



**GL Hearn**

Part of Capita Real Estate

# Towards a Housing Requirement for Melton Borough

**Prepared for Melton Borough Council**

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## **Prepared by**

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**Limitations**

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of GL Hearn; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

**Erratum**

Paragraph 4.26 in this report has been amended to address a typographical error in the final sentence in the version originally published.

# 1 EXECUTIVE SUMMARY

## Background and Scope

- i. This report sets out and considers factors which are relevant in setting a housing requirement for Melton Borough in the Local Plan. It considers the evidence of objectively assessed housing need, as set out within the 2017 Leicester and Leicestershire Housing & Economic Development Needs Assessment (HEDNA), alongside other influences which may inform the Council's decision on the appropriate housing requirement to include within the Plan. These include:
  - a. The alignment of the plan's housing and economic strategy;
  - b. Issues of unmet housing need from other parts of the Housing Market Area; and
  - c. The role which higher housing provision – above Melton's objectively assessed housing need - can play in supporting economic growth, delivering affordable housing, and new infrastructure, including in particular the Melton Mowbray Transport Strategy.
- ii. The HEDNA, published alongside this report in January 2017, provides a consistent, 'policy-off' assessment of housing need for authorities across Leicester and Leicestershire for the period to 2036. It identifies an objectively assessed need in Melton Borough of 4,250 dwellings (170 dwellings per annum). This is based on an assessment which considers demographic trends, economic growth and affordability, and is part of a consistent joint evidence base for strategic planning for local authorities across Leicester and Leicestershire. The HEDNA's conclusions for Melton Borough point to a lower level of housing needs than previous evidence studies.
- iii. There are however a set of wider considerations which Melton Borough Council needs to take careful account of in determining the housing requirement (the level of housing provision which is planned for) within its Local Plan. These are summarised in Figure 1. They provide the focus for this report which is published and intended to be read alongside the HEDNA.

**Figure 1: Considerations in Setting the Housing Requirement in the Local Plan**



### Aligning Housing and Employment Strategy

- iv. Government requires the planning system to do everything it can to support sustainable economic growth<sup>1</sup> and national policies for plan-making emphasise the alignment of strategies for housing and employment within local plans.
- v. Evidence from the Borough Council's Employment Land Study (BE Group, June 2015), the latest data which points to strong recent growth in the manufacturing sector, and the potential for new infrastructure investment to unlock new employment land allocations as part of strategic urban extensions at Melton Mowbray and to support additional employment growth. Infrastructure delivery, in particular delivery of the Melton Mowbray Transport Strategy, can be expected to support additional employment growth and the report concludes that it would be realistic to expect (policy-on) growth of 3,420 jobs over the plan period (2011-36).
- vi. The relationship between jobs growth and housing need is sensitive to a range of factors including commuting patterns and the degree to which people in older age groups (such as those in their 60s) will remain in work for longer, as life expectancy improves and state pension age increases. Because of the Borough's population age structure, workforce growth is particularly sensitive to the proportion of people in their 60s who will remain in work. Melton Borough has a strong manufacturing sector, which accounts for almost 20% of all jobs in the Borough. Of this almost 50% is in food manufacturing which includes physically-demanding roles. The nature of the Borough's employment base may thus influence to what degree people work longer. This report includes a sensitivity analysis which explores the implications on the level of housing provision required to support 3,420 jobs if there were no changes to economic activity rates; and if improvements to economic activity were assumed to be half of those projected within the HEDNA (which are based on Experian's forecasts). This sensitivity analysis shows a need for between 5,750 – 6,850

<sup>1</sup> National Planning Policy Framework, Para 19

dwellings over the 2011-36 plan period (230 – 274 dpa), supporting the case for considering higher housing provision above the Objectively Assessed Housing Need.

- vii. The report also sets out evidence that some local companies are finding difficulties in recruiting locally. This would support the case for considering housing provision above the Objectively Assessed Housing Need, and highlights the positive role which housing provision could play in supporting local businesses, and helping people to both live and work locally

### Supporting Local Services in the Borough

- viii. The Council's Pre-Submission Draft Plan outlines key strategic issues facing the Borough. It identifies that the Borough's population is ageing to such an extent that if trends continued unchecked, it would become increasingly difficult to meet the need and demand for services. The sustainability of villages and the ability to support local services, including schools and public transport, would be at risk.

### Delivering the Melton Mowbray Transport Strategy

- ix. The Draft Plan also highlights the impact of road traffic and congestion on the attractiveness and the vitality and viability of Melton Mowbray Town Centre. Addressing these issues are key objectives of the Plan. The Melton Mowbray Transport Strategy, including delivery of an Eastern Distributor Road, and northern and southern distributor roads as part of the northern and southern sustainable urban extensions are central to this – supporting town centre regeneration, to attracting economic investment, to addressing congestion and rat running and to delivering new employment sites and economic investment.
- x. This report highlights that significant housing growth will be vital in contributing to delivering infrastructure in its widest sense. Developer contributions from new housing are critically important to the funding and delivery of the Melton Mowbray Transport Strategy. Housing growth is thus essential to delivering new infrastructure for the Town.

### Boosting Significantly Housing Supply

- xi. Paragraph 47 in the NPPF emphasises boosting significantly the supply of housing. Provision of 170 dpa – in line with the OAN – would not achieve this. It would see a level of housing provision consistent with past delivery. This provides a clear basis for considering higher housing provision.

### Delivering Affordable Housing for Local People

- xii. The HEDNA identified an affordable housing need for 70 dwellings per annum across the Borough. Affordable housing delivery is however influenced by residential development viability, after funding for improving infrastructure has been taken into account. If 25% of new homes were delivered as affordable housing, 280 dwellings per annum would be needed to meet affordable housing needs in full.
- xiii. Higher housing provision relative to the OAN thus has clear benefits in enhancing affordable housing provision to meet identified local needs and potentially getting towards fully meeting the local need for affordable homes in the Borough.

## Contributing to Meeting Unmet Needs from Other Areas

- xiv. As set out in the HEDNA Report, if Melton Borough plans for housing provision above its proportion of the HMA-wide housing need, there is potential for it to contribute to meeting unmet needs from other areas through the Duty-to-Cooperate. If one authority is meeting unmet housing needs from another, this will contribute to population and workforce growth within the recipient local authority. On this basis, it is important not to double count unmet needs and provision to meet economic growth. In a plan-making context, the HEDNA identified that provision above the demographic based need (with affordability adjustment) of 154 dpa<sup>2</sup> could therefore be available to contribute to meeting unmet needs of neighbouring authorities or those elsewhere in the HMA in the event that it is required. Making some provision to meet unmet needs now would represent positive planning, as required by national policy. The analysis undertaken in this report indicates that additional population growth in Melton Borough resulting from additional in-migration would be unlikely to result in a shortage of workers in other parts of the HMA needed to support economic growth in those areas.

## Conclusions

- xv. This report thus demonstrates that there are a range of factors which are relevant considerations for Melton Borough Council in setting a housing requirement within the Local Plan. There are clear economic and social benefits from delivering higher housing provision arising from:
- Positively supporting sustainable growth in the Borough's economy and aligning with the evidence in the Employment Land Study. The evidence indicates that between 230 – 274 dwellings per annum might be needed to support this.
  - Delivering the Melton Mowbray Transport Strategy, including the eastern, northern and southern distributor roads, which will positively support town centre regeneration, address congestion and rat running, deliver new employment sites and support economic investment;
  - Boost significantly the supply of housing, with positive impacts in terms of both improving overall housing affordability and meeting the need for affordable homes in the Borough. 280 dwellings per annum would be needed to meet the affordable housing need in full at 25% affordable housing delivery;
  - Making a positive contribution to meeting the potential unmet needs arising from other local authorities within the Housing Market Area.
- xvi. **The evidence thus provides a clear justification for planning for between 5,750 – 7,000 dwellings over the 2011-36 period (230 – 280 dpa).**
- xvii. Without housing growth, the needs and demands of the Borough's ageing population for services, such as schools, shops and public transport, would become increasingly difficult to meet. Significant housing growth will be vital in contributing to funding and delivering the Melton Mowbray Transport Strategy, particularly the Melton Mowbray Distributor Road.
- xviii. The conclusions above provide a strong case for the Melton Borough's housing requirement to be significantly uplifted from the OAN set out in the HEDNA, subject to this level of housing growth being capable of being delivered sustainably, as would be established through Sustainability Appraisal.

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<sup>2</sup> Calculated as the demographic need (130dpa) plus affordability adjustment (24dpa)



## 2 INTRODUCTION

- 2.1 The purpose of this report is to consider the local influences on setting a housing requirement for the Borough of Melton through the Local Plan. It reviews the evidence on Objectively Assessed Need (OAN) for housing as set out in the Leicester and Leicestershire Housing and Economic Development Needs Assessment (HEDNA), dated January 2017. It also, for contextual purposes only, tracks how this has evolved from previous assessments.
- 2.2 The report then moves on to give further detailed consideration of factors specific to the Borough of Melton in setting a housing requirement, including:
- The Borough's population structure;
  - Supporting the Borough's economy and economic investment;
  - The alignment of the strategy for jobs and homes within the local plan;
  - Infrastructure provision, including delivery of affordable housing and the Melton Mowbray Transport Strategy; and the role of housing in supporting local services;
  - The emphasis within national planning policy on boosting significantly the supply of housing; and
  - Potential unmet housing need issues from other parts of the Leicester and Leicestershire Housing Market Area (HMA).
- 2.3 Paragraph 47 of the National Planning Policy Framework (NPPF) sets out the Government's desire to "*boost significantly the supply of housing*". It outlines that local authorities "*should use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework.*"
- 2.4 Paragraph 19 identifies that the planning system should do everything it can to support sustainable economic growth. Paragraph 158 in the NPPF in dealing with plan-making, outlines that local authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and take full account of relevant market and economic signals.
- 2.5 Paragraph 159 goes on to outline that authorities should "*prepare a Strategic Housing Market Assessment to assess their full housing needs*" working with other authorities in the relevant Housing Market Area (HMA).
- 2.6 For the purposes of assessing the OAN, Planning Practice Guidance is clear that the evidence should be "*based on facts and unbiased evidence*" adding that "*plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints.*" The assessment of OAN is intended to be "policy off."
- 2.7 However a Local Plan is "policy on" and it is quite reasonable for a Local Plan to take account of factors which an assessment of OAN should not, including:
- Local growth or economic aspirations;
  - Supporting local services;
  - Unmet housing needs from neighbouring authorities;
  - The role which housing growth can play in funding infrastructure delivery such as new roads or flood alleviation.
- 2.8 For the Borough of Melton, the Local Plan housing requirement needs to take account of a wide range of factors including those set out above. In meeting local growth or economic aspirations the

Council need to ensure that there are sufficient employment sites and premises – as well as an available workforce - to meet the needs of local companies, including small to medium enterprises (SME), - to help support and achieve their growth aspirations. Additional housing would also support the vitality and viability of Melton Mowbray Town Centre.

2.9 Key considerations which are relevant to setting a housing requirement for Melton Borough are summarised in Figure 2.

**Figure 2: Considerations in Setting the Housing Requirement in the Local Plan**



2.10 This report ultimately seeks to consider some of these wider influences alongside the HEDNA evidence, to provide advice to Melton Borough Council (MBC) in setting the appropriate housing requirement for its Local Plan. It identifies that there are clear economic and social benefits from delivering higher housing provision. However in setting the housing requirement, the Council must balance these benefits against environmental impacts, and this is the role of Sustainability Appraisal. GL Hearn considers the factors set out in this report are important considerations which should feed into this.

### 3 EXISTING STUDIES

- 3.1 This section considers the three recent housing need studies commissioned by Melton Borough Council, and summarises their findings.
- 3.2 Since 2014, Melton Borough Council has commissioned three separate studies examining housing need in the Borough, either directly or alongside the other Leicestershire authorities. GL Hearn has reviewed these in order to articulate how the objectively assessed housing need for the Borough has evolved.
- 3.3 The Leicester and Leicestershire Housing and Economic Development Needs Assessment (HEDNA) provides the latest evidence, and superseded the previous 2014 SHMA. It is of this Study which is of particular relevance - in that it provides the latest evidence on the Borough's objectively assessed housing need (OAN).
- 3.4 Subsequent sections of the report then consider wider factors which are relevant to identifying the housing requirement.

