial Sustainable Urban Extensions. The flexibility being built into LDFs will allow for changes in demand over time, including an increase in requirements, or an extension beyond 2026 if necessary.

- 13 The Panel Report on the WMRSS noted that *“having been expecting higher building rates than have actually been achieved as a result of the recession, the region should be well equipped in planning terms to deliver the development that is likely to come forward over the first 10 years at least, and secondly **that major challenges will lie ahead in terms of the requirement still needing to be delivered beyond 2016.** A corollary to this is that there will be an opportunity to revisit these issues for the longer term – how much housing the region can and should provide, and how best to go about it, in the review leading to the first Single Integrated Regional Strategy under the proposed new arrangements. The high volume of additional housing assumed for the final 5 years to 2026, crucial though it is to the regional total, is the part that is least certain and most in need of further assessment and work to plan for its delivery.”*
- 14 The implication of the WMRSS is that it is sufficient (and difficult enough) to achieve the housing requirements even to 2016. The County Council has consistently argued that it is premature to revise housing requirements beyond the 2026 end date of the current Regional Plan at this stage.

Cross Boundary Issues

- 15 In providing its advice, the County Council is required to ensure that it recognises, understands, and reflects any issues that will affect their area from adjoining Section 4 (4) Authority areas, both within the East Midlands and across regional boundaries.
- 16 Leicester City Council will not be submitting any further formal advice to EMRA. Instead, it is relying on its comments on the Options Consultation. Option 1, continuing the current strategy of concentration of growth to the Leicester PUA, is the City Council's preferred medium term option. The medium to longer term options for growth could be a combination of Options 1 and 4 and with potentially additional growth at Loughborough. The City Council considers that further more detailed comparative analysis should however be given to these options particularly in light of clarification on specific housing requirements together with consideration of scenarios for accommodating new employment growth over the longer term.
- 17 The County Council, on the other hand, has already rejected Option 4, new settlement, given the compelling evidence against, and the Government's subsequent rejection of, Pennbury as a suitable location for large scale development and the absence of an alternative proposal for a new settlement. According to the Planning Policy Statement, Pennbury's location had not demonstrated the potential to meet the sustainability and deliverability requirements for successful development as an eco-town at that time.

Effect of Recession

- 18 The recession has disrupted the housing market, making it difficult to anticipate future demand for housing. The draft Leicester and Leicestershire Economic Assessment (Housing) states that whilst evidence was being

collected for the Strategic Housing Market Assessment the housing market bubble burst. While this is reflected to some extent in the research and report, the market changed so quickly that it could not all be taken into account. Indeed the UK housing market is now so dysfunctional and volatile that it is impossible to capture it in any snapshot study, and ongoing dynamic monitoring and adjustment of policy is required – one of the key recommendations of the SHMA. Making key decisions about the longer term development of the County in this uncertain context would not be wise particularly as there is no pressing need to do so. It could, for example, lead to the unnecessary allocation and release of greenfield sites

Population and Household Projections

- 19 As with the Housing Market Assessment, population and household projections are still based on data which generally pre-dates the recession. Further evidence on this is set out in Appendix 4.
- 20 Despite assurances from NHPAU that demand for housing will continue to rise, it is considered that the recession could have lasting effects on the housing market and the full implications of this are not yet known. In light of such uncertainties the Partial Review of housing would seem premature.

Transport Modelling

- 21 The evidence base for LTP 3 and transport modelling results of the spatial Options will not be available until early 2010. Further evidence on this is set out in Appendix 5. There are a number of further pieces of evidence 'in the pipeline' which would increase our ability to undertake a more thorough transportation assessment of the Partial Review options and which might even identify the need to change the current strategy. These include:
 - Ongoing work associated with Local Development Frameworks (LDF);
 - A study to assess the impact of housing growth on the Leicester PUA, due for completion March 2010;
 - The development and launch of the Leicester and Leicestershire Integrated Transport Model (LLITM), due for April 2010;
 - The finalisation of the Regional Transport Study;
 - The development and launch of a Regional (Ptolemy) Model;
 - Further regional DaSTS studies and work;
 - The Leicester & Leicestershire Economic Assessment, due early 2010;
 - Local Transport Plan 3 (LTP3). Whilst continuation of the current spatial development strategy is supported in the context of our current Local Transport Plan 2 (LTP2, 2006-2011), work is now underway to prepare LTP3.

Relationship between Housing and Employment

- 22 It would be advantageous to consider future housing provision as part of a full Regional Plan review which will also cover employment land provision. One key lesson from the recent examination of the Pennbury proposal is the absolutely critical relationship between housing and employment land provision.
- 23 The Evidence Base for the Regional Economic Strategy is currently being finalised, and sub-regional Economic Assessment will not be available before early 2010. Both these documents will be essential in assessing the relationship between housing and employment.

Option Consultation Responses

- 24 The consultation responses from local authorities and agencies (see Appendix 2) generally favour Option 1. The County Council conducted an initial appraisal of the Options for its response to the Options consultation and did not express a preference, apart from rejecting Option 4. Further work, as set out above, is required to enable the County Council to come to an informed view on its Advice.