#### Leicestershire Housing & Economic Development Needs Assessment (January 2017)

- 3.5 The HEDNA provides a consistent, objective assessment of need for housing (OAN) following the approach prescribed by Government in Planning Practice Guidance on *Housing & Economic Development Needs Assessments* ('the PPG')<sup>3</sup>. The PPG requires projections based on demographic trends to be considered first, with adjustments (where appropriate) made for higher migration to support economic growth; and/ or to improve affordability (based on evidence of affordable housing need and market signals).

#### Demographic Need

- 3.6 The PPG sets out that the starting point for assessing housing need should be the latest official household projections. The 2014-based SNPP (as published) projected population growth of 191,600 persons (19.5%) between 2011-36 across the HMA between 2011-36, representing population growth of 0.7% per annum (pa). Melton was expected to see much slower growth over the same period at just 13.3%. This equated to a change in population of around 6,700 people. This was also slower than the growth expected regionally or nationally.
- 3.7 Taking account of changes in the age structure of the local population, and age and sex-specific trends in household formation<sup>4</sup>, the CLG Household Projections anticipated household growth in Melton of 17.5% over this period. Similar to the 2014-based SNPP, anticipated household growth in Melton was much slower than that expected at an HMA level (25.2%), regional level (21.5%), and national level (24.2%). As shown in Table 1, this resulted in a growth in households of 3,764 households in Melton over the 2011-36 plan period (151 per annum). Including an allowance for vacant and second homes (3.4% in Melton), the starting point projections indicated a need for 156 dwellings per annum (dpa) in the Borough (2011-36).

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<sup>3</sup> <http://planningguidance.communities.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/>

<sup>4</sup> CLG 2014-based Household Projection Stage 1 Household Formation Rates

**Table 1: Starting Point (2014-based) Population and Household Projections, 2011-36**

|                      | Population<br>2011 | Population<br>Growth, 2011-36 | % Population<br>Growth | Change in<br>households | % Household<br>Growth |
|----------------------|--------------------|-------------------------------|------------------------|-------------------------|-----------------------|
| <b>Melton</b>        | 50,495             | 6,707                         | 13.3%                  | 3,764                   | 17.5%                 |
| <b>HMA</b>           | 980,806            | 191,564                       | 19.5%                  | 98,487                  | 25.2%                 |
| <b>East Midlands</b> | 4,537,448          | 733,509                       | 16.2%                  | 407,399                 | 21.5%                 |
| <b>England</b>       | 53,107,169         | 9,296,779                     | 17.5%                  | 5,358,915               | 24.2%                 |

Source: ONS/ CLG 2014-based Population and Household Projections

- 3.9 The first adjustment considered use of the latest demographic mid-year estimates. For Melton, this reduces the OAN to 150 dpa over the 2011-36 period. Conversely across the HMA, the housing need increases to 4,149 dpa from 4,081 dpa.
- 3.10 It should be noted that the official population projections, which have a significant influence on the household projections, are sensitive to assumptions on migration. The HEDNA therefore tested migration assumptions on the basis that the input period to the 2014-based SNPP was influenced by the recession. It thus concluded that it would be appropriate to use 10 year migration trends to identify the demographic-based need for housing.
- 3.11 At an HMA level, this resulted in an increase in housing need from 4,081 dpa to 4,265 dpa. However, in Melton there was lower net migration across the longer-term period than that set out in the 2014-based Projections. This projection therefore resulted in a reduced demographic need of 134 dpa, as set out in Table 2 below

**Table 2: Conclusions on Demographic Need based on 10 Year Migration Trends, 2011-36**

|               | Population Growth |       | Housing Need |
|---------------|-------------------|-------|--------------|
|               | No.               | %     | dpa          |
| <b>Melton</b> | 5,231             | 10.4% | 134          |
| <b>HMA</b>    | 201,423           | 20.5% | 4,265        |

Source: ONS/ CLG 2014-based Population and Household Projections

### **Economic Housing Need**

- 3.12 The HEDNA included detailed work to interrogate future economic growth potential in Leicester and Leicestershire. GL Hearn and Oxford Economics interrogated the area's economic structure and past performance; assessed baseline econometric forecasts from Oxford Economics' Local Authority District Forecasting Model; and overlaid local economic drivers and planned investment on this to derive a Planned Growth scenario.
- 3.13 The forecasts prepared in the HEDNA are demand-based. Whilst consideration has been given to existing land allocations and development projects, the forecasts do not prejudice future policy decisions regarding employment land supply. Nor do they take account of the quality of existing employment sites or stock. However, future policy decisions may, in reality, influence the future extent and spatial distribution of employment growth and employment land provision between authorities within the HMA. The HEDNA made this clear.
- 3.14 In the baseline scenario, GVA growth of 2.3% per annum was forecast across Leicester and Leicestershire (2011-36), consistent with growth achieved over the previous economic cycle (1993-2010). This is stronger than the growth which Oxford Economics' forecasts expected both across the East Midlands (2.0% pa) and nationally (2.2% pa). However for Melton Borough, the growth

forecast is considerably lower at 0.2% pa – a function of its economic structure and historical relative performance.

- 3.15 The Planned Growth scenario takes account of planned investment and pipeline development projects. In Melton, this included adjustments to take account of expected growth in food manufacturing in the Borough. The Planned Growth scenario sees accelerated growth in GVA of 2.5% pa across the HMA, significantly out-performing regional and national benchmarks. For Melton, the rate of growth was double that set out in the baseline at 0.4% pa, but remained below the wider comparators. This is due in part to the composition of the local economy, and in particular, a high representation of manufacturing employment.
- 3.16 Across the HMA, manufacturing employment has fallen by -2.8% pa over the last 20 years, reducing by almost 50,000 jobs. Melton Borough has bucked this trend historically – with growth of over 5,200 jobs over the same period. However, the econometric forecasts take account of Oxford Economics’ view of the long-term trend for the sector - where productivity improvements are expected to result in an overall loss of jobs (albeit at a significantly slower rate than seen historically) across the HMA.
- 3.17 The manufacturing outlook in the forecasts for the HMA is significantly more positive than seen historically, with much stronger output growth and a modest contraction in employment of -0.6% pa in the Planned Growth scenario to 2036 (compared to -0.9% pa forecast nationally). Within Melton the position is even more positive, with employment in manufacturing expected to grow by 0.35% per annum. As part of this, it is reasonable to expect to see job growth in some manufacturing sub-sectors, offset by reduced employment in others.
- 3.18 The Planned Growth scenario sees both enhanced employment growth and productivity improvements relative to the baseline. Across the HMA, employment growth of 99,200 is expected (2011-36) representing growth of 0.7% pa, matching that expected nationally and exceeding regional performance. This significantly exceeds the historical growth rate of 0.4% pa (1993-2010).

**Table 3: Employment Growth Scenarios, 2013-36**

|                      | 1993-2010 | Baseline 2011-36 |      | Planned Growth 2011-36 |      |
|----------------------|-----------|------------------|------|------------------------|------|
|                      | % pa      | No. ('000s)      | % pa | No. ('000s)            | % pa |
| <b>Melton</b>        | 0.9%      | 1.2              | 0.2% | 2.4                    | 0.4% |
| <b>HMA</b>           | 0.4%      | 70.8             | 0.5% | 99.2                   | 0.7% |
| <b>East Midlands</b> | 0.8%      |                  | 0.5% |                        | 0.5% |
| <b>UK</b>            | 0.8%      |                  | 0.7% |                        | 0.7% |

Source: Oxford Economics, 2016

- 3.19 The Planned Growth scenario for Melton sees 2.1% pa growth in GVA, which matches the regional average but is below that expected at an HMA and national level. Employment growth is however expected to be weaker (0.4% pa compared to historic growth within the Borough of 0.9% pa, and below wider benchmarks (as Figure 3 shows).
- 3.20 In interpreting the economic data, the size of the Borough’s economy is important. It is relatively small with total employment of 23,400 in 2013. Therefore investment or disinvestment decisions by individual businesses (or a few businesses) could have a greater influence on the overall scale of growth. This provides some basis for treating forecasts with caution.
- 3.21 The interaction between economic growth and housing need is complex and will be influenced by improvements to productivity; the proportion of people who hold down more than one job; changes in economic participation, including through reductions in unemployment and trends towards increased women and older people in the workforce; together with changes to commuting flows.

However, for the purposes of establishing housing need, the PPG requires consideration of how economic growth may influence housing need.

3.22 The HEDNA has sought to draw on available information where possible. It uses published data on employment and workforce growth to 2015, as well as Oxford Economics' commuting matrix which uses Census commuting data to relate employment and workforce growth<sup>5</sup>. It considers potential assumptions on how economic participation (employment rates) might change<sup>6</sup>. It does this by, adopting Experian assumptions on age- and sex-specific incremental changes to economic participation to the baseline position for each authority in the HMA based on 2011 Census data.

3.23 At an HMA level, the analysis points to a need for at least 3,608 dpa to support economic growth (2011-36). This is 15% below the demographic need and highlights that at an HMA level, the scale of economic growth envisaged will not support this scale of improvements to economic participation. The evidence indicates that at an HMA level, there is not a need to adjust upwards the level of housing provision to support economic growth.

**Table 4: Comparing Economic- and Demographic-led Projections on Housing Need – Dwellings per Annum, 2011-36**

|        | Demographic Need | Economic Need | Differential |
|--------|------------------|---------------|--------------|
| Melton | 134              | 170           | 27%          |
| HMA    | 4,265            | 3,608         | -15%         |

3.24 However, taking account of changes in the age structure of the population over the period to 2036 (including people moving into retirement), economic growth in Melton can be expected to support a higher level of housing need and above-trend in-migration relative to that shown by the 10 year trend-based demographic projections. The HEDNA identified that 170 dwellings per annum would be required to support economic growth in the Borough (2011-36).

3.25 As set out earlier, the demographic growth in Melton is expected to be relatively modest, with 10.4% population growth expected compared to 20.5% across the HMA. The trend-based demographic projections thus see very modest potential growth in workforce (less than 5%) which rely particularly on improvements in economic participation, particularly amongst older age groups. The HEDNA concluded that above-trend net in-migration was therefore necessary to support economic growth in the Borough, although this could be addressed through agreeing an alternative distribution of housing provision within the HMA.

### Market Signals and Affordable Housing Need

3.26 Evidence from market signals (which consider the supply/demand balance for housing) and the scale of affordable housing need are important considerations in drawing conclusions on overall objectively assessed housing need.

3.27 The affordable housing need is calculated using a different methodology from the demographic-led and economic-led projections, based on adding together the current unmet housing need and projected future housing need and then subtracting from this the supply of affordable housing (arising from turnover of existing stock)<sup>7</sup>.

<sup>5</sup> The Census data is used to consider in effect where if 1,000 jobs are created in an authority, where the additional workforce can be expected to be drawn from based on 2011 Census commuting patterns

<sup>6</sup> The employment rate modelling takes account of potential reductions in unemployment from the 2011 baseline position.

<sup>7</sup> To allow comparison against demographic projections, affordable housing in the development pipeline has been excluded from the affordable housing calculations.



- 3.28 The HEDNA assesses the extent of households who require financial support to meet their housing needs and thus would be eligible for affordable housing. The HEDNA identifies an annual net need from 2,238 such households across the HMA (2011-36). Within Melton, the equivalent figure is 70 such households per annum (2011-36).
- 3.29 The PPG sets out that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market-led housing developments. In addition, an increase in the total housing figures included in the Local Plan should be considered where it could help to deliver the required number of affordable homes. Table 5 below does this. Case law<sup>8</sup> has established that affordable housing is a consideration in the context of drawing conclusions on the OAN for housing and should have an important influence on increasing the derived OAN within an area.
- 3.30 However, there are various factors which might influence future affordable housing delivery. In considering future affordable housing delivery, the HEDNA made a number of assumptions on future delivery in general. These assumptions took account of current policy requirements for the purposes of considering whether an uplift to overall housing provision should be considered<sup>9</sup>. This should not be seen as determining policies for future affordable housing provision, which will be influenced by residential development viability evidence.
- 3.31 At an HMA level, to deliver the affordable housing need of 2,238 homes pa with an average delivery of affordable housing of 24%, 9,293 homes per annum would be required. Within Melton, delivery at 25% would require overall delivery to be around 280 dpa. Further consideration of the relationship between overall housing delivery and delivery of affordable housing is provided later in this report.

**Table 5: Notional Housing Need to deliver the Affordable Housing Need (per annum, 2011-36)**

|            | Demographic-led Housing Need pa | Net Need for Affordable Housing pa (AHN) | Potential Delivery (% Total Dwellings) | Notional Housing Provision Required to Deliver AHN |
|------------|---------------------------------|--|--|--|
| Melton     | 134                             | 70                                       | 25%                                    | 280  |
| <b>HMA</b> | 4,265                           | 2,238                                    |  | 9,293  |

- 3.32 Across both the HMA and in Melton, these figures are over twice the need shown from the demographic analysis. This scale of delivery is particularly unrealistic at the HMA level. However the evidence clearly justifies consideration of an upward adjustment to boost affordable housing delivery in all of the local authorities in the HMA, including Melton. It provides clear evidence for considering higher housing provision.
- 3.33 The HEDNA assessed market signals to consider, in line with the PPG, where there is evidence of affordability constraints and a comparative worsening of affordability. It considered residential land values; trends and levels of house prices and rents, overall and relative to incomes; housing delivery performance; as well as evidence of real impacts of declining affordability, including in terms of increasing numbers of overcrowded households and younger people living in shared households or with parents.
- 3.34 In Melton, whilst house prices were slightly below the HMA average, so too were land values. In addition, longer-term price growth has been relatively modest (a £92,000 increase between 2000-

<sup>8</sup> Kings Lynn & West Norfolk v SSCLG & Elm Park Holdings [2015] EWHC 2464 (Admin)

<sup>9</sup> The assumptions made on affordable housing delivery take account of current policy requirements, which can vary by area within individual local authorities. GL Hearn has sought to consider in these circumstances the potential distribution of development by area and how this might influence future delivery at a local-authority wide level. The assumptions on delivery are indicative only.

15) relative to incomes - house prices are notably above average (with lower quartile prices 8.9 times incomes in 2015).

- 3.35 Whilst rental costs are close to the HMA and national average, they are again above wider benchmarks relative to incomes. Rents have grown strongly since 2011. Levels of overcrowded, concealed and shared households have increased between 2001-11 in all parts of the HMA – with the evidence pointing to some real impacts, particularly for younger people.
- 3.36 The HEDNA has considered the market signals and affordable housing evidence together, recognising the inter-relationships between housing affordability and affordable housing need (with housing costs, overcrowding and concealed households for instance being an input to the calculation of the affordable housing need). It identifies that an upward adjustment is warranted relative to the demographic need in all authorities in the HMA in order to improve affordability, and concludes adjustments in the range of 5% to 20%.
- 3.37 For Melton Borough, the extent of affordable housing need and the market signals evidence justified a 15% upward adjustment to the demographic need. However, the housing need resulting from the economic evidence was already some 17% above the demographic need. The HEDNA therefore concluded in identifying an OAN of 170 dpa (2011-36), based on the economic-led scenario for housing need.

## 2014 Leicestershire Strategic Housing Market Assessment

- 3.38 We next summarise the findings of the 2014 Leicester and Leicestershire Strategic Housing Market Assessment (SHMA), which GL Hearn also produced. This is set out on the basis that it provides an understanding of the evidence which informed Melton Borough’s Pre-Submission draft Local Plan. It should be noted that the 2014 SHMA is now effectively superseded by the HEDNA.

### Demographic Need

- 3.39 The SHMA started out with the latest official projections at that time - the 2011-based “interim” Population and Household Projections - which only projected a 10 year period to 2021. These showed household growth in Melton of 9.2% over the 2011-21 period compared to 8.9% growth across the HMA. This gives a clear indication of the change between the official projections feeding into the SHMA and HEDNA.
- 3.40 The SHMA extrapolated the demographic projections to 2036, using assumptions within the previous (pre-Census) 2010-based SNPP. This resulted in a housing need in Melton for 173 dpa (representing household growth of 19.4% compared to 19.5% across the HMA). The SHMA also tested a number of demographic sensitivities, including incorporation of the 2011 and 2012 mid year estimates, migration trends and Unattributable Population Change.

**Table 6: SNPP/CLG Projections to 2036**

|                                | Households<br>2011 | Households<br>2036 | Change in<br>households | % change<br>from 2011 | Housing<br>Requirement | Housing<br>Requirement<br>(per annum) |
|--------------------------------|--------------------|--------------------|-------------------------|-----------------------|------------------------|---------------------------------------|
| Melton                         | 21,533             | 25,705             | 4,172                   | 19.4%                 | 4,314                  | 173                                   |
| <b>Leicester &amp; L’shire</b> | 390,963            | 467,167            | 76,204                  | 19.5%                 | 78,974                 | 3,159                                 |

Source: CLG 2011-based household projections and JGC

- 3.41 The SHMA included adjustments to migration based on interrogation of the latest data, together with an adjustment for Unattributable Population Change. For Melton, the SHMA concluded that net



migration of 188 persons pa could be expected. This was above the 170 pa figure in the 2011-based SNPP but slightly below the observed trend of 212 pa between 2007-12. It also included adjustments to household formation rates to a point midway between the 2008-based and 2011-based projections. This resulted in a demographic based housing need in Melton to 194 dpa for the period to 2036.

- 3.42 2013 baseline forecasts produced by Experian were used in the SHMA, extrapolated from 2031-2036. These forecasts showed jobs growth at 65,324 across the HMA between 2011-36 period. This is slightly lower than the 70,800 set out in the HEDNA for the same period. However the forecasts also showed jobs growth of 2,100 in Melton (2011-36), compared to 1,200 within the Oxford Economics baseline forecasts in the HENDA.

**Table 7: Forecast Increase in Jobs in the SHMA**

| LA/UA/Borough | 2011 Jobs | 2036 Jobs | Change | Percentage Change 2011-31 | Percentage Change 2011-36 |
|---------------|-----------|-----------|--------|---------------------------|---------------------------|
| Melton        | 22,906    | 24,993    | 2,087  | 8.1%                      | 9.1%                      |
| LLLPA         | 495,030   | 560,354   | 65,324 | 10.8%                     | 13.2%                     |

Source: Derived from Experian data

- 3.43 In translating this level of employment growth into housing need, similar assumptions were made to those in the HEDNA. It was assumed that economic participation rates continued to increase, particularly for females and people aged over 50. The modelling also assumed that current migration patterns (in terms of age and sex) were maintained, with migration adjusted in the modelling to support employment growth.
- 3.44 The resultant housing growth, including an allowance for vacant homes, was 210 dpa. This compares to 170 dpa in the HEDNA. While the jobs growth is higher, the assumptions relating to economic participation and migration influence the level of housing need calculated.

**Table 8: Housing Need to meet Econometric Forecasts to 2036**

|                                | Households 2011 | Households 2036 | Change in households | % change from 2036 | Housing Need | Housing Need (per annum) |
|--------------------------------|-----------------|-----------------|----------------------|--------------------|--------------|--------------------------|
| Melton                         | 21,533          | 26,602          | 5,069                | 23.5%              | 5,242        | 210                      |
| <b>Leicester &amp; L'shire</b> | 390,963         | 479,569         | 88,606               | 22.7%              | 91,752       | 3,670                    |

Source: DCLG, JGC, 2014

- 3.45 An alternative scenario was also presented which saw the same overall employment growth across the HMA, but with an alternative distribution based on the current job distribution. For Melton, this saw the employment/ workforce growth increase to 3,023 jobs over the same period with a resultant housing need of 239 dpa.

**Table 9: Housing Need to meet Econometric Forecasts to 2036 (at the HMA level)**

|                                | Households 2011 | Households 2036 | Change in households | % change from 2036 | Housing Need | Housing Need (per annum) |
|--------------------------------|-----------------|-----------------|----------------------|--------------------|--------------|--------------------------|
| Melton                         | 21,533          | 27,310          | 5,777                | 26.8%              | 5,973        | 239                      |
| <b>Leicester &amp; L'shire</b> | 390,963         | 479,943         | 88,980               | 22.8%              | 92,170       | 3,687                    |

Source: DCLG, JGC, 2014

- 3.46 The final step in the SHMA was to recognise that there were some affordability pressures in Melton Borough. This justified an increase to the upper end of the OAN range to 245 dpa for the period 2011-2036, with the lower end being a rounded version of the demographic need at 195 dpa. The SHMA thus concluded in identifying an OAN of 195–245 dpa in Melton. The higher end of this range was taken forward as the housing requirement within the Pre-Submission Draft Melton Local Plan.

### Melton Housing Needs Study (August 2016)

- 3.47 The final housing needs study prepared for Melton in recent years is perhaps a misnomer, as it was based on the assumption that 245 dpa is delivered. This was based on the evidence presented in the SHMA and requirement in the emerging Local Plan.
- 3.48 The purpose of the work was to provide a “localised assessment housing need (including looking at issues such as affordable housing and the mix of housing required)”. This drew on the conclusions of the SHMA but went further, to assess the mix based on this figure and the assumed age profile for sub-areas in the Borough.
- 3.49 For the purposes of considering the objectively assessed housing need, or the housing requirement, this Study is therefore of limited relevance.

### Implications

- 3.50 The HEDNA, published alongside this report in January 2017, provides a consistent, ‘policy-off’ assessment of housing need for authorities across Leicester and Leicestershire. It identifies an objectively assessed need in Melton Borough of 4,250 dwellings (170 dwellings per annum). This is based on an assessment which considers demographic trends, economic growth and affordability, and provides a consistent joint evidence base for strategic planning for local authorities across Leicester and Leicestershire. The HEDNA’s conclusions point to a lower level of housing needs than previous evidence studies. The 2014 SHMA is now effectively superseded by the HEDNA.
- 3.51 There are however a set of wider factors which Melton Borough Council needs to give careful consideration to in determining the housing requirement (the level of housing provision which is planned for) within its Local Plan. This is the focus for this report, and is considered in subsequent sections.

**4 SCALE OF ECONOMIC GROWTH**

4.1 This section examines factors relating to economic growth, including those which may give rise to economic growth above that set out in the HEDNA. That includes policy on and aspirational levels of growth and that which may result from investment in new infrastructure particularly to improve accessibility, address congestion and support development at Melton Mowbray.

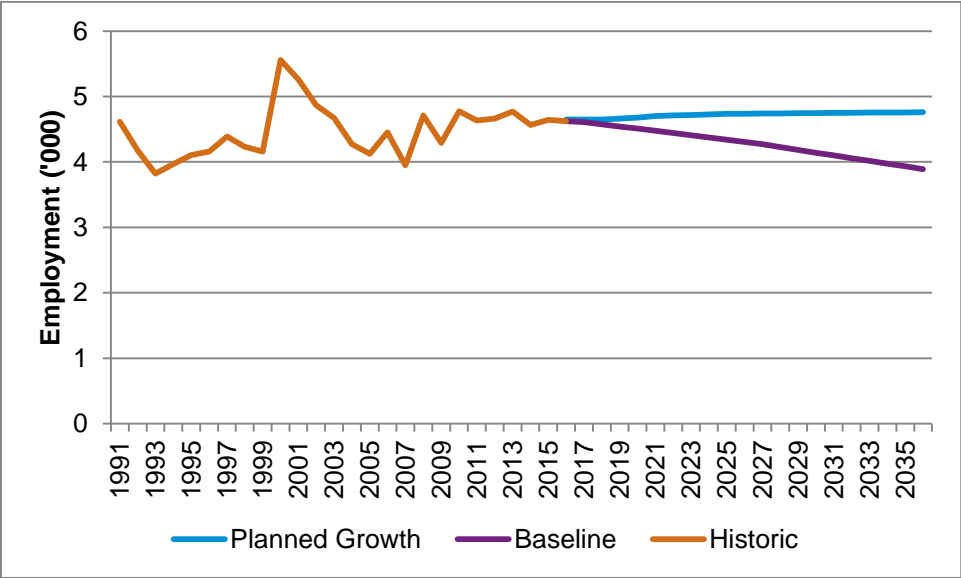
**The HEDNA’s Conclusions on Jobs Growth**

4.2 The HEDNA examined economic growth potential, setting out two scenarios – a baseline jobs growth scenario for 1,200 jobs (2011-36); and a Planned Growth scenario for 2,400 jobs. The latter informed the OAN conclusions for the Borough.

4.3 The Planned Growth scenario built on the Oxford Economics baseline forecasts. Oxford Economics’ view of future manufacturing performance in the longer-term was one which expected productivity improvements, with the sector contributing strongly to GVA growth across the HMA, but with modest reductions in employment (particularly relative to historical trends). Within the baseline forecast, this was also expected to occur within Melton.

4.4 However, almost 50% of manufacturing within Melton related to food manufacturing. Taking account of recent performance of the sector and committed investments, the Planned Growth scenario adjusted the manufacturing outlook to show modest employment growth (+115 jobs), and substantial growth in manufacturing GVA, which was forecast to increase from £235m in 2015 to £392m by 2036.

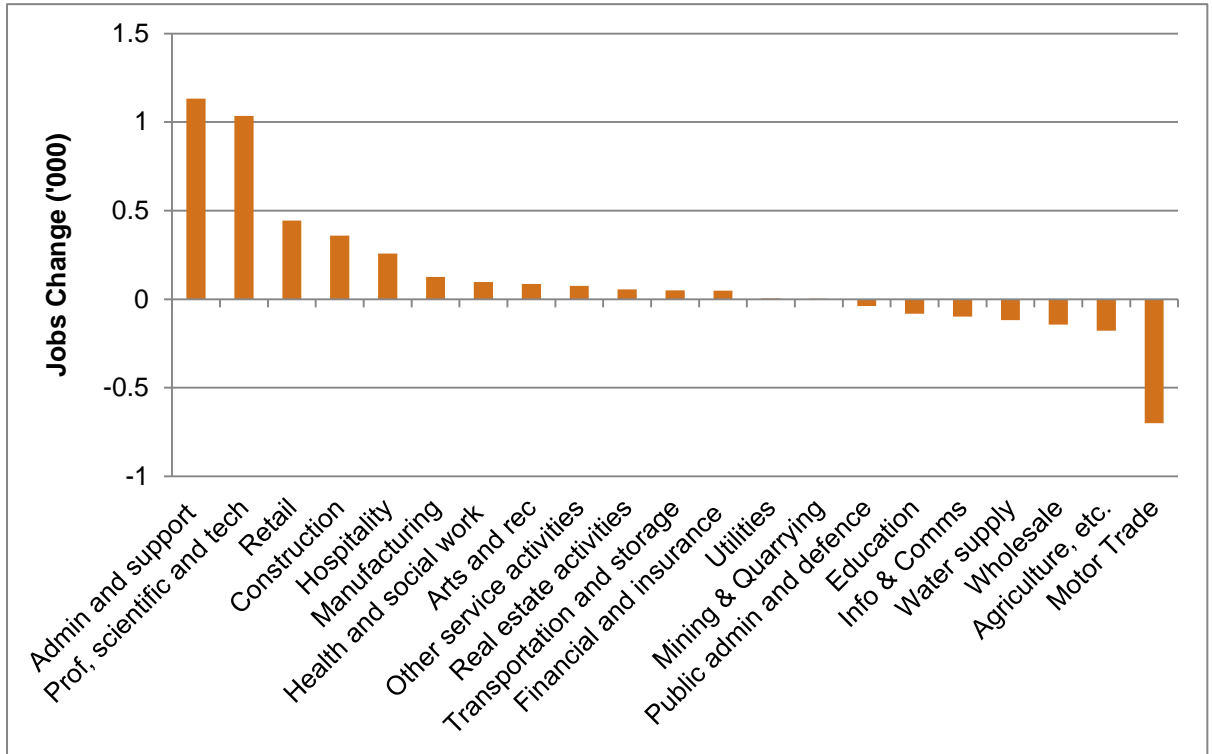
**Figure 3: Manufacturing Employment in Melton**



Source: Oxford Economics

4.5 Within the Planned Growth scenario, employment growth in Melton was expected to be focussed principally in four sectors - Professional, Technical and Scientific; Administrative and Support; Retail; and Construction. Besides retail, these are sectors which are expected to experience substantial employment growth in the longer-term nationally.

**Figure 4: Employment Changes in Melton By Sector (11-36)**



Source: Oxford Economics, 2016

### Employment Land Study (June 2015)

- 4.6 The 2015 Melton Employment Land Study, prepared by BE Group, has also considered future employment growth in the Borough. This provided an assessment of growth based on Experian forecasts. As they come from a different sources, it is not possible to provide a like for like sectoral comparison with the HEDNA forecasts.
- 4.7 The Experian forecasts showed 3,420 jobs growth over the 2011 to 2036 period. This is some 1,000 jobs higher than the planned growth scenario within the HENDNA, and above past trend employment growth.
- 4.8 It should however be noted that while the absolute growth in jobs in this Study is higher than the HEDNA, this is largely driven by a starting point which is 1,300 jobs lower (22,600 compared to 23,900), rather than a higher number of jobs come 2036. Indeed, the total number of jobs in 2036 in the HEDNA is around 400 higher than in the BE Group report. This, to some degree, highlights difficulties in accurately estimating employment for small local authority areas, given that there is no national Census of employment, and employment totals have to be modelled from a range of official sources.
- 4.9 Within these forecasts, the largest growth in employment is in manufacturing (+1,700 jobs), professional and other private services (+860 jobs), Information and Communications (+680 jobs) and Accommodation, Food Services and Recreation sectors (+510 jobs). Of the 1,700 jobs growth in the manufacturing sector, 60% (1,030 jobs) was expected in food and drink manufacturing. By 2036, employment within manufacturing is also far higher in the Experian forecasts than the OE forecasts, while the start point is broadly similar.

- 4.10 The ELS also noted some concerns from local businesses about the ability to recruit staff. In particular, it identified that businesses in rural areas had difficulty attracting skilled workers. Within Melton Mowbray, the shortage appears to be for skilled manufacturing workers in a range of specific sectors. Respondents to the ELS Business Survey confirmed a skills shortage was the main barrier to recruiting staff, but other factors included:
- Lack of suitable candidates willing to work for a reasonable wage;
  - Funding to pay wages;
  - People not wanting to undertake heavy, manual work.
- 4.11 There is therefore clearly some need to ensure the correct type of housing is available across the Borough to attract and maintain a suitably skilled workforce.
- 4.12 The ELS evidence from business of some concerns regarding the ability to recruit staff chimes with one of the strategic issues identified in the Pre-Submission draft Local Plan which identified that local employers experience difficulties recruiting into relatively low skilled and low paid positions, affecting their efficiency and competitiveness.

### Considerations in Drawing Conclusions on the Scale of Employment Growth

- 4.13 Whilst the HEDNA provides evidence-based conclusions on the performance of the local economy, the tone of the NPPF centres on planning doing *everything it can* to support economic growth; and planning positively. There are a number of reasons as to why the Borough Council might choose to plan to support higher employment growth.

#### Manufacturing Sector

- 4.14 Melton's particular strength is in manufacturing. The 2015 Business Register and Employment Survey (BRES) points to significant growth in manufacturing employment over the preceding year (1,400 additional jobs), suggesting that a number of manufacturing firms in the Borough have been growing strongly. This post-dates information which was available to feed into the HEDNA forecasts. This growth reflects some recent investments and new development within the Borough.
- 4.15 The Council is also aware of a number of local manufacturing firms with plans for expansion in the short-term. This includes some of the larger food manufacturers, who by EU rules, are required to be based in the local area<sup>10</sup>.
- 4.16 The Borough is also home to two particularly large window/door manufacturers based in Melton Mowbray - Jeldwen (an American owned multi-national) and Truframe (national top-end composite window and frames). Both have benefitted from the post-recession uplift in construction, with steady expansion of both the scale of operations and workforce numbers. There is further growth potential in this area.

#### Further Evidence of Latent Growth Potential in the Local Economy

- 4.17 Evidence from discussions which the Council has had with local businesses points to some latent demand from companies looking to stay within the local area who have not been able to expand due to a lack of suitable, modern commercial premises.
- 4.18 Local SME's have struggled to acquire the capital for new build and have had to look instead towards the re-use of older buildings and conversions. A number of larger companies/multi-nationals based in the Borough are approaching the Council for information regarding availability of

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<sup>10</sup> There is a requirement for Stilton and Pork Pies to be made in the locality

land for new build. The Council acknowledge this is a key strategic issue within their Pre-Submission Draft Local Plan, indicating that a sufficient supply of freehold sites and premises, preferred by many local small and medium-sized enterprises (SMEs), is likely to remedy this.

- 4.19 Some larger companies have also sought to intensify employment on their (or others) existing sites. Examples include Samworths, Hall Mark Consumer Services and KS composites.
- 4.20 Once available accommodation is provided - to both smaller and larger companies - this could accommodate further indigenous employment growth. There is also evidence of some specific businesses/ occupiers who have expansion plans. The MOD have for instance recently announced plans to expand their facility at the Defence Animal Centre to house the dog battalion.
- 4.21 Overall, this provides some additional evidence to suggest that there is latent demand within the local economy which could be manifest in stronger employment growth if a supply of suitable sites in the local area is delivered. As we will come onto below, this is to some degree reliant on infrastructure investment.

#### **Improved Accessibility**

- 4.22 A further factor which may support the local economy is improved accessibility. Delivery of the Melton Mowbray Transport Strategy including plans for outer distributor roads could reasonably be expected to support economic growth. In particular, the additional capacity will help unlock 31 hectares of employment land, support the vitality and viability (and investment in) Melton Mowbray Town Centre.
- 4.23 The business case for the Eastern Distributor Road (July 2016) suggested that the road would help deliver “development proposals coming forward in the town already at 2,550 dwellings and 3,000 jobs, and longer term Local Plan growth to 2036 at 4,000 dwellings, and with further ambition to 5,000 dwellings and 6,000 new jobs to be delivered in the town.” It models gross increases to GVA in the region of £350m per annum would also be achieved with a net value of £102m per annum. This includes additional expenditure from occupants of unlocked housing sites (such as on local goods and services) as well as the number of jobs the sites could support and the knock on expenditure.
- 4.24 While the higher jobs target at this stage is merely an ambition, it is clearly possible that the Borough of Melton – taking account of the additional infrastructure - could support a higher level of employment growth than the HEDNA Planned Growth scenario. The evidence would suggest that with provision of new infrastructure, this is realistically deliverable.
- 4.25 A growth of 3,400 jobs over the period to 2036 is equivalent to around 0.5% per annum. This is marginally above the growth rate achieved 2005-15 (0.4% pa) but below the 0.9% pa achieved over the 1993 – 2010 economic cycle. Whilst historical growth has been stronger, none of the main economic forecasters are expecting future growth to match past performance, given slower global growth, performance of key export markets for UK businesses, and lower public spending. GL Hearn considers that the implication of this is that the level of employment growth envisaged in the ELR is not an unreasonable aspiration (or a level which could be considered underdeliverable).

#### **Conclusions on the Scale of Employment Growth**

- 4.26 GL Hearn consider that the range of local evidence suggests that the Borough’s economy could potentially perform more strongly than shown in the HEDNA forecasts – in particular taking account of recent strong manufacturing performance (2014-15); the local nature of the manufacturing base; and some evidence of latent demand. In planning positively, it would be reasonable to take this into account in setting the housing requirement.

- 4.27 This, together with the need to align the strategy within the local plan for housing and employment, would support a planning assumption of employment growth in line with the BE Group Study conclusions of 3,400 jobs over the plan period (2011-36). Past economic performance indicates that this is not an unreasonable aspiration (or a level which could be considered underdeliverable).





## 5 BALANCING HOMES AND JOBS

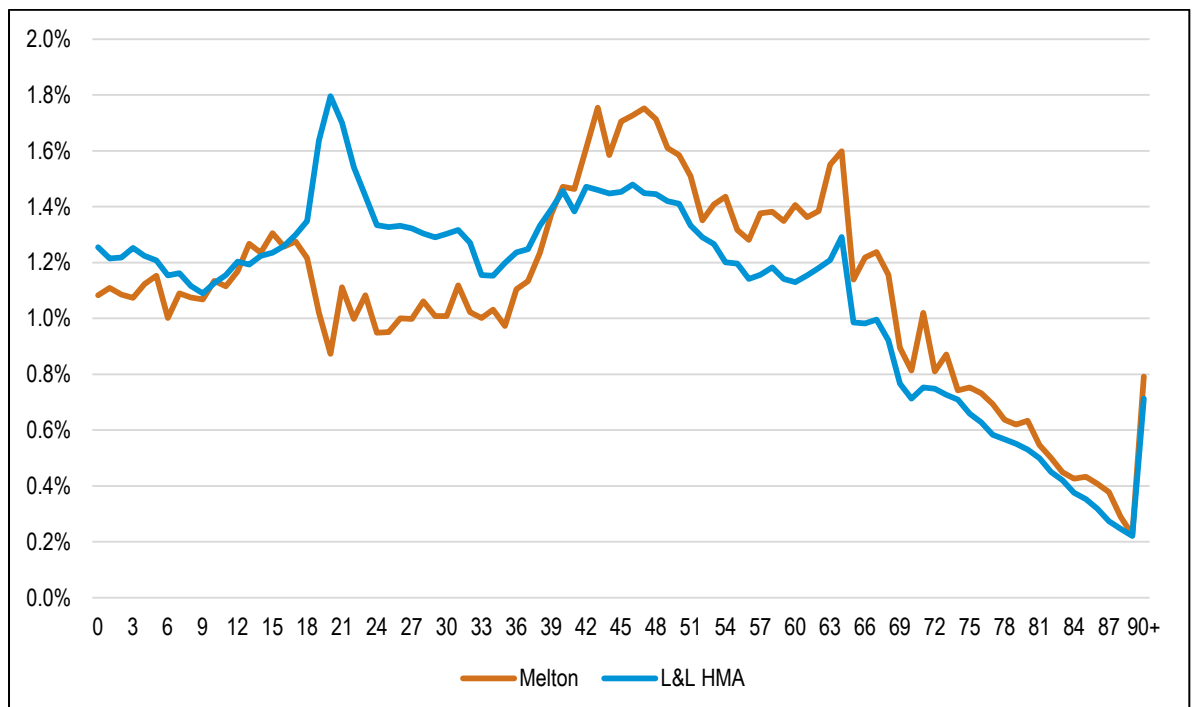
5.1 This section examines the housing requirement resulting from the alternative level of employment growth set out in the previous chapter. It also provides further consideration – building on the HEDNA - of issues related to economic participation in Melton Borough, and in particular the degree to which people in their 60s may remain in work. This is a particularly pertinent issue for Melton, taking account of the Borough’s age structure and the nature of its employment base.

### Demographic Profile

5.2 One of the key issues around economic growth in Melton is the population profile. The Borough has a relatively old population structure; and is projected to see further ageing in the future. Whilst it is generally expected that people will work longer in to retirement age in the future (e.g. due to improved health and reduced pension provision), it is the case that an older labour force may be less well placed to undertake particular jobs (e.g. in the manufacturing or construction sector).

5.3 Whilst it is difficult to say what skills shortages might arise, it is sensible to consider how the age structure in Melton compares with other areas. The Borough has a higher proportion of people in all age groups from about 40 onwards, and fewer people for most age groups below 40, compared to the Leicester and Leicestershire Housing Market Area (HMA) as a whole. 78% of the Borough’s population is aged 16-64 compared to 81% across the HMA.

**Figure 5: Population Age Structure (2011)**

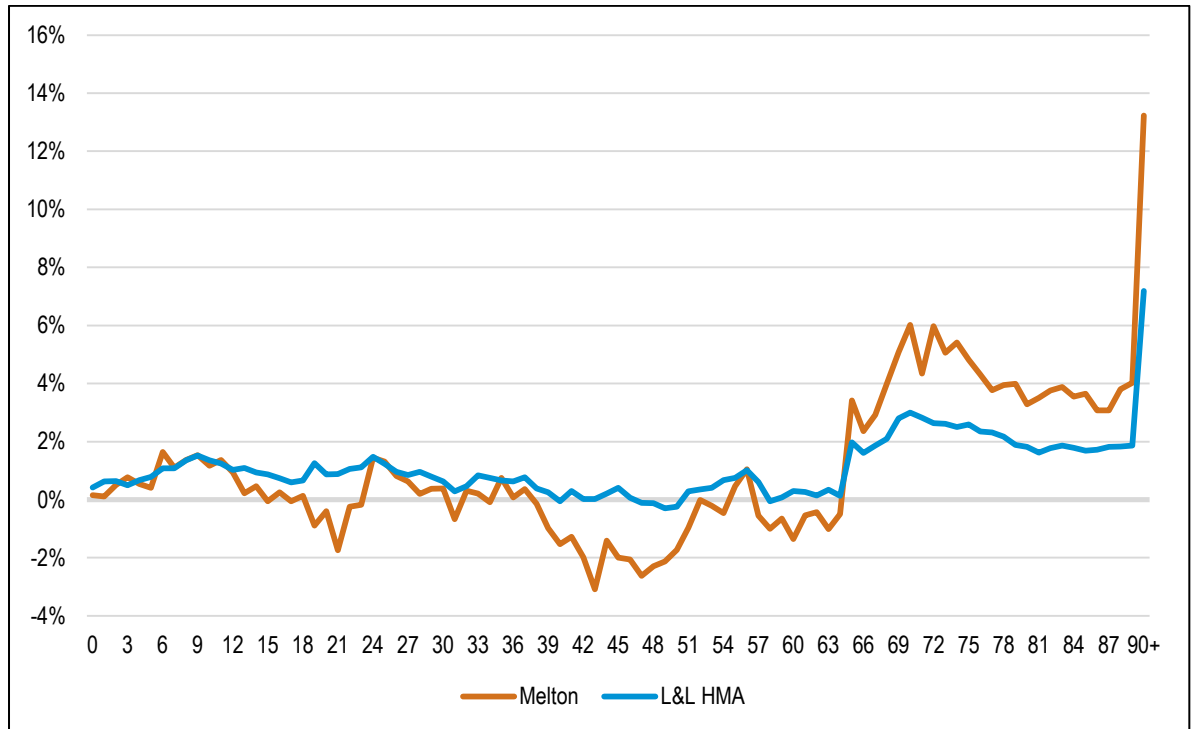


Source: ONS mid-year population estimates

5.4 Using the 2014-based SNPP, Figure 5 shows how the population structure is expected to change between 2011-36. Across the HMA, around 60% of all population growth can be attributed to the population aged 65 and over, in Melton the figure is 114%. By 2036, some 64% of the population of

Melton is projected to be aged 16-64, compared with 72% across the HMA. Melton is clearly projected to see a greater ageing of the population moving forward than in the HMA generally.

**Figure 6: Changes to population age structure (2011-36)**



Source: ONS 2014-based Sub-National Population Projections

### Aligning Jobs and Homes

- 5.5 On the basis of the above analysis, GL Hearn has sought to model what scale of housing might be necessary to support the above strategy for economic growth in Melton Borough. We have therefore modelled the housing need arising from 3,420 jobs.
- 5.6 This level of job growth has been modelled in a consistent manner to the HEDNA as far as is reasonable; however, unlike the HEDNA, we do not have further information about how key variables such as commuting might be forecast to change (as provided by the Oxford Economics' model commuting matrix). Hence, the modelling uses a Census-based commuting ratio to convert jobs into resident labour supply and hence population growth and housing need.
- 5.7 The first part of this process has been to look at commuting patterns, initially the modelling considers patterns in the 2011 Census (the latest robust source available) and assumes that these will be held constant over the projection period.
- 5.8 The table below identifies that (as of 2011) around 26,400 people lived in the Borough (and were working) compared with 22,300 people working in the Borough. Hence the number of working residents is about 18% higher than the number of local workers – this figure is shown as the commuting ratio in the bottom row. In terms of the relationship between jobs and residents in employment, this implies that about 1.18 residents in employment would be required for every job.

**Table 10: Melton Commuting Ratio**

|  | <b>Melton (persons)</b> |
|--|-------------------------|
| <b>Live and work in Melton Borough</b> | 10,770                  |
| <b>Work at or mainly from homes</b>    | 3,578                   |
| <b>No fixed workplace</b>              | 1,801                   |
| <b>Out-commute</b>                     | 10,231                  |
| <b>In-commute</b>                      | 6,149                   |
| <b>Live in Melton and a working</b>    | 26,380                  |
| <b>Work in Melton</b>                  | 22,298                  |
| <b>Commuting ratio</b>                 | 1.18                    |

- 5.9 The analysis also takes account of double jobbing. The same approach as in the HEDNA is used here and it is assumed that around 6% of workers have a second job.
- 5.10 On the basis of the above, to support 3,420 jobs, there would need to be an increase in the number of residents in employment of 3,810 ( $3,420 \times 1.18 \times 0.94$  (figures rounded)).
- 5.11 Additionally, because the modelling is carried out from 2011 onwards, it is necessary to consider changes to unemployment. Data from the Annual Population Survey shows in Melton, between 2011 and 2015, that the number of people unemployed fell by about 436, hence the growth in the economically active population to meet forecast job growth is reduced by this amount.
- 5.12 Overall, to meet job growth of 3,420 jobs (2011-36), the modelling estimates that an increase in economically active residents of 3,374 would be required. This assumes no further changes to unemployment post-2015.
- 5.13 As with the HEDNA, the main analysis linking population to economically active residents draws on data provided by Experian about how age and sex specific activity rates might change in the future – these have been applied for this additional modelling. In translating the required population growth into household growth and housing need, data about household representative rates has been taken from the 2014-based CLG household projections (again an approach consistent with the HEDNA).
- 5.14 This initial modelling indicates that based on the employment rate assumptions in the HEDNA, 189 homes pa would be required to support 3,400 jobs over the period to 2036.

**Table 11: Economic Led Housing Need – 3,420 additional jobs (2011-2036) – Melton**

|         | Households<br>2011 | Households<br>2031/36 | Change in<br>households | Change in<br>households<br>Per annum | Dwellings<br>per annum |
|---------|--------------------|-----------------------|-------------------------|--------------------------------------|------------------------|
| 2011-36 | 21,560             | 26,124                | 4,564                   | 183                                  | 189                    |

### **Commuting Assumption Sensitivities**

- 5.15 The delivery of the Melton Mowbray Transport Strategy including the Eastern Distributor Road will support accessibility improvements. Whilst it is anticipated that this will unlock economic development, producing more need, it will also unlock housing developments providing more supply. The impact of transport investment in commuting terms is therefore unclear, as is that of delivering more homes and more jobs without it. To test its potential impact we have run a set of sensitivities which consider:

- In-commuting proportionally increases by 10%; and
- Out-Commuting proportionally increases by 10%;

5.16 GL Hearn considers these scenarios to provide a reasonable range of possibilities. It is projected that these changes start from 2020/21 and the 10% movements begin with 0.66% per annum increases over the 15-year period to 2036. Although the precise time period through which commuting changes feed through would only have a minor impact on the outputs.

5.17 For the purposes on the modelling it is again assumed that double jobbing remains constant and that economic activity rate changes used in the HEDNA are firstly applied. In translating the population growth into housing need, we have assumed the same household formation rates and vacancy rates as set out in the HEDNA.

5.18 The results of these sensitivities are set out below. This shows that the housing need is not particularly sensitive to these assumed changes to commuting as the numbers vary little from that set out in Table 11.

**Table 12: Economic Led Housing Need – 3,420 additional jobs (2011-2036) – Melton – 10% increase in in-commuting**

|         | Households 2011 | Households 2031/36 | Change in households | Change in households Per annum | Dwellings per annum |
|---------|-----------------|--------------------|----------------------|--------------------------------|---------------------|
| 2011-36 | 21,560          | 26,060             | 4,500                | 180                            | 186                 |

**Table 13: Economic Led Housing Need – 3,420 additional jobs (2011-2036) – Melton – 10% increase in out-commuting**

|         | Households 2011 | Households 2031/36 | Change in households | Change in households Per annum | Dwellings per annum |
|---------|-----------------|--------------------|----------------------|--------------------------------|---------------------|
| 2011-36 | 21,560          | 26,218             | 4,658                | 186                            | 193                 |

5.19 There is clearly some uncertainty as to its influence on commuting patterns, the result being that delivery could see both an increased and decreased level of housing need compared to that based on the HEDNA assumptions and the ELS level of jobs growth.

5.20 While these sensitivities highlight that housing need would be sensitive to commuting changes, the outputs do not vary significantly from those using the core modelling assumptions.

### **Economic Activity Rate Assumptions**

5.21 There has been much debate about economic activity rates and the preferred assumptions of the development industry. This issue is examined in detail within the HEDNA. What is clear however, is that Melton has an ageing population and there are potential issues of replacement demand associated in particular with the manufacturing sector.

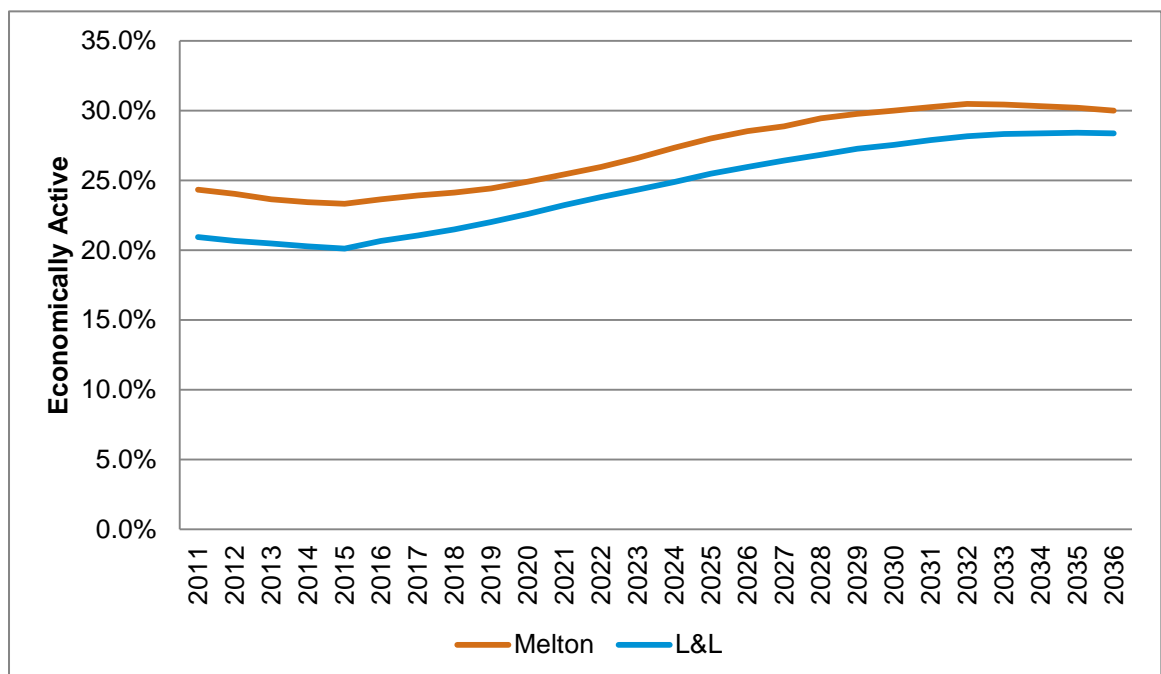
5.22 The manufacturing sector, as the HEDNA outlines, is a strategically important sector to the Borough. There is a particular concentration of activity, and growth potential, in food manufacturing.

5.23 We have sought to consider the degree to which the manufacturing sector employs older workers, drawing on data from the 2011 Census. Nationally, the manufacturing industry employs around 9% of all residents in employment aged 16 and over. However, within older age groups (aged 60+) the sector has a slightly higher representation (10%). A similar pattern appears for the East Midlands (13% and 14% respectively) and Leicester and Leicestershire (14% and 16% respectively).

However, within Melton the reverse is true, with the sector employing 17% of all resident workers but a slightly lower proportion, at 16%, of those aged 60 and older.

- 5.24 Looking in more detail at the manufacturing industry, around 10.9% of those employed in the manufacturing sector in Melton are over 60. This is below the HMA (11.2%) and national (11.1%) levels. The data appears to indicate that employment opportunities in manufacturing are less accessible, or less attractive, to older workers within Melton. This is potentially reflective of the type of manufacturing within the Borough and its unsuitability/ unattractiveness for older age groups.
- 5.25 The Experian forecasts see substantial growth in the manufacturing sector, which locally is focussed on food manufacturing (45%) which can be an intensive occupation with heavy lifting and handling expected. Indeed, the health and safety executive<sup>11</sup> has reported that around a quarter of all manufacturing injuries occur in this sector, with manual lifting being the cause of around 30% of the 5,000 accidents the sector sees each year.
- 5.26 Given the age profile and growth sectors in Melton, GL Hearn has some concern around the ability of the Borough's ageing population to service the anticipated growth (as well as maintain the sector's existing strength).
- 5.27 It is therefore necessary, taking account of the Borough of Melton's specific circumstances, to further consider the assumptions on economic participation.
- 5.28 The HEDNA drew on Experian economic activity rate projections. As shown in Figure 6 below, these assume economic activity rates increased in Melton from around 23% of those aged 60+ in 2015 to 30% by 2036. For the wider HMA the equivalent growth is from 20% to 28%.

**Figure 7: Economic Activity Rate Projections - Population aged 60+ (HEDNA)**

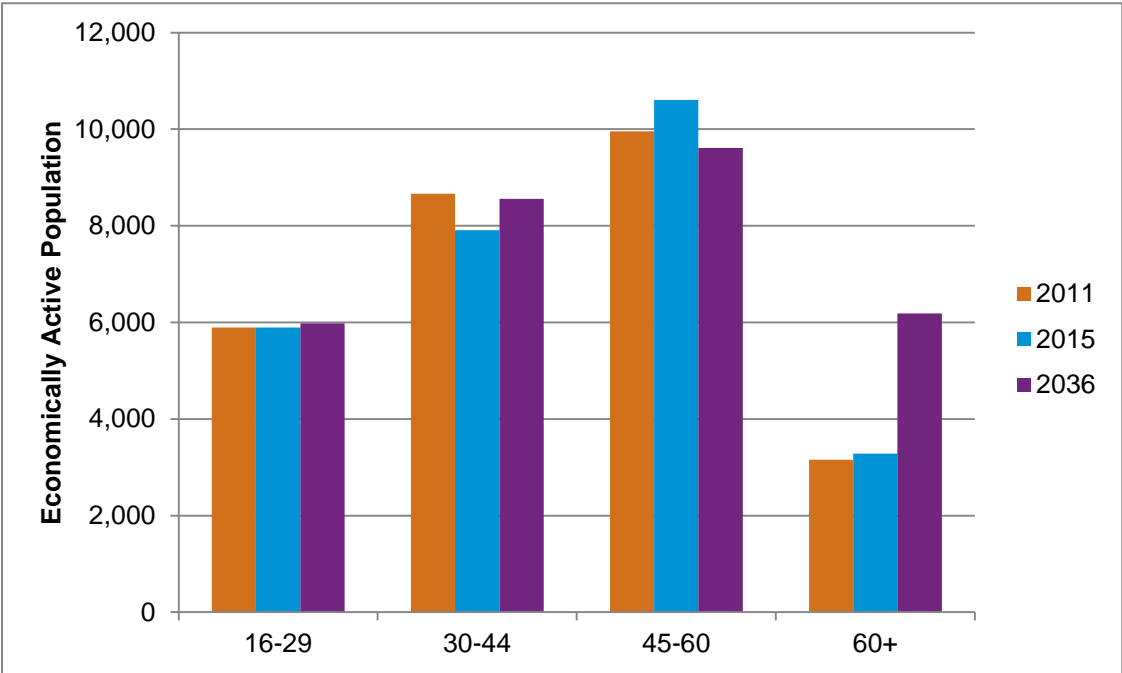


Source: Experian and GL Hearn Modelling

<sup>11</sup> <http://www.hse.gov.uk/food/causes.htm>

- 5.29 The HEDNA therefore assumed that the disparity between Melton and the wider HMA in terms of economic activity rates will narrow; but that there will be notable growth in each area over the plan period.
- 5.30 How this then translates to economically active population in each broad age category for the Planned Growth Scenario within the HEDNA is set out below. Clearly the greatest increase in economically active population in Melton will be in those aged 60 or over. This reflects both the age-specific assumptions and how the Borough’s demographic structure is expected to change over the period to 2036.

**Figure 8: Economically Active Population by Age in Melton**



Source: GL Hearn, Experian, 2016

- 5.31 While we believe it is realistic for such improvements to economic activity in the older population to occur across Leicestershire - particularly given the lower starting point - the dominance of the role which the manufacturing sector plays in Melton’s growth may limit the ability for these improvements to occur in the Borough.
- 5.32 We have therefore sought to test two alternative employment rate scenarios for the Borough. This includes assuming that economic activity rates remain constant and a further alternative which sees more modest employment rate changes than those assumed in the HEDNA. The assumptions in the HEDNA are driven from Experian forecasts. This particularly influences economic participation rates amongst older age groups.
- 5.33 For clarity, the assumptions used are:
  - Economic activity changes at half the rate forecast by Experian
  - There are no changes to economic activity from 2011 levels

- 5.34 These scenarios effectively provide sensitivity testing of the HEDNA conclusions (as shown in Figure 5). In both cases the assumed economic activity rates have either been achieved in the past or show a rate of growth which based on past trends could realistically occur.
- 5.35 For the purposes of the modelling, it is again assumed that double jobbing remains constant and that commuting remains at 2011 levels; the analysis also builds in the changes to unemployment seen in the 2011-15 period. In translating the population growth into housing need, we have also again assumed the same household formation rates and vacancy rates as set out in the HEDNA.
- 5.36 The results of these sensitivities are set out below and show that the assumptions made about economic activity rates do have a notable impact on outputs. For the 2011-36 period, the need (to support 3,420 additional jobs) is for around 230 dwellings per annum with activity rates changing at half the level assumed in the HEDNA. This rises to 274 dwellings per annum if there were to be no changes assumed.

**Table 14: Economic Led Housing Need – 3,420 additional jobs (2011-2036) – Melton – economic activity rates changing at half the rate assumed in the HEDNA**

|         | Households 2011 | Households 2031/36 | Change in households | Change in households Per annum | Dwellings per annum |
|---------|-----------------|--------------------|----------------------|--------------------------------|---------------------|
| 2011-36 | 21,560          | 27,126             | 5,566                | 223                            | 230                 |

**Table 15: Economic Led Housing Need – 3,420 additional jobs (2011-2036) – Melton – no changes to economic activity rates**

|         | Households 2011 | Households 2031/36 | Change in households | Change in households Per annum | Dwellings per annum |
|---------|-----------------|--------------------|----------------------|--------------------------------|---------------------|
| 2011-36 | 21,560          | 28,191             | 6,631                | 265                            | 274                 |

**Implications: Housing Need to Support Economic Growth**

- 5.37 The analysis undertaken highlights that to support a growth of 3,420 jobs over the plan period (a policy on scenario) would require around 190 homes pa based on the HEDNA’s assumptions. However this relies particularly on improvements in economic participation amongst an older workforce. Given the manufacturing specialism in the Borough’s economy, and the Borough’s particular demographic structure, this may be less feasible than in other locations.
- 5.38 A sensitivity analysis shows that if more modest improvements, or no increases, in economic participation amongst older age groups was assumed, then housing provision of between 230 – 274 dpa might be needed.

**Growing the Local Workforce**

- 5.39 Adopting a housing requirement above the OAN would result in a local workforce growth above that generated from purely demographic trends set out in the HEDNA. Whilst additional workers could be drawn from a range of locations – including long-distance moves and from abroad – it is reasonable to expect that the majority will move from within the HMA.
- 5.40 GL Hearn consider that if greater housing opportunities existed locally, some workers who currently commute into the Borough from surrounding areas might be able to find accommodation closer to

their place of work. We have therefore sought to consider the location of residence of inward commuters to Melton, using 2011 Census data.

- 5.41 The 2011 Census indicated that around 64% of jobs in Melton are taken up by a local resident (who lives within the Borough). The largest levels of in-commuting are from Charnwood, Leicester and South Kesteven all of whom accommodate at least 5% of the Melton workforce.

**Table 16: Location of Residence of Melton Workforce (2011)**

| Residence                 | In Commuters | % of Melton Workforce |
|---------------------------|--------------|-----------------------|
| Melton                    | 10,770       | 63.7%                 |
| Charnwood                 | 1,009        | 6.0%                  |
| Leicester                 | 984          | 5.8%                  |
| South Kesteven            | 894          | 5.3%                  |
| Rushcliffe                | 561          | 3.3%                  |
| Rutland                   | 484          | 2.9%                  |
| Nottingham                | 279          | 1.6%                  |
| North West Leicestershire | 217          | 1.3%                  |
| Hinckley and Bosworth     | 205          | 1.2%                  |
| Harborough                | 184          | 1.1%                  |

Source: ONS, Census 2011

- 5.42 Anecdotal evidence suggests that some local employers, particularly in manufacturing and agriculture, are providing bus services to bring some workers into the Borough from Leicester, Grantham and Nottingham.
- 5.43 The HEDNA evidence indicates that demographic growth in both Charnwood and Leicester is expected to support stronger workforce growth than expected employment growth in these areas, indicating a potential surplus of labour. In Leicester the housing need resulting from the demographic need is around 34% higher than the economic need and in Charnwood the equivalent difference is 22%. There is therefore some potential spare capacity within the labour market within these areas, and an assumption on in-migration to Melton from these areas based on the evidence available would not undermine the potential of these authorities to support local economic growth.
- 5.44 In contrast, there is less scope for in-migration from South Kesteven given that its evidence base indicates a demographic need which is 16% below its economic need (Peterborough HMA SHMA Update, GL Hearn 2015).

### Implications

- 5.45 The HEDNA evidence clearly indicates that at an HMA level within Leicester and Leicestershire there is a sufficient labour supply to more than accommodate the higher expected employment growth of 3,300 in the Borough of Melton (2011-36), and that additional migration could potentially be drawn from Leicester and Charnwood without inhibiting economic growth in these areas.
- 5.46 By providing a more local workforce, this would also help meet the Local Plan strategic objectives to reduce the need to travel by car and improve access to public transport.



## 6 FUNDING INFRASTRUCTURE

- 6.1 This section examines the inter-relationship between housing provision and the funding and delivery of new infrastructure in the borough, including delivery of the Melton Mowbray Transport Strategy and additional affordable housing to meet local needs.
- 6.2 The NPPF is clear that plans should seek to positively seek opportunities to meet the development needs of their areas. Paragraph 17 promotes positively planning, requiring local authorities to: *“proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth.”*
- 6.3 The Planning Advisory Service sets out in their Technical Advice Note on Objectively Assessed Need and Housing Targets (paragraph 10.2) that:
- “an authority’s objectives or values cannot justify undersupplying the OAN. But there is no reason why the authority cannot provide for housing development over and above the assessed need. The OAN is a minimum target, subject to supply constraints. There is no suggestion that it is a maximum.”*
- 6.4 The Council's Pre-Submission Draft Plan outlines key strategic issues facing the Borough. It identifies that the Borough's population is ageing to such an extent that if trends continued unchecked, it would become increasingly difficult to meet the need and demand for services; and for villages, the ability to support local services, including schools and public transport, would be at risk.
- 6.5 The Plan also highlights the impact of road traffic and congestion on the attractiveness and the vitality and viability of Melton Mowbray Town Centre. Addressing these issues are key objectives of the Plan.
- 6.6 The Melton Mowbray Transport Strategy, including delivery of an Eastern Distributor Road, is central to this – to supporting town centre regeneration, to attracting economic investment, and to addressing congestion and rat running. It is also an essential requirement for delivery of the Northern and Southern Sustainable Urban Extensions to the Town, and to delivering new employment sites and economic investment.
- 6.7 Two of the outputs of the Council's vision for the Borough, as set out in the Draft Submission Local Plan, are *“Provide the necessary infrastructure to support economic and population growth”* and *“Ensures that people benefit from having better access to key services and facilities to create strong, healthy, safer communities”*.
- 6.8 For Melton Borough there is a clear strategic rationale for planning for housing provision above the OAN to support delivery of strategic infrastructure and services. In Melton higher housing provision – above the OAN – can have a particular impact in supporting the delivery of infrastructure in the area. In particular, the Melton Mowbray Distributor Road and the scale of delivery set out within the Pre-Submission Draft Melton Local Plan are intrinsically linked.

### Melton Mowbray Transport Strategy

- 6.9 The development of the Melton Mowbray Transport Strategy which includes the Eastern Distributor Road will also help boost interest in the area as a location for business. The road itself is expected

to ease congestion pressures in the town and support planned growth by allowing HGV traffic an alternative route through town.

- 6.10 In July 2015, Jacobs published the Melton Mowbray Distributor Road Option Assessment Report. This set out further economic benefits to the town and Borough should the different bypass options be delivered. The benefits for the Eastern Distributor Road included travel time improvements and incurred efficiencies in the region of £104million to the local economy. The road was also seen to:
- Improve access to Melton Town Centre enabling its full potential;
  - Improve access to the areas of potential development enabling their full potential;
  - Reduce congestion on the local network, in particular key pinch points;
  - Reduce impact on rat run routes;
  - Improve access to HGVs around town centre;
  - Remove HGV through traffic in Melton Mowbray Town Centre;
  - Promote a quality road space in town centre suitable for non-transport uses and attractive to inward investment;
  - Increase levels of walking and cycling within the study area; and
  - Improve highway safety for all road users within the Study Area.
- 6.11 Indeed the Outline Business Case (July 2016) for the Eastern Distributor Road (EDR) sets out that a planning permission within part of the Melton South Sustainable Urban Extension (SUE) was granted subject to a £4.5 million contribution towards the Melton Mowbray Transport Strategy, which includes the Eastern Distributor Road. Its delivery is therefore essential in supporting the sustainability of the SUE.
- 6.12 Furthermore, the Northern SUE would only be achievable if the EDR is delivered. Combined, the northern and southern SUEs, along with other smaller sites in Melton Mowbray, hold 65% of the borough's housing capacity, as identified in allocations in the draft Local Plan which is planning to deliver an overall 245 dwellings per annum. Therefore, the Local Plan can only be a success if these are delivered and a housing requirement reflective of the OAN alone (170dpa) is unlikely to achieve the scale of growth required to fund the EDR.
- 6.13 The primary objective of the proposed Eastern Distributor Road is to support the town's development plan proposals for delivery of 4,000 dwellings as set out in the Local Plan; but also to support longer term growth of 5,000 houses and 6,000 jobs. Delivery of the road will enhance the scale and certainty of these developer contributions, which are already starting to come forward, and will also help unlock further contribution from the other parts of the SUEs.
- 6.14 However such is the scale of costs, the road cannot be financed entirely from these developments and still requires DfT funding. Therefore it is critical that the scale of housing required to make their part-contribution to the road's cost is planned for and delivered.

### Delivering Additional Infrastructure

- 6.15 The Pre-Submission Draft Melton Local Plan sets out a level of need for Melton which is highly dependent on the delivery of two Sustainable Urban Extensions (Melton Mowbray North and Melton Mowbray South). As well as delivering additional housing, both developments will also provide a range of facilities and services for the existing and growing population.
- 6.16 The delivery of these services is highly dependent on the scale of development they will serve and be funded by. Combined, these developments could help deliver the two new primary schools and a new secondary school as well as community facilities, which may not be provided otherwise. These

would also ease the anticipated deficit within the existing school stock. It would also support the provision of new indoor sports facilities .

- 6.17 Higher levels of development will also contribute positively to wider infrastructure delivery, funded through the Community Infrastructure Levy. This is expected to support:
- Extension of Health Facilities in Melton Mowbray;
  - Extension to Melton Country Park;
  - Improve local resourcing of the Leicestershire Police;
  - Enhanced and Expanded Civic Amenity Site.

### Delivering Additional Affordable Housing

- 6.18 The Infrastructure Delivery Plan highlights the need to deliver additional affordable housing as well as lifetime homes and sustainable homes. Additional housing delivery will also help support the direct delivery of these.
- 6.19 The HEDNA identifies a net affordable housing need of 70 dwellings per annum which is around 41% of the OAN. The Pre-Submission Local Plan policy seeks to deliver 37% of homes as affordable within sites of more than 11 units. Additional affordable housing is expected from rural exception sites. However, policy compliant affordable housing provision on all sites may be influenced by site-specific viability issues.
- 6.20 At a policy compliant level of 37% delivery, 189 dpa would be required to meet the affordable housing need; however there are likely to be site-specific viability issues which influence what can be viably delivered on some sites. At an average of 25% delivery of affordable housing, 280 dwellings per year would be needed to meet the affordable need in full. At 30% delivery, 233 dwellings per year would be needed to meet the affordable need in full.
- 6.21 The evidence clearly demonstrates that a housing requirement above the OAN of 170 dpa would contribute positively to affordable housing delivery in the Borough; and that a requirement of 245 dpa would potentially fully meet the affordable housing need identified in full. In many other areas within the HMA this is not realistic and would require unprecedented and unrealistic levels of development, far beyond what could realistically be considered deliverable. But in Melton Borough, there is a realistic opportunity of substantively meeting the affordable need.

**Table 17: Estimated Affordable Housing Need per annum –(2011-36)**

|        | Current need | Newly forming households | Existing households falling into need | Total Need | Supply from existing stock | Net Need |
|--------|--------------|--------------------------|---------------------------------------|------------|----------------------------|----------|
| Melton | 11           | 139                      | 81                                    | 231        | 160                        | 70       |

Source: HEDNA

- 6.22 Higher housing provision, above the OAN, can be expected to have a range of positive benefits including:
- Improving affordability of housing, including improving access to housing for younger households and supporting increased household formation;
  - Wider sustainability and quality of life benefits for residents, including helping younger people to live close to where they work and ensuring that local businesses can recruit.

- Allowing people to move out of rental accommodation into affordable homes. This would also improve affordability of rental properties increasing the ability of those in lower paid work such as food manufacturing to live locally, thus improving commuting patterns and improving sustainability.

6.23 Delivering more affordable accommodation would also meet the Draft Submission Local Plan Strategic Objectives to provide a stock of housing accommodation that meets the needs of the community, including the need for affordable housing and to develop a housing stock to provide for the future aspirations for the local economy.

### Implications: Benefits of Housing provision on Infrastructure Delivery

6.24 There are clearly a range of considerations to be made in relation to delivering housing above the OAN. However, there are clearly a range of positive benefits from providing additional housing provision (above the OAN) in respect of:

- Supporting funding and delivery of the Melton Mowbray Transport Strategy and Eastern Distributor Road, unlocking housing and employment sites
- Funding delivery of a further physical and community infrastructure
- Boosting delivery of affordable housing
- Improving affordability more generally, contributing to quality of life and supporting the local economy.

6.25 Indeed, the Draft Submission Local Plan includes a number of strategic objectives which could only be funded through increased housing provision. These include:

- Improving access to services and facilities, including health, schools, social care, jobs, recreation, sport and education, broadband
- Promote sustainable communities;
- Improve facilities for all the community; and
- Improve the health of the Borough and reduce health inequalities within the community

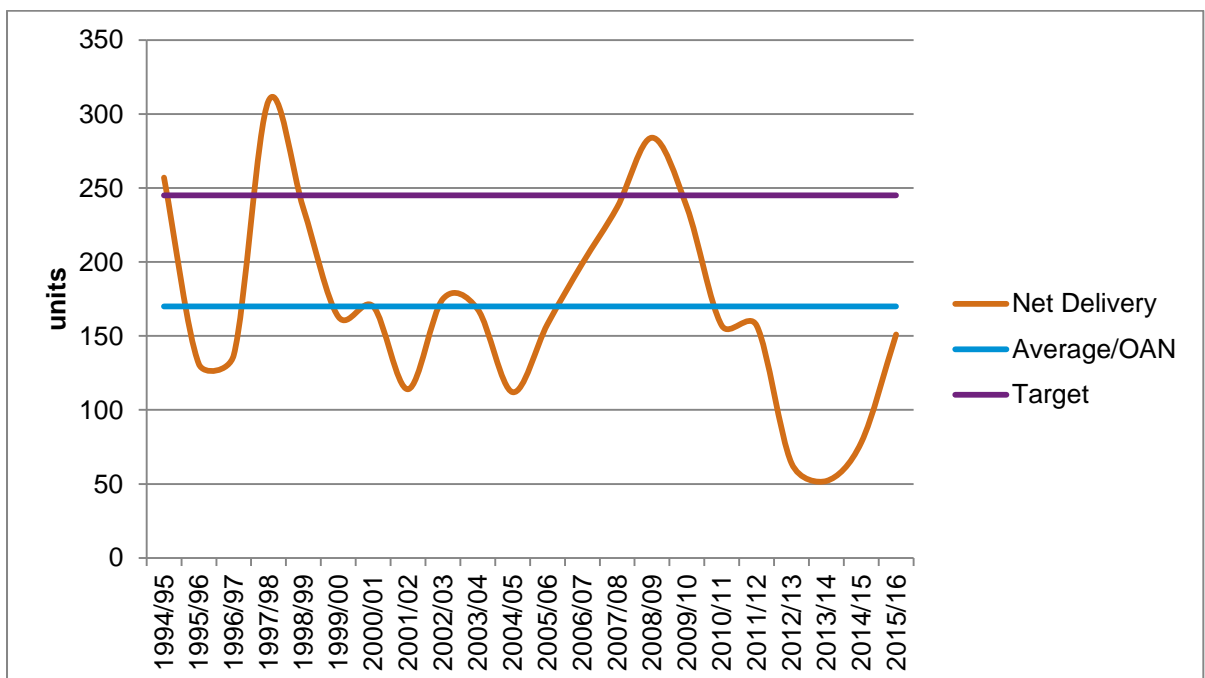
6.26 These are important considerations which should be reflected in the interrogation of options through Sustainability Appraisal as part of the plan-making process.

## 7 DELIVERABILITY

7.1 This report points to sound planning reasons for seeking to plan for a level of housing provision in the Borough of Melton which is above the OAN. However the question remains as to whether or not it is deliverable. This section of the report examines the deliverability of a level of housing provision above the OAN in Melton Borough based on historical delivery rates in the Borough as well as delivery in similar areas.

7.2 As shown in Figure 9 below, the housing requirement of 245 homes per annum has been exceeded three times in the last 22 years, although delivery during the 2007-2010 period (at the peak of the market cycle) was sustained at an average of 252 dpa.

**Figure 9: Historic Net Completions (1994/95 – 2015/16)**



Source: Melton Borough Council

7.3 By coincidence, longer term average net completions since 1994 have been at 170 dpa, exactly matching the OAN. It is also notable that delivery has significantly fallen in the Borough post-recession- thus the longer—term average prior to this would have been higher.

### Compound Annual Growth Rate

7.4 Delivering homes at an average of 245 dpa over the 2011-36 plan period would result in a compound annual growth rate of around 1.0% per annum – i.e. the housing stock would increase at a rate of 1.0% per year.

7.5 Since 2001, housing delivery has averaged 0.8% pa in the Borough. This includes a deep economic recession and sustained economic downturn.

7.6 In the wider context, the level of delivery required by Melton going forward was achieved in Charnwood (1.0%), Harborough (1.1%) and Hinkley and Bosworth (1.1%) seen in the period 2001

to 2015. There are a range of areas nationally which have sustained significantly higher growth rates in the housing stock historically, including for instance, South Derbyshire (1.5% pa).

- 7.7 A 1.0% per annum growth rate has been achieved in comparable rural areas such as in the Mendip, Newark and Sherwood, North Lincolnshire, East Staffordshire and Suffolk Coastal in the historic period from 2001 to 2012.

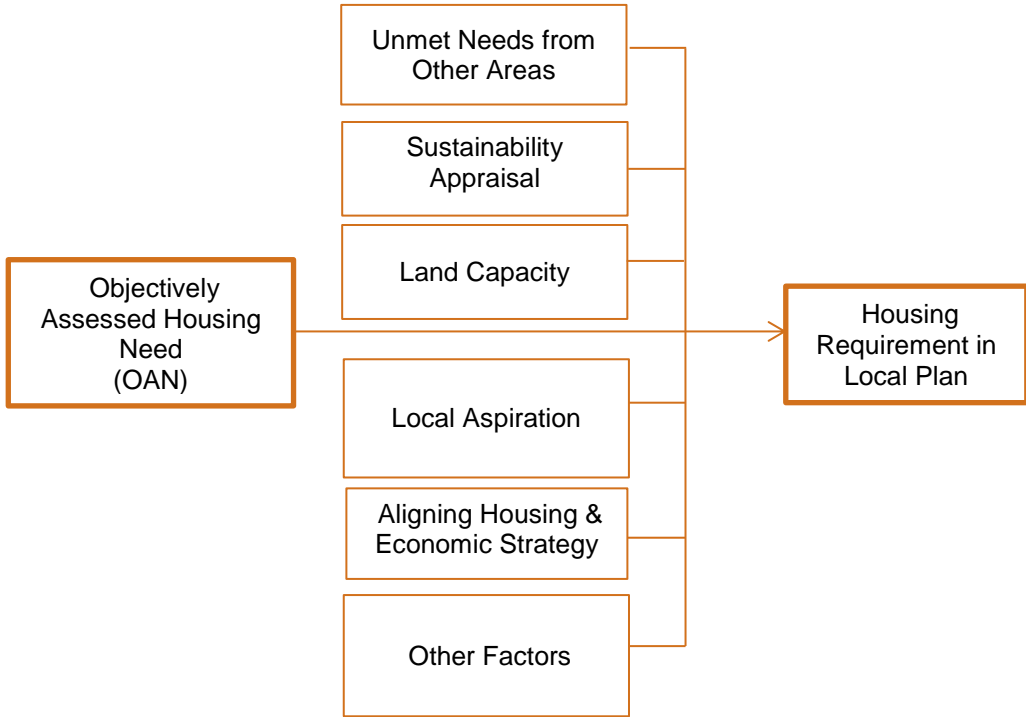
### Implications

- 7.8 Paragraph 47 in the NPPF emphasises boosting significantly the supply of housing. Provision of 170 dpa – in line with the OAN – would not achieve this. It would see a level of housing provision consistent with past delivery. This provides a clear basis for considering higher housing provision.
- 7.9 The evidence shows delivery of 245 dpa as set out in the Pre-Submission draft Local Plan would represent a significant boost to housing delivery relative to long-term historical performance in the Borough of Melton. However, this is in line with Paragraph 47 of the NPPF, and analysis of performance of comparable areas highlights that it would be deliverable and there are unlikely to be market capacity issues which would preclude this level of delivery in the Borough.

**8 HIGHER HOUSING PROVISION AND UNMET NEED**

- 8.1 This section of the report examines the practicalities of setting a housing requirement and the impact of adopting a housing requirement within the Local Plan which is above the Borough’s OAN. It explores how in doing so, the Council could positively contribute to meeting potential unmet needs from other local authorities within the Housing Market Area.
- 8.2 Melton Borough Council needs to work with other authorities within the Leicester & Leicestershire Housing Market Area to meet housing needs; and soundness tests for the plan includes meeting unmet needs from other areas where it is sustainable to do so.
- 8.3 Some local authorities in the HMA may be unable to meet their own housing OAN in full within their areas. As set out in the HEDNA, this could be linked to land supply or infrastructure capacity, environmental or sustainability concerns or a conscious (and agreed) strategic policy to shift the need from one area to another. In translating the OAN to a housing requirement, some of the wider considerations are set out in Figure 10 below (as shown within the HEDNA Report).

**Figure 10: Considerations in Formulating Housing Requirement in Local Plans**



- 8.4 This report has considered a number of these wider issues, as well as the role which higher housing provision could play in significantly boosting housing supply and delivery of affordable housing. The key issues considered have been summarised in Figure 2.
- 8.5 As set out in the HEDNA, in planning for housing provision above what the HMA-wide housing need, there is potential for a local authority to contribute to meeting unmet needs from other areas through the Duty-to-Cooperate.

- 8.6 If one authority is meeting unmet housing needs from another, this will contribute to population and workforce growth within the recipient local authority. On this basis, it is important not to double count unmet needs and provision to meet economic growth.
- 8.7 In a plan-making context, provision above the demographic based need (with affordability adjustment) of 154 dpa could therefore be available to contribute to meeting unmet needs of neighbouring authorities or those elsewhere in the HMA in the event that it is required.
- 8.8 Planning for above-trend in-migration in Melton does not imply a higher housing need at an HMA level, as discussed in the previous section, and can be addressed by the local authorities working collaboratively to agree an alternative distribution of housing provision through the Duty to Cooperate.



## **9 CONCLUSIONS**

- 9.1 This report has considered local influences in setting a housing requirement for Melton Borough. It is intended to feed into the Local Plan process. This section draws together the findings of the report.
- 9.2 The Leicester and Leicestershire HEDNA identifies an objectively assessed housing need (OAN) for 4,250 dwellings (170 dwellings per annum) over the 2011-36 plan period.
- 9.3 However to align the housing and economic strategy in the plan, in accordance with Paragraph 158 in the NPPF, and to ensure that housing provision does not constrain economic growth in a context whereby the NPPF emphasises that planning system should do everything it can to support sustainable economic growth, there is a strong basis for considering higher housing to support delivery of 3,420 jobs (2011-36).
- 9.4 Taking account of locally-specific demographics, and taking a cautious approach which does not over rely on older people working longer, the sensitivity testing in this report suggests that this provision of between 5,750 – 6,850 dwellings (230 – 274 dwellings per annum) may be needed to support this level of employment growth over the plan period.
- 9.5 The report also shows a range of wider benefits from housing provision above the 170 dpa OAN. Higher housing provision in particular is important in supporting the strategic rationale for funding and delivery of the Melton Mowbray Transport Strategy, including the Eastern Distributor Road.
- 9.6 The Eastern Distributor Road is expected to support the local economy by easing the movement of goods across the town and opening up new areas of land for employment uses, opening up new areas of land for housing the town's employees, and by improving the local quality of life in Melton Mowbray. This in turn could attract and sustain economic growth.
- 9.7 Moreover, provision of housing above the 170 dpa OAN will have a range of wider positive benefits, including boosting the delivery of affordable housing, and housing delivery generally relative to past performance (in line with para 49 of the NPPF). Higher provision could also contribute towards meeting the affordable need in full; support delivery of further physical and community infrastructure; and support improvements in affordability more generally, contributing to quality of life and economic growth, which are promoted in the NPPF.
- 9.8 In a plan-making context, provision above the demographic based need (with affordability adjustment) of 154 dpa could potentially be considered as contributing to meeting unmet needs of other areas. The emerging evidence indicates that there other authorities within the HMA which may not be able to meet their development needs in full within their local authority areas. This will be a duty to cooperate issue, and planning for above 3,850 dwellings (154 dpa) within the Local Plan will positively contribute to meeting unmet needs, which is one of the soundness tests for local plans.
- 9.9 The analysis points to a level of latent or potential labour capacity in the HMA over the period to 2036, as identified in the HEDNA, with the analysis herein showing that additional in-migration from other areas within the HMA would not undermine the ability of these areas to support their own local economies.
- 9.10 This report thus demonstrates that there are a range of factors which are relevant considerations for Melton Borough Council in setting a housing requirement within the Local Plan. There are clear economic and social benefits from delivering higher housing provision arising from:

- Positively supporting sustainable growth in the Borough's economy and aligning with the evidence in the Employment Land Study. The evidence indicates that between 230 – 274 dwellings per annum might be needed to support this.
- Delivering the Melton Mowbray Transport Strategy, including the eastern, northern and southern distributor roads, which will positively support town centre regeneration, address congestion and reduce air pollution, deliver new employment sites and support economic investment;
- Boost significantly the supply of housing, with positive impacts in terms of both improving overall housing affordability and meeting the need for affordable homes in the Borough. 280 dwellings per annum would be needed to meet the affordable housing need in full at 25% affordable housing delivery;
- Making a positive contribution to meeting the potential unmet needs arising from other local authorities within the Housing Market Area.

9.11 **The evidence thus provides a clear justification for planning for between 5,750 – 7,000 dwellings over the 2011-36 period (230 – 280 dpa).**

9.12 Without housing growth, the needs and demands of the Borough's ageing population for services, such as schools, shops and public transport, would become increasingly difficult to meet. Significant housing growth will be vital in contributing to funding and delivering the Melton Mowbray Transport Strategy, particularly the Melton Mowbray Distributor Road.

9.13 The conclusions above provide a strong case for the Melton Borough's housing requirement to be significantly uplifted from the OAN set out in the HEDNA, subject to this level of housing growth being capable of being delivered sustainably, as would be established through Sustainability Appraisal.